FY2005 Semiannual Consolidated Financial Results

November 17, 2004

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

Company name	INPEX CORPORATION	Stock Exchange on which the Company is listed	Tokyo Stock Exchange
Code number	1604	Location of the head office	Tokyo

(URL http://www.inpex.co.jp/)

Representative	Kunihiko Matsuo, President
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Date of the meeting of the Board of Directors for the FY2005 semiannual financial results	November 17, 2004
Prepared in accordance with accounting principles generally accepted in the United States of America	No

1. Results of FY2005 Semiannual (April 1, 2004–September 30, 2004)

(1) Consolidated operating results — Note: Amounts less than one million yen are rounded off.

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
FY2005 semiannual	213,939	94.2	116,546	138.4	110,316	152.2
FY2004 semiannual	110,188	21.5	48,878	5.9	43,748	59.6
FY2004	218,831		93,876		94,773	

	Net income		Net income per share—basic		Net income per share—diluted
	Million yen	%	Yen		Yen
FY2005 semiannual	33,017	84.5	17,596.54		—
FY2004 semiannual	17,898	64.1	30,377.50	(10,125.83)	—
FY2004	34,781		58,838.76	(19,612.92)	—

(Notes)
1. Equity in earnings of affiliates: FY2005 semiannual, (¥479) million; FY2004 semiannual, ¥1,027 million; FY2004, ¥452 million
2. Average number of shares issued and outstanding in each period (consolidated): FY2005 semiannual, 1,876,337 shares; FY2004 semiannual, 589,200 shares; FY2004, 589,200 shares
   On May 18, 2004, there was a 3-for-1 stock split of common stock. Net income per share for FY2004 semiannual and FY2004 restated for the effect of this stock split is presented in parentheses.
3. Change in accounting policy: No
4 The percentage expressions for net sales, operating income, ordinary income and net income represent the change from the corresponding period of the preceding year.

(2) Consolidated financial position — Note: Amounts less than one million yen are rounded off.

	Total assets	Shareholders' equity	Ratio of shareholders' equity	Net assets per share	
	Million yen	Million yen	%	Yen	
FY2005 semiannual	718,155	367,508	51.2	191,427.36	
FY2004 semiannual	508,955	263,055	51.7	446,462.08	(148,820.69)
FY2004	525,298	278,113	52.9	471,826.00	(157,275.33)

Note: Number of shares issued and outstanding at the end of each period (consolidated): FY2005 semiannual, 1,919,832 shares; FY2004 semiannual, 589,200 shares; FY2004, 589,200 shares
On May 18, 2004, there was a 3-for-1 stock split of common stock. Net assets per share for FY2004 semiannual and FY2004 restated for the effect of this split are presented in parentheses.

(3) Consolidated cash flows

Note: Amounts less than one million yen are rounded off.

	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
FY2005 semiannual	63,516	(56,543)	4,944	121,182
FY2004 semiannual	31,850	(196,100)	124,125	37,975
FY2004	44,464	(218,121)	151,120	54,582

(4) Scope of consolidation and equity method

Number of consolidated subsidiaries	27 companies
Number of unconsolidated subsidiaries accounted for by the equity method	None
Number of affiliated companies accounted for by the equity method	11 companies

(5) Changes in scope of consolidation and equity method

	Increase	Decrease
Consolidated subsidiaries	1 companies	1 company
Affiliated companies accounted for under the equity method	4 companies	1 companies

2. Estimated Consolidated Operating Results for FY2005 (April 1, 2004–March 31, 2005)

	Net sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
FY2005 (full-year)	402,800	200,900	54,300

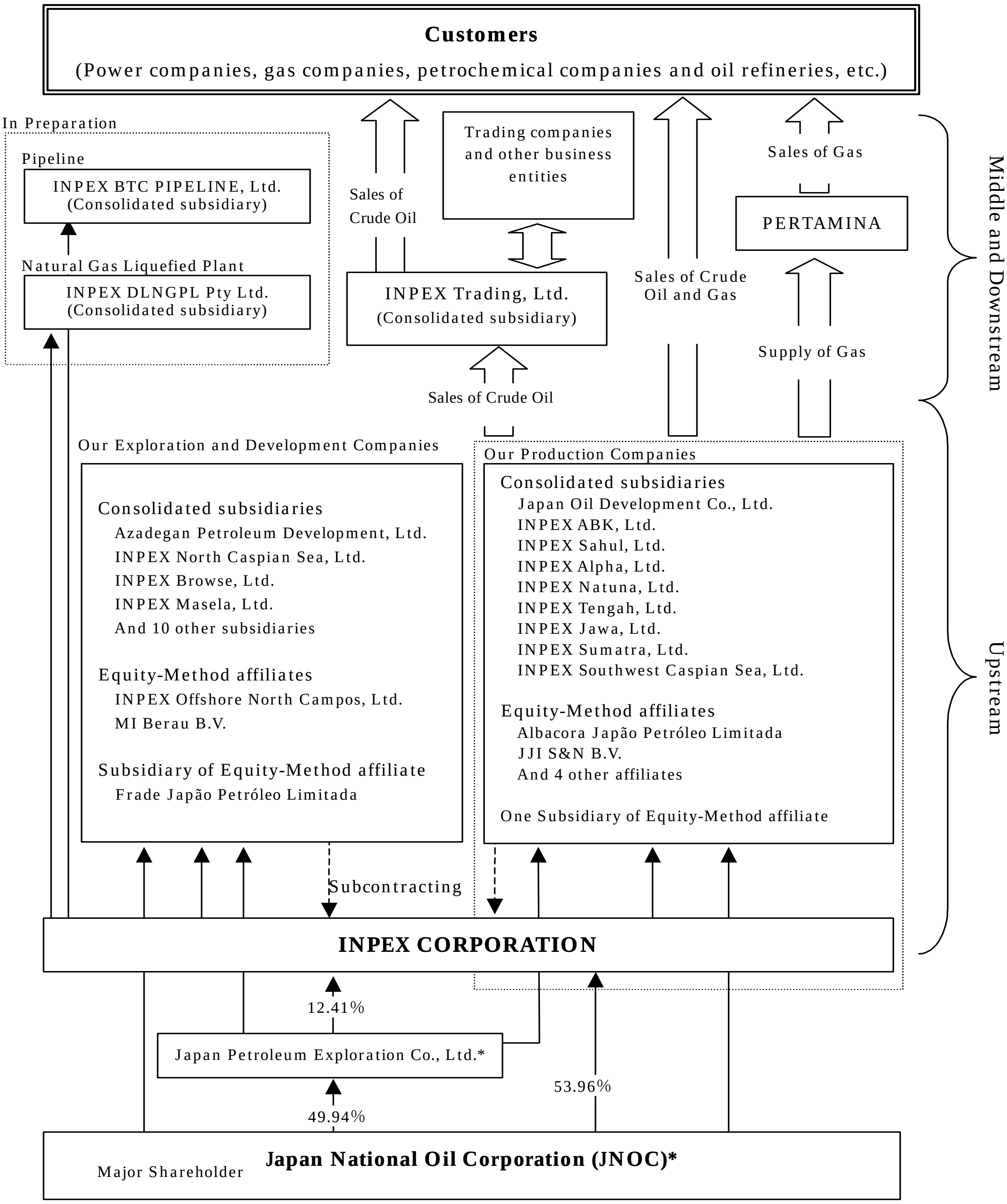
Reference: The forecast of ¥28,283.69 of net income per share for FY2005 is calculated based on the expected number of shares issued and outstanding of 1,919,833.75 at March 31, 2005.

* The aforementioned forecasts are based on currently available information and contain many uncertainties. Changing business conditions may cause actual results to differ from the above forecasts. Issues relating to the above forecasts are referred to on page 10 of the accompanying materials.

Ⅰ Overview of the INPEX Group

The INPEX Group consists of INPEX CORPORATION, 27subsidiaries, 11affiliated companies and their two subsidiaries (as of September 30, 2004). The group primarily engages in the exploration, development, production and sales of crude oil and natural gas in the Republic of Indonesia and the Commonwealth of Australia, as well as in the Middle East, the coastal states around the Caspian Sea and South America. In addition, we provide loans and investments to companies engaged in the aforementioned activities. Our business segment is crude oil and natural-gas-related products.

The following diagram shows our group's business flow.



Note: Japan National Oil Corporation and Japan Petroleum Exploration Co., Ltd., are investors in our subsidiaries and affiliated companies. As our 343,725 shares of common stock then held by Japan National Oil Corporation were sold at the time of our company's stock listing on the First Section of the Tokyo Stock Exchange as of November 17, 2004, the number of our company's shares held by Japan National Oil Corporation totaled 692,308.75 (accounting for a 36.06% of our issued shares) as of that date.

Ⅱ **Management Policy**

1. Basic management principles

Our fundamental business is to secure stable profitability by accruing reserves of crude oil and natural gas and developing, producing and selling them, as well as growing corporate value continuously. Production is decreasing at our currently held reserves, therefore we must find new reserves via exploration or the purchase of assets over the medium to long term. To maintain our global interests in the exploration, development and production of crude oil and natural gas, we must aggressively pursue promising business opportunities. Our fundamental business strategy is to ensure stable earnings in the medium to long term through the sustainable growth of reserves and production with a regional strategy, a well-balanced portfolio and the diversification of our natural gas business.

2. Basic profit distribution principles

Our basic policy is to maximize corporate value by using retained earnings to maintain and increase reserves and production while maintaining a stable dividend payment to shareholders.

The reserves of crude oil and gas that serve as our business foundation are continually diminished through production. Therefore, we must constantly pursue new reserves to enable us to return profits to our shareholders. As such, we have invested aggressively in the Republic of Indonesia, the Commonwealth of Australia, the Middle East and the coastal states around the Caspian Sea to stabilize and expand our business foundation with a medium- to long-term view. Our strong financial base is essential in carrying out such investments. We maintain a basic principle of paying a stable dividend while considering the balance between returning profits to shareholders and enhancing the financial foundation.

3. Management strategy and medium- to long-term issues

Our fundamental management policy for our group assures stable earnings and increases sustainable corporate value through obtaining crude oil and gas reserves and developing, producing and selling them. Because our reserves are diminished via production, we must constantly acquire new reserves. To this end, we have invested aggressively in core target areas (e.g., the Middle East, the coastal states around the Caspian Sea, South America and Africa).

To grow further, we plan to invest in exploring and developing existing and new projects mainly in our core areas—the Masela Block of Indonesia and the WA-285-P (Ichthys) gas project in Australia—as well as in the Middle East and Azadegan, Kashagan and ACG along the coastal areas of the Caspian Sea. We must make such large investments every term, and we will take the necessary measures to obtain the financing.

The following issues must be resolved to further develop our business.

（1）Well-balanced asset portfolio

① Regional balance

Through the last fiscal year, our production was heavily centered in Asia and Oceania. Looking ahead, we will expand our share in the Middle East and the coastal areas of the Caspian Sea through obtaining working interests in ACG and Azadegan, development in Kashagan and integration with Japan Oil Development Co., Ltd.

We recognize the need to reduce our dependence on a specific region from the viewpoint of country and operating risks. We intend to form a regionally balanced portfolio in terms of global assets by investing in other promising areas.

② Balance between crude oil and gas

In terms of output by product, about 70% was natural gas through the last fiscal year, but the share of crude oil will increase in the future.

Crude oil is a sensitive commodity, therefore the selling price fluctuates in the marketplace. On the other hand, customers are not fixed for a long period, the required investment for production and transportation facilities is small and the duration for development is comparatively short. Accordingly, profitability can be obtained shortly after discovery.

Natural gas requires heavy investment and a long preparation period to construct the liquefaction plant and pipeline for commercial production. Because the buyer also must make a big investment to receive natural gas, a stable long-term contract is essential. Even with a stable development and production partner, profitability can be maintained only through an assured customer base.

In beginning a new project, we focus on a balance between crude oil and natural gas to ensure an efficient investment with a view toward long-term cash flow.

③ Balance of exploration, development and production (project stage)

Because crude oil and gas reserves are limited, we continuously seek to acquire new reserves to retain profitability. For this purpose, we reinvest in exploration to discover new profitable reserves while maintaining our production revenue. Projects at each stage—exploration, development and production—must be stable and execute without interruption. To achieve a balance, we invest in exploration and buy producing or undeveloped oil and gas fields.

④ Balance between operator and nonoperator

In acting as an operator of a project, we face managerial issues such as the difficulty in securing manpower and the heavy burden of financing. However, experiences as operator can also increase our opportunities to obtain working interests by improving technical capabilities and acquiring credit from oil producing countries and oil resource developers. In serving as an operator, we address manpower planning, including outsourcing, and the effective utilization of management resources.

⑤ Balance of contract type

We plan to diversify the risk caused by oil price volatility by balancing production sharing contracts, or concession contracts, for which profit is linked to the price of oil, and service contracts, such as buyback or fixed margin contracts, for which profitability is less influenced by oil prices and amounts are fixed.

（2）Project selection relative to the expiration of working interests (maintaining and increasing production beyond 2017)

The production sharing contract for the offshore Mahakam contract area, which is our group’s major production project, expires in 2017 and the concession contract for the ADMA block ends in 2018. Although we focus on extended contracts, production is expected to decline as the remaining reserves decline even if the contract is renewed. We intend to keep and increase production beyond 2017 by obtaining working interests from other companies or participating in new projects or taking over companies having substantial production and stable cash flow.

（3）Strengthening cooperation with leading domestic and foreign companies

Developing crude oil and gas is risky. These large-scale projects require huge investments and present high risks, which make it difficult for the development to be handled by a single private company. Typically, several companies form a consortium to promote business internationally. Our group plans to expand business and diversify risk by increasing opportunities for participation in projects through enhancing cooperation with the major international oil companies, the national oil companies of oil-producing countries and leading private oil resource developers, trading companies and other energy-related companies.

（4）Highly efficient and transparent corporate management

As our group has a heavy responsibility to assure the stable supply of energy to Japan efficiently, we must expand not only our social responsibility but also our sensitivities in conducting business operations in domestic and international communities. For this reason, we intend to manage our business efficiently and transparently in line with global standards.

（5）Environmental efforts

Environmental issues are a matter of worldwide concern and, in particular, global warming. We make every effort to minimize the effects on surrounding areas when we explore, develop and produce energy resources. At the same time, our core business is natural gas because it discharges a relatively small amount of CO2 and NOx at combustion, and we intend to further promote its use.

（6）New fields

New technologies such as GTL and DME generate oil substitutes in liquid form under normal temperature by reformulating. These substitutes have attracted attention because they contain almost no pollutants. As our group has large reserves of natural gas, we are participating in research-and-development projects for GTL and DME. We plan to develop a new gas field by introducing these new technologies.

The INPEX Group intends to ensure stable earnings and continued improvement of corporate value in the medium to long term by maintaining and expanding crude oil and gas reserves and production as our business basis while always paying attention to sustaining financial soundness.

4. Fundamental policy for corporate governance

INPEX helps to ensure a stable supply of energy to Japan, a social responsibility it takes very seriously. Within this context, INPEX recognizes that enhancing corporate governance is an important management imperative.

(1) Company Organizations

① Management Bodies

a. Directors and Board of Directors

At INPEX, representative directors and other directors who act as executive officers carry out business operations. The execution of these business operations is overseen by the Board of Directors, which also discusses and decides on important business affairs. Meetings of the Board are convened once a month and at other times as necessary. The Board is made up of 18 directors, 4 of whom are outside directors. Each of these four outside directors serve concurrently as directors of Japan Petroleum Exploration Co., Ltd., Mitsubishi Corporation, Mitsui Oil Exploration Co., Ltd. and Marubeni Corporation, corporate shareholders of INPEX. As businesspeople with extensive knowledge and experience in INPEX’s business fields, these outside directors are asked to express opinions on management of the company’s businesses that contribute to their development from both specialist and objective perspectives. The previously mentioned corporate shareholders all operate businesses in the same field as INPEX and therefore compete against the INPEX Group from time to time. For this reason, INPEX recognizes the need to abide by special corporate governance measures with respect to the possibility of conflicts of interest. To this end, each of INPEX’s directors, including outside directors, is required to sign a written undertaking to comply with the Japanese Commercial Code relating to such matters as noncompetition practices, proper treatment of transactions giving rise to a conflict of interest and unauthorized information disclosure. This reflects the importance of precisely carrying out their duties as directors with a high level of awareness of such matters.

b. Executive Committee

Made up of managing directors and above, the Executive Committee was established in April 2002 to expedite decision-making. In principle, the Committee is convened every week, and at other times as necessary, to decide on matters that do not require a resolution of the Board and to conduct discussions that facilitate Board decisions. In addition to the aforementioned members of the Committee, executive directors and standing statutory auditors, as well as representatives of departments related to resolutions and reports being discussed also attend these meetings.

c. Statutory Auditors and Board of Statutory Auditors

INPEX employs the statutory auditor system. Statutory auditors attend important meetings such as the Board of Directors and Executive Committee. In addition, they conduct interviews with departments as necessary and audit the execution of duties of directors with regard to the company's overall business affairs and individual projects based on reports from relevant departments and other information. Furthermore, statutory auditors receive reports related to every audit from the independent auditors and internal audit reports from the Internal Audit Department. The Board of Statutory Auditors, which consists of all statutory auditors, determines auditing policy, formulates audit plans and receives reports on the status of audits and other matters from statutory auditors. To bolster the audit system, the number of statutory auditors was increased from three to four in June 2002. The result is that there are now three outside statutory auditors (one standing and two part-time) and one other statutory auditor (standing). Moreover, since June 2003, the Board of Statutory Auditors has convened every month instead of every three months as before.

d. Internal Audit

The Internal Audit Department was established as an organization independent from business departments and directly responsible to the president, to ensure the appropriateness and efficiency of business activities. As a body cutting across the INPEX Group, the Internal Audit Department evaluates the internal control systems of the group, including overseas offices. It also examines and evaluates the status of management bodies, the efficiency of business operations and other matters, pinpointing problem areas, making necessary reports and conducting follow-up audits to confirm the status of improvements. The activities of the Internal Audit Department thus contribute to the proper management of the INPEX Group.

②Classes of Share and Corporate Governance

The company's Articles of Incorporation stipulate that certain major corporate decisions require a resolution by the holder of the special class share, in addition to the approval of the ordinary general meeting of shareholders or Board of Directors. The one special class share was issued on November 17, 2004, concurrently with listing of INPEX's common stock on the Tokyo Stock Exchangeand held by Japan National Oil Corporation (JNOC).

Major corporate decisions include "the appointment and removal of directors", "the disposition of material assets", "amendments to the Articles of Incorporation", "mergers, share exchange or share transfer", "capital reductions" and "dissolution". The special class share will allow the holder to veto any appointment or removal of directors or merger, share exchange or share transfer, provided 20% or more of the voting rights attached to shares of common stock are held by a single non-public entity or a single non-public entity and its joint shareholders.

JNOC has established guidelines for the exercise of the special class share's veto rights (with respect to decisions not approved by a meeting of the special class shareholder) in accordance with its internal business regulations. JNOC may veto any one of the aforementioned major corporate decisions only to the extent that it determines a proposed action or transaction (1) will likely result in INPEX being managed in a manner inconsistent with its goal of securing a stable energy supply for Japan as a national flag company; (2) will likely adversely affect the goal of efficiently securing a stable energy supply for Japan as a national flag company; or (3) may affect the exercise of voting rights of the special class share held by JNOC. Furthermore, JNOC is obliged to obtain the approval of the Minister of Economy, Trade and Industry before exercising its voting rights or carrying out any other action at the general meeting of the special class shareholder.

The exercise of veto rights by the special class share is thus restricted. With the existence of this class of share, however, INPEX can minimize the risk of losing management control to foreign-owned concerns and an unsolicited takeover for speculative reasons. Moreover, because the scope of the veto is limited and guidelines have been set by JNOC for the exercise of veto rights, the special class share is an absolute minimum necessary measure that is highly transparent and does not unjustly impinge on INPEX's ability to operate with flexibility and efficiency.

(2) Risk Management and Corporate Ethics

INPEX recognizes that two factors are vital to increase corporate value amid drastic changes in its operating environment: forestalling and mitigating losses by properly managing risk inherit in its business operations; and maintaining and strengthening trust with customers, investors and other parties. A wide range of risk factors could affect corporate value. With respect to risks associated with management decisions such as management strategy, related departments analyze and examine issues, receiving advice from attorneys of law and other outside specialists as necessary. Materially important projects are decided on by the Board of Directors after first being discussed by the Executive Committee and other managerial bodies. Subsequent changes in matters related to these projects are then closely monitored.

The INPEX Group has formulated a set of Business Principles that embody the basic policies of its corporate activities. These principles encompass corporate goals; code of conduct; corporate growth; ethics; health, safety and environment; and contributions to society. The INPEX Group believes that by strictly adhering to these principles it can maintain and increase the trust and credibility of the company in the eyes of shareholders, employees, business partners and international society—a vital element of continuous corporate development. The company's commitment to this approach is unwavering.

5. Fundamental policy for relations with concerned parties (parent company)

The Japan National Oil Corporation (JNOC), which held 53.96% of our issued shares at the end of September 2004, is a public corporation that was established by the Japan National Oil Corporation Law (Law No. 99 implemented on July 29, 1967). JNOC promotes the independent development of crude oil and gas and the stockpiling of crude oil and LP gas. JNOC provides investment, financing and debt guarantees for some of our subsidiaries and affiliates engaged in the overseas exploration of crude oil and gas.

No individuals double as a director for our group and as either a director or officer of JNOC. Also, there is no staff on loan from JNOC to us.

Based on the Reorganization and Rationalization Plan for Special Public Corporations by cabinet approval on December 19, 2001, JNOC was abolished and part of its operations were transferred to an independent administrative agency. The law abolishing the Japan National Oil Corporation Law and the Metal Mining Agency of Japan Law (Law No. 94 in 2002) and the Japan Oil, Gas and Metals National Corporation Law was implemented on July 26, 2002. Japan Oil, Gas and Metals National Corporation was established on February 29, 2004, and many of JNOC's operations, including investment and debt guarantees, and the operation of the Metal Mining Agency of Japan to secure the supply of mineral resources of nonferrous metal, were transferred to the new entity.

Note: Our 343,725 shares of common stock then held by Japan National Oil Corporation were sold at the time of our company's stock listing on the First Section of the Tokyo Stock Exchange as of November 17, 2004. As a result, the number of our company's shares held by Japan National Oil Corporation totaled 692,308.75 (accounting for a 36.06% of our issued shares) as of that date.

III Results of Operations and Financial Position

(1) Results for the Six Months Ended September 30, 2004

During the six-month period ended September 30, 2004, the Japanese economy saw several signs of growth slowdown of exports, mining and manufacturing production and capital investment, which had previously been on the rise, although personal spending, supported by the continued improvement of the employment situation, continued to remain steady in general. In these circumstances, it would be necessary for us to carefully watch future business trends although the underlying economic recovery seems to have been firmly kept going on the whole.

Crude oil prices and exchange rates have significant effects on the revenues and expenditures of our group. Crude oil prices rose rapidly during this six-month period due to several factors such as a noticeable increase of speculative transactions in the crude oil futures market, as well as geopolitical risks including the decline of OPEC's spare production capacity, the destabilized political situation in the Middle East and steady growth in crude oil demand in major consumer countries including Asian countries, particularly China, and the United States. As a consequence, the average price of our crude oil for the six-month period increased 37.8%, to US$37.17 per barrel from US$10.19 for the corresponding six-month period a year before.

Meanwhile, principally reflecting step-by-step rises in interest rates in the United States, the exchange rate of Japanese yen against the U.S. dollar depreciated gradually from ¥105.63 at the beginning of the period to ¥111.05 as of September 30, or a difference of ¥5.42. Consequently, the average exchange rate for crude oil sales of our company was ¥110.15 per US dollar, which is yen appreciation of ¥8.19, or 6.9% year over year.

In these business circumstances, our company's net sales for the six months ended September 30, 2004, increased ¥103,750 million, or 94.2%, year over year to ¥213,939 million. Of this figure, net sales of crude oil accounted for ¥127,896 million, a remarkable increase of ¥94,458 million, or 282.5%, from the previous corresponding six-month period a year ago. Major contributing factors were a year-over-year increase in sales volume of 20,606 thousand barrels, or 200.0%, to 30,910 thousand barrels and a rise in the average oil sales price of 37.8% as described above despite the yen's appreciation in terms of the average exchange rate. The rise in sales volume mainly reflected the consolidation of the operating performance of Japan Oil Development Co., Ltd., into our company's operating results from the beginning of fiscal 2004 and an increase in sales volume at INPEX Southwest Caspian Sea, Ltd. Net sales of natural gas increased ¥9,292 million, or 12.1% year over year, to ¥86,043 million. Higher gas sales prices interlocked with the crude oil prices was a major contributor to better net sales of natural gas despite the higher appreciation of the yen and a slight reduction in LNG sales volume.

Cost of sales for the six-month period increased ¥37,908 million, or 70.8%, to ¥91,453 million due principally to a rise in crude oil sales volume and an increase in natural gas-related expenses, for example, in association with the renewed investment to boost production capacity at the Offshore Mahakam PSC. Exploration costs were ¥982 million, down ¥4,068 million, or 80.6%, compared with the corresponding six-month period a year ago. Selling, general and administrative expenses were ¥4,956 million, up ¥2,243 million, or 82.7% year over year, and operating income increased ¥67,668 million, or 138.4%, to ¥116,546 million.

Other income decreased ¥937 million, or 25.8%, to ¥2,695 million, while other expenses increased ¥162 million, or 1.9%, to ¥8,925 million. As a consequence, ordinary income for the six months ended September 30, 2004, increased ¥66,567 million, or 152.2%, to ¥110,316 million.

Income taxes were ¥83,032 million, up ¥54,059 million, or 186.6% year over year, mainly due to the increased amount of foreign tax payments derived from the integration of Japan Oil Development Co., Ltd. As a result, net income of our company for the six months ended September 30, 2004, increased ¥15,118 million, or 84.5%, to ¥33,017 million.

As our company primarily engages in the exploration, development, production, and sales of crude oil and natural gas, results of operations by business segment are not described herein.

(2) Financial Position

Total assets of our company at the end of this six-month period amounted to ¥718,155 million, up ¥192,857 million from ¥525,298 million at the end of the previous fiscal year. Current assets at the end of this six-month period increased ¥96,169 million to ¥203,122 million, reflecting increases in cash and deposits and accounts receivable—trade. Fixed assets increased ¥96,687 million to ¥515,032 million, mainly due to increases in tangible fixed assets, investment securities and recoverable accounts under production sharing. Total liabilities at the end of this six-month period amounted to ¥317,502 million, up ¥103,197 million from ¥214,305 million at the end of the previous fiscal year. Current liabilities increased ¥72,434 million to ¥101,329 million, while long-term liabilities were ¥216,173 million, up ¥30,762 million from the end of the previous fiscal year. Minority interests in consolidated subsidiaries increased ¥265 million from the end of the previous fiscal year to ¥33,144 million.

Shareholders' equity was ¥367,508 million, up ¥89,394 million from the end of the previous fiscal year. This rise in shareholders' equity principally reflected the new inclusion of ¥62,402 million in additional paid-in capital due to the integration of Japan Oil Development Co., Ltd. via equity swap and an increase of ¥27,000 million in retained earnings.

As for cash flows during the six-month period, net cash provided by operating activities amounted to ¥63,516 million, mainly reflecting the expanded crude oil sales volume and the rises in prices of crude oil and natural gas. Meanwhile, net cash used in investing activities amounted to ¥56,543 million, which was kept within the amount of cash provided by operating activities. The net increase in cash and cash equivalents totaled ¥10,706 million with the addition of ¥4,944 million in net cash provided by financing activities during the six months ended September 30, 2004, and others.

Cash and cash equivalents at end of the six-month period totaled ¥121,182 million by adding cash and cash equivalents of ¥55,894 million at beginning of the period for the newly consolidated subsidiary to the above net increase in cash and cash equivalents during the period, compared with ¥54,582 million at the end of the previous fiscal year.

(3) Full-Year Outlook

On a full-year basis, consolidated net sales for the year ending March 31, 2005, are expected to increase ¥183.9 billion, or 84.1%, over the previous year to ¥402.8 billion. This would reflect the integration of Japan Oil Development Co., Ltd., as a subsidiary and an expected increase in sales prices of our products.

Consolidated ordinary income is expected to reach ¥200.9 billion, up ¥106.1 billion, or 112.0% year over year, supported by such positive would-be factors as an increase in net sales and a decline in investment for exploration projects.

As a consequence, net income for the year ending March 31, 2005, is expected to increase ¥19.5 billion, or 56.1%, over the previous year to ¥54.3 billion.

In these estimates, the crude oil price for the second-half period is assumed to be US$30 per barrel (for Brent crude) with the exchange rate of the Japanese yen against the U.S. dollar at ¥108.

Ⅳ Semiannual consolidated financial statements

(1) Semiannual consolidated financial statements

1) Consolidated balance sheets

(Millions of yen)

Accounts	As of September 30, 2003		As of September 30, 2004 (A)		Fluctuation	As of March 31, 2004 (B)	
	Amounts	Ratio	Amounts	Ratio	(A) - (B)	Amounts	Ratio
		%		%			%
(Assets)							
Current assets							
Cash and deposits *2	54,475		129,742		66,020	63,722	
Accounts receivable-trade	13,685		39,750		20,485	19,265	
Marketable securities	28,531		12,761		(6,218)	18,979	
Inventories	828		1,255		362	892	
Other	4,740		19,646		15,531	4,115	
Less allowance for doubtful accounts	(14)		(33)		(11)	(21)	
Total current assets	102,246	20.1	203,122	28.3	96,169	106,952	20.4
Fixed assets							
Tangible fixed assets *1	32,428	6.4	68,947	9.6	33,805	35,141	6.7
Intangible assets							
Exploration and development rights	135,034		133,751		(615)	134,367	
Other	3,713		8,512		4,971	3,540	
Total intangible assets	138,747	27.2	142,263	19.8	4,355	137,908	26.2
Investments and other assets							
Investment securities *2	88,927		103,444		24,073	79,371	
Recoverable accounts under production sharing	191,108		225,946		17,178	208,768	
Other	11,099		24,222		16,350	7,871	
Less allowance for doubtful accounts	(130)		(687)		(357)	(329)	
Less allowance for recoverable accounts under production sharing	(49,402)		(44,938)		(262)	(44,676)	
Less allowance for investments in exploration	(6,068)		(4,166)		1,544	(5,710)	
Total investments and other assets	235,532	46.3	303,821	42.3	58,526	245,295	46.7
Total fixed assets	406,708	79.9	515,032	71.7	96,687	418,345	79.6
Total assets	508,955	100.0	718,155	100.0	192,857	525,298	100.0

(Millions of yen)

Accounts	As of September 30, 2003		As of September 30, 2004 (A)		Fluctuation (A) - (B)	As of March 31, 2004 (B)	
	Amounts	Ratio	Amounts	Ratio		Amounts	Ratio
		%		%			%
(Liabilities)							
Current liabilities							
Accounts payable	1,941		16,783		13,511	3,272	
Current portion of long-term debt	131		1,229		1,111	117	
Income taxes payable	10,750		38,334		29,963	8,371	
Allowance	3,636		1,447		(1,725)	3,172	
Other	21,471		43,533		29,573	13,959	
Total current liabilities	37,932	7.5	101,329	14.1	72,434	28,894	5.5
Long-term liabilities							
Long-term debt *2	166,100		179,881		10,574	169,307	
Accrued employees' retirement benefits	770		1,438		654	783	
Accrued officers' retirement benefits	453		497		(14)	511	
Other	13,555		34,355		19,547	14,808	
Total long-term liabilities	180,879	35.5	216,173	30.1	30,762	185,410	35.3
Total liabilities	218,811	43.0	317,502	44.2	103,197	214,305	40.8
(Minority interests)							
Minority interests in consolidated subsidiaries	27,087	5.3	33,144	4.6	265	32,878	6.3
(Shareholders' equity)							
Common stock	29,460	5.8	29,460	4.1	—	29,460	5.6
Additional paid-in capital	—		62,402	8.7	62,402	—	
Retained earnings	232,744	45.7	276,628	38.5	27,000	249,628	47.5
Unrealized holding gain (loss) on securities	(33)	(0.0)	256	0.0	102	154	0.0
Translation adjustments	884	0.2	(1,238)	(0.1)	(110)	(1,128)	(0.2)
Total shareholders' equity	263,055	51.7	367,508	51.2	89,394	278,113	52.9
Total liabilities, minority interests and shareholders' equity	508,955	100.0	718,155	100.0	192,857	525,298	100.0

2) Consolidated statements of income

(Millions of yen)

Accounts		For the six months ended September 30, 2003 (A)		For the six months ended September 30, 2004 (B)		Fluctuation (B) - (A)	For the year ended March 31, 2004	
		Amounts	Ratio	Amounts	Ratio	Amounts	Amounts	Ratio
			%		%			%
Net sales		110,188	100.0	213,939	100.0	103,750	218,831	100.0
Cost of sales		53,545	48.6	91,453	42.7	37,908	105,758	48.3
Gross profit		56,642	51.4	122,485	57.3	65,842	113,072	51.7
Exploration expenses		5,050	4.6	982	0.5	(4,068)	11,552	5.3
Selling, general and administrative expenses	*1	2,713	2.5	4,956	2.3	2,243	7,644	3.5
Operating income		48,878	44.4	116,546	54.5	67,668	93,876	42.9
Other income		3,633	3.3	2,695	1.3	(937)	15,503	7.1
Interest income		540		1,603		1,062	1,574	
Equity in earnings of affiliates		1,027		—		(1,027)	452	
Gain on sales of mining rights		1,497		—		(1,497)	1,497	
Reversal of allowance for investments in exploration		—		744		744	—	
Other		567		348		(219)	11,978	
Other expenses		8,763	8.0	8,925	4.2	162	14,606	6.7
Interest expense		679		1,184		505	1,816	
Equity in losses of affiliates		—		479		479	—	
Provision for allowance for recoverable accounts under production sharing		5,890		180		(5,709)	10,056	
Amortization of exploration and development rights		390		890		500	746	
Foreign exchange loss		551		5,251		4,700	—	
Other		1,251		938		(312)	1,986	
Ordinary income		43,748	39.7	110,316	51.6	66,567	94,773	43.3
Income before income taxes and minority interests		43,748	39.7	110,316	51.6	66,567	94,773	43.3
Income taxes-current		28,972		83,032		54,059	55,081	
Income taxes-deferred		(520)		(4,835)		(4,314)	5,237	
Minority interests		(2,601)	(2.4)	(896)	(0.4)	1,704	(326)	(0.1)
Net income		17,898	16.2	33,017	15.4	15,118	34,781	15.9

3) Consolidated statements of retained earnings

(Millions of yen)

Accounts	For the six months ended September 30, 2003 (A)		For the six months ended September 30, 2004 (B)		Fluctuation (B) - (A)	For the year ended March 31, 2004	
	Amounts		Amounts		Amounts	Amounts	
(Additional paid-in capital)							
Balance at beginning of the period		—		—			—
Addition:							
Increase due to a share exchange transaction	—		62,402		62,402	—	
Balance at end of the period		—		62,402	62,402		—
(Retained earnings)							
Balance at beginning of the period		220,852		249,628	28,775		220,852
Addition:							
Net income	17,898	17,898	33,017	33,017	15,118	34,781	34,781
Deduction:							
Cash dividends paid	5,892		5,892		—	5,892	
Directors' bonuses	114		124		10	114	
(included statutory auditors')	(7)	6,006	(9)	6,016	10	(5)	6,006
Balance at end of the period		232,744		276,628	43,883		249,628

4) Consolidated statements of cash flows

(Millions of yen)

Item	For the six months ended September 30, 2003 (A)	For the six months ended September 30, 2004 (B)	Fluctuation (B) - (A)	For the year ended March 31, 2004
	Amounts	Amounts	Amounts	Amounts
Cash flows from operating activities				
Income before income taxes and minority interests	43,748	110,316	66,567	94,773
Depreciation and amortization	1,012	5,589	4,576	4,049
(Gain) loss on sales of tangibles fixed assets	49	(46)	(95)	58
Amortization of goodwill	84	84	—	168
(Reversal of) provision for allowance for doubtful accounts	(12)	470	483	123
Provision for allowance for recoverable accounts under production sharing	6,564	262	(6,302)	11,284
(Reversal of) provision for accrued retirement benefits	(213)	41	254	(141)
Interest and dividend income	(570)	(1,688)	(1,118)	(1,711)
Interest expense	679	1,184	505	1,816
Foreign exchange (gain) loss	1,828	4,170	2,342	(11,980)
Equity in losses (earnings) of affiliates	(1,027)	479	1,507	(452)
Gain on sales of mining rights	(1,497)	—	1,497	(1,497)
Gain on sales of investment securities	(62)	—	62	(63)
Accounts receivable	2,103	(7,218)	(9,321)	(2,521)
Recovery of recoverable accounts under production sharing (capital expenditure)	9,314	16,728	7,414	21,744
Recoverable accounts under production sharing (operating expenditures)	(7,826)	(3,077)	4,748	(13,827)
Inventories	545	(362)	(908)	480
Accounts payable	(1,597)	3,699	5,296	(266)
Other receivables	(452)	(5,932)	(5,480)	(389)
Accrued expenses	(74)	13,037	13,111	541
Long-term accrued expenses	(855)	1,546	2,402	(741)
Advance payments received	5,859	1,877	(3,982)	(2,160)
Bonuses to directors and statutory auditors	(114)	(127)	(13)	(114)
Other	243	(3,393)	(3,636)	(827)
Subtotal	57,730	137,642	79,912	98,348
Interest and dividends received	1,116	1,983	866	2,471
Interest paid	(481)	(1,047)	(565)	(1,322)
Income taxes paid	(26,515)	(75,061)	(48,546)	(55,033)
Net cash provided by operating activities	31,850	63,516	31,666	44,464

Accounts	For the six months ended September 30, 2003 (A)	For the six months ended September 30, 2004 (B)	Fluctuation (B) - (A)	For the year ended March 31, 2004
	Amounts	Amounts	Amounts	Amounts
Cash flows from investing activities				
Proceeds from sales of marketable securities	9,495	14,221	4,725	20,706
Purchase of tangible fixed assets	(4,872)	(5,541)	(668)	(8,920)
Proceeds from sales of tangible fixed assets	10	349	338	22
Purchase of intangible assets	(0)	(3)	(2)	(0)
Proceeds from sales of intangible assets	—	0	0	0
Purchase of investment securities	(15,105)	(33,490)	(18,385)	(19,661)
Proceeds from sales of investment securities	683	—	(683)	3,685
Investment in recoverable accounts under production sharing (capital expenditures)	(26,858)	(30,829)	(3,970)	(58,997)
Additional acquisition of shares of consolidated subsidiary	—	—	—	(633)
Decrease in short-term loans receivables	(11)	(0)	11	1
Long-term loan made	(0)	(735)	(735)	(0)
Collection of long-term loans receivables	0	2	1	2
Purchase of mining rights	(162,476)	—	162,476	(163,511)
Proceeds from sales of mining rights	3,052	—	(3,052)	3,052
Proceeds from purchase of subsidiaries' stock resulting in changes in the scope of consolidation	—	—	—	3,992
Other	(17)	(516)	(498)	2,139
Net cash used in investing activities	(196,100)	(56,543)	139,556	(218,121)
Cash flows from financing activities				
Proceeds from long-term debt	117,781	10,792	(106,989)	136,028
Repayment of long-term debt	(58)	(1,700)	(1,642)	(195)
Proceeds from minority interests for additional shares	28,794	1,244	(27,550)	30,320
Cash dividends paid	(5,892)	(5,892)	—	(5,892)
Restricted cash deposited	(16,500)	—	16,500	(9,140)
Proceeds from refund of restricted cash	—	580	580	—
Other	—	(79)	(79)	—
Net cash provided by financing activities	124,125	4,944	(119,181)	151,120
Effect of exchange rate changes on cash and cash equivalents	(314)	(1,212)	(897)	(1,295)
Net increase (decrease) in cash and cash equivalents	(40,438)	10,706	51,144	(23,831)
Cash and cash equivalents at beginning of the period	78,414	54,582	(23,831)	78,414
Increase in cash and cash equivalents due to a share exchange transaction	—	55,894	55,894	—
Cash and cash equivalents at end of the period	37,975	121,182	83,206	54,582

Notes to the semiannual consolidated financial statements

For the six months ended September 30, 2003	For the six months ended September 30, 2004	For the year ended March 31, 2004
1. Scope of consolidation No. of consolidated subsidiaries: 25 Major subsidiaries INPEX Natuna, Ltd., INPEX Alpha, Ltd., INPEX ABK, Ltd., INPEX Sahul, Ltd., INPEX North Caspian Sea, Ltd., INPEX Southwest Caspian Sea, Ltd., INPEX Browse, Ltd., INPEX Masela Ltd. Unconsolidated subsidiary: None	1. Scope of consolidation No. of consolidated subsidiaries: 27 Major subsidiaries Japan Oil Development Co., Ltd., INPEX Natuna, Ltd., INPEX Alpha, Ltd., INPEX ABK, Ltd., INPEX Sahul, Ltd., INPEX North Caspian Sea, Ltd., INPEX Southwest Caspian Sea, Ltd., INPEX Browse, Ltd., INPEX Masela Ltd. During this semiannual period: No. of new companies included in consolidated subsidiaries 1 No. of companies excluded from consolidated subsidiaries 1 Details for the above changes: (1) Japan Oil Development Co., Ltd., has been included due to acquisition of shares through a share exchange transaction. (2) INPEX Rabe Timor Sea, Ltd., has been excluded due to completion of liquidation Unconsolidated subsidiary: Same as on the left	1. Scope of consolidation No. of consolidated subsidiaries: 27 Major subsidiaries INPEX Natuna, Ltd., INPEX Alpha, Ltd., INPEX ABK, Ltd., INPEX Sahul, Ltd., INPEX North Caspian Sea, Ltd., INPEX Southwest Caspian Sea, Ltd., INPEX Browse, Ltd., INPEX Masela Ltd. During this fiscal year: No. of new companies included in consolidated subsidiaries 3 No. of companies excluded from consolidated subsidiaries 1 Details for the above changes: (1) INPEX Jawa, Ltd., and INPEX Smatra, Ltd., have been included due to increase of the shareholding ratio. (2) Azadegan Oil Development, Ltd., has been included to establishment of the company. (3) INPEX West Natuna, Ltd., has been excluded due to completion of liquidation Unconsolidated subsidiary: Same as on the left
2. Application of equity method Unconsolidated subsidiary accounted for by the equity method None No. of affiliates accounted for by the equity method: 10 Major affiliates: INPEX Jawa, Ltd., MI Berau B.V., ALBACORA JAPAO PETROLEO LTDA, INPEX Offshore North Campos, Ltd.	2. Application of equity method Unconsolidated subsidiary accounted for by the equity method Same as on the left No. of affiliates accounted for by the equity method: 11 Major affiliates: MI Berau B.V., ALBACORA JAPAO PETROLEO LTDA, INPEX Offshore North Campos, Ltd. During this semiannual period: No. of new companies included in affiliates accounted for by the equity method: 4 No. of companies excluded from affiliates accounted for by the equity method: 1 Details for the above changes: (1) BP-Japan Oil Development Company Ltd., which is an affiliate of Japan Oil Development Co., Ltd., has been included due to acquisition of shares through a share exchange transaction.	2. Application of equity method Unconsolidated subsidiary accounted for by the equity Same as on the left No. of affiliates accounted for by the equity method: 8 Major affiliates: MI Berau B.V., ALBACORA JAPAO PETROLEO LTDA, INPEX Offshore North Campos, Ltd. During this fiscal year: No. of companies excluded from affiliates accounted for by the equity method: 2 Details for the above changes: (1) Japex AC, Ltd., has been deleted by completion of liquidation.

For the six months ended September 30, 2003	For the six months ended September 30, 2004	For the year ended March 31, 2004
	(2) Angola Japan Oil Co., Ltd., AJOCO Exploration Co., Ltd. and AJOCO '91 Exploration Co., Ltd. have been included due to increase of the shareholding ratio as a result of acquisition of additional shares.	(2) INPEX Jawa, Ltd., has been included in consolidated subsidiaries due to increase of the shareholding ratio as a result of acquisition of additional shares and, therefore, has been excluded from affiliates accounted for by the equity method.
	(3) INPEX Northland Ltd., has been excluded due to completion of liquidation.	
Procedures for application of the equity method: Regarding affiliates accounted for by the equity method that have a different closing date than the consolidated closing date for the semiannual period, we use the semiannual financial statements of each company.	Procedures for application of the equity method: Regarding affiliates accounted for by the equity method that have a different closing date than the consolidated closing date for the semiannual period, we use the semiannual financial statements of each company. For some companies, however, we use semiannual financial statements prepared for consolidation purpose as of the consolidated closing date.	Procedures for application of the equity method: Regarding affiliates accounted for by the equity method that have a different closing date than the consolidated closing date for the year, we use the financial statements of each company.

For the six months ended September 30, 2003

3. Closing dates for the semiannual period of consolidated subsidiaries

Companies for which the closing date for the semiannual period differs from the consolidated closing date are as follows.

Company	Closing date for semiannual	Note
INPEX ABK, Ltd.	June 30	1
INPEX Tengah, Ltd.	June 30	1
INPEX East Arguni, Ltd	June 30	1
INPEX West Arguni, Ltd.	June 30	1
INPEX Browse, Ltd.	June 30	1
INPEX Rabe Timor Sea, Ltd.	June 30	1
INPEX Masera, Ltd.	June 30	1
INPEX Offshore Northeast Mahakam, Ltd.	June 30	1
INPEX Southwest Caspian Sea, Ltd.	June 30	1
INPEX South Natuna, Ltd.	June 30	1
INPEX Timor Sea, Ltd.	June 30	1
INPEX Sahul, Ltd.	June 30	1
INPEX Alpha, Ltd.	June 30	1
INPEX North Makassar, Ltd.	June 30	1
INPEX Northeast Sahara, Ltd.	June 30	1
INPEX North Caspian Sea, Ltd.	June 30	1
INPEX North Natuna, Ltd.	June 30	1
INPEX West Natuna, Ltd	June 30	1
INPEX Offshore North Mahakam, Ltd.	June 30	1
INPEX Offshore South Sulawesi, Ltd.	June 30	1
INPEX BTC Pipeline, Ltd.	June 30	1
INPEX DLNGPL Pty Ltd	June 30	1

Note 1. We used the semiannual financial statements of the consolidated subsidiaries as of their closing date for the semiannual period. However, the necessary adjustments have been made to the semiannual financial statements of those companies to reflect any significant transactions made between the Company's closing date and those of the consolidated subsidiaries.

For the six months ended September 30, 2004

3. Closing dates for the semiannual period of consolidated subsidiaries

Companies for which the closing date for the semiannual period differs from the consolidated closing date are as follows.

Company	Closing date for semiannual	Note
INPEX ABK, Ltd.	June 30	1
INPEX Tengah, Ltd.	June 30	1
INPEX East Arguni, Ltd	June 30	1
INPEX West Arguni, Ltd.	June 30	1
INPEX Browse, Ltd.	June 30	1
INPEX Masera, Ltd.	June 30	1
INPEX Offshore Northeast Mahakam, Ltd.	June 30	1
INPEX Southwest Caspian Sea, Ltd.	June 30	1
INPEX South Natuna, Ltd.	June 30	1
INPEX Timor Sea, Ltd.	June 30	1
INPEX Sahul, Ltd.	June 30	1
INPEX Alpha, Ltd.	June 30	1
INPEX North Makassar, Ltd.	June 30	1
INPEX Northeast Sahara, Ltd.	June 30	1
INPEX North Caspian Sea, Ltd.	June 30	1
INPEX North Natuna, Ltd.	June 30	1
INPEX Offshore North Mahakam, Ltd.	June 30	1
INPEX Offshore South Sulawesi, Ltd.	June 30	1
Azadegan Petroleum Development, Ltd.	June 30	1
Japan Oil Development Co., Ltd.	June 30	2
INPEX BTC Pipeline, Ltd.	June 30	1
INPEX DLNGPL Pty Ltd	June 30	1

Note 1. We used the semiannual financial statements of the consolidated subsidiaries as of their closing date for the semiannual period. However, the necessary adjustments have been made to the semiannual financial statements of those companies to reflect any significant transactions made between the Company's closing date and those of the consolidated subsidiaries.

Note 2. The semiannual financial statements are prepared as of the consolidated closing date.

For the year ended March 31, 2004

3. Closing dates for the fiscal year of consolidated subsidiaries

Companies for which the closing date for the fiscal year differs from the consolidated closing date are as follows.

Company	Closing date	Note
INPEX ABK, Ltd.	Dec. 31	1
INPEX Tengah, Ltd.	Dec. 31	1
INPEX East Arguni, Ltd	Dec. 31	1
INPEX West Arguni, Ltd.	Dec. 31	1
INPEX Browse, Ltd.	Dec. 31	1
INPEX Rabe Timor Sea, Ltd.	Dec. 31	1
INPEX Masera, Ltd.	Dec. 31	1
INPEX Offshore Northeast Mahakam, Ltd.	Dec. 31	1
INPEX Southwest Caspian Sea, Ltd.	Dec. 31	1
INPEX South Natuna, Ltd.	Dec. 31	1
INPEX Timor Sea, Ltd.	Dec. 31	1
INPEX Sahul, Ltd.	Dec. 31	1
INPEX Alpha, Ltd.	Dec. 31	1
INPEX North Makassar, Ltd.	Dec. 31	1
INPEX Northeast Sahara, Ltd.	Dec. 31	1
INPEX North Caspian Sea, Ltd.	Dec. 31	1
INPEX North Natuna, Ltd.	Dec. 31	1
INPEX Offshore North Mahakam, Ltd.	Dec. 31	1
INPEX Offshore South Sulawesi, Ltd.	Dec. 31	1
Azadegan Petroleum Development, Ltd.	Dec. 31	1
INPEX BTC Pipeline, Ltd.	Dec. 31	1
INPEX DLNGPL Pty Ltd	Dec. 31	1

Note 1. We used the financial statements of the consolidated subsidiaries as of their closing date for the fiscal year. However, the necessary adjustments have been made to the financial statements of those companies to reflect any significant transactions made between the Company's closing date and those of the consolidated subsidiaries.

For the six months ended September 30, 2003	For the six months ended September 30, 2004	For the year ended March 31, 2004
4. Accounting policies 1) Valuation method of significant assets (1) Securities Other securities With a determinable market value Other securities with a determinable market value are stated at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in shareholders' equity. Cost of securities sold is determined by the moving average method. Without a determinable market value Other securities without a determinable market value are stated at cost determined by the moving average method. (2) Inventories Inventories are stated principally at cost determined by the average method 2) Depreciation method of significant depreciable assets (1) Tangible fixed assets Depreciation of tangible fixed assets is determined primarily by the declining-balance method, except for the buildings (excluding facilities annexed) acquired on and after April 1, 1998, on which depreciation is computed by the straight-line method, at rates based on the useful lives and residual value of the respective assets as prescribed by the corporate tax law. However, depreciation of certain mining facilities of two domestic subsidiaries is computed by the unit-of-production method.	4. Accounting policies 1) Valuation method of significant assets (1) Securities Other securities With a determinable market value Same as on the left Without a determinable market value Same as on the left (2) Inventories Same as on the left 2) Depreciation method of significant depreciable assets (1) Tangible fixed assets Depreciation of tangible fixed assets is determined primarily by the declining-balance method, except for the buildings (excluding facilities annexed) acquired on and after April 1, 1998, on which depreciation is computed by the straight-line method, at rates based on the useful lives and residual value of the respective assets as prescribed by the corporate tax law. However, depreciation of mining facilities is mainly computed by the unit-of-production method.	4. Accounting policies 1) Valuation method of significant assets (1) Securities Other securities With a determinable market value Same as on the left Without a determinable market value Same as on the left (2) Inventories Same as on the left 2) Depreciation method of significant depreciable assets (1) Tangible fixed assets Depreciation of tangible fixed assets is determined primarily by the declining-balance method, except for the buildings (excluding facilities annexed) acquired on and after April 1, 1998, on which depreciation is computed by the straight-line method, at rates based on the useful lives and residual value of the respective assets as prescribed by the corporate tax law. However, depreciation of certain mining facilities of two domestic subsidiaries is computed by the unit-of-production method.

For the six months ended September 30, 2003	For the six months ended September 30, 2004	For the year ended March 31, 2004
(2) Intangible fixed assets Exploration and development rights at the exploration stage are fully amortized in the year such rights are acquired and those at the production stage are amortized by the unit-of-production method. Other intangible fixed assets are amortized by the straight-line method at rates based on the useful lives and residual value of the respective assets as prescribed by the corporate tax law. Capitalized computer software costs are being amortized over a period of five years.	(2) Intangible fixed assets Exploration and development rights at the exploration stage are fully amortized in the year such rights are acquired and those at the production stage are amortized by the unit-of-production method. Mining rights are mainly amortized by the unit-of-production method. Other intangible fixed assets are amortized by the straight-line method at rates based on the useful lives and residual value of the respective assets as prescribed by the corporate tax law. Capitalized computer software costs are being amortized over a period of five years.	(2) Intangible fixed assets Exploration and development rights at the exploration stage are fully amortized in the year such rights are acquired and those at the production stage are amortized by the unit-of-production method. Other intangible fixed assets are amortized by the straight-line method at rates based on the useful lives and residual value of the respective assets as prescribed by the corporate tax law. Capitalized computer software costs are being amortized over a period of five years.
3) Accounting for deferred assets Deferred assets are charged to income as incurred.	3) Accounting for deferred assets Same as on the left	3) Accounting for deferred assets Same as on the left
4) Basis for significant allowances (1) Allowance for doubtful receivables The allowance for doubtful receivables is provided at an amount determined based on the historical experience of bad debt with respect to ordinary receivables, plus an estimate of uncollectible amounts determined by reference to specific doubtful receivables from customers which are experiencing financial difficulties.	4) Basis for significant allowances (1) Allowance for doubtful receivables Same as on the left	4) Basis for significant allowances (1) Allowance for doubtful receivables Same as on the left
(2) Allowance for recoverable accounts under production sharing An allowance for recoverable accounts under production sharing is provided for probable losses on investments made during the exploration phase under production sharing contracts arising from the failure to discover commercial oil and gas.	(2) Allowance for recoverable accounts under production sharing Same as on the left	(2) Allowance for recoverable accounts under production sharing Same as on the left

For the six months ended September 30, 2003	For the six months ended September 30, 2004	For the year ended March 31, 2004
(3) Allowance for investments in exploration The allowance for investments in exploration is provided for future potential losses on investments in exploration companies at an estimated amount based on the net assets of the investees. (4) Accrued employees' retirement benefits Accrued employees' retirement benefits are provided at the amount calculated based on the retirement benefit obligation at end of the semiannual period. Because the Company and subsidiaries are classified as small enterprises, we employ a simplified method (at the amount which would be required to be paid if all active employees voluntarily terminated their employment as of the balance sheet date) for the calculation of the retirement benefit obligation. (5) Accrued officers' retirement benefits Accrued officers' retirement benefits are stated at the amount which would be required to be paid if all officers voluntarily terminated their services as of the balance sheet date based on their respective internal rules.	(3) Allowance for investment in exploration Same as on the left (4) Accrued employees' retirement benefits Same as on the left (5) Accrued officers' retirement benefits Same as on the left	(3) Allowance for investment in exploration Same as on the left (4) Accrued employees' retirement benefits Accrued employees' retirement benefits are provided at the amount calculated based on the retirement benefit obligation at end of the year. Because the Company and subsidiaries are classified as small enterprises, we employ a simplified method (at the amount which would be required to be paid if all active employees voluntarily terminated their employment as of the balance sheet date) for the calculation of the retirement benefit obligation. (5) Accrued officers' retirement benefits Same as on the left

For the six months ended September 30, 2003	For the six months ended September 30, 2004	For the year ended March 31, 2004
5) Translation of consolidated subsidiaries' significant assets and liabilities denominated in foreign currencies into yen in preparation of their semiannual financial statements Monetary assets and liabilities denominated in foreign currencies are translated into yen at the exchange rates prevailing at the balance sheet date. The resulting exchange gain or loss is credited or charged to income. The revenue and expense accounts of the overseas subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date. Except for the components of shareholders' equity, the balance sheet accounts are also translated into yen at the rates of exchange in effect at the balance sheet date. The components of shareholders' equity are translated at their historical exchange rates. Translation adjustments are presented as a component of shareholders' equity and minority interests.	5) Translation of consolidated subsidiaries' significant assets and liabilities denominated in foreign currencies into yen in preparation of their semiannual financial statements Same as on the left	5) Translation of consolidated subsidiaries' significant assets and liabilities denominated in foreign currencies into yen in preparation of their financial statements Same as on the left
6) Accounting for important leases Non-cancelable leases are primarily accounted for as operating leases except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.	6) Accounting for important leases ——————————	6) Accounting for important leases Non-cancelable leases are primarily accounted for as operating leases except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.

For the six months ended September 30, 2003	For the six months ended September 30, 2004	For the year ended March 31, 2004
7) Other significant matters for preparation of semiannual consolidated financial statements (1) Consumption tax Transactions subject to consumption tax are recorded at amounts exclusive of consumption tax. (2) Recoverable accounts under production sharing Cash investments made by the Company during exploration, development and production phases under a production sharing contract are recorded as "Recoverable accounts under production sharing" so long as they are recoverable under the terms of the relevant contract. When the Company receives the natural gas and crude oil in accordance with the contract, an amount corresponding to the purchase costs of the products (i.e., a cost recovery portion of the investments) is released from this account	7) Other significant matters for preparation of semiannual consolidated financial statements (1) Consumption tax Same as on the left (2) Recoverable accounts under production sharing Same as on the left	7) Other significant matters for preparation of consolidated financial statements (1) Consumption tax Same as on the left (2) Recoverable accounts under production sharing Same as on the left
5 Scope of cash and cash equivalents in the semiannual consolidated statement of cash flow Cash (cash and cash equivalents) in the semiannual consolidated statement of cash flow consisted of cash on hand, cash in banks which can be withdrawn on demand, and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.	5 Scope of cash and cash equivalents in the semiannual consolidated statement of cash flow Same as on the left	5 Scope of cash and cash equivalents in consolidated statement of cash flow Cash (cash and cash equivalents) in the consolidated statement of cash flow consisted of cash on hand, cash in banks which can be withdrawn on demand, and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.

Notes

(For the semiannual consolidated balance sheets)

<table>
<tr><th>As of September 30, 2003</th><th>As of September 30, 2004</th><th>As of March 31, 2004</th></tr>
<tr>
<td>*1 Accumulated depreciation
Accumulated depreciation of tangible fixed assets was ¥21,975 million.
*2 Pledged assets
Cash and deposits of ¥16,500 million were pledged as collateral for long-term borrowings of ¥80,847 million and guarantee obligation of ¥7,021 million.

3 Contingent liabilities

The Company and its consolidated subsidiaries were contingently liable as guarantors of indebtedness of the following companies:
<table>
<tr><td></td><td>Millions of yen</td></tr>
<tr><td>ALBACORA JAPAO PETROLEO LIMITADA</td><td>4,071</td></tr>
<tr><td>JJI S&N B.V.</td><td>4,064</td></tr>
<tr><td>Sakhalin Oil and Gas Development Co., Ltd</td><td>1,378</td></tr>
<tr><td>Total</td><td>9,515</td></tr>
</table>
</td>
<td>*1 Accumulated depreciation
Accumulated depreciation of tangible fixed assets was ¥213,202 million.
*2 Pledged assets
Cash and deposits of ¥8,560 million were pledged as collateral for long-term borrowings of ¥90,819 million and guarantee obligation of ¥8,590 million.

In addition, investment securities of ¥2,743 million were pledged as collateral for the BTC pipeline project financing.

3 Contingent liabilities

The Company and its consolidated subsidiaries were contingently liable as guarantors of indebtedness of the following companies:
<table>
<tr><td></td><td>Millions of yen</td></tr>
<tr><td>Sakhalin Oil and Gas Development Co., Ltd</td><td>2,728</td></tr>
<tr><td>ALBACORA JAPAO PETROLEO LIMITADA</td><td>3 ,324</td></tr>
<tr><td>JJI S&N B.V.</td><td>4,661</td></tr>
<tr><td>Total</td><td>10,714</td></tr>
</table>

In addition, INPEX BTC Pipeline, LTD, a consolidated subsidiary, was contingently liable as guarantor of indebtedness of BTC Pipeline Project Finance in the amount of ¥4,455 million until BTC Pipeline project completion (guarantee for completion).
</td>
<td>*1 Accumulated depreciation
Accumulated depreciation of tangible fixed assets was ¥23,145 million.
*2 Pledged assets
Cash and deposits of ¥9,140 million were pledged as collateral for long-term borrowings of ¥83,090 million and guarantee obligation of ¥7,264 million.

In addition, investment securities of ¥2,722 million were pledged as collateral for the BTC pipeline project financing.

3 Contingent liabilities

The Company and its consolidated subsidiaries were contingently liable as guarantors of indebtedness of the following companies:
<table>
<tr><td></td><td>Millions of yen</td></tr>
<tr><td>Sakhalin Oil and Gas Development Co., Ltd</td><td>1,918</td></tr>
<tr><td>ALBACORA JAPAO PETROLEO LIMITADA</td><td>3,514</td></tr>
<tr><td>JJI S&N B.V.</td><td>4,028</td></tr>
<tr><td>Total</td><td>9,461</td></tr>
</table>

In addition, INPEX BTC Pipeline, LTD, a consolidated subsidiary, was contingently liable as guarantor of indebtedness of BTC Pipeline Project Finance in the amount of ¥4,330 million until BTC Pipeline project completion (guarantee for completion).
</td>
</tr>
</table>

(For the semiannual consolidated statements of income)

For the six months ended September 30, 2003	For the six months ended September 30, 2004	For the year ended March 31, 2004
*1. Major accounts and amounts included in selling, general and administrative expenses were as follows: Millions of yen Personnel expenses 1,550 (Including provision for accrued officers' retirement benefits 67) (Including provision for accrued employees' retirement benefits 70) Travel and transportation expenses 166 Depreciation expenses 399	*1. Major accounts and amounts included in selling, general and administrative expenses were as follows; Millions of yen Personnel expenses 2,510 (Including provision for accrued officers' retirement benefits 88) (Including provision for accrued employees' retirement benefits 112) Depreciation expenses 888	*1. Major accounts and amounts included in selling, general and administrative expenses were as follows: Millions of yen Personnel expenses 3,254 (Including provision for accrued officers' retirement benefits 139) (Including provision for accrued employees' retirement benefits 103) Travel and transportation expenses 402 Depreciation expenses 2,329

(For the semiannual consolidated statements of cash flows)

For the six months ended September 30, 2003	For the six months ended September 30, 2004	For the year ended March 31, 2004
Cash and cash equivalents as of the balance sheet date are reconciled to the accounts reported in the semiannual consolidated balance sheet as follows: Millions of yen Cash and deposits 54,475 Time deposits pledged (16,500) Cash and cash equivalents at end of the semiannual period 37,975	Cash and cash equivalents as of the balance sheet date are reconciled to the accounts reported in the semiannual consolidated balance sheet as follows: Millions of yen Cash and deposits 129,742 Time deposits pledged (8,560) Cash and cash equivalents at end of the semiannual period 121,182	Cash and cash equivalents as of the balance sheet date are reconciled to the accounts reported in the consolidated balance sheet as follows: Millions of yen Cash and deposits 63,722 Time deposits pledged (9,140) Cash and cash equivalents at end of the year 54,582

(Segment information)

1. Business segment information

For the six months ended September 30, 2003

As net sales and operating income of the oil and natural gas business constituted more than 90% of the consolidated totals, the disclosure of business segment information has been omitted.

For the six months ended September 30, 2004

As net sales and operating income of the oil and natural gas business constituted more than 90% of the consolidated totals, the disclosure of business segment information has been omitted.

For the year ended March 31, 2004

As net sales and operating income of the oil and natural gas business constituted more than 90% of the consolidated totals, the disclosure of business segment information has been omitted.

2. Geographical segment information

For the six months ended September 30, 2003 (Millions of yen)

	Asia-Oceania	Other	Total	Eliminations	Consolidated
Ⅰ Net sales and operating income					
Net sales					
(1) Sales to third parties	106,068	4,119	110,188	—	110,188
(2) Intergroup sales and transfers	—	3,178	3,178	(3,178)	—
Total	106,068	7,298	113,366	(3,178)	110,188
Operating expenses	58,929	5,640	64,570	(3,260)	61,309
Operating income	47,139	1,657	48,796	82	48,878

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

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

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

(2) Other ････United Arab Emirates, Republic of Azerbaijan

For the six months ended September 30, 2004 (Millions of yen)

	Asia-Oceania	NIS	Middle East	Other	Total	Eliminations	Consolidated
Ⅰ Net sales and operating income							
Net sales							
(1) Sales to thier parties	128,630	—	85,308	—	213,939	—	213,939
(2) Intergroup sales and transfers	—	7,187	—	—	7,187	(7,187)	—
Total	128,630	7,187	85,308	—	221,126	(7,187)	213,939
Operating expenses	69,564	5,237	29,797	60	104,660	(7,267)	97,392
Operating income (loss)	59,066	1,949	55,511	(60)	116,465	80	116,546

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

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

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

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

(3) Middle East ････United Arab Emirates, Islamic Republic of Iran

(4) Other ････Japan

3 Change of classification of region

In the past, because the Middle East accounted for less than 10% of total sales and operating income, it was included in "Other" However, following subsidization by Japan Oil Development Co., Ltd., during the semiannual period under review, both sales and operating income in the Middle East now exceed 10% of the respective totals. Therefore, we changed the regional classification to Middle East. The following table shows restatements of geographical information under the new classification.

For the six months ended September 30, 2003 (Millions of yen)

	Asia- Oceania	NIS	Middle East	Other	Total	Eliminations	Consolidated
Ⅰ Net sales and operating income							
Net sales							
(1) Sales to third parties	106,068	—	4,119	—	110,188	—	110,188
(2) Intergroup sales or transfers	—	3,178	—	—	3,178	(3,178)	—
Total	106,068	3,178	4,119	—	113,366	(3,178)	110,188
Operating expenses	58,929	2,637	2,942	64	64,574	(3,264)	61,309
Operating income (loss)	47,139	540	1,176	(64)	48,792	86	48,878

For the year ended March 31, 2004 (Millions of yen)

	Asia - Oceania	NIS	Middle East	Other	Total	Eliminations	Consolidated
Ⅰ Net sales and operating income							
Net sales							
(1) Sales to third parties	211,422	—	7,408	—	218,831	—	218,831
(2) Intergroup sales or transfers	—	6,506	—	—	6,506	(6,506)	—
Total	211,422	6,506	7,408	—	225,337	(6,506)	218,831
Operating expenses	121,426	4,754	5,321	119	131,622	(6,667)	124,954
Operating income (loss)	89,995	1,752	2,086	(119)	93,715	160	93,876

For the year ended March 31, 2004 (Millions of yen)

	Asia - Oceania	NIS	Other	Total	Eliminations	Consolidated
Ⅰ Net sales and operating income						
Net sales						
(1) Sales to third parties	211,422	—	7,408	218,831	—	218,831
(2) Intergroup sales or transfers	—	6,506	—	6,506	(6,506)	—
Total	211,422	6,506	7,408	225,337	(6,506)	218,831
Operating expenses	121,426	4,754	5,440	131,621	(6,666)	124,954
Operating income	89,995	1,752	1,968	93,716	159	93,876

Notes:
1. Countries and areas are segmented based on their geographic proximity and their mutual operational relationships.
2. Major countries and areas that belong to segments other than Japan are as follows:
   (1) Asia - Oceania・・・・Indonesia, Australia, East Timor
   (2) NIS ・・・・Republic of Azerbaijan, Republic of Kazakhstan
   (3) Other ・・・・United Arab Emirates, Islamic Republic of Iran
3. Change of classification of region
   In the past, NIS was included in “Other”. However, we changed the regional classification to NIS.

3. Overseas sales

For the six months ended September 30, 2003

(Millions of yen)

	Asia	Other	Total
I. Overseas sales	26,377	2,106	28,484
II. Consolidated sales			110,188
III. Overseas sales as a percentage of consolidated sales (%)	23.9	1.9	25.9

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

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

(1) Asia・・・・South Korea, Taiwan, Indonesia

(2) Other・・・・Australia

3. Overseas sales consisted of export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of its foreign consolidated subsidiaries.

For the six months ended September 30, 2004

(Millions of yen)

	Asia	Other	Total
I. Overseas sales	67,985	2,133	70,118
II. Consolidated sales			213,939
III. Overseas sales as a percentage of consolidated sales (%)	31.8	1.0	32.8

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

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

(1) Asia・・・・South Korea, Taiwan, Indonesia, Singapore, Thailand

(2) Other・・・・Australia

3.Overseas sales consisted of export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of its foreign consolidated subsidiaries.

For the year ended March 31, 2004

(Millions of yen)

	Asia	Other	Total
I. Overseas sales	58,089	6,257	64,346
II. Consolidated sales			218,831
III. Overseas sales as a percentage of consolidated sales (%)	26.5	2.9	29.4

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

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

(1) Asia・・・・South Korea, Taiwan, Indonesia, Singapore

(2) Other・・・・Australia

3.Overseas sales consisted of export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of its foreign consolidated subsidiaries.

(Leases)

<table>
<tr><th>For the six months ended September 30, 2003</th><th>For the six months ended September 30, 2004</th><th>For the year ended March 31, 2004</th></tr>
<tr>
<td>Financing leases except for those which stipulate the transfer of ownership of the leased assets to the lessees
1. The pro forma acquisition costs, accumulated depreciation and net book value of the leased assets at end of the semiannual period were as follows:
(Millions of yen)
<table>
<tr><th></th><th>Acquisition costs</th><th>Accumulated depreciation</th><th>Net book value</th></tr>
<tr><td>Tangible fixed assets</td><td>19</td><td>19</td><td>—</td></tr>
<tr><td>Total</td><td>19</td><td>19</td><td>—</td></tr>
</table>
2. Future minimum lease payments subsequent to the end of the semiannual period
(Millions of yen)
<table>
<tr><td>Less than one year</td><td>—</td></tr>
<tr><td>More than one year</td><td>—</td></tr>
<tr><td>Total</td><td>—</td></tr>
</table>
3. Lease payments, depreciation of leased assets and the interest portion included in the lease payments during the semiannual period were as follows:
(Millions of yen)
<table>
<tr><td>Lease payments</td><td>1</td></tr>
<tr><td>Amortization</td><td>1</td></tr>
<tr><td>Interest expense</td><td>—</td></tr>
</table>
4. Method for calculation of depreciation and interest expense

Method of calculation of depreciation
··· Straight-line method over the respective lease term with a residual value of zero.

Calculation method for equivalent amount of interest expense
··· The interest portion included in the lease payments is calculated as the difference between the aggregate lease payments over the lease term and the relevant pro forma acquisition costs. Interest expense is allocated to each period by the interest method over each respective lease term.</td>
<td>——————</td>
<td>Financing leases except for those which stipulate the transfer of ownership of the leased assets to the lessees
1. The pro forma acquisition costs, accumulated depreciation and net book value of the leased assets at end of the fiscal year were as follows:
(Millions of yen)
<table>
<tr><th></th><th>Acquisition costs</th><th>Accumulated depreciation</th><th>Net book value</th></tr>
<tr><td>Tangible fixed assets</td><td>19</td><td>19</td><td>—</td></tr>
<tr><td>Total</td><td>19</td><td>19</td><td>—</td></tr>
</table>
2. Future minimum lease payments subsequent to the end of the fiscal year
(Millions of yen)
<table>
<tr><td>Less than one year</td><td>—</td></tr>
<tr><td>More than one year</td><td>—</td></tr>
<tr><td>Total</td><td>—</td></tr>
</table>
3. Lease payments, depreciation of leased assets and the interest portion included in the lease payments during the year were as follows:
(Millions of yen)
<table>
<tr><td>Lease payments</td><td>1</td></tr>
<tr><td>Amortization</td><td>1</td></tr>
<tr><td>Interest expense</td><td>—</td></tr>
</table>
4. Method for calculation of depreciation and interest expense

Method of calculation of depreciation
··· Straight-line method over the respective lease term with a residual value of zero.

Calculation method for equivalent amount of interest expense
··· The interest portion included in the lease payments is calculated as the difference between the aggregate lease payments over the lease term and the relevant pro forma acquisition costs. Interest expense is allocated to each period by the interest method over each respective lease term.</td>
</tr>
</table>

(Securities)

1 Securities with determinable market value

(Millions of yen)

Classification	As of September 30, 2003			As of September 30, 2004			As of March 31, 2004		
Other securities	Acquisition cost	Carrying value	Difference	Acquisition cost	Carrying value	Difference	Acquisition cost	Carrying value	Difference
(1) Stocks	270	297	26	287	354	67	287	353	66
(2) Bonds									
National and local government bonds,	67,019	66,919	(100)	71,135	71,301	165	54,125	54,183	58
Corporate bonds	10,636	10,676	39	5,916	5,947	30	9,188	9,222	33
Other	—	—	—	—	—	—	—	—	—
(3) Other	—	—	—	—	—	—	—	—	—
Total	77,926	77,892	(34)	77,339	77,603	264	63,600	63,758	158

2 Major securities without a determinable market value

(Millions of yen)

Classification	As of September 30, 2003	As of September 30, 2004	As of March 31, 2004
Other securities	Carrying value	Carrying value	Carrying value
Unlisted stocks	16,125	18,627	17,402
Trust beneficiary certificates	3,519	2,000	3,509

Note: An allowance is provided for investments in exploration companies included in unlisted stocks above at an estimated amount based on the net assets of the investees.

(Derivatives)

For the six months ended September 30, 2003

No relevant matters

For the six months ended September 30, 2004

No relevant matters

For the year ended March 31, 2004

No relevant matters

(Information for per share)

<table>
<tr><th>For the six months ended September 30, 2003</th><th>For the six months ended September 30, 2004</th><th>For the year ended March 31, 2004</th></tr>
<tr>
<td>Net assets per share ¥446,462.08

Net income per share for the semiannual period ¥30,377.50</td>
<td>Net assets per share ¥191,427.36

Net income per share for the semiannual period ¥17,596.54

The Company made a 3-for-1 stock split on May 18, 2004. The following table shows the amounts per share information if this stock split had been made at the beginning of the previous year.

<table>
<tr><th>For the six months ended September 30, 2003</th><th>For year ended March 31, 2004</th></tr>
<tr><td>Net assets per share ¥148,820.69

Net income per share for the semiannual period ¥10,125.83</td><td>Net assets per share ¥157,275.33

Net income per share ¥19,612.92</td></tr>
</table>
</td>
<td>Net assets per share ¥471,826.00

Net income per share ¥58,838.76</td>
</tr>
</table>

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

	For the six months ended September 30, 2003	For the six months ended September 30, 2004	For the year ended March 31, 2004
Net income for the period (Millions of yen)	17,898	33,017	34,781
Amount not attributable to common stockholders (Millions of yen)	-	-	114
(Directors' bonuses as appropriation of profit)	(-)	(-)	(114)
Net income attributable to common stockholders (Millions of yen)	17,898	33,017	34,667
Average number of shares in the period (Thousand of shares)	589	1,876	589

(Significant subsequent events)

For the six months ended September 30, 2003	For the six months ended September 30, 2004	For the year ended March 31, 2004
1. At the extraordinary meeting of the Board of Directors held on October 10, 2003, it was resolved that INPEX Offshore South Sulawesi, Ltd., consolidated subsidiary of the Company, withdraw from exploratory activities in the area where INPEX Offshore South Sulawesi, Ltd. had mining rights due to the declining potential of successful exploration. Since related recoverable accounts under production sharing are fully reserved, no loss on the withdrawal was recognized. 2. At the extraordinary meeting of Board of Directors held on November 14, 2003, it was resolved that INPEX East Arguni, Ltd. and INPEX West Arguni, Ltd., consolidated subsidiaries, withdraw from exploratory activities in the area where they had mining rights due to the declining potential of successful exploration Since related recoverable accounts under production sharing are fully reserved, no loss on the withdrawal was recognized.	1. Issuance of special class share and the resulting capital increase At the extraordinary general meeting of shareholders held on May 10, 2004, it was resolved that the content of the special class share and issuance of the share in conformity with Article 280-2, Section 2, of the Commercial Code was approved. At the meeting of the Board of Directors held on October 12, 2004, it was resolved that the Company would issue one special class share to Japan National Oil Corporation, and payment for the share was made on November 17, 2004. As a result, capital became ¥29,460 million and the number of shares issued and outstanding totaled 1,919,833.75, comprising 1,919,832.75 common shares and 1 special class share. (1) Outline for issuing the special class share ① Class of share Special class share of the Company ② Number of shares issued One ③ Issuing price ¥465,000 per share ④ Method of issue One special class share was issued to Japan National Oil Corporation by allocation method to a third party. ⑤ Date of issue November 17, 2004 There is no plan to list the special class share. (2) Description of the Special Class Share ① Matters to be resolved at meetings of the Special Class Shareholder The Articles of Incorporation of the Company provides that decisions on the following material matters concerning the management of the Company require a resolution of a meeting of the Special Class Shareholder in addition to a resolution of a meeting of common shareholders of the Company or a meeting of the Board of Directors.	1. Share exchange with Japan Oil Development Co., Ltd. At the meeting of the Board of Directors held on March 29, 2004, it was resolved that Japan Oil Development Co., Ltd., would become our wholly owned subsidiary through a share exchange. The share exchange contract was signed on the same day. The share exchange contract was approved at the extraordinary general meeting of the shareholders held on April 15, 2004. (1) Outline of the share exchange ① Purpose of the share exchange As we intend to become a core company to promote the oil development business in Japan, we are seeking to diversify in our business operations. It was deemed desirable for our group to have Japan Oil Development Co., Ltd., to be our wholly owned subsidiary in terms of diversifying our regions, balancing between crude oil and natural gas, balancing between operators and non-operators, and ensuring current stable production and future increases of production; the Company had been producing and selling crude oil in the United Arab Emirates for many years as an operator. ② Content of the share exchange The Company acquired from Japan Oil Development Co., Ltd., in accordance with Articles 352 or 363 of the Commercial Code. ③ Date of the share exchange May 17, 2004 ④ Number of the shares issued and exchanged under the share exchange contract The Company issued 50,744.25 new shares of common stock and exchanged them for 2 shares of Japan Oil Development Co., Ltd.'s common stock held by Japan National Oil Corporation. ⑤ Incremental common stock and additional paid-in capital No increase in common stock was required due to the share exchange, but additional paid-in capital was required to be increased by ¥62,402 million. ⑥ Effective date for dividend April 1, 2004

<table>
<tr><th>For the six months ended September 30, 2003</th><th>For the six months ended September 30, 2004</th><th>For the year ended March 31, 2004</th></tr>
<tr>
<td>3. Per the resolution of Directors dated November 28, 2003, it is resolved that INPEX BTC Pipeline, Ltd., consolidated subsidiary enter into Completion Agreement and related contracts with Citibank, N.A., as an agent bank for the management of collateral and other relevant parties and to incur a completion guarantee in order to participate in a BTC pipeline project As the completion guarantee was the core of the contract, it was divided into two forms and three degrees and was designed such that liabilities of debt for warrantable guarantee, depending on the causes of claims for guarantee redemption and political risk, would be gradually reduced. Under the guarantee, we have contingent liability of $65 million at maximum. Also, at the 315th regular meeting of Board of Directors held on November 28, 2003, it was resolved that the Company would enter into a Payment Guarantee Agreement and related contracts with an agent bank, Societe Generale, and relevant third parties. Under the Payment Guarantee Agreement, we plan to guarantee the maximum of $33.15 million debt. We expected to enter into the contract in January 2004.

4. At the extraordinary meeting of Board of Directors held on November 28, 2003, it was resolved that West Natuna, Ltd., consolidated subsidiary, would dismiss its operation.
Since related recoverable accounts under production sharing are fully reserved, no loss was recognized.</td>
<td>(a) Election or removal of Directors
A resolution of a meeting of the Special Class Shareholder is required for the election or removal of a Director of the Company if, at the time of a resolution of a meeting of the common shareholders of the Company for the election or removal of such Director, 20% or more of the voting rights of such shareholders of common shares is held by a single shareholder other than the Government of Japan, JNOC or an independent administrative body that is fully funded by the Government of Japan (“Public Entity”) or jointly held by such single shareholder and a “Joint Shareholder” as defined in the Articles of Incorporation of the Company (such independent shareholder and Joint Shareholder shall be referred to as a “Non-Public Entity”) (provided, however, that, in accordance with (d) below, this does not apply to any election or removal of a Director stipulated in a contract concerning a merger, share exchange or share transfer set out in (d) below).

The Articles of Incorporation of the Company contains provisions that stipulate whether, in a given instance, a Non-Public Entity is deemed to hold or not hold 20% or more of the voting rights of the shareholders of common shares of the Company.

(b) Disposition of material assets
A resolution of a meeting of the Special Class Shareholder is required for the disposition of any material assets of the Company or the Company’s subsidiaries (“disposition of material assets” means any disposition whose consideration is 20% or more of the total assets set out in the most recent audited consolidated financial statements of the Company or where a sale of such assets is 20% or more of the total consolidated sales set out in the most recent consolidated financial statements of the Company).</td>
<td>(2) Brief summary of Japan Oil Development Co., Ltd.
Representative Shigeru Usui, President
Capital: ¥18,800 million
Address: 5-6-6, Hiroo, Shibuya-ku, Tokyo
Major business:
Exploration and development of crude oil and selling crude oil

① Operating income and net income (year ended December 31, 2003)

Operating income ¥259,696 million
Net loss ¥58,602 million
The above amounts reflect civil rehabilitation-related gain of ¥124,545 million and civil rehabilitation-related loss of ¥192,396 million.

② Assets, liabilities and shareholders’ equity (as of December 31, 2003)

（Millions of yen）
<table>
<tr><td>Current assets</td><td>104,777</td><td>Current liabilities</td><td>154,647</td></tr>
<tr><td>Fixed assets</td><td>48,264</td><td>Long-term liabilities</td><td>23,770</td></tr>
<tr><td>Total assets</td><td>153,041</td><td>Total liabilities</td><td>178,417</td></tr>
<tr><td></td><td></td><td>shareholders’ equity</td><td>(25,375)</td></tr>
<tr><td></td><td></td><td>(Capital</td><td>365,200）</td></tr>
<tr><td></td><td></td><td>Total liabilities and shareholders’ equity</td><td>153,041</td></tr>
</table>
As of December 31, 2003, Japan Oil Development Co., Ltd. was in the process of civil rehabilitation proceedings and the civil rehabilitation plan was completed on January 31, 2004. A summary of Japan Oil Development Co., Ltd.’s financial position as of March 31, 2004 is as follows:

（Millions of yen）
<table>
<tr><td>Current assets</td><td>73,629</td><td>Current liabilities</td><td>42,592</td></tr>
<tr><td>Fixed assets</td><td>47,595</td><td>Long-term liabilities</td><td>22,773</td></tr>
<tr><td>Total assets</td><td>121,225</td><td>Total liabilities</td><td>65,365</td></tr>
<tr><td></td><td></td><td>Shareholders’ equity</td><td>55,859</td></tr>
<tr><td></td><td></td><td>(Capital</td><td>18,800）</td></tr>
<tr><td></td><td></td><td>Total liabilities and shareholders’ equity</td><td>121,225</td></tr>
</table></td>
</tr>
</table>

<table>
<tr><th>For the six months ended September 30, 2003</th><th>For the six months ended September 30, 2004</th><th>For the year ended March 31, 2004</th></tr>
<tr><td></td><td>(c) Amendment to the Articles of Incorporation
(i) the objectives of the Company
(ii) granting voting rights to any shares other than the common shares of the Company (except for the voting rights at meetings of the Special Class Shareholder already granted to the Special Class Share).

(d) Integration
A resolution of a meeting of the Special Class Shareholder is required for
(i) any merger where the Company becomes the dissolved company, or any merger where the Company becomes the surviving company and 20% or more of the voting rights of all the shareholders of common shares of the Company are held by a Non-Public Entity at the time such merger is complete,
(ii) any share exchange where the Company becomes a wholly-owned subsidiary, or any share exchange where the Company becomes a parent company owning 100% of the shares of and 20% or more of the voting rights of all the shareholders of common shares of the Company are held by a Non-Public Entity at the time such share exchange is complete, or
(iii) any share transfer where special class shares of the new holding company with the same rights as those held by the Special Class Shareholder of the Company under the Articles of Incorporation of the Company are not granted to the Special Class Shareholder of the Company, or any share transfer approved and resolved by a meeting of the common shareholders of the Company where special class shares of the new holding company with the same rights as those held by the Special Class Shareholder of the Company under the Articles of Incorporation of the Company are granted to the Special Class Shareholder of the Company but 20% or more of the voting rights of all the shareholders of common shares of such new holding company are held by a Non-Public Entity at the time such share transfer is complete.</td><td>2. Stock split
At the meeting of the Board of Directors held on April 15, 2004, it was resolved that the Company issued new shares for a stock split in the following manner.

(1) The Company made a 3-for-1 stock split effective May 18, 2004
① Increase in common shares as a result of the stock split
1,279,888.50 shares
② Details of stock split
We made a 3-for-1 stock split of the common stock whose stockholders are listed on the final shareholder list as of May 1, 2004. Shares and odd shares for the stock split included in 50,744.25 new shares issued through the share exchange with Japan Oil Development Co., Ltd., on May 17, 2004.

(2) Effective date for dividend
April 1, 2004

Had this stock split been made as of April 1, 2002, amounts per share information for the years ended March 31, 2003 and 2004 would have been as follows:
<table><tr><th>FY2003</th><th>FY2004</th></tr><tr><td>Net assets per share
¥143,389.73
Net income per share
¥15,726.17</td><td>Net assets per share
¥157,275.33
Net income per share
¥19,612.92</td></tr></table></td></tr>
</table>

For the six months ended September 30, 2003	For the six months ended September 30, 2004	For the year ended March 31, 2004
	With respect to (i) through (iii) above, the Articles of Incorporation of the Company contains provisions that stipulate whether, in a given instance, a Non-Public Entity is deemed to hold or not hold 20% or more of the voting rights of all the shareholders of common shares of the Company or the new holding company. (e) Capital Reduction A resolution of a meeting of the Special Class Shareholder is required for any reduction of the Company's capital in order to repay funds to shareholders of the Company. (f) Dissolution A resolution of a meeting of the Special Class Shareholder is required for dissolution of the Company by resolution of a meeting of the common shareholders. ② Voting rights of meetings of common shareholders, dividends, distribution of residual assets, redemption Unless otherwise provided by laws or ordinances, the Special Class Share does not have any voting rights at meetings of common shareholders of the Company. The Special Class Share will receive the same amount of dividends, interim dividends and distributions of residual assets as common shares. The Special Class Share will be redeemed if the Special Class Shareholder requests redemption, or by resolution of the Board of Directors of the Company if the Special Class Share is transferred to a party other than the Government of Japan or an independent administrative body that is fully funded by the Government of Japan.	3. Issuance of special class share At the meeting of the Board of Directors held on April 15, 2004, it was resolved that the Company amend its Articles of Incorporation and issue one special class share, and the resolution was approved by the extraordinary general meeting of the shareholders held on May 10, 2004. The category of shares, number of shares to be issued and issuing price were designated as follows. Special class share (1) Method of subscription All shares were issued to Japan National Oil Corporation by allocation to a third party. (2) Number of new shares issued One share (3) Issue Price Same price as the offer price of the offering of the Company's common stock on condition of the resolution under the Article 280-2, Section 2, of the Commercial Code (4) Total issue value Number of shares issued multiplied by the issuing price (5) Due date for payment To be determined (6) Voting rights A special class share has no voting rights at the general shareholders meeting (7) Provisions for matters requiring resolution at the general meeting of the special class shareholder

For the six months ended September 30, 2003	For the six months ended September 30, 2004	For the year ended March 31, 2004
	(3) Guidelines regarding exercising voting rights at meetings of the Special Class Shareholder by the Allottee Guidelines have been established in (a) the Statement of Business Operations (the statement which has been authorized by the Minister of Economy, Trade and Industry pursuant to Article 20 of the Japan National Oil Corporation Law) of JNOC, which will subscribe for the Special Class Share and (b) the "Criteria for Exercising Voting Rights of the Special Class Share of INPEX" formulated with the approval of the Minister of Economy, Trade and Industry pursuant to the Statement of Business Operations, and these guidelines stipulate that matters may be rejected at meeting of the Special Class Shareholder in only certain cases, and that the prior approval of the Minister of Economy, Trade and Industry must be obtained if any action is to be taken at a meeting of the Special Class Shareholder. (4) Handling of the Special Class Share and Guidelines after dissolution of JNOC JNOC, which will subscribe for the Special Class Share, is scheduled to be dissolved on or before July 25, 2005, after which the Special Class Share is scheduled to be assumed by the Government of Japan or another Public Entity. JNOC has stipulated a policy, with respect to the handling of the Guidelines if the Special Class Share is assumed by a Public Entity, that the Special Class Share will be assumed under the same terms as those set out in the Guidelines of JNOC at the time of its dissolution, provided there is no change in the energy policy of Japan. This policy has also been acknowledged by the Agency for Natural Resources and Energy.	The following matters require resolution of the general shareholders meeting of the special class stock shareholder. ① At the time of a resolution for the appointment or removal of directors at a general meeting of shareholders, 20% or more of the voting rights attached to shares of our common stock are held by a single non-public entity or a single non-public entity and its joint shareholders ② Disposition of all or part of the material assets ③ In the case of the Company's subsidiary disposing of important assets, the Company exercises voting rights at the general shareholders meeting of its subsidiary. ④ Amendment to the Article of Incorporation with respect to (i) the objectives of the Company or (ii) granting voting rights to any shares other than the common shares of the Company (except for the voting rights at meetings of the Special Class Shareholder already granted to the Special Class Share).

For the six months ended September 30, 2003	For the six months ended September 30, 2004	For the year ended March 31, 2004
	(5) Brief summary of subscriber Name Japan National Oil Corporation Number of shares One share Amount paid ¥465,000 Address 2-2-2, Uchisaiwaicho, Chiyoda-ku, Tokyo Name of representative Makoto Saito, President Established by Japan National Oil Corporation Law (Law No. 99, July 29, 1967) Description of business Administration of Japan National Oil Corporation's assets Relationship with the Company Equity relations Number of shares of subscriber held by the Company None Business relations (For the year ended March 31, 2004) Acquisition of securities Personnel relations None	⑤ Mergers, share exchanges and share transfers except for the following cases; (a) Mergers where the Company become the surviving company, unless 20% or more of the voting rights attached to shares of the Company's common stock are held by a single non-public entity or a single non-public entity and its joint shareholders at the time of the completion of such merger. (b) Share exchanges where the Company becomes a wholly-owning parent company, unless 20% or more of the voting rights attached to shares of the Company's common stock are held by a single non-public entity or a single non-public entity and its joint shareholders at the time of the completion of such share exchange. (c) Share transfers where a new holding company is established and the granting of class shares of such new holding company to the holder of our special class share with rights that are the same as those of our special class share under the new holding company's articles of incorporation is approved by resolution of the general meeting of shareholders for such share transfer, unless 20% or more of the voting rights attached to shares of common stock of the new holding company are held by a single non-public entity or a single non-public entity and its joint shareholders at the time of the completion of such share transfer.

For the six months ended September 30, 2003	For the six months ended September 30, 2004	For the year ended March 31, 2004
	2. Finalizing the verdict of the first trial regarding a claim to abolish a resolution at a general shareholders meeting of Japan Oil Development Co., Ltd., by Oversea Oil Development Co., Ltd. As a result of the share exchange that became effective on May 17, 2004, Japan Oil Development Co., Ltd., became a wholly owned subsidiary of the Company. As a part of a civil rehabilitation plan, Japan Oil Development Co., Ltd., issued a new share allotted to Japan National Oil Corporation with an issued value of ¥10 million on January 29, 2004. For this matter, Oversea Oil Development Co. Ltd., a former shareholder of Japan Oil Development Co., Ltd., appealed to the Tokyo District Court for the following items on February 23, 2004. (a) Rescission of a resolution for approval to issue the new share to Japan National Oil Corporation at an extraordinary general shareholders meeting of Japan Oil Development Co., Ltd. (b) Rescission of issuing the new share The Tokyo District Court dismissed all accusations on October 14, 2004. The court decision was confirmed on October 28, 2004. The court appeal related to the aforementioned procedure of civil rehabilitation has been brought to the end by thecourt decision.	⑥ Reduction of the Company's stated capital that results in a redemption of funds to shareholders. ⑦ Dissolution by resolution of the general shareholders meeting (8) Redemption ① Redemption of a special class share requires its shareholder's written request to the Company. ② If the special class share is transferred to a party other than the government of Japan, the Company may redeem such special class share by resolution of the Board of Directors regardless of the wishes of the special class shareholder. ③ The redemption price will be the market price on the day of request for ①, and for ②, the market price on the day before the redemption date (both the day of request and the day before the redemption date are referred to as "effective day"). If the common share is listed on the Tokyo Stock Exchange, the closing price of a common share on the effective day will be the market price of redemption. If a closing price does not exist on a effective day, then the redemption price will be the closing price on the day closest to the effective day. 4 Assignment of the mineral rights of INPEX North Makassar, Ltd. At the meeting of the Board of Directors held on September 2, 2004, it was resolved that INPEX North Makassar, Ltd., a majority owned subsidiary of the Company, would assign its mining rights and related obligations to a third party due to a decline in expected profitability. The assignment of the mining rights and related obligations is expected to become effective November 22, 2004, subject to an approval of the government of Republic of Indonesia. No gain or loss on the assignment of mining rights and related obligations will be recognized.

Ⅴ Actual production, orders received and actual sales

(1) Actual production

The following table shows actual production by business segment in each period.

Business segment	Classification	For the six months ended September 30, 2004	For the year ended March 31, 2004
The oil and natural gas business	Crude oil	Millions of barrels 34.0	Millions of barrels 21.8
	Natural gas	BCF 160.5	BCF 297.3
	Total	Millions of BOE 60.8	Millions of BOE 71.4

Notes:
1. The above table indicates the values corresponding to the net economic take of our group with regard to the production volume in the production sharing contracts. The equity-method affiliates' quota is included. The values for FY2004 calculated by multiplying the production volume at the mining areas owned by our group by our company's right ratio are 32 million barrels in crude oil and 539 BCF in natural gas.
2. Since the merger of Japan Oil Development Co., Ltd., in May 2004, its production and the production by its affiliate have been included from April 2004.
3. We acquired equity interests of Angola Japan Oil Co., Ltd., AJOCO Exploration Co., Ltd. and AJOCO '91 Exploration Co., Ltd. in September 2004 and these three companies have become affiliates accounted for under the equity method. However, their production has been included from April 2004.

(2) Orders received

There is no production for orders received.

(3) Actual sales

a) We take back the full amount of crude oil produced under production sharing contracts, and primarily sell it to Japanese power companies and refineries. Natural gas is sold in the form of LNG and LPG to Japanese power companies and gas companies through PERTAMINA. We also sell part of it to customers in Taiwan and South Korea. In addition, we sell it, as crude gas, to the Indonesian market through PERTAMINA.

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

(Millions of yen)

Classification	For the six months ended September 30, 2003 (A)	For the six months ended September 30, 2004 (B)	Fluctuation (B) – (A)	For the year ended March 31, 2004
Crude oil	33,437	127,896	94,458	68,783
Natural gas	76,750	86,043	9,292	150,047
Total	110,188	213,939	103,750	218,831

Notes: 1. The above amounts do not include the related consumption tax.

2. Sales for major customers were as follows:

Periods / Customer	For the six months ended September 30, 2003 (A)		For the six months ended September 30, 2004 (B)		Fluctuation (B) – (A)	For the year ended March 31, 2004	
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Amount (Millions of yen)	Ratio (%)
PERTAMINA	77,189	70.1	87,154	40.7	9,964	151,077	69.0

FY2005 Semiannual Non-Consolidated Financial Results

November 17, 2004

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

Company name	INPEX CORPORATION	Stock Exchange on which the Company is listed	Tokyo Stock Exchange
Code number	1604	Location of the head office	Tokyo

(URL http://www.inpex.co.jp/)

Representative	Kunihiro Matsuo, President
Contact person	Seiya Ito, Director & General Manager, Corporate Planning & Management Dept. TEL +81-3-5448-1238

Date of the meeting of the Board of Directors for the FY2005 semiannual financial results	November 17, 2004	Paying interim dividend	Yes
Starting date for the interim dividend payment	—	Shares constituting one unit	No

1. Results for FY2005 Semiannual (April 1, 2004–September 30, 2004)

(1) Operating results

Note: Amounts less than million yen are rounded off.

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2005 semiannual	95,222	13.2	50,095	6.4	50,666	29.9
FY2004 semiannual	84,112	22.9	47,099	20.8	38,993	24.8
FY2004	168,239		92,648		76,205	

	Net income		Net income per share	
	Millions of yen	%	Yen	
FY2005 semiannual	21,741	43.2	11,587.35	
FY2004 semiannual	15,182	41.8	25,767.66	(8,589.22)
FY2004	28,349		47,959.97	(15,986.65)

Notes: 1. Average number of shares issued and outstanding in each period: FY2005 semiannual, 1,876,337 shares; FY2004 semiannual, 589,200 shares; FY2004, 589,200 shares.
On May 18, 2004, there was a 3-for-1 stock split. Net income for FY2004 semiannual and FY2004 restated for the effect of this stock split is presented in parentheses.
2. Change in accounting policy: No.
3. The percentage expressions for net sales, operating income, ordinary income and net income represent the change from the corresponding period of the preceding year.

(2) Cash dividends

	Interim cash dividends per share	Annual cash dividends per share
	Yen	Yen
FY2005 semiannual	0.00	—
FY2004 semiannual	0.00	—
FY2004	—	10,000.00

(3) Financial position — Note: Amounts less than million yen are rounded off

	Total assets	Shareholders' equity	Ratio of shareholders' equity	Net assets per share	
	Millions of yen	Millions of yen	%		Yen
FY2005 semiannual	390,163	348,079	89.2	181,307.39	
FY2004 semiannual	292,526	256,455	87.7	435,260.58	(145,086.86)
FY2004	301,376	269,813	89.5	457,776.99	(152,592.33)

Notes: 1. Number of shares issued and outstanding at the end of each period: FY2005 semiannual, 1,919,832 shares; FY2004 semiannual, 589,200 shares; FY2004, 589,200 shares.
On May 18, 2004, there was a 3-for-1 stock split. Net assets for FY2004 semiannual and FY2004 restated for the effect of this stock split are presented in parentheses.
2 Number of treasury stocks at the end of each period: FY2005 semiannual, — shares; FY2004 semiannual, — shares; FY2004, —shares.

2. Estimated Operating Results for FY2005 (April 1, 2004–March 31, 2005)

	Net sales	Ordinary income	Net income	Annual cash dividends per share	
				End of fiscal year	
	Millions of yen	Millions of yen	Millions of yen	Yen	Yen
FY2005 (Full-year)	178,000	86,100	35,700	3,333.00	3,333.00

Reference: The FY2005 forecast for net income per share of ¥18,595.36 is calculated based on an expected 1,919,833.75 shares issued and outstanding.

* The aforementioned forecasts are based on currently available information and contain many uncertainties. Actual results may differ from the above forecasts due to changes in business conditions. In addition, issues related to the above forecasts are referred to on page 10 in the accompanying materials.

Ⅵ Semiannual financial statements

(1) Semiannual financial statements

1) Balance sheet

(Millions of yen)

Accounts		As of September 30, 2003		As of September 30, 2004 (A)		Fluctuation (A) –(B)	As of March 31, 2004 (B)	
		Amounts	Ratio	Amounts	Ratio	Amounts	Amounts	Ratio
			%		%			%
(Assets)								
Current assets								
Cash and deposits	*2	27,449		30,432		1,272	29,160	
Accounts receivable-trade		6,679		11,028		1,219	9,809	
Marketable securities		28,531		12,607		(6,215)	18,822	
Short-term loans to subsidiaries and affiliates		2,943		6,340		3,192	3,148	
Other		543		427		104	322	
Total current assets		66,147	22.6	60,837	15.6	(426)	61,263	20.3
Fixed assets								
Tangible fixed assets	*1	10,125	3.5	9,780	2.5	(157)	9,937	3.3
Intangible assets		29	0.0	16		(5)	21	0.0
Investments and other assets								
Investment securities		62,170		74,062		16,322	57,739	
Investments in subsidiaries and affiliates		135,062		220,926		67,381	153,544	
Recoverable accounts under production sharing		73,880		81,122		2,836	78,286	
Other		16,192		21,173		1,909	19,264	
Less allowance for doubtful accounts		(130)		(656)		(396)	(260)	
Less allowance for investments in exploration		(70,950)		(77,099)		1,323	(78,422)	
Total investments and other assets		216,223	73.9	319,528	81.9	89,375	230,153	76.4
Total fixed assets		226,379	77.4	329,326	84.4	89,213	240,112	79.7
Total assets		292,526	100.0	390,163	100.0	88,786	301,376	100.0

(Millions of yen)

Accounts	As of September 30, 2003		As of September 30, 2004 (A)		Fluctuation (A) – (B)	As of March 31, 2004 (B)	
	Amounts	Ratio	Amounts	Ratio	Amounts	Amounts	Ratio
		%		%			%
(Liabilities)							
Current liabilities	19,410	6.6	23,679	6.1	8,389	15,290	5.1
Long-term liabilities							
Long -term debt *2	11,125		11,105		542	10,563	
Allowance	1,093		1,196		41	1,154	
Other	4,442		6,102		1,547	4,555	
Total long-term liabilities	16,660	5.7	18,404	4.7	2,130	16,273	5.4
Total liabilities	36,071	12.3	42,083	10.8	10,520	31,563	10.5
(Shareholders' equity)							
Common stock	29,460	10.1	29,460	7.6	—	29,460	9.8
Additional paid-in capital	—		62,402	16.0	62,402	—	
Retained earnings							
Legal reserve	7,365		7,365		—	7,365	
Voluntary reserves	203,509		225,709		22,200	203,509	
Unappropriated retained earnings	16,173		22,898		(6,441)	29,340	
Total retained earnings	227,047	77.6	255,973	65.6	15,758	240,214	79.7
Unrealized holding gain (loss) on securities	(52)	(0.0)	244	0.0	105	138	0.0
Total shareholders' equity	256,455	87.7	348,079	89.2	78,266	269,813	89.5
Total liabilities and shareholders' equity	292,526	100.0	390,163	100.0	88,786	301,376	100.0

2) Semiannual statements of income

(Millions of yen)

Accounts	For the six months ended September 30, 2003 (A)		For the six months ended September 30, 2004 (B)		Fluctuation (B) – (A)	For the year ended March 31, 2004	
	Amounts	Ratio	Amounts	Ratio	Amounts	Amounts	Ratio
		%		%			%
Net sales	84,112	100.0	95,222	100.0	11,109	168,239	100.0
Cost of sales	35,274	41.9	42,912	45.1	7,638	71,517	42.5
Gross profit	48,838	58.1	52,309	54.9	3,471	96,722	57.5
Selling, general and administrative expenses *1	1,738	2.1	2,214	2.3	475	4,073	2.5
Operating income	47,099	56.0	50,095	52.6	2,995	92,648	55.0
Other income	1,797	2.1	2,400	2.5	602	3,193	1.8
Interest income	227		115		(111)	353	
Interest income on securities	173		101		(71)	295	
Dividend income	940		1,735		795	1,619	
Other	456		447		(9)	924	
Other expenses	9,903	11.8	1,829	1.9	(8,073)	19,636	11.6
Interest expense	83		80		(3)	160	
Provision for allowance for investments in exploration	8,229		576		(7,653)	15,755	
Foreign exchange loss	1,578		731		(847)	3,567	
Other	11		441		429	152	
Ordinary income	38,993	46.4	50,666	53.2	11,672	76,205	45.2
Income before income taxes	38,993	46.4	50,666	53.2	11,672	76,205	45.2
Income taxes—current	23,667		29,096		5,428	47,224	
Income taxes—deferred	143		(171)		(315)	632	
Net income	15,182	18.0	21,741	22.8	6,559	28,349	16.8
Retained earnings brought forward from previous period	991		1,156		165	991	
Unappropriated retained earnings	16,173		22,898		6,724	29,340	

Significant accounting policies

For the six months ended September 30, 2003	For the six months ended September 30, 2004	For the year ended March 31, 2004
1. Valuation method of significant assets (1) Securities 1) Investments in subsidiaries and affiliates Securities of Investments in subsidiaries and affiliates are stated at cost determined by the moving average method 2) Other securities a. With a determinable market value Other securities with a determinable market value are stated at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in shareholders' equity. Cost of securities sold is determined by the moving average method. b. Without a determinable market value Other securities without a determinable market value are stated at cost determined by the moving average method.	1. Valuation method of significant assets (1) Securities 1) Investments in subsidiaries and affiliates Same as on the left 2) Other securities a. With a determinable market value Same as on the left b. Without a determinable market value Same as on the left	1. Valuation method of significant assets (1) Securities 1) Investments in subsidiaries and affiliates Same as on the left 2) Other securities a. With a determinable market value Same as on the left b. Without a determinable market value Same as on the left
2. Depreciation method of fixed assets (1) Tangible fixed assets Depreciation of tangible fixed assets is determined by the declining-balance method, except for the buildings (excluding facilities annexed) acquired on and after April 1, 1998, on which depreciation is computed by the straight-line method, at rates based on the useful lives and residual value of the respective assets as prescribed by the corporate tax law.	2. Depreciation method of fixed assets (1) Tangible fixed assets Same as on the left	2. Depreciation method of fixed assets (1) Tangible fixed assets Same as on the left

For the six months ended September 30, 2003	For the six months ended September 30, 2004	For the year ended March 31, 2004
(2) Intangible fixed assets Intangible fixed assets are amortized by the straight-line method at rates based on the useful lives and residual value of the respective assets as prescribed by the corporate tax law. Capitalized computer software costs are being amortized over a period of five years.	(2) Intangible fixed assets Same as on the left	(2) Intangible fixed assets Same as on the left
3. Basis for allowances (1) Allowance for doubtful receivable The allowance for doubtful receivables is provided at an amount determined based on the historical experience of bad debt with respect to ordinary receivables, plus an estimate of uncollectible amounts determined by reference to specific doubtful receivables from customers which are experiencing financial difficulties. (2) Allowance for investments in exploration The allowance for investments in exploration is provided for future potential losses on investments in exploration companies at an estimated amount based on the net assets of the investees.	3. Basis for allowances (1) Allowance for doubtful receivable Same as on the left (2) Allowance for investments in exploration Same as on the left	3. Basis for allowances (1) Allowance for doubtful receivable Same as on the left (2) Allowance for investments in exploration Same as on the left

For the six months ended September 30, 2003	For the six months ended September 30, 2004	For the year ended March 31, 2004
(3) Accrued employees' retirement benefits Accrued employees' retirement benefits are provided at the amount calculated based on the retirement benefit obligation at end of the semiannual period. Because the Company is classified as small enterprises, we employ a simplified method (at the amount which would be required to be paid if all active employees voluntarily terminated their employment as of the balance sheet date) for the calculation of the retirement benefit obligation. (4) Accrued officers' retirement benefits Accrued officers' retirement benefits are stated at the amount which would be required to be paid if all officers voluntarily terminated their services as of the balance sheet date based on their respective internal rules.	(3) Accrued employees' retirement benefits Same as on the left (4) Directors' retirement benefit Same as on the left	(3) Accrued employees' retirement benefits Accrued employees' retirement benefits are provided at the amount calculated based on the retirement benefit obligation at end of the year. Because the Company is classified as small enterprises, we employ a simplified method (at the amount which would be required to be paid if all active employees voluntarily terminated their employment as of the balance sheet date) for the calculation of the retirement benefit obligation. (4) Accrued officers' retirement benefits Same as on the left
4. Translation of assets and liabilities denominated in foreign currencies into yen Monetary assets and liabilities denominated in foreign currencies are translated into yen at the exchange rates prevailing at the balance sheet date. The resulting exchange gain or loss is credited or charged to income.	4. Translation of assets and liabilities denominated in foreign currencies into yen Same as on the left	4. Translation of assets and liabilities denominated in foreign currencies into yen Same as on the left

For the six months ended September 30, 2003	For the six months ended September 30, 2004	For the year ended March 31, 2004
5. Leases Non-cancelable leases are primarily accounted for as operating leases except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.	5. Leases ―――――――――	5. Leases Non-cancelable leases are primarily accounted for as operating leases except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.
6. Other significant matters for preparation of semiannual financial statements Consumption tax Transactions subject to consumption tax are recorded at amounts exclusive of consumption tax.	6. Other significant matters for preparation of semiannual financial statements Consumption tax Same as on the left	6. Other significant matters for preparation of financial statements Consumption tax Same as on the left

Notes

(For the semiannual balance sheets)

<table>
<tr><th>As of September 30, 2003</th><th>As of September 30, 2004</th><th>As of March 31, 2004</th></tr>
<tr>
<td>*1. Accumulated depreciation
Accumulated depreciation of tangible fixed assets was ¥2,596 million.

*2. Pledged assets
Cash and deposits of ¥16,500 million were pledged as collateral for long-term borrowings of ¥8,900 million and guarantee obligation of ¥74,781 million.

3. Contingent liabilities
The Company was contingently liable as guarantors of indebtedness of the following companies:
Millions of yen
INPEX Southwest Caspian Sea, Ltd. 54,816
INPEX Natuna, Ltd. 15,743
ALBACORA JAPAO PETROLEO LIMITADA 4,071
JJI S&N B.V. 4,064
Sukhalin Oil and Gas Development Co., Ltd. 1,378
INPEX ABK, Ltd 489
Total 80,565

4. Consumption tax
The suspense payments and the suspense receipts for the consumption tax were offset each other. The amount, deemed not to be significant, is included in “Other” in current liabilities.</td>
<td>*1. Accumulated depreciation
Accumulated depreciation of tangible fixed assets was ¥2,922 million.

*2. Pledged assets
Cash and deposits of ¥8,560 million were pledged as collateral for long-term borrowings of ¥8,884 million and guarantee obligation of ¥90,526 million.

3. Contingent liabilities
The Company was contingently liable as guarantors of indebtedness of the following companies:
Millions of yen
INPEX Southwest Caspian Sea, Ltd. 66,289
INPEX Natuna, Ltd. 19,100
JJI S&N B.V. 4,661
ALBACORA JAPAO PETROLEO LIMITADA 3,324
INPEX BTC Pipeline, LTD. * 2,578
Sukhalin Oil and Gas Development Co., Ltd. 2,728
INPEX ABK, Ltd. 366
Total 99,048
* The Company provided a guarantee to INPEX BTC Pipeline, LTD that was contingently liable as guarantor of indebtedness of BTC Pipeline Project Finance until its completion (guarantee for completion).

4 .Consumption tax
Same as on the left</td>
<td>*1. Accumulated depreciation
Accumulated depreciation of tangible fixed assets was ¥2,761 million.

*2. Pledged assets
Cash and deposits of ¥9,140 million were pledged as collateral for long-term borrowings of ¥8,450 million and guarantee obligation of ¥81,904 million.

3. Contingent liabilities
The Company was contingently liable as guarantors of indebtedness of the following companies:
Millions of yen
INPEX Southwest Caspian Sea, Ltd. 58,431
INPEX Natuna, Ltd. 19,752
JJI S&N B.V. 4,028
ALBACORA JAPAO PETROLEO LIMITADA 3,514
INPEX BTC Pipeline, LTD. * 2,208
Sukhalin Oil and Gas Development Co., Ltd. 1,918
INPEX ABK, Ltd. 406
Total 90,261
* The Company provided a guarantee to INPEX BTC Pipeline, LTD that was contingently liable as guarantor of indebtedness of BTC Pipeline Project Finance until its completion (guarantee for completion).

————————————</td>
</tr>
</table>

(For the semiannual statements of income)

For the six months ended September 30, 2003	For the six months ended September 30, 2004	For the year ended March 31, 2004
*1. Depreciation expenses of: Tangible fixed assets ¥183 million Intangible fixed assets ¥8 million	*1. Depreciation expenses of: Tangible fixed assets ¥161 million Intangible fixed assets ¥6 million	*1. Depreciation expenses of: Tangible fixed assets ¥368 million Intangible fixed assets ¥16 million

(Leases)

<table>
<tr>
<th>For the six months ended September 30, 2003</th>
<th>For the six months end September 30, 2004</th>
<th>For the year ended March 31, 2004</th>
</tr>
<tr>
<td>
Financing leases except for those which stipulate the transfer of ownership of the leased assets to the lessees
1. The pro forma acquisition costs, accumulated depreciation and net book value of the leased assets at end of the semiannual period were as follows:
(Millions of yen)
<table>
<tr><th></th><th>Acquisition costs</th><th>Accumulated depreciation</th><th>Net book value</th></tr>
<tr><td>Tangible fixed assets</td><td>19</td><td>19</td><td>—</td></tr>
<tr><td>Total</td><td>19</td><td>19</td><td>—</td></tr>
</table>
2. Future minimum lease payments subsequent to the end of the semiannual period
(Millions of yen)
<table>
<tr><td>Less than one year</td><td>—</td></tr>
<tr><td>Over one year</td><td>—</td></tr>
<tr><td>Total</td><td>—</td></tr>
</table>
3. Lease payments, depreciation of leased assets and the interest portion included in the lease payments during the semiannual period were as follows:
(Millions of yen)
<table>
<tr><td>Lease payments</td><td>1</td></tr>
<tr><td>Amortization</td><td>1</td></tr>
<tr><td>Interest expense</td><td>—</td></tr>
</table>
4. Method for calculation of depreciation and interest expense
Method of calculation of depreciation
··· Straight-line method over the respective lease term with a residual value of zero.
Calculation method of interest expense
···The interest portion included in the lease payments is calculated as the difference between the aggregate lease payments over the lease term and the relevant pro forma acquisition costs. Interest expense is allocated to each period by the interest method over each respective lease term.
</td>
<td>———————————</td>
<td>
Financing leases except for those which stipulate the transfer of ownership of the leased assets to the lessees
1. The pro forma acquisition costs, accumulated depreciation and net book value of the leased assets at end of the semiannual period were as follows:
(Millions of yen)
<table>
<tr><th></th><th>Acquisition costs</th><th>Accumulated depreciation</th><th>Net book value</th></tr>
<tr><td>Tangible fixed assets</td><td>19</td><td>19</td><td>—</td></tr>
<tr><td>Total</td><td>19</td><td>19</td><td>—</td></tr>
</table>
2. Future minimum lease payments subsequent to the end of the fiscal year
(Millions of yen)
<table>
<tr><td>Less than one year</td><td>—</td></tr>
<tr><td>Over one year</td><td>—</td></tr>
<tr><td>Total</td><td>—</td></tr>
</table>
2. Lease payments, depreciation of leased assets and the interest portion included in the lease payments during the year were as follows:
(Millions of yen)
<table>
<tr><td>Lease payments</td><td>1</td></tr>
<tr><td>Amortization</td><td>1</td></tr>
<tr><td>Interest expense</td><td>—</td></tr>
</table>
4. Method for calculation of depreciation and interest expense
Method of calculation of depreciation
···Straight-line method over the respective lease term with a residual value of zero.
Calculation method of interest expense
···The interest portion included in the lease payments is calculated as the difference between the aggregate lease payments over the lease term and the relevant pro forma acquisition costs. Interest expense is allocated to each period by the interest method over each respective lease term.
</td>
</tr>
</table>

(Securities)
At the end of semiannual period of FY2004 (As of September 30, 2003)
No marketable investments in subsidiaries and affiliates

At the end of semiannual period of FY2005 semi-annual (As of September 30, 2004)
No marketable investments in subsidiaries and affiliates

At the end of FY2004 (As of March 31, 2004)
No marketable investments in subsidiaries and affiliates

(Information for per share)

<table>
<tr><th>For the six months ended September 30, 2003</th><th>For the six months ended September 30, 2004</th><th>For the year ended March 31, 2004</th></tr>
<tr>
<td>Net assets per share ¥435,260.58

Net income per share for the semiannual period ¥25,767.66</td>
<td>Net assets per share ¥181,307.39

Net income per share for the semiannual period ¥11,587.35

The Company made a 3-for-1 stock split on May 18, 2004. The following table shows the amounts per share information if this stock split had been made at the beginning of the previous year.

<table>
<tr><th>For the six months ended September 30, 2003</th><th>For the year ended March 31, 2004</th></tr>
<tr><td>Net assets per share ¥145,086.86

Net income per share for the semiannual period ¥8,589.22</td><td>Net assets per share ¥152,592.33

Net income per share ¥15,986.65</td></tr>
</table>
</td>
<td>Net assets per share ¥457,776.99

Net income per share ¥47,959.97</td>
</tr>
</table>

(Notes) 1. Diluted income per share is not presented because there are no dilutive potential of shares of common stock.

2. Net income per share information is calculated based on the following:

	For the six months ended September 30, 2003	For the six months ended September 30, 2004	For the year ended March 31, 2004
Net income for the period (Millions of yen)	15,182	21,741	28,349
Amount not attributable to common stockholders (Millions of yen)	-	-	91
(Directors' bonuses as appropriation of profit)	(-)	(-)	(91)
Net income attributable to common stockholders (Millions of yen)	15,182	21,741	28,258
Average number of shares in the period (Thousand shares)	589	1,876	589

(Significant subsequent events)

FY2004 semiannual April 1, 2003 through September 30, 2003	FY2005 semiannual April 1, 2004 through September 30, 2004	FY2004 April 1, 2003 through March 31, 2003
1. At the 315th regular meeting of Board of Directors held on November 28, 2003, it was resolved that the Company would enter into a Payment Guarantee Agreement and related contracts with an agent bank, Societe Generale, and relevant third parties. Under the Payment Guarantee Agreement, we plan to guarantee the maximum of $33.15 million debt. We expected to enter into the contract in January 2004.	1. Issuance of special class share and the resulting capital increase At the extraordinary general meeting of shareholders held on May 10, 2004, it was resolved that the content of the special class share and issuance of the share in conformity with Article 280-2, Section 2, of the Commercial Code was approved. At the meeting of the Board of Directors held on October 12, 2004, it was resolved that the Company would issue one special class share to Japan National Oil Corporation, and payment for the share was made on November 17, 2004. As a result, capital became ¥29,460 million and the number of shares issued and outstanding totaled 1,919,833.75, comprising 1,919,832.75 common shares and 1 special class share. (1) Outline for issuing the special class share ① Class of share Special class share of the Company ② Number of shares issued One ③ Issuing price ¥465,000 per share ④ Method of issue One special class share was issued to Japan National Oil Corporation by allocation method to a third party. ⑤ Date of issue November 17, 2004 There is no plan to list the special class share. (2) Description of the Special Class Share ① Matters to be resolved at meetings of the Special Class Shareholder The Articles of Incorporation of the Company provides that decisions on the following material matters concerning the management of the Company require a resolution of a meeting of the Special Class Shareholder in addition to a resolution of a meeting of common shareholders of the Company or a meeting of the Board of Directors.	1. Share exchange with Japan Oil Development Co., Ltd. At the meeting of the Board of Directors held on March 29, 2004, it was resolved that Japan Oil Development Co., Ltd., would become our wholly owned subsidiary through a share exchange. The share exchange contract was signed on the same day. The share exchange contract was approved at the extraordinary general meeting of the shareholders held on April 15, 2004. (1) Outline of the share exchange ① Purpose of the share exchange As we intend to become a core company to promote the oil development business in Japan, we are seeking to diversify in our business operations. It was deemed desirable for our group to have Japan Oil Development Co., Ltd., to be our wholly owned subsidiary in terms of diversifying our regions, balancing between crude oil and natural gas, balancing between operators and non-operators, and ensuring current stable production and future increases of production; the Company had been producing and selling crude oil in the United Arab Emirates for many years as an operator. ② Content of the share exchange The Company acquired from Japan Oil Development Co., Ltd., in accordance with Articles 352 or 363 of the Commercial Code. ③ Date of the share exchange May 17, 2004 ④ Number of the shares issued and exchanged under the share exchange contract The Company issued 50,744.25 new shares of common stock and exchanged them for 2 shares of Japan Oil Development Co., Ltd.'s common stock held by Japan National Oil Corporation. ⑤ Incremental common stock and additional paid-in capital No increase in common stock was required due to the share exchange, but additional paid-in capital was required to be increased by ¥62,402 million. ⑥ Effective date for dividend April 1, 2004

<table>
<tr><th>For the six months ended September 30, 2003</th><th>For the six months ended September 30, 2004</th><th>For the year ended March 31, 2004</th></tr>
<tr><td></td>
<td>(a) Election or removal of Directors
A resolution of a meeting of the Special Class Shareholder is required for the election or removal of a Director of the Company if, at the time of a resolution of a meeting of the common shareholders of the Company for the election or removal of such Director, 20% or more of the voting rights of such shareholders of common shares is held by a single shareholder other than the Government of Japan, JNOC or an independent administrative body that is fully funded by the Government of Japan (“Public Entity”) or jointly held by such single shareholder and a “Joint Shareholder” as defined in the Articles of Incorporation of the Company (such independent shareholder and Joint Shareholder shall be referred to as a “Non-Public Entity”) (provided, however, that, in accordance with (d) below, this does not apply to any election or removal of a Director stipulated in a contract concerning a merger, share exchange or share transfer set out in (d) below).

The Articles of Incorporation of the Company contains provisions that stipulate whether, in a given instance, a Non-Public Entity is deemed to hold or not hold 20% or more of the voting rights of the shareholders of common shares of the Company.

(b) Disposition of material assets
A resolution of a meeting of the Special Class Shareholder is required for the disposition of any material assets of the Company or the Company’s subsidiaries (“disposition of material assets” means any disposition whose consideration is 20% or more of the total assets set out in the most recent audited consolidated financial statements of the Company or where a sale of such assets is 20% or more of the total consolidated sales set out in the most recent consolidated financial statements of the Company).</td>
<td>(2) Brief summary of Japan Oil Development Co., Ltd.
Representative Shigeru Usui, President
Capital: ¥18,800 million
Address: 5-6-6, Hiroo, Shibuya-ku, Tokyo
Major business:
Exploration and development of crude oil and selling crude oil

① Operating income and net income (year ended December 31, 2003)

Operating income ¥259,696 million
Net loss ¥58,602 million
The above amounts reflect civil rehabilitation-related gain of ¥124,545 million and civil rehabilitation-related loss of ¥192,396 million.

② Assets, liabilities and shareholders’ equity (as of December 31, 2003)
(Millions of yen)
<table>
<tr><td>Current assets</td><td>104,777</td><td>Current liabilities</td><td>154,647</td></tr>
<tr><td>Fixed assets</td><td>48,264</td><td>Long-term liabilities</td><td>23,770</td></tr>
<tr><td>Total assets</td><td>153,041</td><td>Total liabilities</td><td>178,417</td></tr>
<tr><td></td><td></td><td>Shareholders’ equity</td><td>(25,375)</td></tr>
<tr><td></td><td></td><td>(Capital</td><td>365,200)</td></tr>
<tr><td></td><td></td><td>Total liabilities and shareholders’ equity</td><td>153,041</td></tr>
</table>
As of December 31, 2003, Japan Oil Development Co., Ltd. was in the process of civil rehabilitation proceedings and the civil rehabilitation plan was completed on January 31, 2004. A summary of Japan Oil Development Co., Ltd.’s financial position as of March 31, 2004 is as follows:
(Millions of yen)
<table>
<tr><td>Current assets</td><td>73,629</td><td>Current liabilities</td><td>42,592</td></tr>
<tr><td>Fixed assets</td><td>47,595</td><td>Long-term liabilities</td><td>22,773</td></tr>
<tr><td>Total assets</td><td>121,225</td><td>Total liabilities</td><td>65,365</td></tr>
<tr><td></td><td></td><td>Shareholders’ equity</td><td>55,859</td></tr>
<tr><td></td><td></td><td>(Capital</td><td>18,800)</td></tr>
<tr><td></td><td></td><td>Total liabilities and shareholders’ equity</td><td>121,225</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><th>For the six months ended September 30, 2003</th><th>For the six months ended September 30, 2004</th><th>For the year ended March 31, 2004</th></tr>
<tr><td></td><td>(c) Amendment to the Articles of Incorporation
(i) the objectives of the Company
(ii) granting voting rights to any shares other than the common shares of the Company (except for the voting rights at meetings of the Special Class Shareholder already granted to the Special Class Share).

(d) Integration
A resolution of a meeting of the Special Class Shareholder is required for
(i) any merger where the Company becomes the dissolved company, or any merger where the Company becomes the surviving company and 20% or more of the voting rights of all the shareholders of common shares of the Company are held by a Non-Public Entity at the time such merger is complete,
(ii) any share exchange where the Company becomes a wholly-owned subsidiary, or any share exchange where the Company becomes a parent company owning 100% of the shares of and 20% or more of the voting rights of all the shareholders of common shares of the Company are held by a Non-Public Entity at the time such share exchange is complete, or
(iii) any share transfer where special class shares of the new holding company with the same rights as those held by the Special Class Shareholder of the Company under the Articles of Incorporation of the Company are not granted to the Special Class Shareholder of the Company, or any share transfer approved and resolved by a meeting of the common shareholders of the Company where special class shares of the new holding company with the same rights as those held by the Special Class Shareholder of the Company under the Articles of Incorporation of the Company are granted to the Special Class Shareholder of the Company but 20% or more of the voting rights of all the shareholders of common shares of such new holding company are held by a Non-Public Entity at the time such share transfer is complete.</td><td>2. Stock split
At the meeting of the Board of Directors held on April 15, 2004, it was resolved that the Company issued new shares for a stock split in the following manner.

(1) The Company made a 3-for-1 stock split effective May 18, 2004
① Increase in common shares as a result of the stock split
1,279,888.50 shares
② Details of stock split
We made a 3-for-1 stock split of the common stock whose stockholders are listed on the final shareholder list as of May 1, 2004. Shares and odd shares for the stock split included in 50,744.25 new shares issued through the share exchange with Japan Oil Development Co., Ltd., on May 17, 2004.

(2) Effective date for dividend
April 1, 2004

Had this stock split been made as of April 1, 2002, amounts per share information for the years ended March 31, 2003 and 2004 would have been as follows:
<table><tr><th>FY2003</th><th>FY2004</th></tr><tr><td>Net assets per share
¥140,039.65
Net earnings per share
¥15,259.73</td><td>Net assets per share
¥152,592.33
Net earnings per share
¥15,986.65</td></tr></table></td></tr>
</table>

For the six months ended September 30, 2003	For the six months ended September 30, 2004	For the year ended March 31, 2004
	With respect to (i) through (iii) above, the Articles of Incorporation of the Company contains provisions that stipulate whether, in a given instance, a Non-Public Entity is deemed to hold or not hold 20% or more of the voting rights of all the shareholders of common shares of the Company or the new holding company. (e) Capital Reduction A resolution of a meeting of the Special Class Shareholder is required for any reduction of the Company's capital in order to repay funds to shareholders of the Company. (f) Dissolution A resolution of a meeting of the Special Class Shareholder is required for dissolution of the Company by resolution of a meeting of the common shareholders. ② Voting rights of meetings of common shareholders, dividends, distribution of residual assets, redemption Unless otherwise provided by laws or ordinances, the Special Class Share does not have any voting rights at meetings of common shareholders of the Company. The Special Class Share will receive the same amount of dividends, interim dividends and distributions of residual assets as common shares. The Special Class Share will be redeemed if the Special Class Shareholder requests redemption, or by resolution of the Board of Directors of the Company if the Special Class Share is transferred to a party other than the Government of Japan or an independent administrative body that is fully funded by the Government of Japan.	3. Issuance of special class share At the meeting of the Board of Directors held on April 15, 2004, it was resolved that the Company amend its Articles of Incorporation and issue one special class share, and the resolution was approved by the extraordinary general meeting of the shareholders held on May 10, 2004. The category of shares, number of shares to be issued and issuing price were designated as follows. Special class share (1) Method of subscription All shares were issued to Japan National Oil Corporation by allocation to a third party. (2) Number of new shares issued One share (3) Issue Price Same price as the offer price of the offering of the Company's common stock on condition of the resolution under the Article 280-2, Section 2, of the Commercial Code (4) Total issue value Number of shares issued multiplied by the issuing price (5) Due date for payment To be determined (6) Voting rights A special class share has no voting rights at the general shareholders meeting (7)Provisions for matters requiring resolution at the general meeting of the special class shareholder

For the six months ended September 30, 2003	For the six months ended September 30, 2004	For the year ended March 31, 2004
	(3) Guidelines regarding exercising voting rights at meetings of the Special Class Shareholder by the Allottee Guidelines have been established in (a) the Statement of Business Operations (the statement which has been authorized by the Minister of Economy, Trade and Industry pursuant to Article 20 of the Japan National Oil Corporation Law) of JNOC, which will subscribe for the Special Class Share and (b) the "Criteria for Exercising Voting Rights of the Special Class Share of INPEX" formulated with the approval of the Minister of Economy, Trade and Industry pursuant to the Statement of Business Operations, and these guidelines stipulate that matters may be rejected at meeting of the Special Class Shareholder in only certain cases, and that the prior approval of the Minister of Economy, Trade and Industry must be obtained if any action is to be taken at a meeting of the Special Class Shareholder. (4) Handling of the Special Class Share and Guidelines after dissolution of JNOC JNOC, which will subscribe for the Special Class Share, is scheduled to be dissolved on or before July 25, 2005, after which the Special Class Share is scheduled to be assumed by the Government of Japan or another Public Entity. JNOC has stipulated a policy, with respect to the handling of the Guidelines if the Special Class Share is assumed by a Public Entity, that the Special Class Share will be assumed under the same terms as those set out in the Guidelines of JNOC at the time of its dissolution, provided there is no change in the energy policy of Japan. This policy has also been acknowledged by the Agency for Natural Resources and Energy.	The following matters require resolution of the general shareholders meeting of the special class stock shareholder. ① At the time of a resolution for the appointment or removal of directors at a general meeting of shareholders, 20% or more of the voting rights attached to shares of our common stock are held by a single non-public entity or a single non-public entity and its joint shareholders ② Disposition of all or part of the material assets ③ In the case of the Company's subsidiary disposing of important assets, the Company exercises voting rights at the general shareholders meeting of its subsidiary. ④ Amendment to the Article of Incorporation with respect to (i) the objectives of the Company or (ii) granting voting rights to any shares other than the common shares of the Company (except for the voting rights at meetings of the Special Class Shareholder already granted to the Special Class Share).

For the six months ended September 30, 2003	For the six months ended September 30, 2004	For the year ended March 31, 2004
	(5) Brief summary of subscriber Name Japan National Oil Corporation Number of shares One share Amount paid ¥465,000 Address 2-2-2, Uchisaiwaicho, Chiyoda-ku, Tokyo Name of representative Makoto Saito, President Established by Japan National Oil Corporation Law (Law No. 99, July 29, 1967) Description of business Administration of Japan National Oil Corporation's assets Relationship with the Company Equity relations Number of shares of subscriber held by the Company None Business relations (For the year ended March 31, 2004) Acquisition of securities Personnel relations None	⑤ Mergers, share exchanges and share transfers except for the following cases; (a) Mergers where the Company become the surviving company, unless 20% or more of the voting rights attached to shares of the Company's common stock are held by a single non-public entity or a single non-public entity and its joint shareholders at the time of the completion of such merger. (b) Share exchanges where the Company becomes a wholly-owning parent company, unless 20% or more of the voting rights attached to shares of the Company's common stock are held by a single non-public entity or a single non-public entity and its joint shareholders at the time of the completion of such share exchange. (c) Share transfers where a new holding company is established and the granting of class shares of such new holding company to the holder of our special class share with rights that are the same as those of our special class share under the new holding company's articles of incorporation is approved by resolution of the general meeting of shareholders for such share transfer, unless 20% or more of the voting rights attached to shares of common stock of the new holding company are held by a single non-public entity or a single non-public entity and its joint shareholders at the time of the completion of such share transfer. ⑥ Reduction of the Company's stated capital that results in a redemption of funds to shareholders. ⑦ Dissolution by resolution of the general shareholders meeting

For the six months ended September 30, 2003	For the six months ended September 30, 2004	For the year ended March 31, 2004
		(8) Redemption ① Redemption of a special class share requires its shareholder's written request to the Company. ② If the special class share is transferred to a party other than the government of Japan, the Company may redeem such special class share by resolution of the Board of Directors regardless of the wishes of the special class shareholder. ③ The redemption price will be the market price on the day of request for ①, and for ②, the market price on the day before the redemption date (both the day of request and the day before the redemption date are referred to as "effective day"). If the common share is listed on the Tokyo Stock Exchange, the closing price of a common share on the effective day will be the market price of redemption. If a closing price does not exist on a effective day, then the redemption price will be the closing price on the day closest to the effective day.