

## Consolidated Financial Results for the Three Months ended June 30, 2008

August 8, 2008

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

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(Amounts less than one million yen are rounded off)

### 1. Consolidated Financial Results for the Three Months ended June 30, 2008 (April 1, 2008-June 30, 2008)

#### (1) Consolidated operating results

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the three months ended								
June 30, 2008	381,338	—	260,700	—	245,357	—	49,773	—
June 30, 2007	269,844	21.0	160,464	23.1	157,257	18.4	38,545	49.6

	Net income per share—basic		Net income per share—diluted	
	Yen	Yen	Yen	Yen
For the three months ended				
June 30, 2008	21,123.86	—	—	—
June 30, 2007	16,352.49	—	—	—

#### (2) Consolidated financial position

	Total assets	Net assets	Net assets excluding minority interests as a percentage of total assets	Net assets excluding minority interests per share
	Million yen	Million yen	%	Yen
As of June 30, 2008	1,929,404	1,288,996	62.2	509,248.23
As of March 31, 2008	1,807,900	1,238,812	64.0	491,168.09

(Reference): Net assets excluding minority interests: As of June 30, 2008, ¥ 1,199,881 million  
 As of March 31, 2008, ¥ 1,157,370 million

### 2. Dividends

	Cash dividends per share				
	At 1st quarter end	At 2nd quarter end	At 3rd quarter end	At fiscal year end	Total
For the year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2008	—	3,500.00	—	4,000.00	7,500.00
For the year ending	—				8,000.00
March 31, 2009					
For the year ending		4,000.00	—	4,000.00	
March 31, 2009 (estimated)					

(Reference): Changes in estimated dividends for the year ending March 31, 2009 as of June 30, 2008: No

### 3. Estimated Consolidated Operating Results for the year ending March 31, 2009 (April 1, 2008-March 31, 2009)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
For the six months ending									
September 30, 2008	738,000	33.2	491,000	50.6	470,000	46.1	97,000	19.7	41,168.31
For the year ending									
March 31, 2009	1,314,000	9.2	850,000	19.0	819,000	19.4	177,000	2.2	75,121.56

(Reference): Changes in estimated consolidated operating results for the six months ending September 30, 2008 and for the year ending March 31, 2009 as of June 30, 2008: Yes

4. Others

(1) Significant changes in scope of consolidation : No

(2) Adoption of simplified accounting method or special accounting treatment for preparation of quarterly consolidated financial statements: : No

(3) Changes in accounting principles, procedures, presentations, etc., pertaining to preparation of quarterly consolidated financial statements (those to be stated as “Changes to the Basis of Presenting Consolidated Financial Statements”):

1. Changes associated with revision in accounting standards :Yes

2. Other changes: :No

Note: For more details, refer to “Other information” (page 4).

(4) Number of shares issued (Common stock)

1. Number of shares issued at the end of the period (including treasury stocks): as of June 30, 2008; 2,358,410 shares  
as of March 31, 2008; 2,358,410 shares

2. Number of treasury stock at the end of the period: as of June 30, 2008: 2,228 shares  
as of March 31, 2008; 2,047 shares

3. Number of average shares: for the three months ended June 30, 2008: 2,356,269 shares  
for the three months ended June 30, 2007: 2,357,179 shares

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

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

Effective the fiscal year ending March 2009, the Company applies “Accounting Standard for Quarterly Financial Statements” (ASBJ Statement No. 12) and “Implementation Guidance for Accounting Standard for Quarterly Financial Statements” (ASBJ Guidance No. 14). The Company also prepares quarterly consolidated financial statements according to “Regulations for Quarterly Consolidated Financial Statements.”

The aforementioned forecasts of “3. Estimated Consolidated Operating Results for the year ending March 31, 2009” are based on currently available information and contain many uncertainties. The final results might be significantly different from the aforementioned forecasts due to change in business conditions including oil and gas price levels, production and sales plans, projects development schedules, government regulations and financial and tax schemes.

### 1. Qualitative Information on Consolidated Financial Results

During the three months ended June 30, 2008, consolidated net sales increased by ¥111,493 million, or 41.3%, to ¥381,338 million from the corresponding period of the previous fiscal year mainly due to increase in sales price of crude oil and natural gas. Net sales of crude oil increased by ¥79,364 million, or 44.8%, to ¥256,685 million, and net sales of natural gas increased by ¥30,885 million, or 35.6% to ¥117,652 million, respectively. Sales volume of crude oil decreased by 1,420 Mbbls, or 6.5%, to 20,504 Mbbls. Sales volume of natural gas decreased by 801 MMcf, or 0.8%, to 97,854 MMcf. Sales volume of natural gas produced overseas decreased by 1,077 MMcf, or 1.3%, to 84,025 MMcf, and sales volume of natural gas produced domestically increased by 7 MMm<sup>3</sup>, or 2.0%, to 371 MMm<sup>3</sup> (13,829 MMcf) mainly due to increase in sales volume for major clients. The average sales price of crude oil produced overseas increased by US\$52.03 per bbl, or 78.1 %, to US\$118.65 per bbl, and the average sales price of natural gas produced overseas increased by US\$4.36 per Mcf, or 62.9%, to US\$11.29 per Mcf. In addition, the average sales price of natural gas produced domestically increased by ¥1.45, or 4.1%, to ¥36.81 per m<sup>3</sup>. The average exchange rate of Japanese yen against U.S. dollar appreciated for sales ¥16.23, or 13.4%, to ¥104.69 per U.S. dollar from the corresponding period of the previous fiscal year.

The increase of ¥111.4 billion in net sales was derived mainly from the following factors: a decrease in sales volume of crude oil and natural gas adversely affected ¥10.9 billion, an increase in unit sales price contributed ¥176.8 billion, the appreciation of Japanese yen against U.S. dollar affected adversely ¥55.6 billion and net sales excluding crude oil and natural gas increased by ¥1.2 billion.

Cost of sales for the three months ended June 30, 2008 increased by ¥4,699 million, or 5.2%, to ¥95,834 million mainly due to increase in royalty at ADMA Block owing to increase in sales. Exploration expenses increased by ¥4,417 million, or 149.3%, to ¥7,375 million mainly due to exploration activities in Oceania. Selling, general and administrative expense increased by ¥2,139 million, or 14.0%, to ¥17,427 million. As a result, operating income increased by ¥100,236 million, or 62.5%, to ¥260,700 million.

Other income decreased by ¥3,730 million, or 39.7 %, to ¥5,660 million mainly due to absence of gain on taking effect of exploration and production agreement which recorded at Venezuela project in corresponding period of the previous fiscal year. Other expenses increased by ¥8,406 million, or 66.7%, to ¥21,003 million mainly due to increase in foreign exchange loss and provision for allowance for recoverable accounts under production sharing resulting from exploration activities at Masela Block. As a result, ordinary income increased by ¥88,100 million, or 56.0%, to ¥245,357 million.

Total amount of current income taxes and deferred income taxes increased by ¥79,524 million, or 70.4%, to ¥192,557 million, and minority interests were ¥3,026 million. As a result of above effects, net income for the three months ended June 30, 2008 increased by ¥11,227 million, or 29.1%, to ¥49,773 million from the corresponding period of the previous fiscal year.

Financial results of geographical segment are as follows:

(1) Japan

Net sales were ¥22,574 million and operating income was ¥7,620 million, respectively mainly due to steady domestic sales of natural gas.

(2) Asia - Oceania

Net sales were ¥137,567 million and operating income was ¥98,746 million, respectively mainly due to increase in sales price of crude oil and natural gas despite of decrease in sales volume.

(3) Eurasia (Europe - NIS)

Net sales were 39,205 and operating income was ¥24,763 million, respectively mainly due to increase in sales price of crude oil.

(4) Middle East - Africa

Net sales were ¥180,054 million and operating income was ¥131,271 million, respectively mainly due to increase in sales price of crude oil and increase in sales volume at ADMA Block.

(5) Americas

Net sales were ¥1,935 million and operating income was ¥10 million.

### 2. Qualitative Information on Consolidated Financial Position

Consolidated total assets as of June 30, 2008 increased by ¥121,503 million to ¥1,929,404 million from ¥1,807,900 million as of March 31, 2008. This is mainly due to increase in recoverable accounts under production sharing by ¥26,275 million at Kashagan Oil Field, Offshore Mahakam Block, Masela Block and others, increase in accounts receivable-trade owing to increase in sales price of crude oil and increase in investment securities and marketable securities.

Meanwhile, total liabilities increased by ¥71,320 million to ¥640,408 million from ¥569,088 million as of March 31, 2008. Current liabilities increased by ¥54,821 million to ¥380,107 million, and long-term liabilities increased by ¥16,498 million to ¥260,300 million.

Net assets increased by ¥50,183 million to ¥1,288,996 million, of which minority interests in net assets increased by ¥7,672 million to ¥89,115 million.

Cash and cash equivalents at the end of the three months ended June 30, 2008 totaled ¥251,393 million reflecting net increase of ¥29,123 million from ¥222,269 million at the end of the previous fiscal year.

Cash flows from operating activities, investing activities and financial activities and those factors are as follows:

(1) Cash flows from operating activities

Net cash provided by operating activities was ¥108,648 million (increased by ¥25,224 million from the corresponding period of

the previous fiscal year). This is mainly due to cash provided by net income after taxes and recovery of recoverable accounts under production sharing (capital expenditures).

(2) Cash flows from investing activities

Net cash used in investing activities was ¥84,979 million (increased by ¥21,448 million from the corresponding period of the previous fiscal year). This is mainly due to increase in payments for purchases of investment securities, investment in recoverable accounts under production sharing (capital expenditures) and payments for purchases of tangible fixed assets.

(3) Cash flows from financial activities

Net cash used in financial activities was ¥434 million (decreased by ¥15,855 million from the corresponding period of the previous fiscal year). This is mainly due to decrease in repayments of long-term debt.

3. Qualitative Information on Estimated Consolidated Operating Results

We have revised our consolidated financial forecasts for the six months ending September 30, 2008 and for the year ending March 31, 2009, which were previously announced on May 14, 2008, due to increase in the price of crude oil and other factors.

Forecasts for consolidated financial results for the six months ending September 30, 2008 (Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Previous Forecasts: A	541,000	320,000	302,000	56,000
Revised Forecasts: B	738,000	491,000	470,000	97,000
Increase: B – A	197,000	171,000	168,000	41,000
Rate of increase (%)	36.4	53.4	55.6	73.2

Forecasts for consolidated financial results for the year ending March 31, 2009 (Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Previous Forecasts: A	1,040,000	616,000	589,000	120,000
Revised Forecasts: B	1,314,000	850,000	819,000	177,000
Increase: B – A	274,000	234,000	230,000	57,000
Rate of increase (%)	26.3	38.0	39.0	47.5

The above forecasts are calculated based on the following assumptions:

	Previous Forecasts	Revised Forecasts
Crude Oil Price (Brent)	First-Half (April 1, 2008- September 30, 2008) : US\$ 90/bbl  Second-Half (October 1, 2008- March 31, 2009) : US\$ 80/bbl	2 <sup>nd</sup> Quarter (July 1, 2008- September 30, 2008) : US\$115/bbl First-Half (April 1, 2008- September 30, 2008) : US\$119.0/bbl Second-half (October 1, 2008- March 31, 2009) : US\$95/bbl
Exchange rates	Full Year (April 1, 2008- March 31, 2009) : ¥100/US\$1	2 <sup>nd</sup> Quarter (July 1, 2008- September 30, 2008) : ¥105/US\$1 First-Half (April 1, 2008-September 30, 2008) : ¥104.8/US\$1 Second-half (October 1, 2008-March 31, 2009) : ¥100/US\$1

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

4. Others

Changes in accounting principles, procedures, presentations, etc., pertaining to preparation of quarterly consolidated financial statements

Effective the fiscal year ending March 2009, the Company applies “Accounting Standard for Quarterly Financial Statements” (ASBJ Statement No. 12) and “Implementation Guidance for Accounting Standard for Quarterly Financial Statements” (ASBJ Guidance No. 14). The Company also prepares quarterly consolidated financial statements according to “Regulations for Quarterly Consolidated Financial Statements.”

## 5. Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(Millions of yen)

Accounts	As of June 30, 2008	Condensed balance sheet as of March 31, 2008
(Assets)		
Current assets		
Cash and deposits	215,874	204,596
Accounts receivable-trade	137,648	120,948
Marketable securities	135,091	115,730
Inventories	18,793	19,716
Other	111,628	104,176
Allowance for doubtful accounts	(60)	(58)
Total current assets	618,976	565,110
Fixed assets		
Tangible fixed assets	259,656	254,481
Intangible assets		
Goodwill	119,954	121,644
Other	142,200	143,836
Total intangible assets	262,154	265,480
Investments and other assets		
Investment securities	402,430	360,726
Recoverable accounts under production sharing	409,438	383,162
Other	66,559	61,258
Allowance for doubtful accounts	(918)	(911)
Allowance for recoverable accounts under production sharing	(78,718)	(71,445)
Allowance for investments in exploration	(10,175)	(9,963)
Total investments and other assets	788,616	722,827
Total fixed assets	1,310,428	1,242,789
Total assets	1,929,404	1,807,900

(Millions of yen)

Accounts	As of June 30, 2008	Condensed balance sheet as of March 31, 2008
(Liabilities)		
Current liabilities		
Accounts payable-trade	27,656	22,582
Short-term loans	20,034	19,274
Income taxes payable	180,427	131,523
Provision for exploration projects	10,296	10,786
Accrued bonuses to officers	48	208
Other	141,644	140,909
Total current liabilities	380,107	325,285
Long-term liabilities		
Long-term debt	187,454	174,813
Accrued retirement benefits to employees	8,782	8,645
Accrued retirement benefits to officers	263	475
Liabilities for site restoration and decommissioning costs	14,079	12,728
Liabilities for losses on development activities	1,964	1,964
Accrued special repair and maintenance	401	229
Other	47,354	44,945
Total long-term liabilities	260,300	243,802
Total liabilities	640,408	569,088
(Net assets)		
Shareholders' equity		
Common stock	30,000	30,000
Capital surplus	418,494	418,493
Retained earnings	758,964	718,616
Treasury stock	(2,449)	(2,215)
Total shareholders' equity	1,205,009	1,164,894
Valuation, translation adjustments and others		
Unrealized holding gain (loss) on securities	1,179	(7,468)
Unrealized gain (loss) from hedging instruments	(1)	3
Translation adjustments	(6,306)	(60)
Total valuation, translation adjustments and others	(5,128)	(7,524)
Minority interests	89,115	81,442
Total net assets	1,288,996	1,238,812
Total liabilities and net assets	1,929,404	1,807,900

## (2) Consolidated Statement of Income

(Millions of yen)

Accounts	For the three months ended June 30, 2008
Net sales	381,338
Cost of sales	95,834
Gross profit	285,503
Exploration expenses	7,375
Selling, general and administrative expenses	17,427
Operating income	260,700
Other income	
Interest income	1,658
Dividend income	1,945
Equity in earnings of affiliates	933
Other	1,122
Total other income	5,660
Other expenses	
Interest expense	2,001
Provision for allowance for recoverable accounts under production sharing	6,684
Provision for exploration projects	1,752
Foreign exchange loss	7,596
Other	2,968
Total other expenses	21,003
Ordinary income	245,357
Income before income taxes and minority interests	245,357
Income taxes-current	196,884
Income taxes-deferred	(4,327)
Total income taxes	192,557
Minority interests	3,026
Net income	49,773

## (3) Consolidated Statement of Cash Flows

(Millions of yen)

Accounts	For the three months ended June 30, 2008
Cash flows from operating activities	
Income before income taxes and minority interests	245,357
Depreciation and amortization	9,821
Amortization of goodwill	1,690
Provision for allowance for recoverable accounts under production sharing	7,521
Provision for exploration projects	(283)
Provision for accrued retirement benefits to employees	136
Provision for site restoration and decommissioning costs	1,441
Other provisions	20
Interest and dividend income	(3,603)
Interest expense	2,001
Foreign exchange loss	2,430
Equity in earnings of affiliates	(933)
Recovery of recoverable accounts under production sharing (capital expenditures)	13,251
Recoverable accounts under production sharing (operating expenditures)	(8,395)
Accounts receivable-trade	(18,273)
Inventories	835
Accounts payable-trade	5,123
Other	(6,260)
Subtotal	251,880
Interest and dividends received	3,078
Interest paid	(2,519)
Income taxes paid	(143,790)
Net cash provided by operating activities	108,648



(Millions of yen)

Accounts	For the three months ended June 30, 2008
Cash flows from investing activities	
Increase in time deposits	(2,639)
Decrease in time deposits	368
Payments for purchases of tangible fixed assets	(16,728)
Proceeds from sales of tangible fixed assets	21
Payments for purchases of intangible assets	(473)
Proceeds from sales of marketable securities	19,171
Payments for purchases of investment securities	(54,771)
Proceeds from sales of investment securities	1,010
Investment in recoverable accounts under production sharing (capital expenditures)	(31,627)
Increase in short-term loans receivable	(39)
Long-term loans made	(587)
Collection of long-term loans receivable	411
Other	906
Net cash used in investing activities	(84,979)
Cash flows from financing activities	
Decrease in short-term loans	(79)
Proceeds from long-term debt	6,635
Repayments of long-term debt	(2,284)
Proceeds from minority interests for additional shares	5,060
Purchase of treasury stock	(232)
Cash dividends paid	(9,427)
Dividends paid to minority shareholders	(80)
Other	(26)
Net cash used in financing activities	(434)
Effect of exchange rate changes on cash and cash equivalents	5,889
Net increase in cash and cash equivalents	29,123
Cash and cash equivalents at beginning of the period	222,269
Cash and cash equivalents at end of the period	251,393

Effective the fiscal year ending March 2009, the Company applies “Accounting Standard for Quarterly Financial Statements” (ASBJ Statement No. 12) and “Implementation Guidance for Accounting Standard for Quarterly Financial Statements” (ASBJ Guidance No. 14). The Company also prepares quarterly consolidated financial statements according to “Regulations for Quarterly Consolidated Financial Statements.”

(4) Note on assumptions for going concern

For the three months ended June 30, 2008

None

(5) Segment information

**【Business segment information】**

For the three months ended June 30, 2008

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

【Geographical segment information】

For the three months ended June 30, 2008 (April 1, 2008 through June 30, 2008)

(Millions of yen)

	Japan	Asia - Oceania	Eurasia (Europe- NIS)	Middle East - Africa	Americas	Total	Eliminations and other	Consolidated
I Net sales and operating income								
Net sales								
(1) Sales to third parties	22,574	137,567	39,205	180,054	1,935	381,338	—	381,338
(2) Intercompany sales and transfers between segments	—	—	—	—	—	—	—	—
Total	22,574	137,567	39,205	180,054	1,935	381,338	—	381,338
Operating income	7,620	98,746	24,763	131,271	10	262,412	(1,711)	260,700

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, Vietnam
- (2) Eurasia (Europe - NIS)··Azerbaijan, Kazakhstan, UK
- (3) Middle East - Africa····UAE, D.R. Congo, Iran, Libya, Egypt, Algeria, Angora
- (4) Americas··········Venezuela, Ecuador, USA, Canada, Suriname

**【Overseas sales】**

For the three months ended June 30, 2008 (April 1, 2008 through June 30, 2008)

	Asia - Oceania	Other	Total
I. Overseas sales (Millions of yen)	106,450	35,836	142,286
II. Consolidated sales (Millions of yen)			381,338
III. Overseas sales as a percentage of consolidated sales (%)	27.9	9.4	37.3

- Notes:
1. Countries and areas are segmented based on their geographic proximity.
  2. Major countries and areas that belong to segments other than Japan are as follows:
    - (1) Asia - Oceania·····South Korea, Taiwan, Indonesia, Singapore, Thailand, Philippines, Australia, New Zealand
    - (2) Other·····USA, Italy, Netherland
  3. Overseas sales consist of export sales of the Company and its domestic consolidated companies and sales (other than exports to Japan) of its foreign consolidated subsidiaries. Overseas sales are totaled up based on final destination.

(6) Note on significant changes in shareholders' equity

For the three months ended June 30, 2008 (April 1, 2008 through June 30, 2008)

None

[Reference]

Condensed Consolidated Statement of Income for the three months ended June 30, 2007

(Millions of yen)

Accounts	For the three months ended June 30, 2007
	Amounts
I Net sales	269,844
II Cost of sales	91,134
Gross profit	178,709
III Exploration expenses	2,958
IV Selling, general and administrative expenses	15,287
Operating income	160,464
V Other income	9,390
1 Interest income	2,688
2 Equity in earnings of affiliates	648
3 Foreign exchange gain	—
4 Other	6,053
VI Other expenses	12,597
1 Interest expense	3,192
2 Provision for allowance for recoverable accounts under production sharing	1,826
3 Foreign exchange loss	2,692
4 Other	4,885
Ordinary income	157,257
Income before income taxes and minority interests	157,257
Income taxes-current	116,448
Income taxes-deferred	(3,415)
Minority interests	5,678
Net income	38,545

Condensed Consolidated Statement of Cash Flows for the three months ended June 30, 2007

(Millions of yen)

Accounts	For the three months ended June 30, 2007
	Amounts
I Cash flows from operating activities	
Income before income taxes and minority interests	157,257
Depreciation and amortization	8,652
Amortization of goodwill	1,541
Provision for allowance for recoverable accounts under production sharing	2,384
Interest and dividend income	(3,903)
Interest expense	3,192
Foreign exchange loss	3,323
Equity in earnings of affiliates	(648)
Accounts receivable-trade	(18,809)
Recovery of recoverable accounts under production sharing (capital expenditures)	18,593
Recoverable accounts under production sharing (operating expenditures)	(3,027)
Other	13,793
Subtotal	182,348
Interest and dividends received	3,980
Interest paid	(2,929)
Income taxes paid	(99,975)
Net cash provided by operating activities	83,424
II Cash flows from investing activities	
Proceeds from sales of marketable securities	9,156
Payments for purchases of tangible fixed assets	(11,902)
Proceeds from sales of tangible fixed assets	25
Payments for purchases of investment securities	(49,588)
Proceeds from sales of investment securities	104
Investment in recoverable accounts under production sharing (capital expenditures)	(28,559)
Other	17,232
Net cash used in investing activities	(63,530)
III Cash flows from financing activities	
Proceeds from long-term debt	12,405
Repayments of long-term debt	(13,606)
Cash dividends paid	(16,501)
Stock transfer payment	—
Other	1,411
Net cash used in financing activities	(16,290)
IV Effect of exchange rate changes on cash and cash equivalents	3,975
V Net increase in cash and cash equivalents	7,579
VI Cash and cash equivalents at beginning of the period	189,416
VII Cash and cash equivalents at end of the period	196,996



6. Other

(1) Production, orders received and sales performance

1) Actual production

The following table shows actual production by business segment:

Business segment	Category	For the three months ended June 30, 2007	For the three months ended June 30, 2008
Crude oil and natural gas	Crude oil	23 MMbbls (250 Mbbls per day)	21 MMbbls (225 Mbbls per day)
	Natural gas	99 Bcf (1,083 MMcf per day)	95 Bcf (1,049 MMcf per day)
	Subtotal	39 MMboe (431 Mboe per day)	36 MMboe (400 Mboe per day)
	Petroleum products	50 Mkl (314 Mbbls)	49 Mkl (309 Mbbls)
	Iodine	126 tons	126 tons
	Electric power generation	20 millions kWh	26 millions kWh

- Notes:
1. The volume of LPG produced overseas is included in 'Crude oil.' On the other hand, the amount of LPG produced in the domestic refinery is included in 'Petroleum Products.'
  2. A portion of crude oil production volume is consumed as material for petroleum products.
  3. A portion of crude oil and natural gas production volume is consumed as fuel to generate electricity.
  4. The production by the Company's affiliates accounted for by the equity method is included in the figures above. Also the production volume is a result for the three months ended June 30 regardless of a closing date on the basis of fiscal periods of its subsidiaries or affiliates.
  5. The production volume of crude oil and natural gas under the production sharing contracts entered by INPEX Holdings Group corresponds to the net economic take of our group.  
Figures calculated by multiplying the gross production volume by our company's interest share are 31 MMbbls (342 Mbbls per day) of crude oil, 174 Bcf (1,907 MMcf per day) of natural gas, and in total 60 MMboe (659 Mboe per day).
  6. Boe means barrels of oil equivalent.
  7. The volume of petroleum products is converted to bbl in parenthesis. Applied coefficient is 6.29 bbls per kl.
  8. Iodine is refined by another company on consignment.
  9. Figures are rounded to nearest whole number.

2) Orders received

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

3) Actual sales

- a) We take back the full amount of crude oil produced overseas allocated to us under production sharing contracts and produced under concession agreements, and sell it to domestic and foreign customers. We sell natural gas produced in Indonesia in the form of LNG to Japanese power companies, city gas companies and customers in South Korea, Taiwan and other countries through PERTAMINA. In addition, we sell natural gas produced in Japan to customers using our pipeline.
- b) Sales by business segment during each period were as follows:

(Millions of yen)

Business segment	Category	For the three months ended June 30, 2007		For the three months ended June 30, 2008	
		Crude oil and natural gas	Crude Oil	21,924 Mbbls	177,321
Natural Gas	98,656 MMcf		86,767	97,854 MMcf	117,652
	LPG: 380 Mbbls			LPG: 512 Mbbls	
Others	5,301		6,612		
Subtotal	269,390		380,950		
Other	453		387		
Total		269,844		381,338	

- Notes:
- The above amounts do not include the related consumption tax.
  - The Company's subsidiaries of which closing date for fiscal year is December 31 are principally consolidated by using their operating results for the three months ended March 31, 2008 except those subsidiaries prepared their financial statements for consolidation purpose as of the consolidation closing date. However, the significant effects of the difference in fiscal periods were properly adjusted in consolidation.
  - Sales volumes are rounded to nearest whole number.
  - Sales for major customers and sales as a percentage of total net sales are as follows. Sales amount of PERTAMINA consists mostly of natural gas and over half of them are sold to Japanese customers in the form of LNG.

Customers	For the three months ended June 30, 2008	
	Amount (Millions of yen)	Ratio (%)
PERTAMINA	98,955	25.9
Idemitsu Kosan Co., Ltd.	39,900	10.5

[Reference]

1. Condensed Consolidated Statements of Income of INPEX CORPORATION

(Millions of yen)

Accounts	For the three months ended June 30, 2007	For the three months ended June 30, 2008	Fluctuation (B)-(A)
	(A)	(B)	
	Amounts	Amounts	Amounts
I Net sales	241,562	351,607	110,044
II Cost of sales	81,942	86,109	4,167
Gross profit	159,620	265,497	105,876
III Exploration expenses	1,575	5,810	4,235
IV Selling, general and administrative expenses	7,924	8,785	860
Operating income	150,120	250,900	100,780
V Other income	4,170	3,923	(247)
1 Interest income	2,532	1,456	(1,075)
2 Equity in earnings of affiliates	308	778	470
3 Other	1,330	1,688	357
VI Other expenses	11,693	17,673	5,979
1 Interest expense	2,957	1,820	(1,136)
2 Provision for allowance for recoverable accounts under production sharing	1,164	6,437	5,272
3 Foreign exchange loss	3,101	7,828	4,727
4 Other	4,469	1,587	(2,882)
Ordinary income	142,598	237,151	94,553
Income before income taxes and minority interests	142,598	237,151	94,553
Income taxes-current	109,876	192,018	82,142
Income taxes-deferred	(3,725)	(4,145)	(419)
Minority interests	4,710	2,968	(1,741)
Net income	31,737	46,308	14,571

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

(Millions of yen)

Accounts	For the three months ended June 30, 2007 (A)	For the three months ended June 30, 2008 (B)	Fluctuation (B)-(A)
	Amounts	Amounts	Amounts
I Net sales	40,743	44,288	3,544
II Cost of sales	21,662	24,272	2,610
Gross profit	19,081	20,015	933
III Exploration expenses	1,383	1,565	182
IV Selling, general and administrative expenses	5,836	6,945	1,109
Operating income	11,861	11,504	(357)
V Other income	5,913	2,038	(3,874)
1 Interest income	133	191	57
2 Equity in earnings of affiliates	340	155	(185)
3 Foreign exchange gain	408	232	(175)
4 Other	5,030	1,459	(3,571)
VI Other expenses	1,296	3,464	2,167
1 Interest expense	241	188	(52)
2 Provision for allowance for recoverable accounts under production sharing	661	247	(413)
3 Other	392	3,027	2,634
Ordinary income	16,479	10,078	(6,400)
VII Special income	2	12	10
VIII Special loss	15	—	(15)
Income before income taxes and minority interests	16,466	10,091	(6,374)
Income taxes-current	6,558	4,838	(1,719)
Income taxes-deferred	311	(142)	(453)
Minority interests	968	58	(910)
Net income	8,628	5,336	(3,291)