



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

February 8, 2008

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

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(Amounts less than one million yen are rounded off)

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

(1) Consolidated operating results

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the nine months ended								
December 31, 2007	857,894	17.6	494,848	14.8	481,336	12.6	117,233	9.6
December 31, 2006	729,234	—	430,885	—	427,429	—	107,006	—
For the year ended								
March 31, 2007	969,712		559,077		586,262		165,091	

	Net income per share—basic	Net income per share—diluted
	Yen	Yen
For the nine months ended		
December 31, 2007	49,741.34	—
December 31, 2006	45,701.26	—
For the year ended		
March 31, 2007	70,423.45	—

(2) Consolidated financial position

	Total assets	Net assets	Net assets excluding minority interests as a percentage of total assets	Net assets excluding minority interests per share
	Million yen	Million yen	%	Yen
As of December 31, 2007	1,753,021	1,184,933	63.4	471,462.32
As of December 31, 2006	1,548,763	995,971	61.3	404,351.68
As of March 31, 2007	1,608,106	1,080,016	64.0	436,467.92

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the period
	Million yen	Million yen	Million yen	Million yen
For the nine months ended				
December 31, 2007	219,440	(164,989)	(29,106)	208,903
December 31, 2006	191,548	(162,962)	9,573	192,006
For the year ended				
March 31, 2007	231,981	(209,243)	13,793	189,416

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

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
For the year ending									
March 31, 2008	1,165,000	20.1	682,000	22.0	659,000	12.4	153,000	(7.3)	64,926.78

3. Others

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

*Explanation regarding the appropriate use of estimated consolidated operating results

The aforementioned forecasts of “2. Estimated Consolidated Operating Results for the year ending March 31, 2008” are based on currently available information and contain many uncertainties. Changing business conditions including oil and gas price levels, production and sales plans, projects development schedules, government regulations and financial and tax schemes may cause actual results to differ from the above forecasts.

【Qualitative Information / Financial Statements】

1. Qualitative Information on Consolidated Financial Results

During the nine months ended December 31, 2007, consolidated net sales increased by ¥128,660 million, or 17.6%, to ¥857,894 million from the corresponding period of the previous fiscal year mainly due to the increase in sales volume and sales price of crude oil and natural gas, and besides, the average exchange rate of Japanese yen against U.S. dollar fell for sales during the nine months ended December 31, 2007. Net sales of crude oil increased by ¥104,089 million, or 23.0%, to ¥556,380 million, and net sales of natural gas increased by ¥24,591 million, or 9.6% to ¥280,860 million, respectively. Sales volume of crude oil increased by 2,683 Mbbls, or 4.4%, to 63,127 Mbbls mainly due to increase in production volume at ACG Oil Fields. Sales volume of natural gas increased by 15,787 MMcf, or 5.7%, to 294,193 MMcf. Sales volume of natural gas produced overseas increased by 3,886 MMcf, or 1.6%, to 250,514 MMcf mainly due to initiation of natural gas sales at Venezuela project and sales volume of natural gas produced domestically increased by 319 MMm³, or 37.4%, to 1,170 MMm³ (43,678 MMcf) mainly due to increase in sales volume for major clients. The average sales price of crude oil produced overseas increased by US\$10.62 per bbl, or 16.5 %, to US\$74.81 per bbl and the average sales price of natural gas produced overseas increased by US\$0.19 per Mcf, or 2.5%, to US\$7.85 per Mcf. The less increase in the average sales price of natural gas produced overseas relative to crude oil was mainly due to lower unit price of the Venezuela project, whose sales are recorded from the current period. By the energy policy of government of Venezuela, natural gas produced is supplied at lower price for domestic energy demand. In addition, the average sales price of natural gas produced domestically increased by ¥0.56, or 1.6%, to ¥35.23 per m³. The average exchange rate of Japanese yen against U.S. dollar fell for sales ¥1.21, or 1.0%, to ¥117.34 per U.S. dollar from the corresponding period of the previous fiscal year.

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

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

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

2. Qualitative Information on Consolidated Financial Position

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

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

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

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

3. Qualitative Information on Estimated Consolidated Operating Results

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

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

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

The above forecasts are calculated based on the following assumptions:

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

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

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

(Millions of yen, %)

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

(2) Condensed Consolidated Statements of Income

(Millions of yen, %)

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

(3) Condensed Consolidated Statements of Cash Flows

(Millions of yen)

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

5. Production, orders received and sales performance

(1) Actual production

The following table shows actual production by business segment:

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

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

(2) Orders received

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

(3) Actual sales

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

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

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

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

On January 14, 2008, all partners have agreed with the Government of Republic of Kazakhstan in principal on the following terms and conditions relative to Offshore North Caspian Sea Block in Republic of Kazakhstan which INPEX North Caspian Sea, Ltd., a consolidated subsidiary of the Company, holds 8.33% participating interest.

Further details of the conditions are in process of discussion to reach settlement by the end of May, 2008, therefore, this agreement would not have significant impact on income for the year ending March 31, 2008.

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

[Supplemental materials]

1. Condensed Consolidated Statements of Income of INPEX CORPORATION

(Millions of yen)

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

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

(Millions of yen)

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