

**Consolidated Financial Results for the Six Months ended September 30, 2016 [Japanese GAAP]**

November 11, 2016

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

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Preparation of supplementary explanatory materials : Yes

Meeting of quarterly financial results presentation : Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded off)

**1. Consolidated Financial Results for the Six Months ended September 30, 2016 (April 1, 2016-September 30, 2016)**

**(1) Consolidated operating results**

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

|   | Net sales       |        | Operating income |        | Ordinary income |        | Net income attributable to owners of parent |        |
|---|-----------------|--------|------------------|--------|-----------------|--------|---|--------|
|   | Millions of Yen | %      | Millions of Yen  | %      | Millions of Yen | %      | Millions of Yen                             | %      |
| For the six months ended September 30, 2016 | 389,657         | (31.3) | 138,072          | (44.1) | 132,180         | (48.9) | 15,727                                      | (65.4) |
| September 30, 2015                          | 567,013         | (14.5) | 246,787          | (28.8) | 258,847         | (29.8) | 45,485                                      | (48.7) |

(Note): Consolidated comprehensive income: for the six months ended September 30, 2016, ¥(169,535) million; (—%)  
 for the six months ended September 30, 2015, ¥(18,603) million; (—%)

|   | Net income per share—basic | Net income per share—diluted |
|---|----------------------------|------------------------------|
| For the six months ended September 30, 2016 | Yen 10.77                  | Yen —                        |
| September 30, 2015                          | 31.15                      | —                            |

**(2) Consolidated financial position**

|                          | Total assets    | Net assets      | Net assets excluding non-controlling interests as a percentage of total assets |
|--------------------------|-----------------|-----------------|--|
|                          | Millions of Yen | Millions of Yen | %  |
| As of September 30, 2016 | 4,030,584       | 3,000,954       | 68.3   |
| As of March 31, 2016     | 4,369,841       | 3,178,803       | 67.1   |

(Reference): Net assets excluding non-controlling interests: as of September 30, 2016, ¥2,753,733 million  
 as of March 31, 2016, ¥2,932,892 million

**2. Dividends**

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

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

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

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

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

|                                    | Net sales       |        | Operating income |        | Ordinary income |        | Net income attributable to owners of parent |      | Net income per share |
|------------------------------------|-----------------|--------|------------------|--------|-----------------|--------|---|------|----------------------|
|                                    | Millions of Yen | %      | Millions of Yen  | %      | Millions of Yen | %      | Millions of Yen                             | %    | Yen                  |
| For the year ending March 31, 2017 | 830,000         | (17.8) | 283,000          | (27.5) | 284,000         | (24.2) | 26,000                                      | 55.0 | 17.80                |

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

#### Notes

(1) Significant changes in scope of consolidation : None  
(Changes in the specified subsidiaries during the period due to change in scope of consolidation)

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

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

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

2. Other changes in accounting policies : None

3. Changes in accounting estimates : Yes

4. Restatement of corrections : None

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

(4) Number of shares issued (Common stock)

1. Number of shares issued at the end of the period 1,462,323,600 shares as of September 30, 2016

(including treasury stock): 1,462,323,600 shares as of March 31, 2016

2. Number of treasury stock at the end of the period: 1,966,500 shares as of September 30, 2016

1,966,400 shares as of March 31, 2016

3. Average number of shares: 1,460,357,186 shares for the six months ended September 30, 2016

1,460,357,200 shares for the six months ended September 30, 2015

#### \* Indication of quarterly review procedure implementation status

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

#### \*Explanation regarding the appropriate use of estimated consolidated financial results

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

Exhibit:

Dividends of Class A stock

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

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## 1. Qualitative Information/Financial Statements

### (1) Explanation on Consolidated Financial Results

Net sales for the six months ended September 30, 2016 decreased by ¥177.3 billion, or 31.3%, to ¥389.6 billion from the corresponding period of the previous fiscal year due to a decrease in sales prices of crude oil and natural gas.

Net sales of crude oil decreased by ¥121.0 billion, or 30.5%, to ¥275.8 billion, and net sales of natural gas decreased by ¥55.2 billion, or 33.9%, to ¥108.0 billion.

Sales volume of crude oil increased by 2,164 thousand barrels, or 3.7%, to 59,970 thousand barrels. Sales volume of natural gas increased by 5,204 million cf, or 3.2%, to 165,837 million cf. Sales volume of overseas natural gas increased by 4,406 million cf, or 3.3%, to 136,314 million cf, and sales volume of domestic natural gas increased by 21 million m<sup>3</sup>, or 2.8%, to 791 million m<sup>3</sup> (29,523 million cf).

The average sales price of overseas crude oil decreased by US\$13.44, or 23.8%, to US\$43.08 per barrel. Meanwhile, the average sales price of overseas natural gas decreased by US\$2.40, or 33.2%, to US\$4.83 per thousand cf. In addition, the average sales price of domestic natural gas decreased by ¥10.84, or 19.8%, to ¥43.88 per m<sup>3</sup>. The average exchange rate of the Japanese yen against the U.S. dollar on consolidated net sales appreciated by ¥14.85, or 12.2%, to ¥106.48 per U.S. dollar from the corresponding period of the previous fiscal year.

The decrease of ¥177.3 billion in net sales was mainly derived from the following factors: regarding net sales of crude oil and natural gas, an increase in sales volume contributing ¥19.6 billion to the increase, a decrease in unit sales price pushing sales down of ¥147.5 billion, the appreciation of the Japanese yen against the U.S. dollar pushing sales down of ¥48.4 billion, and a decrease in net sales excluding crude oil and natural gas of ¥1.0 billion.

Cost of sales for the six months ended September 30, 2016 decreased by ¥63.4 billion, or 23.2%, to ¥210.1 billion due mainly to the appreciation of the Japanese yen against the U.S. dollar. Exploration expenses decreased by ¥1.6 billion, or 39.8%, to ¥2.4 billion due mainly to a decrease in exploration activities in Japan. Selling, general and administrative expenses decreased by ¥3.5 billion, or 8.4%, to ¥38.9 billion. As a result, operating income decreased by ¥108.7 billion, or 44.1%, to ¥138.0 billion.

Other income decreased by ¥23.4 billion, or 58.7%, to ¥16.4 billion due to a decrease in gain on sales of marketable securities and others. Other expenses decreased by ¥5.4 billion, or 19.7%, to ¥22.3 billion due to a decrease in provision for allowance for recoverable accounts under production sharing, despite an increase in foreign exchange loss. As a result, ordinary income and income before income taxes decreased by ¥126.6 billion, or 48.9%, to ¥132.1 billion.

Total amount of current income taxes and deferred income taxes decreased by ¥112.0 billion, or 51.0%, to ¥107.4 billion, net income decreased by ¥14.6 billion, or 37.1%, to ¥24.7 billion, and net income attributable to non-controlling interests were ¥8.9 billion. As a result of the above effects, net income attributable to owners of parent for the six months ended September 30, 2016 decreased by ¥29.7 billion, or 65.4%, to ¥15.7 billion.

Financial results by segment are as follows:

#### 1) Japan

Net sales decreased by ¥8.5 billion, or 16.6%, to ¥42.6 billion due to a decrease in sales prices of crude oil and natural gas, despite an increase in sales volume. Meanwhile, operating income increased by ¥4.0 billion to ¥6.0 billion due to a decrease in exploration expenses and others.

#### 2) Asia & Oceania

Net sales decreased by ¥64.8 billion, or 38.7%, to ¥102.7 billion due to a decrease in sales prices of crude oil and natural gas and the appreciation of the Japanese yen against the U.S. dollar. Operating income decreased by ¥44.0 billion, or 71.5%, to ¥17.5 billion.

#### 3) Eurasia (Europe & NIS)

Net sales decreased by ¥10.4 billion, or 25.4%, to ¥30.6 billion due to a decrease in sales price of crude oil and the appreciation of the Japanese yen against the U.S. dollar, despite an increase in sales volume of crude oil. Operating income decreased by ¥6.7 billion, or 55.4%, to ¥5.4 billion.

#### 4) Middle East & Africa

Net sales decreased by ¥91.3 billion, or 30.4%, to ¥209.0 billion due to a decrease in sales price of crude oil and the appreciation of the Japanese yen against the U.S. dollar, despite an increase in sales volume of crude oil. Operating income decreased by ¥61.1 billion, or 34.0%, to ¥118.7 billion.

#### 5) Americas

Net sales decreased by ¥2.2 billion, or 32.6%, to ¥4.5 billion due to a decrease in sales prices of crude oil and natural gas and the appreciation of the Japanese yen against the U.S. dollar, despite an increase in sales volume. Operating loss increased by ¥1.5 billion, or 41.5%, to ¥5.3 billion.

(2) Explanation on Consolidated Financial Position

Total assets as of September 30, 2016 decreased by ¥339.2 billion to ¥4,030.5 billion from ¥4,369.8 billion as of March 31, 2016. Current assets decreased by ¥51.0 billion to ¥933.3 billion due to a decrease in cash and deposits and others. Fixed assets decreased by ¥288.2 billion to ¥3,097.2 billion due to a decrease in investments and other assets and others.

Meanwhile, total liabilities decreased by ¥161.4 billion to ¥1,029.6 billion from ¥1,191.0 billion as of March 31, 2016. Current liabilities decreased by ¥57.1 billion to ¥262.0 billion and long-term liabilities decreased by ¥104.2 billion to ¥767.6 billion.

Net assets decreased by ¥177.8 billion to ¥3,000.9 billion. Total shareholders' equity increased by ¥2.5 billion to ¥2,539.5 billion. Total accumulated other comprehensive income decreased by ¥181.7 billion to ¥214.1 billion and non-controlling interests in net assets increased by ¥1.3 billion to ¥247.2 billion.

Cash and cash equivalents as of September 30, 2016 totaled ¥62.5 billion reflecting a net increase of ¥8.6 billion from ¥53.8 billion at the end of the previous fiscal year.

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

1) Cash flows from operating activities

Net cash provided by operating activities increased by ¥18.9 billion to ¥116.6 billion from the corresponding period of the previous fiscal year. This is due mainly to decreases in income taxes paid and recoverable accounts under production sharing (operating expenditures), despite a decrease in income before income taxes owing to a decrease in sales prices of crude oil and natural gas.

2) Cash flows from investing activities

Net cash used in investing activities decreased by ¥236.8 billion to ¥76.2 billion from the corresponding period of the previous fiscal year. This is due mainly to the lack of payments for purchases of mining rights and a decrease in long-term loans made.

3) Cash flows from financing activities

Net cash used in financing activities was ¥26.4 billion, meanwhile, net cash provided by financing activities for the previous period was ¥46.9 billion. This is due mainly to an increase in repayments of long-term debt and a decrease in proceeds from non-controlling interests for additional shares.

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

Forecasts for consolidated financial results for the year ending March 31, 2017 have been revised from the previous forecasts presented on August 4, 2016, taking into consideration the consolidated financial results for the six months ended September 30, 2016 as well as the revised crude oil price assumptions, among other factors.

Forecasts for consolidated financial results for the year ending March 31, 2017

(Millions of yen)

|                          | Net sales | Operating income | Ordinary income | Net income attributable to owners of parent |
|--------------------------|-----------|------------------|-----------------|---|
| Previous Forecasts: A    | 797,000   | 257,000          | 251,000         | 17,000                                      |
| Revised Forecasts: B     | 830,000   | 283,000          | 284,000         | 26,000                                      |
| Increase (Decrease): B-A | 33,000    | 26,000           | 33,000          | 9,000                                       |
| Percentage change (%)    | 4.1       | 10.1             | 13.1            | 52.9  |

The above forecasts are calculated based on the following assumptions:

|                         | Previous Forecasts   | Revised Forecasts   |
|-------------------------|--|---|
| Crude oil price (Brent) | 1st quarter (actual): US\$ 47.0/bbl<br>From 2nd quarter: US\$ 45.0/bbl<br>Full Year: US\$ 45.5/bbl (Average) | 1st Half: US\$ 47.0/bbl (Actual)<br>2nd Half: US\$ 50.0/bbl<br>Full Year: US\$ 48.5/bbl (Average) |
| Exchange rate           | 1st quarter (actual): ¥108.2/US\$<br>From 2nd quarter: ¥105.0/US\$<br>Full Year: ¥105.8/US\$ (Average)       | 1st Half: ¥105.3/US\$ (Actual)<br>2nd Half: ¥105.0/US\$<br>Full Year: ¥105.1/US\$ (Average)       |

Note: Crude oil prices at which the Company sells products vary depending on crude oil type, and differ from Brent crude oil prices. Crude oil price differences are determined by the quality of each crude oil type, etc., and are also affected by market conditions.

## 2. Notes Regarding Summary Information (Notes)

(1) Significant changes in scope of consolidation:

None

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

None

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

(Changes in accounting estimates)

(Change in useful life)

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

As a result, compared with the conventional method, operating income, ordinary income and income before income taxes for the six months ended September 30, 2016 increased by ¥3,224 million, respectively.



### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

(Millions of yen)

| Accounts   | As of March 31, 2016 | As of September 30, 2016 |
|--|----------------------|--------------------------|
| (Assets)   |                      |                          |
| Current assets   |                      |                          |
| Cash and deposits  | 772,528              | 749,672                  |
| Accounts receivable-trade  | 56,462               | 57,493                   |
| Inventories  | 35,915               | 30,985                   |
| Other  | 132,515              | 106,441                  |
| Less allowance for doubtful accounts                             | (13,076)             | (11,256)                 |
| Total current assets   | 984,345              | 933,336                  |
| Fixed assets   |                      |                          |
| Tangible fixed assets  |                      |                          |
| Buildings and structures, net                                    | 124,900              | 204,220                  |
| Wells, net   | 51,257               | 41,759                   |
| Machinery, equipment and vehicles, net                           | 130,796              | 128,088                  |
| Land   | 19,673               | 19,601                   |
| Construction in progress   | 1,407,490            | 1,305,966                |
| Other, net   | 18,495               | 16,633                   |
| Total tangible fixed assets                                      | 1,752,614            | 1,716,270                |
| Intangible assets  |                      |                          |
| Goodwill   | 67,558               | 64,178                   |
| Other  | 473,912              | 433,281                  |
| Total intangible assets  | 541,471              | 497,459                  |
| Investments and other assets                                     |                      |                          |
| Investment securities  | 213,730              | 192,440                  |
| Recoverable accounts under production sharing                    | 727,771              | 714,722                  |
| Other  | 291,535              | 119,110                  |
| Less allowance for doubtful accounts                             | (7,814)              | (7,043)                  |
| Less allowance for recoverable accounts under production sharing | (131,765)            | (133,374)                |
| Less allowance for investments in exploration                    | (2,046)              | (2,337)                  |
| Total investments and other assets                               | 1,091,410            | 883,518                  |
| Total fixed assets   | 3,385,496            | 3,097,248                |
| Total assets   | 4,369,841            | 4,030,584                |

(Millions of yen)

| Accounts                                     | As of March 31, 2016 | As of September 30, 2016 |
|--|----------------------|--------------------------|
| (Liabilities)                                |                      |                          |
| Current liabilities                          |                      |                          |
| Accounts payable-trade                       | 47,351               | 41,830                   |
| Short-term loans                             | 68,468               | 65,471                   |
| Income taxes payable                         | 42,845               | 32,459                   |
| Provision for exploration projects           | 4,781                | 3,973                    |
| Accrued bonuses to officers                  | 55                   | 27                       |
| Asset retirement obligations                 | 2,233                | 846                      |
| Other  | 153,390              | 117,406                  |
| Total current liabilities                    | 319,127              | 262,013                  |
| Long-term liabilities                        |                      |                          |
| Long-term debt                               | 673,098              | 604,990                  |
| Provision for loss on business               | 4,737                | 3,986                    |
| Accrued special repair and maintenance       | 293                  | 313                      |
| Liability for retirement benefits            | 7,461                | 7,400                    |
| Asset retirement obligations                 | 100,829              | 100,552                  |
| Other  | 85,490               | 50,372                   |
| Total long-term liabilities                  | 871,911              | 767,616                  |
| Total liabilities                            | 1,191,038            | 1,029,630                |
| (Net assets)                                 |                      |                          |
| Shareholders' equity                         |                      |                          |
| Common stock                                 | 290,809              | 290,809                  |
| Capital surplus                              | 676,273              | 676,273                  |
| Retained earnings                            | 1,575,136            | 1,577,720                |
| Treasury stock                               | (5,248)              | (5,248)                  |
| Total shareholders' equity                   | 2,536,971            | 2,539,554                |
| Accumulated other comprehensive income       |                      |                          |
| Unrealized holding gain on securities        | 4,958                | 3,856                    |
| Unrealized loss from hedging instruments     | (6,660)              | (3,346)                  |
| Translation adjustments                      | 397,622              | 213,667                  |
| Total accumulated other comprehensive income | 395,921              | 214,178                  |
| Non-controlling interests                    | 245,910              | 247,221                  |
| Total net assets                             | 3,178,803            | 3,000,954                |
| Total liabilities and net assets             | 4,369,841            | 4,030,584                |

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

(Millions of yen)

| Accounts   | For the six months ended<br>September 30, 2015 | For the six months ended<br>September 30, 2016 |
|--|--|--|
| Net sales  | 567,013  | 389,657  |
| Cost of sales  | 273,549  | 210,127  |
| Gross profit   | 293,463  | 179,530  |
| Exploration expenses   | 4,093  | 2,462  |
| Selling, general and administrative expenses                                 | 42,582   | 38,994   |
| Operating income   | 246,787  | 138,072  |
| Other income   |  |  |
| Interest income  | 4,294  | 5,138  |
| Dividend income  | 2,508  | 1,344  |
| Gain on sales of marketable securities                                       | 11,488   | —  |
| Foreign exchange gain  | 9,166  | —  |
| Other  | 12,409   | 9,965  |
| Total other income   | 39,868   | 16,448   |
| Other expenses   |  |  |
| Interest expense   | 2,188  | 2,403  |
| Equity in losses of affiliates   | 937  | 437  |
| Provision for allowance for recoverable accounts under<br>production sharing | 18,022   | 1,032  |
| Provision for exploration projects   | 1,650  | —  |
| Foreign exchange loss  | —  | 17,168   |
| Other  | 5,010  | 1,297  |
| Total other expenses   | 27,808   | 22,340   |
| Ordinary income  | 258,847  | 132,180  |
| Income before income taxes   | 258,847  | 132,180  |
| Income taxes-current   | 212,782  | 118,223  |
| Income taxes-deferred  | 6,745  | (10,755)                                       |
| Total income taxes   | 219,527  | 107,467  |
| Net income   | 39,320   | 24,713   |
| Net income (loss) attributable to non-controlling interests                  | (6,165)  | 8,986  |
| Net income attributable to owners of parent                                  | 45,485   | 15,727   |

## Consolidated Statement of Comprehensive Income

(Millions of yen)

| Accounts  | For the six months ended<br>September 30, 2015 | For the six months ended<br>September 30, 2016 |
|---|--|--|
| Net income  | 39,320   | 24,713   |
| Other comprehensive income  |  |  |
| Unrealized holding loss on securities   | (26,334)                                       | (1,079)  |
| Translation adjustments   | (41,045)                                       | (190,213)                                      |
| Share of other comprehensive income of associates<br>accounted for by the equity method | 9,455  | (2,955)  |
| Total other comprehensive income  | (57,923)                                       | (194,249)                                      |
| Comprehensive income  | (18,603)                                       | (169,535)                                      |
| Total comprehensive income attributable to  |  |  |
| Owners of parent  | 2,482  | (166,015)                                      |
| Non-controlling interests   | (21,085)                                       | (3,519)  |

## (3) Consolidated Statement of Cash Flows

(Millions of yen)

| Accounts  | For the six months ended<br>September 30, 2015 | For the six months ended<br>September 30, 2016 |
|---|--|--|
| Cash flows from operating activities  |  |  |
| Income before income taxes  | 258,847  | 132,180  |
| Depreciation and amortization   | 35,109   | 43,289   |
| Amortization of goodwill  | 3,380  | 3,380  |
| Provision for allowance for recoverable accounts<br>under production sharing        | 19,003   | 1,608  |
| Provision for exploration projects  | 928  | (488)  |
| Other provisions  | 50   | (2,214)  |
| Liability for retirement benefits   | 54   | (31)   |
| Interest and dividend income  | (6,803)  | (6,486)  |
| Interest expense  | 1,399  | 2,306  |
| Foreign exchange loss (gain)  | 1,267  | 16,915   |
| Equity in losses (earnings) of affiliates   | 937  | 437  |
| Loss (gain) on sales of marketable securities                                       | (11,488)                                       | —  |
| Recovery of recoverable accounts under production sharing<br>(capital expenditures) | 26,842   | 37,249   |
| Recoverable accounts under production sharing<br>(operating expenditures)           | (29,387)                                       | (1,568)  |
| Accounts receivable-trade   | (28,618)                                       | (1,138)  |
| Inventories   | 1,279  | 2,536  |
| Accounts payable-trade  | 2,283  | (4,973)  |
| Other   | 35,570   | (1,933)  |
| Subtotal  | 310,654  | 221,070  |
| Interest and dividends received   | 15,056   | 7,619  |
| Interest paid   | (1,313)  | (1,552)  |
| Income taxes paid   | (226,706)                                      | (110,485)                                      |
| Net cash provided by (used in) operating activities                                 | 97,691   | 116,652  |

(Millions of yen)

| Accounts  | For the six months ended<br>September 30, 2015 | For the six months ended<br>September 30, 2016 |
|---|--|--|
| Cash flows from investing activities  |  |  |
| Payments for time deposits  | (226,842)                                      | (252,430)                                      |
| Proceeds from time deposits   | 484,829  | 418,759  |
| Payments for long-term time deposits  | (63,818)                                       | —  |
| Payments for purchases of tangible fixed assets                                       | (243,944)                                      | (143,198)                                      |
| Proceeds from sales of tangible fixed assets  | 194  | 3,326  |
| Payments for purchases of intangible assets   | (11,550)                                       | (11,997)                                       |
| Proceeds from sales and redemptions of marketable securities                          | 103,025  | —  |
| Payments for purchases of investment securities                                       | (6,491)  | (165)  |
| Proceeds from sales and redemptions of investment securities                          | 27,700   | —  |
| Investment in recoverable accounts under production sharing<br>(capital expenditures) | (40,265)                                       | (24,321)                                       |
| Decrease (increase) in short-term loans receivable                                    | 272  | (3,176)  |
| Long-term loans made  | (192,535)                                      | (65,592)                                       |
| Collection of long-term loans receivable  | 299  | 125  |
| Payments for purchase of mining rights  | (133,627)                                      | —  |
| Other   | (10,349)                                       | 2,460  |
| Net cash provided by (used in) investing activities                                   | (313,102)                                      | (76,212)                                       |
| Cash flows from financing activities  |  |  |
| Increase (decrease) in short-term loans   | 179  | (21)   |
| Proceeds from long-term debt  | —  | 50   |
| Repayments of long-term debt  | (13,083)                                       | (18,143)                                       |
| Proceeds from non-controlling interests for additional shares                         | 77,000   | 8,769  |
| Cash dividends paid   | (13,144)                                       | (13,142)                                       |
| Cash dividends paid to non-controlling interests                                      | (3,939)  | (3,939)  |
| Other   | (20)   | (17)   |
| Net cash provided by (used in) financing activities                                   | 46,992   | (26,444)                                       |
| Effect of exchange rate changes on cash and cash equivalents                          | (1,588)  | (5,305)  |
| Net increase (decrease) in cash and cash equivalents                                  | (170,007)                                      | 8,689  |
| Cash and cash equivalents at beginning of the period                                  | 260,978  | 53,813   |
| Cash and cash equivalents at end of the period  | 90,970   | 62,502   |

(4) Notes to Consolidated Financial Statements

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

For the six months ended September 30, 2016 (April 1, 2016 through September 30, 2016):

None

(Note on significant changes in shareholders' equity)

For the six months ended September 30, 2016 (April 1, 2016 through September 30, 2016):

None

(Segment information)

I. For the six months ended September 30, 2015 (April 1, 2015 through September 30, 2015)

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

(Millions of yen)

|   | Reportable segments |                   |                              |                         |          |         | Adjustments<br>*1 | Consolidated<br>*2 |
|---|---------------------|-------------------|------------------------------|-------------------------|----------|---------|-------------------|--------------------|
|   | Japan               | Asia &<br>Oceania | Eurasia<br>(Europe<br>& NIS) | Middle East<br>& Africa | Americas | Total   |                   |                    |
| Net sales   |                     |                   |                              |                         |          |         |                   |                    |
| Sales to third parties                            | 51,110              | 167,608           | 41,103                       | 300,425                 | 6,765    | 567,013 | —                 | 567,013            |
| Intercompany sales and transfers between segments | —                   | —                 | —                            | —                       | —        | —       | —                 | —                  |
| Total   | 51,110              | 167,608           | 41,103                       | 300,425                 | 6,765    | 567,013 | —                 | 567,013            |
| Segment income (loss)                             | 1,964               | 61,597            | 12,260                       | 179,911                 | (3,788)  | 251,945 | (5,157)           | 246,787            |

Note: 1. Adjustments of segment income of ¥(5,157) million include elimination of inter-segment transactions of ¥101 million and corporate expenses of ¥(5,259) million. Corporate expenses are mainly amortization of goodwill and general administrative expenses that are not allocated to a reportable segment.

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

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

None

II. For the six months ended September 30, 2016 (April 1, 2016 through September 30, 2016)

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

(Millions of yen)

|   | Reportable segments |                   |                              |                         |          |         | Adjustments<br>*1 | Consolidated<br>*2 |
|---|---------------------|-------------------|------------------------------|-------------------------|----------|---------|-------------------|--------------------|
|   | Japan               | Asia &<br>Oceania | Eurasia<br>(Europe<br>& NIS) | Middle East<br>& Africa | Americas | Total   |                   |                    |
| Net sales   |                     |                   |                              |                         |          |         |                   |                    |
| Sales to third parties                            | 42,603              | 102,775           | 30,680                       | 209,037                 | 4,561    | 389,657 | —                 | 389,657            |
| Intercompany sales and transfers between segments | —                   | —                 | —                            | —                       | —        | —       | —                 | —                  |
| Total   | 42,603              | 102,775           | 30,680                       | 209,037                 | 4,561    | 389,657 | —                 | 389,657            |
| Segment income (loss)                             | 6,020               | 17,574            | 5,474                        | 118,740                 | (5,360)  | 142,448 | (4,375)           | 138,072            |

Note: 1. Adjustments of segment income of ¥(4,375) million include elimination of inter-segment transactions of ¥6 million and corporate expenses of ¥(4,381) million. Corporate expenses are mainly amortization of goodwill and general administrative expenses that are not allocated to a reportable segment.

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

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

None

3. Disclosure of changes, etc. in reportable segments

(Change in useful life)

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

As a result, compared with the conventional method, "Japan" segment income for the six months ended September 30, 2016 increased by ¥3,244 million.



(Subsequent events)

For the six months ended September 30, 2016 (April 1, 2016 through September 30, 2016):

None

#### 4. Supplementary Information

##### (1) Production, Orders Received and Sales Performance

###### 1) Actual production

The following table shows actual production by segment:

| Segment                   | Category                  | For the six months ended<br>September 30, 2015 | For the six months ended<br>September 30, 2016 |
|---------------------------|---------------------------|--|--|
| Japan                     | Crude oil                 | 0.5 MMbbls<br>(2.8 Mbbls per day)              | 0.6 MMbbls<br>(3.3 Mbbls per day)              |
|                           | Natural gas               | 18.5 Bcf<br>(101.3 MMcf per day)               | 22.5 Bcf<br>(122.9 MMcf per day)               |
|                           | Subtotal                  | 4.0 MMboe<br>(21.9 Mboe per day)               | 4.8 MMboe<br>(26.4 Mboe per day)               |
|                           | Iodine                    | 249.1 tons                                     | 278.2 tons                                     |
|                           | Electric power generation | 108.6 million kWh                              | 112.4 million kWh                              |
| Asia & Oceania            | Crude oil                 | 8.9 MMbbls<br>(48.5 Mbbls per day)             | 7.1 MMbbls<br>(39.0 Mbbls per day)             |
|                           | Natural gas               | 130.4 Bcf<br>(712.5 MMcf per day)              | 127.5 Bcf<br>(696.8 MMcf per day)              |
|                           | Subtotal                  | 33.4 MMboe<br>(182.4 Mboe per day)             | 31.2 MMboe<br>(170.3 Mboe per day)             |
| Eurasia<br>(Europe & NIS) | Crude oil                 | 5.9 MMbbls<br>(32.1 Mbbls per day)             | 5.2 MMbbls<br>(28.6 Mbbls per day)             |
| Middle East & Africa      | Crude oil                 | 44.6 MMbbls<br>(243.5 Mbbls per day)           | 49.4 MMbbls<br>(270.2 Mbbls per day)           |
| Americas                  | Crude oil                 | 1.4 MMbbls<br>(7.5 Mbbls per day)              | 1.4 MMbbls<br>(7.5 Mbbls per day)              |
|                           | Natural gas               | 16.6 Bcf<br>(90.9 MMcf per day)                | 21.1 Bcf<br>(115.4 MMcf per day)               |
|                           | Subtotal                  | 4.3 MMboe<br>(23.6 Mboe per day)               | 5.2 MMboe<br>(28.3 Mboe per day)               |
| Total                     | Crude oil                 | 61.2 MMbbls<br>(334.4 Mbbls per day)           | 63.8 MMbbls<br>(348.6 Mbbls per day)           |
|                           | Natural gas               | 165.6 Bcf<br>(904.7 MMcf per day)              | 171.1 Bcf<br>(935.2 MMcf per day)              |
|                           | Subtotal                  | 92.1 MMboe<br>(503.5 Mboe per day)             | 95.8 MMboe<br>(523.8 Mboe per day)             |
|                           | Iodine                    | 249.1 tons                                     | 278.2 tons                                     |
|                           | Electric power generation | 108.6 million kWh                              | 112.4 million kWh                              |

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

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

3. The production by the Company's affiliates accounted for by the equity method is included in the figures above.

Also the production volume is a result for the six months ended September 30 regardless of a closing date of fiscal periods of its subsidiaries or affiliates.

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

Figures calculated by multiplying the gross production volume by the Company's interest share are 72.3 MMbbls (395.0 Mbbls per day) of crude oil, 214.7 Bcf (1,173.0 MMcf per day) of natural gas, and in total 112.5 MMboe (614.7 Mboe per day) for the six months ended September 30, 2015, and 76.0 MMbbls (415.1 Mbbls per day) of crude oil, 213.8 Bcf (1,168.5 MMcf per day) of natural gas, and in total 116.1 MMboe (634.3 Mboe per day) for the six months ended September 30, 2016.

5. Boe means barrels of oil equivalent.

6. Iodine is refined by other company on consignment.

7. Figures are rounded to one decimal place.

2) Orders received

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

3) Actual sales

The following table shows sales by segment:

(Millions of yen)

| Segment                   | Category                       | For the six months ended<br>September 30, 2015 |           | For the six months ended<br>September 30, 2016 |           |
|---------------------------|--------------------------------|--|-----------|--|-----------|
|                           |                                | Sales volume                                   | Net sales | Sales volume                                   | Net sales |
| Japan                     | Crude oil                      | 290 Mbbls                                      | 2,171     | 415 Mbbls                                      | 2,112     |
|                           | Natural gas<br>(excluding LPG) | 28,725 MMcf                                    | 42,121    | 29,523 MMcf                                    | 34,716    |
|                           | LPG                            | 3 Mbbls  | 17        | 2 Mbbls  | 10        |
|                           | Other                          |  | 6,800     |  | 5,764     |
|                           | Subtotal                       |  | 51,110    |  | 42,603    |
| Asia & Oceania            | Crude oil                      | 6,837 Mbbls                                    | 48,773    | 6,548 Mbbls                                    | 30,488    |
|                           | Natural gas<br>(excluding LPG) | 114,556 MMcf                                   | 113,299   | 118,646 MMcf                                   | 68,673    |
|                           | LPG                            | 1,165 Mbbls                                    | 5,535     | 1,094 Mbbls                                    | 3,614     |
|                           | Subtotal                       |  | 167,608   |  | 102,775   |
| Eurasia<br>(Europe & NIS) | Crude oil                      | 6,028 Mbbls                                    | 41,103    | 6,260 Mbbls                                    | 30,680    |
| Middle East & Africa      | Crude oil                      | 43,963 Mbbls                                   | 300,425   | 45,734 Mbbls                                   | 209,037   |
| Americas                  | Crude oil                      | 687 Mbbls                                      | 4,419     | 1,012 Mbbls                                    | 3,552     |
|                           | Natural gas<br>(excluding LPG) | 17,353 MMcf                                    | 2,346     | 17,668 MMcf                                    | 1,008     |
|                           | Subtotal                       |  | 6,765     |  | 4,561     |
| Total                     | Crude oil                      | 57,805 Mbbls                                   | 396,892   | 59,970 Mbbls                                   | 275,870   |
|                           | Natural gas<br>(excluding LPG) | 160,634 MMcf                                   | 157,767   | 165,837 MMcf                                   | 104,398   |
|                           | LPG                            | 1,168 Mbbls                                    | 5,553     | 1,096 Mbbls                                    | 3,624     |
|                           | Other                          |  | 6,800     |  | 5,764     |
|                           | Total                          |  | 567,013   |  | 389,657   |

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

2. The Company's subsidiaries of which closing date for fiscal year is December 31 are principally consolidated their operating results for the six months ended June 30 except those subsidiaries prepared their financial statements for consolidation purpose as of the consolidation closing date. However, the significant effects of the difference in fiscal periods were properly adjusted in consolidation.

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