

**Consolidated Financial Results for the Three Months ended June 30, 2010 [Japanese GAAP]**

August 9, 2010

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

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Meeting of quarterly financial results presentation : None

(Amounts less than one million yen are rounded off)

**1. Consolidated Financial Results for the Three Months ended June 30, 2010 (April 1, 2010-June 30, 2010)**

**(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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the three months ended June 30, 2010	223,903	20.9	126,183	36.7	122,698	38.7	32,004	23.1
June 30, 2009	185,164	(51.4)	92,304	(64.6)	88,470	(63.9)	25,989	(47.8)

	Net income per share—basic	Net income per share—diluted
For the three months ended June 30, 2010	Yen 13,598.83	Yen —
June 30, 2009	11,043.05	—

**(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
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2010	2,016,243	1,496,586	69.2	592,451.87
As of March 31, 2010	2,013,778	1,490,603	68.9	589,548.88

(Reference): Net assets excluding minority interests: ¥ 1,394,331 million as of June 30, 2010  
 ¥ 1,387,499 million as of March 31, 2010

**2. Dividends**

	Cash dividends per share				
	At 1st quarter end	At 2nd quarter end	At 3rd quarter end	At fiscal year end	Total
For the year ended March 31, 2010	Yen —	Yen 2,500.00	Yen —	Yen 3,000.00	Yen 5,500.00
For the year ending March 31, 2011	—				
For the year ending March 31, 2011 (forecast)		3,000.00	—	3,000.00	6,000.00

(Reference): Changes in projected dividends for the year ending March 31, 2011 from the previous forecast: None

**3. Forecasted Consolidated Financial Results for the year ending March 31, 2011 (April 1, 2010-March 31, 2011)**

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
For the six months ending September 30, 2010	428,000	9.0	219,000	8.3	213,000	10.2	48,000	0.7	17,615.18
For the year ending March 31, 2011	863,000	2.7	451,000	(2.3)	433,000	(2.0)	102,000	(4.9)	32,345.08

(Reference): Changes in forecasted consolidated financial results for the year ending March 31, 2011 from the previous forecast: None

4. Others (Please refer to page 3 “2. Others” for details.)

(1) Significant changes in scope of consolidation : None

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

(2) Adoption of simplified accounting method or special accounting treatment for preparation of quarterly consolidated financial statements : None

(Note): Adoption of simplified accounting methods or special accounting methods for presenting quarterly consolidated financial results

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

1. Changes associated with revision in accounting standards : Yes

2. Other changes : None

(Note): Changes in accounting policies, procedures, or disclosures for presenting quarterly consolidated financial statements stated as “Changes to the basis of presenting quarterly consolidated financial statements.”

(4) Number of shares issued (Common stock)

1. Number of shares issued at the end of the period 2,358,410 shares as of June 30, 2010  
(including treasury stock): 2,358,410 shares as of March 31, 2010

2. Number of treasury stock at the end of the period: 4,916 shares as of June 30, 2010  
4,916 shares as of March 31, 2010

3. Average number of shares: 2,353,494 shares for the three months ended June 30, 2010  
2,353,494 shares for the three months ended June 30, 2009

(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.

\* Indication of quarterly review procedure implementation status

This quarterly earnings report is exempt from quarterly review procedure based upon the Financial Instruments and Exchange Act. The review procedure for quarterly consolidated financial statements based upon the Financial Instruments and Exchange Act has 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 gas price levels, production and sales plans, project development schedules, government regulations and financial and tax schemes. Please refer to “1.(3) Qualitative Information on Forecasted Consolidated Financial Results” on page 3.

The Company issued 1,216,000 shares of common stock by way of offering of new shares on August 2, 2010 as its due date. In addition, up to 84,000 shares of common stock are planned to be issued to Nomura Securities Co., Ltd. as an allottee on August 31, 2010, by way of the third-party allotment in connection with a secondary offering of the Company’s shares (by way of over-allotment). As a result, net income per share for the six months ending September 30, 2010 and for the year ending March 31, 2011, on the aforementioned forecasts, is recalculated from the assumption that 84,000 shares of common stock may be issued by way of the third-party allotment, in addition to increase of 1,216,000 shares of common stock by offering of new shares.

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## 1. Qualitative Information / Financial Statements

### (1) Qualitative Information on Consolidated Financial Results

During the three months ended June 30, 2010, consolidated net sales were ¥223,903 million (increased by ¥38,739 million, or 20.9%, from the corresponding period of the previous fiscal year) due mainly to an increase in sales price of crude oil and natural gas. Net sales of crude oil increased by ¥20,956 million, or 19.4%, to ¥129,186 million, and net sales of natural gas increased by ¥16,965 million, or 23.7%, to ¥88,629 million, respectively. Sales volume of crude oil decreased by 1,214 Mbbls, or 6.3%, to 17,958 Mbbls. Sales volume of natural gas decreased by 4,376 MMcf, or 4.2%, to 100,221 MMcf. Sales volume of natural gas produced overseas decreased by 5,153 MMcf, or 5.6%, to 86,160 MMcf, and sales volume of natural gas produced domestically increased by 21 MMm<sup>3</sup>, or 5.8%, to 377 MMm<sup>3</sup> (14,061 MMcf). The average sales price of crude oil produced overseas increased by US\$20.08 per bbl, or 35.1%, to US\$77.35 per bbl, and the average sales price of natural gas produced overseas increased by US\$1.99 per Mcf, or 31.2%, to US\$8.37 per Mcf. In addition, the average sales price of domestic natural gas increased by ¥7.06, or 19.7%, to ¥42.94 per m<sup>3</sup>. The average exchange rate of Japanese yen on consolidated net sales appreciated by ¥5.13, or 5.3%, to ¥92.08 per U.S. dollar from the corresponding period of the previous fiscal year.

The increase of ¥38.7 billion in net sales was derived mainly from the following factors: a decrease in sales volume adversely affected ¥7.5 billion, an increase in unit sales price affected ¥56.6 billion, the appreciation of Japanese yen against U.S. dollar adversely affected ¥11.1 billion and net sales excluding crude oil and natural gas affected ¥0.8 billion.

Cost of sales for the three months ended June 30, 2010 increased by ¥5,836 million, or 7.9%, to ¥79,720 million due mainly to an increase in net purchase of natural gas in Japan and an increase in royalty in the ADMA Block owing to an increase in sales. Exploration expenses decreased by ¥55 million, or 2.9%, to ¥1,852 million due mainly to a decrease in exploration activities in Japan despite an increase in Oceania. Selling, general and administrative expenses decreased by ¥920 million, or 5.4%, to ¥16,147 million. As a result, operating income increased by ¥33,878 million, or 36.7%, to ¥126,183 million.

Other income decreased by ¥227 million, or 5.5%, to ¥3,934 million due to a decrease in interest income. Other expenses decreased by ¥576 million, or 7.2%, to ¥7,419 million due mainly to a decrease in foreign exchange loss, provision for exploration projects, and provision for allowance for recoverable accounts under production sharing owing to a decrease in exploration activities in the Masela Block and others, despite a record of loss on adjustment for changes of accounting standard for asset retirement obligations. As a result, ordinary income and income before income taxes and minority interests increased by ¥34,227 million, or 38.7%, to ¥122,698 million.

Total amount of current income taxes increased by ¥22,206 million, or 35.6%, to ¥84,560 million, and deferred income taxes were ¥3,274 million, income before minority interests were ¥34,863 million, and minority interests were ¥2,858 million. As a result of the above effects, net income for the three months ended June 30, 2010 increased by ¥6,015 million, or 23.1%, to ¥32,004 million from the corresponding period of the previous fiscal year.

Financial results of segment are as follows: Meanwhile, effective from the first quarter ended June 30, 2010, the Company adopted “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No.17, issued on March 27, 2009) and the “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No.20, issued on March 21, 2008). The reportable segments and the calculation method of segment income effective from the first quarter ended June 30, 2010 are compared with the geographical segment information of the corresponding period of the previous fiscal year since the same calculation method is used.

#### 1) Japan

Net sales increased by ¥4,447 million, or 23.4%, to ¥23,444 million due to an increase in sales volume and sales price of natural gas. Operating income increased by ¥132 million, or 2.5%, to ¥5,373 million due to an increase in net purchase of natural gas.

#### 2) Asia - Oceania

Net sales increased by ¥16,438 million, or 19.8%, to ¥99,602 million due to an increase in sales price of crude oil and natural gas despite a decrease in sales volume of crude oil and natural gas, and appreciation of Japanese yen, and operating income increased by ¥15,282 million, or 36.9%, to ¥56,688 million.

#### 3) Eurasia (Europe - NIS)

Net sales decreased by ¥3,440 million, or 20.7%, to ¥13,191 million due to a decrease in sales volume of crude oil in the ACG oil fields, and appreciation of Japanese yen despite an increase in sales price of crude oil, and operating income increased by ¥2,870 million, or 57.2%, to ¥7,886 million due to a decrease in cost recovery portions at ACG oil fields.

#### 4) Middle East - Africa

Net sales increased by ¥21,328 million, or 34.0%, to ¥84,109 million due to an increase in sales price, and operating income increased by ¥15,670 million, or 37.5%, to ¥57,487 million.

#### 5) Americas

Net sales decreased by ¥34 million, or 1.0%, to ¥3,557 million, and operating income decreased by ¥21 million, or 2.4%, to ¥886 million, which is moving sideways from the corresponding period of the previous fiscal year.

### (2) Qualitative Information on Consolidated Financial Position

Total assets as of June 30, 2010 increased by ¥2,465 million to ¥2,016,243 million from ¥2,013,778 million as of March 31, 2010. This is due mainly to an increase in recoverable accounts under production sharing by ¥8,637 million owing to the investments at the

Kashagan oil field etc., and increase in cash and deposits despite a decrease in marketable securities.

Meanwhile, total liabilities decreased by ¥3,518 million to ¥519,656 million from ¥523,175 million. Current liabilities decreased by ¥2,161 million to ¥225,743 million and long-term liabilities decreased by ¥1,357 million to ¥293,912 million.

Net assets increased by ¥5,983 million to ¥1,496,586 million, of which minority interests in net assets decreased by ¥848 million to ¥102,255 million.

Cash and cash equivalents as of June 30, 2010 totaled ¥203,775 million reflecting a net decrease of ¥12,619 million from ¥216,395 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 ¥70,390 million (increased by ¥34,121 million from the corresponding period of the previous fiscal year). This is due mainly to an increase in income before income taxes and minority interests owing to an increase in sales price of crude oil.

2) Cash flows from investing activities

Net cash used in investing activities was ¥77,460 million (increased by ¥40,740 million from the corresponding period of the previous fiscal year). This is due mainly to an increase in payments for purchases of investment securities.

3) Cash flows from financial activities

Net cash used in financial activities was ¥57 million (decreased by ¥2,151 million from the corresponding period of the previous fiscal year). This is due to an increase in proceeds from long-term debt.

(3) Qualitative Information on Forecasted Consolidated Financial Results

Consolidated financial forecasts for the year ending March 31, 2011 have been disclosed on May 12, 2010, that net income for the six months ending September 30, 2010 would be ¥480 million and net income for the year ending March 31, 2011 would be ¥1,020 million, which the Company does not revise at this time.

2. Others

(1) Significant changes in scope of consolidation:

None

(2) Adoption of simplified accounting method or special accounting treatment for preparation of quarterly consolidated financial statements:

None

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

1) Adoption of “Accounting Standard for Asset Retirement Obligations”

Effective from the first quarter ended June 30, 2010, the Company has adopted the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18 issued on March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21 issued on March 31, 2008). Pursuant to these standards, the Company has reversed liabilities for site restoration and decommissioning costs which had been recorded as a provision for future costs expected to incur in accordance with the schedule for site restoration and decommissioning.

As a result, operating income increased by ¥33 million and ordinary income and income before income taxes and minority interests decreased by ¥1,393 respectively. The change in the amount of asset retirement obligations due to the adoption of these accounting standards is ¥2,305 million.

2) Adoption of “Accounting Standard for Equity Method of Accounting for Investment” and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method”

Effective from the first quarter ended June 30, 2010, the Company has adopted the “Accounting Standard for Equity Method of Accounting for Investment” (ASBJ Statement No. 16 issued on March 10, 2008) and the “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (ASBJ PITF No. 24 issued on March 10, 2008).

There is no impact on the consolidated financial statements as a result of this change.

## 3. Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(Millions of yen)

Accounts	As of June 30, 2010	Condensed balance sheet as of March 31, 2010
(Assets)		
Current assets		
Cash and deposits	131,268	119,809
Accounts receivable-trade	80,043	88,364
Marketable securities	202,688	213,040
Inventories	12,898	12,322
Other	65,757	59,340
Allowance for doubtful accounts	(4)	(22)
Total current assets	492,651	492,854
Fixed assets		
Tangible fixed assets	358,432	358,094
Intangible assets		
Goodwill	106,432	108,122
Other	129,049	131,082
Total intangible assets	235,482	239,205
Investments and other assets		
Investment securities	403,844	403,978
Recoverable accounts under production sharing	523,282	514,645
Other	116,331	115,781
Allowance for doubtful accounts	(635)	(640)
Allowance for recoverable accounts under production sharing	(96,455)	(94,891)
Allowance for investments in exploration	(16,691)	(15,248)
Total investments and other assets	929,676	923,624
Total fixed assets	1,523,591	1,520,923
Total assets	2,016,243	2,013,778

(Millions of yen)

Accounts	As of June 30, 2010	Condensed balance sheet as of March 31, 2010
(Liabilities)		
Current liabilities		
Accounts payable-trade	16,144	16,601
Short-term loans	4,819	4,872
Income taxes payable	72,213	86,534
Provision for exploration projects	13,143	15,324
Accrued bonuses to officers	39	132
Asset retirement obligations	5,343	—
Other	114,038	104,440
Total current liabilities	225,743	227,905
Long-term liabilities		
Long-term debt	235,487	235,510
Accrued retirement benefits to employees	7,389	7,585
Liabilities for site restoration and decommissioning costs	—	14,257
Liabilities for losses on development activities	1,964	1,964
Accrued special repair and maintenance	449	442
Asset retirement obligations	9,789	—
Other	38,831	35,508
Total long-term liabilities	293,912	295,269
Total liabilities	519,656	523,175
(Net assets)		
Shareholders' equity		
Common stock	30,000	30,000
Capital surplus	418,477	418,477
Retained earnings	961,689	936,744
Treasury stock	(5,248)	(5,248)
Total shareholders' equity	1,404,918	1,379,974
Valuation, translation adjustments and others		
Unrealized holding gain (loss) on securities	(187)	12,351
Translation adjustments	(10,399)	(4,826)
Total valuation, translation adjustments and others	(10,586)	7,525
Minority interests	102,255	103,103
Total net assets	1,496,586	1,490,603
Total liabilities and net assets	2,016,243	2,013,778

## (2) Consolidated Statements of Income

(Millions of yen)

Accounts	For the three months ended June 30, 2009	For the three months ended June 30, 2010
Net sales	185,164	223,903
Cost of sales	73,884	79,720
Gross profit	111,280	144,183
Exploration expenses	1,908	1,852
Selling, general and administrative expenses	17,067	16,147
Operating income	92,304	126,183
Other income		
Interest income	1,310	1,041
Dividend income	1,165	1,200
Other	1,686	1,692
Total other income	4,162	3,934
Other expenses		
Interest expense	245	230
Equity in losses of affiliates	796	733
Provision for allowance for recoverable accounts under production sharing	1,743	—
Provision for exploration projects	2,617	—
Provision for investments in exploration	—	2,922
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	1,555
Foreign exchange loss	1,952	245
Other	640	1,731
Total other expenses	7,995	7,419
Ordinary income	88,470	122,698
Income before income taxes and minority interests	88,470	122,698
Income taxes-current	62,353	84,560
Income taxes-deferred	(132)	3,274
Total income taxes	62,221	87,834
Income before minority interests	—	34,863
Minority interests	260	2,858
Net income	25,989	32,004



## (3) Consolidated Statements of Cash Flows

(Millions of yen)

Accounts	For the three months ended June 30, 2009	For the three months ended June 30, 2010
Cash flows from operating activities		
Income before income taxes and minority interests	88,470	122,698
Depreciation and amortization	10,030	13,426
Amortization of goodwill	1,690	1,690
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	1,555
Provision for allowance for recoverable accounts under production sharing	2,132	1,531
Provision for exploration projects	1,985	(2,214)
Provision for accrued retirement benefits to employees	(184)	(184)
Provision for site restoration and decommissioning costs	487	—
Other provisions	(69)	1,341
Interest and dividend income	(2,476)	(2,241)
Interest expense	245	230
Foreign exchange gain	(1,074)	(1,821)
Equity in losses of affiliates	796	733
Recovery of recoverable accounts under production sharing (capital expenditures)	13,048	12,128
Recoverable accounts under production sharing (operating expenditures)	(3,648)	(307)
Accounts receivable-trade	(4,155)	5,356
Inventories	(374)	(829)
Accounts payable-trade	85	(121)
Other	929	20,611
Subtotal	107,920	173,582
Interest and dividends received	2,719	2,379
Interest paid	(674)	(137)
Income taxes paid	(73,696)	(105,433)
Net cash provided by operating activities	36,269	70,390

(Millions of yen)

Accounts	For the three months ended June 30, 2009	For the three months ended June 30, 2010
Cash flows from investing activities		
Increase in time deposits	(224)	(243)
Decrease in time deposits	230	218
Payments for purchases of tangible fixed assets	(30,455)	(26,063)
Proceeds from sales of tangible fixed assets	4	26
Payments for retirement of tangible fixed assets	—	(1,881)
Payments for purchases of intangible assets	(519)	(279)
Payments for purchases of marketable securities	—	(3,542)
Proceeds from sales of marketable securities	28,320	20,000
Payments for purchases of investment securities	(7,546)	(53,576)
Proceeds from sales of investment securities	—	10,079
Investment in recoverable accounts under production sharing (capital expenditures)	(24,823)	(19,531)
Decrease (increase) in short-term loans receivable	(40)	36
Long-term loans made	(2,217)	(1,119)
Collection of long-term loans receivable	34	8
Other	516	(1,590)
Net cash used in investing activities	(36,720)	(77,460)
Cash flows from financing activities		
Increase (decrease) in short-term loans	7,100	(40)
Proceeds from long-term debt	520	9,540
Repayments of long-term debt	(1,319)	(1,078)
Proceeds from minority interests for additional shares	1,019	—
Cash dividends paid	(9,420)	(7,069)
Dividends paid to minority shareholders	(81)	(1,331)
Other	(27)	(77)
Net cash used in financing activities	(2,208)	(57)
Effect of exchange rate changes on cash and cash equivalents	(880)	(5,492)
Net decrease in cash and cash equivalents	(3,540)	(12,619)
Cash and cash equivalents at beginning of the period	162,844	216,395
Cash and cash equivalents at end of the period	159,304	203,775

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

For the three months ended June 30, 2010 (April 1, 2010 through June 30, 2010):

None

(5) Segment information

【Business segment information】

For the three months ended June 30, 2009 (April 1, 2009 through June 30, 2009)

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

【Geographical segment information】

For the three months ended June 30, 2009 (April 1, 2009 through June 30, 2009)

(Millions of yen)

	Japan	Asia - Oceania	Eurasia (Europe-NIS)	Middle East - Africa	Americas	Total	Eliminations and other	Consolidated
Net sales								
(1) Sales to third parties	18,996	83,163	16,632	62,780	3,591	185,164	—	185,164
(2) Intercompany sales and transfers between segments	—	—	—	—	—	—	—	—
Total	18,996	83,163	16,632	62,780	3,591	185,164	—	185,164
Operating income	5,240	41,406	5,016	41,817	907	94,388	(2,083)	92,304

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, Angola

(4) Americas··········Venezuela, Ecuador, USA, Canada, Surinam, Brazil

【Overseas sales】

For the three months ended June 30, 2009 (April 1, 2009 through June 30, 2009)

	Asia - Oceania	Other	Total
I. Overseas sales (Millions of yen)	55,684	14,527	70,211
II. Consolidated sales (Millions of yen)			185,164
III. Overseas sales as a percentage of consolidated sales (%)	30.1	7.8	37.9

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

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

(1) Asia - Oceania········South Korea, Taiwan, Indonesia, Singapore, Thailand, Australia

(2) Other··········Italy

3. Overseas sales represent sales to countries and regions outside of Japan, which is determined based upon the final destination.

**【Segment information】**

1. Overview of reportable segments

For the Company's oil and natural gas development activities, the Board of Directors make the Group management decisions with respect to each mining area and others, the separate financial information of which is available.

The Company operates oil and natural gas businesses globally, thus, the Company's reportable segments are entities of individual mining areas and others aggregated by geographical region. These are classified into following segments: "Japan", "Asia - Oceania" (principally Indonesia, Australia and East Timor), "Eurasia (Europe - NIS)" (principally Azerbaijan), "Middle East - Africa" (principally UAE) and "Americas."

The Company produces oil and natural gas in each segment. In addition, the Company conducts marketing petroleum products and others in "Japan" segment.

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

For the three months ended June 30, 2010 (April 1, 2010 through June 30, 2010)

(Millions of yen)

	Reportable segments						Adjustment *1	Consolidated *2
	Japan	Asia - Oceania	Eurasia (Europe- NIS)	Middle East -Africa	Americas	Total		
Net sales								
(1) Sales to third parties	23,444	99,602	13,191	84,109	3,557	223,903	—	223,903
(2) Intercompany sales and transfers between segments	—	—	—	—	—	—	—	—
Total	23,444	99,602	13,191	84,109	3,557	223,903	—	223,903
Segment income	5,373	56,688	7,886	57,487	886	128,322	(2,139)	126,183

Note: 1. Adjustments of segment income of ¥(2,139) million includes elimination of intersegment transactions of ¥60 million and corporate expenses of ¥(2,200) million. Corporate expenses are mainly amortization of goodwill not attributable to a reportable segment and general administrative expenses.

2. Segment income has been adjusted on quarterly consolidated results' operating income.

3. Information on impairment loss from fixed assets, goodwill, and others by reportable segment:

None

(Additional Information)

Effective from the first quarter ended June 30, 2010, the Company adopted the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No.17, issued on March 27, 2009) and the "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No.20, issued on March 21, 2008).

(6) Note on significant changes in shareholders' equity

For the three months ended June 30, 2010 (April 1, 2010 through June 30, 2010):

None

(7) Subsequent events

For the three months ended June 30, 2010 (April 1, 2010 through June 30, 2010)

Issuance of new shares and secondary offering of shares

The Company conducted issuance of new shares and secondary offering of its shares pursuant to a resolution dated July 8, 2010 by its Board of Directors. The outline of this issuance of new shares and secondary offering are as set forth below.

1. Issuance and offering of new shares

(1) Type and number of shares to be offered

A total of 1,216,000 shares of the Company's common stock, as shown in (i) through (iii) below.

(i) 566,000 shares of the Company's common stock to be purchased and underwritten by the Japanese Underwriters in a public offering conducted in Japan

(ii) 566,000 shares of the Company's common stock to be purchased and underwritten by the International Managers in an offering conducted overseas

(iii) Up to an additional 84,000 shares of the Company's common stock pursuant to an option to purchase granted by the Company to the International Managers

(2) Offer price per share

¥417,100

(3) Total offer price

¥507,193 million

(4) Issue price per share

¥402,050

(5) Total issue price

¥488,892 million

(6) Amount by which common stock and capital surplus are to be increased

Amount by which common stock is to be increased: ¥244,446 million

Amount by which capital surplus is to be increased: ¥244,446 million

(7) Payment date

August 2, 2010

2. Issuance of new shares by way of third-party allotment (secondary offering of the Company's shares by way of over-allotment)

(1) Type and number of shares to be offered

(up to) 84,000 shares of the Company's common stock

(2) Issue price per share

¥402,050

(3) Total issue price

(up to) ¥33,772 million

(4) Amount by which common stock and capital surplus are to be increased

Amount by which common stock is to be increased: (up to) ¥16,886 million

Amount by which capital surplus is to be increased: (up to) ¥16,886 million

(5) Payment date

August 31, 2010

3. Use of proceeds

The Company intends to use the entire sum of the net proceeds from the Japanese offering, the international offering and the issuance of new shares by way of third-party allotment, which is estimated to be up to ¥520,002 million as investment and funding in particular for INPEX Browse, Ltd. as well as for our other major projects. In turn, INPEX Browse, Ltd. is expected to use the entire investment and funding from us for the development expenditures of the Ichthys LNG Project.

#### 4. Supplementary information

##### (1) Production, orders received and sales performance

###### 1) Actual production

The following table shows actual production by business segment for the three months ended June 30, 2009:

Business segment	Category	For the three months ended June 30, 2009
Crude oil and natural gas	Crude oil	20 MMbbls ( 220 Mbbls per day)
	Natural gas	104 Bcf (1,144 MMcf per day)
	Subtotal	37 MMboe (411 Mboe per day)
	Petroleum products	53 Mkl (331 Mbbls)
	Iodine	110 tons
	Electric power generation	25 millions kWh

- Notes:
- The volume of LPG produced overseas is included in 'Crude oil.' On the other hand, the volume 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 three months ended June 30 regardless of a closing date of fiscal periods of its subsidiaries or affiliates.
  - 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 30 MMbbls (328 Mbbls per day) of crude oil, 136 Bcf (1,497MMcf per day) of natural gas, and in total 53 MMboe (577 Mboe per day). For calculating the gas production based on interest share, 100% of the gas production volume measured at wellhead (separator gas) had been used until the year ended March 31, 2009. However, from the year ended March 31, 2010, the Company applies marketable gas volume basically adjusted for delivery specifications, excluding own fuel consumption, re-injection, losses as flare, diffusion, process loss and inert gas generated at plant etc.
  - 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 by other company on consignment.
  - Figures are rounded to the nearest whole number.

The following table shows actual production by segment for the three months ended June 30, 2010:

Segment	Category	For the three months ended June 30, 2010
Japan	Crude oil	0.3 MMbbls (3.7 Mbbls per day)
	Natural gas	10.4 Bcf (114.4 MMcf per day)
	Subtotal	2.1 MMboe (22.7 Mboe per day)
	Petroleum products	48.9Mkl (307.6 Mbbls)
	Iodine	122.0 tons
	Electric power generation	41.9 millions kWh
Asia - Oceania	Crude oil	7.0 MMbbls (76.4 Mbbls per day)
	Natural gas	76.7 Bcf (842.8 MMcf per day)
	Subtotal	19.7 MMboe (216.9 Mboe per day)
Eurasia (Europe - NIS)	Crude oil	2.4 MMbbls (26.6 Mbbls per day)
Middle East - Africa	Crude oil	11.9 MMbbls (131.0 Mbbls per day)
Americas	Crude oil	0.7 MMbbls (7.9 Mbbls per day)
	Natural gas	8.2 Bcf (90.0 MMcf per day)
	Subtotal	2.1 MMbbls (22.9 Mboe per day)
Total	Crude oil	22.3 MMbbls (245.6 Mbbls per day)
	Natural gas	95.3 Bcf (1,047.2 MMcf per day)
	Subtotal	38.2 MMboe (420.1 Mboe per day)
	Petroleum products	48.9 Mkl (307.6 Mbbls)
	Iodine	122.0 tons
	Electric power generation	41.9 millions kWh

- Notes:
1. The volume of LPG produced overseas is included in 'Crude oil.' On the other hand, the volume 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 of fiscal periods of its subsidiaries or affiliates.
  5. 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 32.6 MMbbls (358.5 Mbbls per day) of crude oil, 135.1 Bcf (1,484.6 MMcf per day) of natural gas, and in total 55.1 MMboe (605.9 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 other company on consignment.
  9. Figures are rounded to the nearest whole number.



2) Orders received

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

3) Actual sales

- a) The Company takes 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. The Company sells most of 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, the Company sells natural gas produced in Japan to customers using our pipeline.
- b) The following table shows sales by business segment for the three months ended June 30, 2009:

(Millions of yen)

Business segment	Category	For the three months ended June 30, 2009	
		Crude oil and natural gas	Crude Oil
Natural Gas	104,597 MMcf		71,664
	LPG: 521 Mbbls		
Other	4,840		
Subtotal	184,735		
Other		429	
Total		185,164	

- Notes:
1. The above amounts do not include the related consumption tax.
  2. The Company's subsidiaries of which closing date for fiscal year is December 31 are principally consolidated their operating results for the three months ended March 31, 2009 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.

c) The following table shows sales by segment for the three months ended June 30, 2010:

(Millions of yen)

Segment	Category	For the three months ended June 30, 2010	
		Sales volume	Net sales
Japan	Crude Oil	52 Mbbls	409
	Natural Gas (excluding LPG)	14,061 MMcf	16,177
	LPG	68 Mbbls	770
	Other		6,087
	Subtotal		23,444
Asia - Oceania	Crude Oil	4,010 Mbbls	29,471
	Natural Gas (excluding LPG)	78,273 MMcf	64,859
	LPG	836 Mbbls	5,271
	Subtotal		99,602
Eurasia (Europe - NIS)	Crude Oil	1,830 Mbbls	13,191
Middle East - Africa	Crude Oil	11,765 Mbbls	84,109
Americas	Crude Oil	302 Mbbls	2,006
	Natural Gas (excluding LPG)	7,888 MMcf	1,550
	Subtotal		3,557
Total	Crude Oil	17,958 Mbbls	129,186
	Natural Gas (excluding LPG)	100,221 MMcf	82,587
	LPG	905 Mbbls	6,042
	Other		6,087
	Total		223,903

- Notes:
1. The above amounts do not include the related consumption tax.
  2. The Company's subsidiaries of which closing date for fiscal year is December 31 are principally consolidated their operating results for the three months ended March 31, 2010 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.
  4. 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.

Customer	For the three months ended June 30, 2009		For the three months ended June 30, 2010	
	Amounts (Millions of yen)	Ratio (%)	Amounts (Millions of yen)	Ratio (%)
PERTAMINA	54,295	29.3	66,383	29.7