

## Consolidated Financial Results for the Three Months ended June 30, 2018 [Japanese GAAP]

August 9, 2018

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

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Meeting of quarterly financial results presentation : No

(Amounts less than one million yen are rounded off)

### 1. Consolidated Financial Results for the Three Months ended June 30, 2018 (April 1, 2018-June 30, 2018)

#### (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 three months ended June 30, 2018	202,351	(7.1)	103,956	19.2	116,222	21.7	16,812	(16.0)
June 30, 2017	217,874	10.0	87,235	23.3	95,507	57.2	20,025	154.6

(Note): Consolidated comprehensive income: for the three months ended June 30, 2018, ¥42,376 million; (—%)  
 for the three months ended June 30, 2017, ¥(3,466) million; (—%)

	Net income per share—basic	Net income per share—diluted
For the three months ended June 30, 2018	Yen 11.51	Yen —
June 30, 2017	13.71	—

#### (2) Consolidated financial position

	Total assets	Net assets	Net assets excluding non-controlling interests as a percentage of total assets
As of June 30, 2018	Millions of Yen 4,579,883	Millions of Yen 3,188,099	% 64.3
As of March 31, 2018	4,252,386	3,158,868	68.6

(Reference): Net assets excluding non-controlling interests: as of June 30, 2018, ¥2,945,741 million  
 as of March 31, 2018, ¥2,916,680 million

### 2. Dividends

	Cash dividends per share				
	At 1st quarter end	At 2nd quarter end	At 3rd quarter end	At fiscal year end	Total
For the year ended March 31, 2018	Yen —	Yen 9.00	Yen —	Yen 9.00	Yen 18.00
For the year ending March 31, 2019	—	—	—	—	—
For the year ending March 31, 2019 (forecast)	—	9.00	—	9.00	18.00

(Note): 1. Changes in projected dividends for the year ending March 31, 2019 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". As of the beginning of the fiscal year, the Company expects a ¥18 dividend per common stock in total for the year ending March 31, 2019, and additionally plans to issue a commemorative dividend of ¥6 per share following the Ichthys LNG Project's start-up and shipment of cargo. For Class A stock dividends, please refer to the exhibit "Dividends of Class A stock".

3. Forecasted Consolidated Financial Results for the year ending March 31, 2019 (April 1, 2018-March 31, 2019)

(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 six months ending September 30, 2018	419,000	(6.5)	211,000	13.5	222,000	13.6	25,000	(17.1)	17.12
For the year ending March 31, 2019	945,000	1.2	460,000	28.7	463,000	19.6	48,000	18.9	32.87

(Note): Changes in forecasted consolidated financial results for the year ending March 31, 2019 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 : None
4. Restatement of corrections : None

(4) Number of shares issued (Common stock)

1. Number of shares issued at the end of the period (including treasury stock): 1,462,323,600 shares as of June 30, 2018  
1,462,323,600 shares as of March 31, 2018
2. Number of treasury stock at the end of the period: 1,966,500 shares as of June 30, 2018  
1,966,500 shares as of March 31, 2018
3. Average number of shares: 1,460,357,100 shares for the three months ended June 30, 2018  
1,460,357,100 shares for the three months ended June 30, 2017

\*This quarterly earnings report is not subject to audit by certified public accountants or audit firms.

\*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 March 31, 2018	—	3,600.00	—	3,600.00	7,200.00
For the year ending March 31, 2019	—				
For the year ending March 31, 2019 (forecast)		3,600.00	—	3,600.00	7,200.00

(Note): The Company conducted a stock split at a ratio of 1:400 of common stock with October 1, 2013 as the effective date, however, for Class A stock (which is not listed), no stock split was implemented. The article, which shows that dividends of Class A stock are equivalent to dividends of a common stock prior to the stock split, is specified in the Articles of Incorporation. As of the beginning of the fiscal year, the Company expects a ¥7,200 dividend per Class A stock for the year ending March 31, 2019, and additionally plans to issue a commemorative dividend per Class A stock similarly to the common stock, following the Ichthys LNG Project's start-up and shipment of cargo.

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## 1. Qualitative Information/Financial Statements

### (1) Explanation on Consolidated Financial Results

Net sales for the three months ended June 30, 2018 decreased by ¥15.5 billion, or 7.1%, to ¥202.3 billion from the corresponding period of the previous fiscal year due to a decrease in sales volume, despite an increase in sales price of crude oil.

Net sales of crude oil increased by ¥12.4 billion, or 8.0%, to ¥169.4 billion, and net sales of natural gas decreased by ¥28.8 billion, or 49.7%, to ¥29.1 billion.

Sales volume of crude oil decreased by 5,009 thousand barrels, or 18.5%, to 22,066 thousand barrels. Sales volume of natural gas decreased by 41,846 million cf, or 54.3%, to 35,177 million cf. Sales volume of overseas natural gas decreased by 42,416 million cf, or 70.8%, to 17,462 million cf, and sales volume of domestic natural gas increased by 15 million m<sup>3</sup>, or 3.3%, to 475 million m<sup>3</sup> (17,715 million cf).

The average sales price of overseas crude oil increased by US\$19.33, or 37.8%, to US\$70.52 per barrel. In addition, the average sales price of overseas natural gas decreased by US\$2.48, or 45.8%, to US\$2.94 per thousand cf. Meanwhile, the average sales price of domestic natural gas increased by ¥4.01, or 8.9%, to ¥49.11 per m<sup>3</sup>. The average exchange rate of the Japanese yen against the U.S. dollar on consolidated net sales appreciated by ¥2.83, or 2.5%, to ¥108.73 per U.S. dollar from the corresponding period of the previous fiscal year.

The decrease of ¥15.5 billion in net sales was mainly derived from the following factors: regarding net sales of crude oil and natural gas, a decrease in sales volume pushing sales down of ¥54.4 billion, an increase in unit sales price contributing ¥42.9 billion to the increase, the appreciation of the Japanese yen against the U.S. dollar pushing sales down of ¥4.9 billion, and an increase in net sales excluding crude oil and natural gas of ¥0.8 billion.

Cost of sales for the three months ended June 30, 2018 decreased by ¥30.8 billion, or 27.8%, to ¥80.1 billion. Exploration expenses decreased by ¥0.2 billion, or 61.4%, to ¥0.1 billion. Selling, general and administrative expenses decreased by ¥1.1 billion, or 5.8%, to ¥18.1 billion. As a result, operating income increased by ¥16.7 billion, or 19.2%, to ¥103.9 billion.

Other income increased by ¥8.8 billion, or 80.3%, to ¥19.8 billion due to gain on compensation income. Other expenses increased by ¥4.8 billion, or 176.1%, to ¥7.6 billion due to an increase in provision of allowance for doubtful accounts. As a result, ordinary income and income before income taxes increased by ¥20.7 billion, or 21.7%, to ¥116.2 billion.

Total amount of current income taxes and deferred income taxes increased by ¥22.5 billion, or 31.1%, to ¥95.2 billion, net income decreased by ¥1.8 billion, or 8.1%, to ¥20.9 billion, and net income attributable to non-controlling interests was ¥4.1 billion. As a result of the above effects, net income attributable to owners of parent for the three months ended June 30, 2018 decreased by ¥3.2 billion, or 16.0%, to ¥16.8 billion.

Financial results by segment are as follows:

#### 1) Japan

Net sales increased by ¥3.4 billion, or 13.8%, to ¥28.5 billion due to increases in sales volume and sales price of natural gas. Operating income decreased by ¥0.5 billion, or 7.7%, to ¥6.2 billion.

#### 2) Asia & Oceania

Net sales decreased by ¥42.1 billion, or 85.5%, to ¥7.1 billion due to a decrease in sales volume, despite an increase in sales price of crude oil. Operating loss totaled ¥1.3 billion compared with ¥16.0 billion of operating income for the corresponding period of the previous fiscal year.

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

Net sales increased by ¥14.2 billion, or 79.7%, to ¥32.0 billion due to increases in sales volume and sales price of crude oil. Operating income increased by ¥6.5 billion, or 139.7%, to ¥11.2 billion.

#### 4) Middle East & Africa

Net sales increased by ¥8.6 billion, or 7.0%, to ¥131.1 billion due to an increase in sales price of crude oil, despite a decrease in sales volume. Operating income increased by ¥28.8 billion, or 44.8%, to ¥93.3 billion.

#### 5) Americas

Net sales increased by ¥0.3 billion, or 9.7%, to ¥3.4 billion due to an increase in sales price of crude oil, despite a decrease in sales volume. Operating loss decreased by ¥1.0 billion, or 72.2%, to ¥0.3 billion.

(2) Explanation on Consolidated Financial Position

Total assets as of June 30, 2018 increased by ¥327.4 billion to ¥4,579.8 billion from ¥4,252.3 billion as of March 31, 2018. Current assets increased by ¥115.0 billion to ¥581.3 billion due to an increase in cash and deposits and others. Fixed assets increased by ¥212.4 billion to ¥3,998.4 billion due to increases in tangible fixed assets, investments and other assets and others. Meanwhile, total liabilities increased by ¥298.2 billion to ¥1,391.7 billion from ¥1,093.5 billion as of March 31, 2018. Current liabilities increased by ¥152.4 billion to ¥457.8 billion and long-term liabilities increased by ¥145.8 billion to ¥933.9 billion. Net assets increased by ¥29.2 billion to ¥3,188.0 billion. Total shareholders' equity increased by ¥3.6 billion to ¥2,571.8 billion. Total accumulated other comprehensive income increased by ¥25.3 billion to ¥373.8 billion and non-controlling interests in net assets increased by ¥0.1 billion to ¥242.3 billion.

The above comparisons to the previous fiscal year are made on the condition that "Partial Amendments to Accounting Standard for Tax Effect Accounting"(ASBJ Statement No. 28, February 16, 2018) was adopted from the beginning of the first quarter of this fiscal year, and such amendments was also retrospectively applied to the balances as of the end of previous fiscal year.

Cash and cash equivalents as of June 30, 2018 totaled ¥156.5 billion reflecting a net decrease of ¥119.4 billion from ¥276.0 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 decreased by ¥21.6 billion to ¥41.7 billion from the corresponding period of the previous fiscal year. This is due mainly to a decrease in recovery of recoverable accounts under production sharing(capital expenditures), an increase in accounts receivable-trade, a decrease in accounts payable-trade, despite an increase in income before income taxes and a decrease in income taxes paid .

2) Cash flows from investing activities

Net cash used in investing activities increased by ¥256.8 billion to ¥424.6 billion from the corresponding period of the previous fiscal year. This is due mainly to the absence of proceeds from time deposits and an increase in long-term loans made.

3) Cash flows from financing activities

Net cash provided by financing activities increased by ¥224.5 billion to ¥261.9 billion from the corresponding period of the previous fiscal year. This is due mainly to an increase in proceeds from issuance of commercial papers and an increase in proceeds from long-term debt.

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

Forecast for consolidated financial results for the six months ending September 30, 2018 and the year ending March 31, 2019 have been revised from the previous forecasts presented on May 10, 2018, taking into consideration the consolidated financial results for the three months ended June 30, 2018.

Forecasts for consolidated financial results for the six months ending September 30, 2018

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent
Previous Forecasts: A	384,000	165,000	165,000	12,000
Revised Forecasts: B	419,000	211,000	222,000	25,000
Increase (Decrease): B-A	35,000	46,000	57,000	13,000
Percentage change (%)	9.1	27.9	34.5	108.3

Forecasts for consolidated financial results for the year ending March 31, 2019

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent
Previous Forecasts: A	860,000	377,000	371,000	48,000
Revised Forecasts: B	945,000	460,000	463,000	48,000
Increase (Decrease): B-A	85,000	83,000	92,000	-
Percentage change (%)	9.9	22.0	24.8	-

The above forecasts are calculated based on the following assumptions:

	Previous Forecasts	Revised Forecasts
Crude oil price (Brent)	Full Year: US\$ 65.0/bbl (Average)	1st Half: US\$ 75.0/bbl (Actual) 2nd Half: US\$ 70.0/bbl Full Year: US\$ 71.2/bbl (Average)
Exchange rate	Full Year: ¥105.0/US\$ (Average)	1st Half: ¥109.1/US\$ (Actual) 2nd Half: ¥110.0/US\$ Full Year: ¥109.8/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. Consolidated Financial Statements and Principal Notes

### (1) Consolidated Balance Sheet

(Millions of yen)

Accounts	As of March 31, 2018	As of June 30, 2018
(Assets)		
Current assets		
Cash and deposits	276,102	366,642
Accounts receivable-trade	66,900	95,199
Inventories	32,321	32,086
Other	112,011	111,184
Less allowance for doubtful accounts	(20,984)	(23,723)
Total current assets	466,350	581,389
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	201,045	196,818
Wells, net	38,323	38,247
Machinery, equipment and vehicles, net	99,472	93,942
Land	19,098	19,111
Construction in progress	1,678,743	1,759,480
Other, net	7,936	6,742
Total tangible fixed assets	2,044,619	2,114,344
Intangible assets		
Goodwill	54,037	52,347
Other	487,465	465,595
Total intangible assets	541,502	517,942
Investments and other assets		
Investment securities	367,417	368,731
Long-term loans receivable	295,861	471,903
Recoverable accounts under production sharing	589,098	585,072
Other	31,675	25,236
Less allowance for doubtful accounts	(849)	(796)
Less allowance for recoverable accounts under production sharing	(81,625)	(82,192)
Less allowance for investments in exploration	(1,664)	(1,748)
Total investments and other assets	1,199,913	1,366,206
Total fixed assets	3,786,035	3,998,493
Total assets	4,252,386	4,579,883



(Millions of yen)

Accounts	As of March 31, 2018	As of June 30, 2018
(Liabilities)		
Current liabilities		
Accounts payable-trade	45,675	26,309
Short-term loans	71,250	76,537
Commercial papers	—	150,000
Income taxes payable	17,234	34,748
Provision for loss on business	9,887	9,887
Provision for exploration projects	4,005	3,632
Accrued bonuses to officers	62	15
Asset retirement obligations	407	377
Other	156,915	156,368
Total current liabilities	305,439	457,876
Long-term liabilities		
Long-term debt	627,326	769,222
Accrued special repair and maintenance	380	392
Liability for retirement benefits	5,937	6,186
Asset retirement obligations	111,128	114,268
Other	43,305	43,837
Total long-term liabilities	788,078	933,907
Total liabilities	1,093,517	1,391,784
(Net assets)		
Shareholders' equity		
Common stock	290,809	290,809
Capital surplus	673,574	673,574
Retained earnings	1,609,094	1,612,763
Treasury stock	(5,248)	(5,248)
Total shareholders' equity	2,568,230	2,571,898
Accumulated other comprehensive income		
Unrealized holding gain (loss) on securities	10,217	12,387
Unrealized gain (loss) from hedging instruments	25,724	34,147
Translation adjustments	312,507	327,307
Total accumulated other comprehensive income	348,449	373,842
Non-controlling interests	242,188	242,358
Total net assets	3,158,868	3,188,099
Total liabilities and net assets	4,252,386	4,579,883

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

(Millions of yen)

Accounts	For the three months ended June 30, 2017	For the three months ended June 30, 2018
Net sales	217,874	202,351
Cost of sales	110,958	80,107
Gross profit	106,916	122,244
Exploration expenses	456	175
Selling, general and administrative expenses	19,224	18,111
Operating income	87,235	103,956
Other income		
Interest income	1,773	1,559
Dividend income	1,852	1,082
Equity in earnings of affiliates	1,042	4,822
Gain on reversal of allowance for recoverable accounts under production sharing	4,444	—
Foreign exchange gain	31	1,492
Compensation income	—	7,375
Other	1,887	3,554
Total other income	11,032	19,886
Other expenses		
Interest expense	1,441	2,088
Provision of allowance for doubtful accounts	254	2,653
Provision for allowance for recoverable accounts under production sharing	—	545
Other	1,064	2,332
Total other expenses	2,760	7,620
Ordinary income	95,507	116,222
Income before income taxes	95,507	116,222
Income taxes-current	66,947	90,244
Income taxes-deferred	5,727	4,997
Total income taxes	72,674	95,241
Net income	22,832	20,981
Net income (loss) attributable to non-controlling interests	2,806	4,169
Net income attributable to owners of parent	20,025	16,812

Consolidated Statement of Comprehensive Income

(Millions of yen)

Accounts	For the three months ended June 30, 2017	For the three months ended June 30, 2018
Net income	22,832	20,981
Other comprehensive income		
Unrealized holding gain (loss) on securities	(1,009)	2,160
Translation adjustments	(25,500)	12,108
Share of other comprehensive income of associates accounted for by the equity method	210	7,125
Total other comprehensive income	(26,299)	21,394
Comprehensive income	(3,466)	42,376
Total comprehensive income attributable to		
Owners of parent	(3,040)	42,204
Non-controlling interests	(426)	171

## (3) Consolidated Statement of Cash Flows

(Millions of yen)

Accounts	For the three months ended June 30, 2017	For the three months ended June 30, 2018
Cash flows from operating activities		
Income before income taxes	95,507	116,222
Depreciation and amortization	23,268	21,998
Amortization of goodwill	1,690	1,690
Provision for allowance for recoverable accounts under production sharing	(4,402)	567
Provision for exploration projects	124	(340)
Other provisions	(47)	2,614
Liability for retirement benefits	(20)	301
Interest and dividend income	(3,626)	(2,641)
Interest expense	1,441	2,088
Foreign exchange loss (gain)	(805)	(2,189)
Equity in losses (earnings) of affiliates	(1,042)	(4,822)
Recovery of recoverable accounts under production sharing (capital expenditures)	17,286	2,449
Recoverable accounts under production sharing (operating expenditures)	279	8,367
Accounts receivable-trade	1,356	(28,542)
Inventories	(1,611)	(89)
Accounts payable-trade	2,097	(19,326)
Other	12,211	10,165
Subtotal	143,707	108,513
Interest and dividends received	9,368	3,443
Interest paid	(137)	(158)
Income taxes paid	(89,586)	(70,050)
Net cash provided by (used in) operating activities	63,352	41,747

(Millions of yen)

Accounts	For the three months ended June 30, 2017	For the three months ended June 30, 2018
Cash flows from investing activities		
Payments for time deposits	(204,979)	(207,289)
Proceeds from time deposits	213,637	—
Payments for purchases of tangible fixed assets	(73,177)	(64,137)
Proceeds from sales of tangible fixed assets	15	23
Payments for purchases of intangible assets	(450)	(167)
Payments for purchases of investment securities	(89,275)	(1,424)
Investment in recoverable accounts under production sharing (capital expenditures)	(9,841)	(9,064)
Decrease (increase) in short-term loans receivable	39	(23)
Long-term loans made	(23)	(154,809)
Collection of long-term loans receivable	123	114
Other	(3,853)	12,158
Net cash provided by (used in) investing activities	(167,786)	(424,617)
Cash flows from financing activities		
Increase (decrease) in commercial papers	—	150,000
Proceeds from long-term debt	63,513	144,105
Repayments of long-term debt	(14,386)	(17,925)
Cash dividends paid	(10,649)	(10,651)
Cash dividends paid to non-controlling interests	(1,052)	(3,521)
Other	(11)	(6)
Net cash provided by (used in) financing activities	37,414	261,999
Effect of exchange rate changes on cash and cash equivalents	(1,325)	1,383
Net increase (decrease) in cash and cash equivalents	(68,344)	(119,486)
Cash and cash equivalents at beginning of the period	316,790	276,079
Cash and cash equivalents at end of the period	248,446	156,592

(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 three months ended June 30, 2018 (April 1, 2018 through June 30, 2018):

None

(Note on significant changes in shareholders' equity)

For the three months ended June 30, 2018 (April 1, 2018 through June 30, 2018):

None

(Additional information)

"Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) was adopted from the beginning of the first quarter of this fiscal year. As a result, deferred tax assets are classified as "Investments and other assets" and deferred tax liabilities are classified as "Long-term liabilities" respectively.

(Segment information)

I. For the three months ended June 30, 2017 (April 1, 2017 through June 30, 2017)

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

(Millions of yen)

	Reportable segments						Adjustments *1	Consolidated *2
	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total		
Net sales								
Sales to third parties	25,036	49,298	17,855	122,566	3,117	217,874	—	217,874
Intercompany sales and transfers between segments	—	—	—	—	—	—	—	—
Total	25,036	49,298	17,855	122,566	3,117	217,874	—	217,874
Segment income (loss)	6,761	16,050	4,713	64,431	(1,390)	90,566	(3,330)	87,235

Note: 1. Adjustments of segment income of ¥(3,330) million include elimination of inter-segment transactions of ¥4 million and corporate expenses of ¥(3,335) 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 three months ended June 30, 2018 (April 1, 2018 through June 30, 2018)

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

(Millions of yen)

	Reportable segments						Adjustments *1	Consolidated *2
	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total		
Net sales								
Sales to third parties	28,503	7,159	32,090	131,178	3,419	202,351	—	202,351
Intercompany sales and transfers between segments	—	—	—	—	—	—	—	—
Total	28,503	7,159	32,090	131,178	3,419	202,351	—	202,351
Segment income (loss)	6,240	(1,360)	11,295	93,303	(387)	109,090	(5,134)	103,956

Note: 1. Adjustments of segment income of ¥(5,134) million include elimination of inter-segment transactions of ¥3 million and corporate expenses of ¥(5,137) 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

(Subsequent events)

For the three months ended June 30, 2018 (April 1, 2018 through June 30, 2018):

None

### 3. Supplementary Information

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

##### 1) Actual production

The following table shows actual production by segment:

Segment	Category	For the three months ended June 30, 2017	For the three months ended June 30, 2018
Japan	Crude oil	0.4 MMbbls (3.9 Mbbls per day)	0.3 MMbbls (3.4 Mbbls per day)
	Natural gas	14.1 Bcf (154.8 MMcf per day)	12.0 Bcf (132.0 MMcf per day)
	Subtotal	3.0 MMboe (33.0 Mboe per day)	2.6 MMboe (28.2 Mboe per day)
	Iodine	140.5 tons	142.6 tons
	Electric power generation	51.5 million kWh	55.2 million kWh
Asia & Oceania	Crude oil	2.4 MMbbls (26.7 Mbbls per day)	0.4 MMbbls (4.7 Mbbls per day)
	Natural gas	46.5 Bcf (510.5 MMcf per day)	9.2 Bcf (100.7 MMcf per day)
	Subtotal	11.2 MMboe (122.9 Mboe per day)	2.0 MMboe (22.2 Mboe per day)
	Electric power generation	34.4 million kWh	101.2 million kWh
Eurasia (Europe & NIS)	Crude oil	3.6 MMbbls (39.5 Mbbls per day)	4.1 MMbbls (45.4 Mbbls per day)
	Natural gas	1.8 Bcf (19.6 MMcf per day)	2.4 Bcf (26.3 MMcf per day)
	Subtotal	3.9 MMboe (43.0 Mboe per day)	4.6 MMboe (50.1 Mboe per day)
	Sulfur	—	19.5 Mtons
Middle East & Africa	Crude oil	23.4 MMbbls (257.2 Mbbls per day)	20.2 MMbbls (221.7 Mbbls per day)
Americas	Crude oil	0.6 MMbbls (6.3 Mbbls per day)	0.3 MMbbls (3.5 Mbbls per day)
	Natural gas	10.5 Bcf (115.3 MMcf per day)	8.6 Bcf (94.5 MMcf per day)
	Subtotal	2.4 MMboe (26.9 Mboe per day)	1.9 MMboe (20.4 Mboe per day)
Total	Crude oil	30.4 MMbbls (333.6 Mbbls per day)	25.4 MMbbls (278.6 Mbbls per day)
	Natural gas	72.8 Bcf (800.3 MMcf per day)	32.2 Bcf (353.5 MMcf per day)
	Subtotal	43.9 MMboe (482.9 Mboe per day)	31.2 MMboe (342.7 Mboe per day)
	Iodine	140.5 tons	142.6 tons
	Electric power generation	85.8 million kWh	156.4 million kWh
	Sulfur	—	19.5 Mtons

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 three months ended June 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 35.3 MMbbls (387.7 Mbbls per day) of crude oil, 92.8 Bcf (1,020.3 MMcf per day) of natural gas, and in total 52.6 MMboe (578.5 Mboe per day) for the three months ended June 30, 2017, and 29.0 MMbbls (318.9 Mbbls per day) of crude oil, 35.3 Bcf (387.4 MMcf per day) of natural gas, and in total 35.4 MMboe (388.9 Mboe per day) for the three months ended June 30, 2018.

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 three months ended June 30, 2017		For the three months ended June 30, 2018	
		Sales volume	Net sales	Sales volume	Net sales
Japan	Crude oil	238 Mbbls	1,446	176 Mbbls	1,482
	Natural gas (excluding LPG)	17,144 MMcf	20,719	17,715 MMcf	23,311
	LPG	1 Mbbls	7	1 Mbbls	7
	Other		2,863		3,701
	Subtotal		25,036		28,503
Asia & Oceania	Crude oil	1,920 Mbbls	13,028	428 Mbbls	3,120
	Natural gas (excluding LPG)	47,577 MMcf	34,991	5,692 MMcf	3,636
	LPG	286 Mbbls	1,278	74 Mbbls	403
	Subtotal		49,298		7,159
Eurasia (Europe & NIS)	Crude oil	3,130 Mbbls	17,568	3,906 Mbbls	31,631
	Natural gas (excluding LPG)	1,783 MMcf	287	2,392 MMcf	445
	Other		—		12
	Subtotal		17,855		32,090
Middle East & Africa	Crude oil	21,323 Mbbls	122,566	17,218 Mbbls	131,178
Americas	Crude oil	463 Mbbls	2,376	337 Mbbls	2,059
	Natural gas (excluding LPG)	10,519 MMcf	740	9,378 MMcf	1,360
	Subtotal		3,117		3,419
Total	Crude oil	27,074 Mbbls	156,987	22,066 Mbbls	169,472
	Natural gas (excluding LPG)	77,023 MMcf	56,738	35,177 MMcf	28,753
	LPG	287 Mbbls	1,285	75 Mbbls	410
	Other		2,863		3,714
	Total		217,874		202,351

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 three months ended March 31 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.