

## Consolidated Financial Results for the Three Months ended June 30, 2005

August 11, 2005

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

Listed company's name INPEX CORPORATION  
 (URL <http://www.inpex.co.jp/>)  
 Code number 1604: 1st Section of the Tokyo Stock Exchange

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### 1. Preparation of the Financial Results

Application of simplified accounting methods : No  
 Any changes in accounting policies from the latest fiscal year : Yes  
 Effective April 1, 2005, a new accounting standard "Impairment of Fixed Assets" is applied, which has no impact on the results of operations for the three months ended June 30, 2005  
 Any changes in scope of consolidation and equity method of accounting : Yes  
 Number of consolidated subsidiaries:  
 (Newly included) - (Excluded) 1  
 Number of affiliates accounted for by the equity method  
 (Newly included) - (Excluded) -

### 2. Financial and Operating Results for the Three Months ended June 30, 2005 (April 1, 2005 through June 30, 2005)

#### (1) Consolidated operating results

Note: Amounts less than one million yen are rounded off.

	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, 2005	128,021	31.3	73,320	41.6	69,972	40.1	20,347	35.9
June 30, 2004	97,536	101.1	51,773	155.7	49,945	202.3	14,972	117.8
For the year ended								
March 31, 2005	478,586		268,662		258,631		76,493	

	Net income per share—basic	Net income per share—diluted
For the three months ended		
June 30, 2005	Yen 10,598.82	-
June 30, 2004	8,120.64	-
For the year ended		
March 31, 2005	40,255.92	-

- Notes:
- The percentage expressions for net sales, operating income, ordinary income and net income represent the change from the corresponding period of the previous year.
  - The Company's subsidiaries or affiliates of which closing date for fiscal year is December 31 are principally consolidated their operating result for the three months ended March 31. However, the significant effects of the difference in fiscal periods were properly adjusted in consolidation. For Japan Oil Development Co., Ltd. and its affiliate, we consolidated their operating results, prepared for consolidation purposes, for the three months ended June 30.
  - Average number of shares outstanding in each period (consolidated):  
 Three months ended June 30, 2005; 1,919,832 shares  
 Three months ended June 30, 2004; 1,843,716 shares  
 Year ended March 31, 2005; 1,896,412 shares

## Reference: Non-consolidated operating results

	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, 2005	55,552	26.3	33,751	50.5	35,402	46.1	16,385	46.2
June 30, 2004	44,001	13.6	22,431	7.7	24,233	38.8	11,207	56.0
For the year ended								
March 31, 2005	202,729		113,556		112,584		50,765	

Note: The percentage expressions for net sales, operating income, ordinary income and net income represent the change from the corresponding period of the previous year.

## (Qualitative Information on Consolidated Financial Results)

During the three months ended June 30, 2005, consolidated net sales increased ¥30,484 million, or 31.3%, to ¥128,021 million from the corresponding period of the previous year. Consolidated net sales of crude oil increased ¥17,038 million, or 29.7%, to ¥74,440 million. Consolidated net sales of natural gas increased ¥13,446 million, or 33.5%, to ¥53,580 million. The average crude oil price for the three months ended June 30, 2005 was US\$49.93 per bbl, an increase of US\$15.00 per bbl, or 42.9%, over the corresponding period in the previous year. The average yen against the U.S. dollar for the three months ended June 30, 2005 was ¥107.62 per U.S. dollar with the appreciation of ¥2.08 per U.S. dollar, or 1.9%, over the corresponding period of the previous year. The increase in consolidated net sales of crude oil and natural gas is mainly due to net effect of the following factors; Despite the slightly decrease in sales volume of crude oil and natural gas, which were negative impact on net sales in amount of ¥4.4 billion, there were positive impact on net sales in amount of ¥37.4 billion due to rising prices of crude oil and natural gas, in spite of negative impact on net sales in amount of ¥2.4 billion due to the appreciation of yen.

Cost of sales for the three months ended June 30, 2005 increased ¥7,935 million, or 18.6%, to ¥50,610 million from the corresponding period of the previous year. Exploration expenses increased ¥819 million, or 113.9%, to ¥1,538 million. Selling, general and administrative expenses increased ¥183 million, or 7.7%, to ¥2,551 million. As a result, operating income increased ¥21,546 million, or 41.6%, to ¥73,320 million.

Other income for the three months ended June 30, 2005 increased ¥573 million, or 32.8%, to ¥2,321 million from the corresponding period of the previous year. Meanwhile, other expenses increased ¥2,093 million, or 58.6%, to ¥5,669 million because of the increase in foreign exchange loss of ¥2,366 million for the three months ended June 30, 2005 over the corresponding period of the previous year on account of translation loss for the long-term debt in foreign currency due to the depreciation of yen. As a result, ordinary income for the three months ended June 30, 2005 increased ¥20,026 million, or 40.1%, to ¥69,972 million.

Income taxes - current for the three months ended June 30, 2005 were ¥53,772 million, showing an increase of ¥16,664 million, or 44.9%, from the corresponding period of previous year. The increase in income taxes - current is primarily due to the increase in ordinary income and the change in tax scheme for crude oil production at a certain field of ADMA Block. As a result of above effects, consolidated net income for the three months ended June 30, 2005 increased ¥5,375 million, or 35.9%, to ¥20,347 million over the corresponding period of the previous year.

## (2) Consolidated financial position

Note: Amounts less than one million yen are rounded off.

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2005	794,674	424,435	53.4	221,079.43
As of June 30, 2004	667,822	348,918	52.2	181,744.14
As of March 31, 2005	779,227	411,295	52.8	214,163.98

Note:

Number of shares outstanding at the end of each period (consolidated):

As of June 30, 2005;	1,919,832 shares
As of June 30, 2004;	1,919,832 shares
As of March 31, 2005;	1,919,832 shares

(Consolidated cash flows)

Note: Amounts less than one million yen are rounded off.

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the period
For the three months ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
June 30, 2005	45,564	(32,811)	605	143,560
June 30, 2004	21,252	(19,858)	(4,267)	104,989
For the year ended	131,206	(119,956)	9,791	128,375
March 31, 2005				

Consolidated total assets increased ¥15,446 million to ¥794,674 million as of June 30, 2005 from ¥779,227 million as of March 31, 2005. Current assets decreased ¥1,846 million to ¥236,573 million mainly due to the decreases in accounts receivable-trade in spite of increases in cash and deposits. Fixed assets increased ¥17,293 million to ¥558,101 million mainly due to increases in recoverable accounts under production sharing.

Total liabilities increased ¥2,865 million to ¥335,514 million, minority interests in consolidated subsidiaries decreased ¥558 million to ¥34,724 million and shareholders' equity increased ¥13,139 million to ¥424,435 million. As for cash flows during the three months ended June 30, 2005, net cash provided by operating activities increased ¥24,311 million to ¥45,564 million from the corresponding period of the previous year mainly due to the price rises of crude oil and natural gas. Meanwhile, net cash used for investing activities increased ¥12,953 million to ¥32,811 million due to increases in development expenditure. Net cash provided by financing activities was ¥605 million. After adding ¥1,826 million for the effect of exchange rate changes on cash and cash equivalents, the net increase in cash and cash equivalents during the three months ended June 30, 2005 totaled ¥15,185 million. Cash and cash equivalents at the end of the three months ended June 30, 2005 totaled ¥143,560 million by adding an increase in cash and cash equivalents during the period and ¥128,375 million at the end of the previous fiscal year.

Reference: Non-consolidated financial position

Note: Amounts less than one million yen are rounded off.

	Total assets	Shareholders' equity	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2005	429,815	385,765	89.8
As of June 30, 2004	374,590	337,367	90.1
As of March 31, 2005	417,978	377,222	90.2

[Accompanied materials]

1. Condensed Consolidated Balance Sheets
2. Condensed Consolidated Statements of Income
3. Condensed Consolidated Statements of Cash Flows
4. Production, Orders Received and Sales Performance

[Reference]

Projected Operating Results for FY2006 (April 1, 2005 through March 31, 2006)

(1) Semiannual (April 1, 2005 through September 30, 2005)

	Net sales	Ordinary income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Yen
Consolidated	286,000	163,000	48,000	25,002.18
Non-consolidated	113,000	71,000	33,000	17,189.00

(2) FY2006 (April 1, 2005 through March 31, 2006)

	Net sales	Ordinary income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Yen
Consolidated	556,000	318,000	93,000	48,441.73
Non-consolidated	217,000	129,000	60,000	31,252.73

Reference:

1. The projected net income per share for FY2006, the year ending March 31, 2006, is calculated based on the expected average number of shares outstanding of 1,919,832 for the year.

2. The above forecasts are calculated based on the following assumptions:

Crude oil price (Brent)	2 <sup>nd</sup> Quarter*	US\$55.00/bbl ( First-Half* US\$53.90/bbl )
	Second-Half *	US\$45.00/bbl ( Full Year* US\$49.45/bbl )
Foreign currency exchange rates	2 <sup>nd</sup> Quarter	: ¥110/US\$
	Second-Half	: ¥105/US\$

\*2<sup>nd</sup> Quarter : July 1, 2005- September 30, 2005

First-Half : April 1, 2005-September 30, 2005

Second-Half : October 1, 2005- March 31, 2006

Full Year : April 1, 2005- March 31, 2006

Our crude oil prices are different for each crude oil, and there are also price difference between our crude oil price and price of Brent. Price differential are caused by its quality and its pricing range is not constant due to the market conditions. Our crude oil prices are generally lower than Brent price.

\* The aforementioned projections are based on currently available information and contain many uncertainties. Changing business conditions may cause actual results to differ from the above forecasts.

## 1. Condensed Consolidated Balance Sheets

(Millions of yen)

Accounts	As of March 31, 2005 (A)		As of June 30, 2005 (B)		Fluctua- tion (B)-(A)	As of June 30, 2004	
	Amounts	Ratio	Amounts	Ratio		Amounts	Ratio
(Assets)		%		%			%
Current assets							
Cash and deposits	136,575		151,760		15,185	114,129	
Accounts receivable-trade	53,339		40,635		12,703	38,401	
Marketable securities	18,391		21,390		2,999	14,770	
Other	30,114		22,786		7,327	13,284	
Total current assets	238,419	30.6	236,573	29.8	1,846	180,585	27.0
Fixed assets							
Tangible fixed assets	68,260	8.8	68,993	8.7	732	70,437	10.6
Intangible assets	138,631	17.8	138,173	17.4	(457)	142,751	21.4
Investments and other assets							
Investment securities	118,354		120,964		2,610	86,357	
Recoverable accounts under production sharing	239,618		252,733		13,114	216,761	
Other	22,561		24,015		1,454	20,751	
Less allowance for recoverable accounts under production sharing	(41,518)		(41,664)		(145)	(44,856)	
Less allowance for investments in exploration	(5,101)		(5,115)		(14)	(4,966)	
Total investments and other assets	333,915	42.8	350,934	44.1	17,019	274,048	41.0
Total fixed assets	540,807	69.4	558,101	70.2	17,293	487,237	73.0
Total assets	779,227	100.0	794,674	100.0	15,446	667,822	100.0
(Liabilities)							
Current liabilities							
Accounts payable	20,129		20,482		352	13,524	
Current portion of long-term debt	2,262		2,330		67	116	
Income taxes payable	49,938		46,189		3,748	28,974	
Other	50,579		41,043		9,536	35,226	
Total current liabilities	122,910	15.8	110,045	13.8	12,864	77,840	11.7
Long-term liabilities							
Long-term debt	175,603		188,445		12,841	171,321	
Other	34,134		37,023		2,888	36,095	
Total long-term liabilities	209,738	26.9	225,468	28.4	15,730	207,417	31.1
Total liabilities	332,648	42.7	335,514	42.2	2,865	285,257	42.8
(Minority interests)							
Minority interests in consolidated subsidiaries	35,283	4.5	34,724	4.4	(558)	33,646	5.0
(Shareholders' equity)							
Capital stock	29,460	3.8	29,460	3.7		29,460	4.4
Additional paid-in capital	62,402	8.0	62,402	7.8		62,402	9.3
Retained earnings	320,089	41.1	333,622	41.9	12,532	258,583	38.7
Unrealized holding gain on securities	374	0.0	309	0.0	(64)	78	0.0
Translation adjustments	(1,031)	(0.1)	(358)	(0.0)	672	(1,606)	(0.2)
Treasury stock	(0)	(0.0)	(0)	(0.0)	—	—	—
Total shareholders' equity	411,295	52.8	424,435	53.4	13,139	348,918	52.2
Total liabilities, minority interests and shareholders' equity	779,227	100.0	794,674	100.0	15,446	667,822	100.0

## 2. Condensed Consolidated Statements of Income

(Millions of yen)

Accounts	For the three months ended June 30, 2004 (A)		For the three months ended June 30, 2005 (B)		Fluctuation (B) - (A)	For the year ended March 31, 2005	
	Amounts	Ratio	Amounts	Ratio		Amounts	Ratio
		%		%			%
Net sales	97,536	100.0	128,021	100.0	30,484	478,586	100.0
Cost of sales	42,674	43.8	50,610	39.5	7,935	197,094	41.2
Gross profit	54,861	56.2	77,410	60.5	22,549	281,492	58.8
Exploration expenses	719	0.7	1,538	1.2	819	2,473	0.5
Selling, general and administrative expenses	2,368	2.4	2,551	2.0	183	10,356	2.2
Operating income	51,773	53.1	73,320	57.3	21,546	268,662	56.1
Other income	1,747	1.8	2,321	1.8	573	4,738	1.0
Interest income	713		1,604		891	4,060	
Equity in earnings of affiliates			310		310		
Other	1,034		405		(628)	678	
Other expenses	3,575	3.7	5,669	4.4	2,093	14,769	3.1
Interest expense	543		1,124		580	2,983	
Equity in losses of affiliates	35				(35)	1,583	
Provision for allowance for recoverable accounts under production sharing	104		57		(46)	518	
Amortization of exploration and development rights	890		22		(867)	1,606	
Foreign exchange loss	1,798		4,164		2,366	2,859	
Other	203		299		96	5,217	
Ordinary income	49,945	51.2	69,972	54.7	20,026	258,631	54.0
Income before income taxes and minority interests	49,945	51.2	69,972	54.7	20,026	258,631	54.0
Income taxes-current	37,108	38.0	53,772	42.0	16,664	187,405	39.1
Income taxes-deferred	(2,496)	(2.6)	(3,355)	(2.6)	(859)	(4,798)	(1.0)
Minority interests	361	0.4	(792)	(0.6)	(1,153)	(468)	(0.1)
Net income	14,972	15.4	20,347	15.9	5,375	76,493	16.0

## 3. Condensed Consolidated Statements of Cash Flows

(Millions of yen)

Accounts	For the three months ended June 30, 2004 (A)	For the three months ended June 30, 2005 (B)	Fluctuation (B) - (A)	For the year ended March 31, 2005
	Amounts	Amounts	Amounts	Amounts
Cash flows from operating activities				
Income before income taxes and minority interests	49,945	69,972	20,026	258,631
Depreciation and amortization	2,748	2,814	66	12,960
Provision for allowance for recoverable accounts under production sharing	180	145	(35)	573
Interest and dividend income	(797)	(1,768)	(970)	(4,203)
Interest expense	543	1,124	580	2,983
Foreign exchange (gain) loss	3,977	2,614	(1,362)	(474)
Equity in (earnings) losses of affiliates	35	(310)	(346)	1,583
Accounts receivable	(5,868)	12,703	18,572	(20,806)
Recovery of recoverable accounts under production sharing (capital expenditures)	6,947	10,820	3,873	38,375
Recoverable accounts under production sharing (operating expenditures)	(2,214)	(1,506)	707	(7,721)
Other	3,989	5,792	1,802	14,900
Subtotal	59,488	102,402	42,913	296,802
Interest and dividends received	982	1,736	754	4,831
Interest paid	(718)	(1,749)	(1,031)	(2,596)
Income taxes paid	(38,499)	(56,824)	(18,324)	(167,831)
Net cash provided by operating activities	21,252	45,564	24,311	131,206
Cash flows from investing activities				
Proceeds from sales of marketable securities	11,221	7,583	(3,637)	18,896
Purchase of tangible fixed assets	(4,140)	(3,742)	397	(11,116)
Proceeds from sales of tangible fixed assets	353	161	(192)	352
Purchase of investment securities	(14,486)	(12,566)	1,919	(63,753)
Investment in recoverable accounts under production sharing (capital expenditures)	(12,726)	(22,427)	(9,701)	(65,236)
Other	(80)	(1,818)	(1,738)	902
Net cash used in investing activities	(19,858)	(32,811)	(12,953)	(119,956)

Accounts	For the three months ended June 30, 2004 (A)	For the three months ended June 30, 2005 (B)	Fluctuation (B) - (A)	For the year ended March 31, 2005
	Amounts	Amounts	Amounts	Amounts
Cash flows from financing activities				
Proceeds from long-term debt	1,274	8,110	6,836	15,611
Proceeds from minority interests for additional shares	488	316	(172)	1,488
Cash dividends paid	(5,892)	(7,679)	(1,787)	(5,892)
Other	(137)	(141)	(3)	(1,416)
Net cash provided by (used in ) financing activities	(4,267)	605	4,873	9,791
Effect of exchange rate changes on cash and cash equivalents	(2,613)	1,826	4,440	(3,142)
Net increase (decrease) in cash and cash equivalents	(5,486)	15,185	20,672	17,898
Cash and cash equivalents at beginning of the period	54,582	128,375	73,793	54,582
Increase in cash and cash equivalents due to a share exchange transaction	55,894	—	(55,894)	55,894
Cash and cash equivalents at end of the period	104,989	143,560	38,571	128,375

#### 4. Production, Orders Received and Sales Performance

##### (1) Production

The following table shows production by business segment:

Business segment	Category	For the three months ended June 30, 2004	For the three months ended June 30, 2005
Crude oil and natural gas	Crude oil	Millions of barrels	Millions of barrels
		15.8	17.0
		(Thousands of barrels per day)	(Thousands of barrels per day)
	Natural gas	173.7	186.6
		BCF	BCF
		74.5	71.2
Total	(Millions of CF per day)	(Millions of CF per day)	
	818.6	782.1	
	Millions of BOE	Millions of BOE	
Total	28.2	28.8	
	(Thousands of BOE per day)	(Thousands of BOE per day)	
	310.1	317.0	

- Notes:
1. The production volume of crude oil includes LPG.
  2. The production by the Company's affiliates accounted for by the equity method is included in the figures above. Also the production is a result for the three months ended 30 June regardless of a closing date on the basis of fiscal periods of its subsidiaries or affiliates.
  3. The production volume of crude oil and natural gas involved in the production sharing contracts entered by the INPEX Group corresponds to the net economic take of our group.
  4. Production of Japan Oil Development Co., Ltd. that merged in May 2004 has been included from April 2004.
  5. BOE means barrels of oil equivalent.

##### (2) Orders received

The Company has no production by order.

##### (3) Sales performance

- a) We take back the full amount of crude oil produced under the production sharing contracts, and primarily sell it domestically to Japanese power companies and refining companies. We sell natural gas in the form of LNG and LPG to Japanese power companies and urban gas companies through PERTAMINA and also sell a part to customers in South Korea, Taiwan and other countries. In addition, we sell natural gas to the Indonesian market through PERTAMINA.
- b) The following table shows sales performance by business segment:

Business segment	Category	(Millions of yen)			
		For the Three Months ended June 30, 2004 (A)	For the Three Months ended June 30, 2005 (B)	Fluctuation (B)-(A)	For the year ended March 31, 2005
Crude oil and natural gas	Crude oil	57,402	74,440	17,038	293,143
	Natural gas	40,134	53,580	13,446	185,443
	Total	97,536	128,021	30,484	478,586

- Note:
1. LPG, which uses a natural gas as materials, is included in natural gas.
  2. The above amounts do not include the related consumption tax.
  3. An increase in actual sales is due to a rise in the price of crude oil and natural gas.
  4. The Company's subsidiaries of which closing date for fiscal year is December 31 are principally consolidated their operating result for the three months ended March 31. However, the significant effects of the difference in fiscal periods were properly adjusted in consolidation. For Japan Oil Development Co., Ltd., we consolidated their operating results, prepared for consolidation purposes, for the three months ended June 30.