# Financial Results
# for the year ended March 31, 2008

**INPEX Holdings Inc.**

**Tokyo**

**May 16, 2008**

# Agenda

1. **Financial Results for the year ended March 31, 2008**

   Mutsuhisa Fujii

   Director and Chief Operating Officer, Accounting, Finance & IT System Division

2. **Corporate Overview**

   Naoki Kuroda

   Representative director and President

# Cautionary Statement

This presentation includes forward-looking information that reflects the plan and expectations of the Company. Such forward-looking information is based on the current assumptions and judgments of the Company in light of the information currently available to it, and involves known and unknown risk, uncertainties, and other factors. Such risks, uncertainties and other factors may cause the Company's performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include, without limitation:

- Price volatility and change in demand in crude oil and natural gas
- Foreign exchange rate volatility
- Change in costs and other expenses pertaining to the exploration, development and production

The Company undertakes no obligation to publicly update or revise the disclosure of information in this presentation (including forward-looking information) after the date of this presentation

# Subsidiaries and Affiliates

## 60 consolidated subsidiaries

| Major subsidiaries | Country/region | Ownership | Stage |
|---|---|---|---|
| INPEX | Indonesia | 100% | Production |
| Teikoku Oil | Japan | 100% | Production |
| INPEX Natuna | Indonesia | 100% | Production |
| INPEX Sahul | Timor Sea Joint Petroleum Development Area | 100% | Production |
| INPEX Browse | Australia | 100% | Preparation for development |
| JODCO | UAE | 100% | Production |
| Teikoku Oil (D.R. Congo) | D.R. Congo | 100% | Production |
| INPEX Southwest Caspian Sea | Azerbaijan | 51% | Production |
| INPEX North Caspian Sea | Kazakhstan | 45% | Development |

## 14 equity method affiliates

| Major affiliates | Country/region | Ownership | Stage |
|---|---|---|---|
| MI Berau B.V. | Indonesia | 44% | Development |
| Angola Japan Oil | Angola | 19.6% | Production |

# Highlights of the Consolidated Financial Results for the year ended March 31, 2008

| | Mar. 31, 2007 | Mar. 31, 2008 | Change | %change |
|---|---|---|---|---|
| Net Sales (Billions of yen) | 969.7 | 1,202.9 | 233.2 | 24.1% |
| Operating Income(Billions of yen) | 559.0 | 714.2 | 155.1 | 27.7% |
| Ordinary Income (Billions of yen) | 586.2 | 685.7 | 99.5 | 17.0% |
| Net Income (Billions of yen) | 165.0 | 173.2 | 8.1 | 4.9% |
| Net income per share (Yen) | 70,423.45 | 73,510.14 | 3,086.69 | 4.4% |

Average number of shares issued and outstanding during the year ended March 31, 2008(consolidated): 2,356,759 shares

Dividend per share (Yen)

| | | | | |
|---|---|---|---|---|
| 1st half end | - | 3,500 | - | - |
| Fiscal year end | 7,000 | 4,000 | - | - |
| Total | 7,000 | 7,500 | 500 | 7.1% |

# Crude Oil Sales

| | Mar. 31, 2007 | Mar. 31, 2008 | Change | %change |
|---|---|---|---|---|
| Net Sales (Billions of yen) | 607.4 | 783.4 | 176.0 | 29.0% |

| | | | | |
|---|---|---|---|---|
| Sales volume (Mbbl) | 83,276 | 85,716 | 2,440 | 2.9% |
| Average unit price of overseas production ($/bbl) | 62.16 | 80.07 | 17.91 | 28.8% |
| Average unit price of domestic production(¥/kl) | 45,694 | 62,225 | 16,531 | 36.2% |
| Average exchange rate (¥/$) | 116.90 | 113.65 | 3.25<br>yen appreciation | 2.8%<br>yen appreciation |

| Sales volume by region (Mbbl) | Mar. 31, 2007 | Mar. 31, 2008 | Change | %change |
|---|---|---|---|---|
| Japan | 170<br>(27Mkl) | 408<br>(65Mkl) | 237<br>(38Mkl) | 139.3% |
| Asia/Oceania | 13,234 | 13,445 | 211 | 1.6% |
| Eurasia (Europe/ NIS ) | 16,390 | 19,609 | 3,218 | 19.6% |
| Middle East/Africa | 53,470 | 52,177 | (1,293) | (2.4%) |
| Americas | 11 | 77 | 67 | 611.3% |
| Total | 83,276 | 85,716 | 2,440 | 2.9% |

# Natural Gas Sales *

| | Mar. 31, 2007 | Mar. 31, 2008 | Change | %change |
|---|---|---|---|---|
| Net Sales (Billions of yen) | 324.1 | 378.9 | 54.8 | 16.9% |

| | | | | |
|---|---|---|---|---|
| Sales volume (MMcf) | 366,080 | 402,081 | 36,001 | 9.8% |
| Average unit price of overseas production ($/Mcf) | 7.51 | 8.26 | 0.75 | 10.0% |
| Average unit price of domestic production(¥/ $m^3$) | 34.96 | 35.70 | 0.74 | 2.1% |
| Average exchange rate (¥/$) | 116.91 | 113.78 | 3.13<br>yen appreciation | 2.7%<br>yen appreciation |

| Sales volume by region (Mbbl) | Mar. 31, 2007 | Mar. 31, 2008 | Change | %change |
|---|---|---|---|---|
| Japan | 47,495<br>(1,273MM$m^3$) | 61,846<br>(1,657MM$m^3$) | 14,351<br>(385MM$m^3$) | 30.2% |
| Asia/Oceania | 318,413 | 310,458 | (7,956) | (2.5%) |
| Eurasia (Europe/ NIS) | - | - | - | - |
| Middle East/Africa | - | - | - | - |
| Americas | 172 | 29,777 | 29,605 | 17,219.3% |
| Total | 366,080 | 402,081 | 36,001 | 9.8% |

* Excluding LPG

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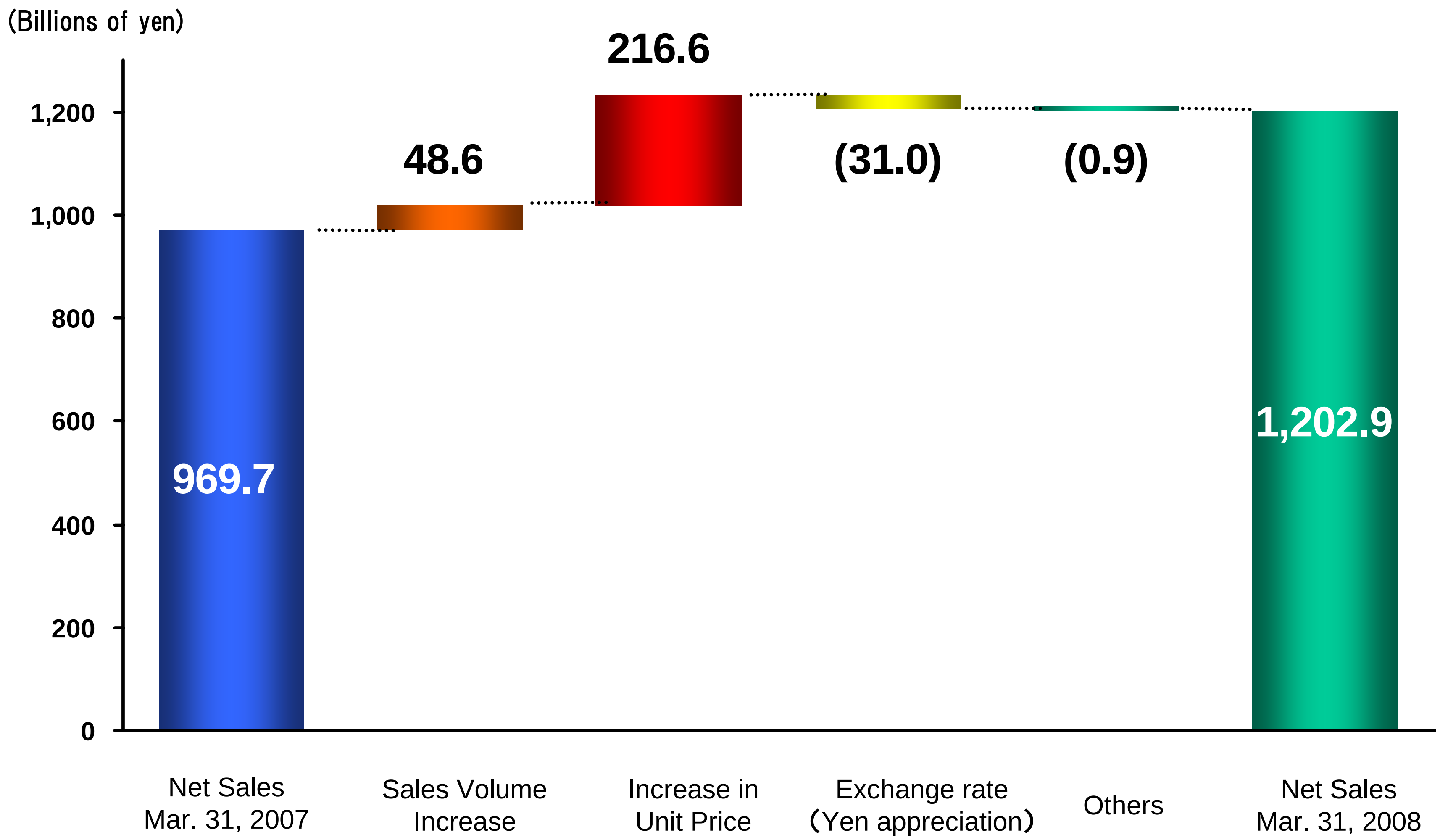
# Analysis of Net Sales Increase



# Statements of Income

| (Billions of yen) | Mar. 31, 2007 | Mar. 31, 2008 | Change | %change |
|---|---|---|---|---|
| Net Sales | 969.7 | 1,202.9 | 233.2 | 24.1% |
| Cost of Sales | 343.7 | 390.5 | 46.7 | 13.6% |
| Exploration expenses | 17.6 | 34.0 | 16.4 | 92.7% |
| Selling, general and administrative expenses | 49.1 | 64.1 | 14.9 | 30.4% |
| Operating Income | 559.0 | 714.2 | 155.1 | 27.7% |
| Other income | 60.0 | 33.0 | (26.9) | (44.9%) |
| Other expenses | 32.8 | 61.5 | 28.6 | 87.0% |
| Ordinary Income | 586.2 | 685.7 | 99.5 | 17.0% |
| Income taxes | 413.2 | 491.3 | 78.1 | 18.9% |
| Minority interests | 7.9 | 21.2 | 13.2 | 167.3% |
| Net Income | 165.0 | 173.2 | 8.1 | 4.9% |

Crude oil sales : 783.4
(Change) +176.0
Natural Gas sales* : 391.0
(Change) +58.1

Cost of sales for crude oil : 284.4
(Change) +47.3
Cost of sales for natural gas* : 88.8
(Change) +2.8

Joslyn, Ichthys, Van Gogh , Offshore North Ibaraki (Japan) etc.

Personal expenses 12.4
Freight expenses 15.0
Depreciation expenses 15.8
Amortization of goodwill 6.6

Mainly income taxes in producing countries

*Including LPG

# Other Income/Expenses

| (Billions of yen) | Mar. 31, 2007 | Mar. 31, 2008 | Change | %change |
|---|---|---|---|---|
| **Other income** | 60.0 | 33.0 | (26.9) | (44.9%) |
| Interest income | 12.8 | 10.9 | (1.8) | (14.5%) |
| Dividend income | 2.2 | 5.4 | 3.1 | 137.4% |
| Equity in earnings of affiliates | 1.3 | 1.7 | 0.4 | 30.7% |
| Gain on transfer of mining rights | 33.5 | - | (33.5) | (100.0%) |
| Net gain on re-determination of unitized field | - | 4.0 | 4.0 | - |
| Net gain on taking effect of exploration and production agreement | - | 3.4 | 3.4 | - |
| Foreign exchange gain | 5.7 | 2.7 | (2.9) | (52.1%) |
| Other | 4.3 | 4.6 | 0.3 | 8.0% |
| **Other expenses** | 32.8 | 61.5 | 28.6 | 87.0% |
| Interest expense | 12.3 | 10.8 | (1.5) | (12.1%) |
| Provision for allowance for recoverable accounts under production sharing | 6.1 | 20.5 | 14.4 | 233.3% |
| Provision for exploration projects | 2.9 | 3.1 | 0.1 | 4.4% |
| Loss on valuation of investment securities | - | 21.3 | 21.3 | - |
| Other | 11.3 | 5.5 | (5.7) | (50.9%) |

Transfer of mining rights on Ichthys gas field in previous year

Net gain by re-determination of reserves at Bayu-Undan gas/condensate field. Our participating interest in the field slightly increase by the re-determination.

Net gain by the effect of joint venture agreement at Venezuela project. (Revenue by adjustment between April, 2006 and December, 2006. )

Increase in exploration expenditure by appraisal wells in Masela Block.

Loss on valuation of investment securities decline by more than 30% for book value as of the day before the day of share transfer

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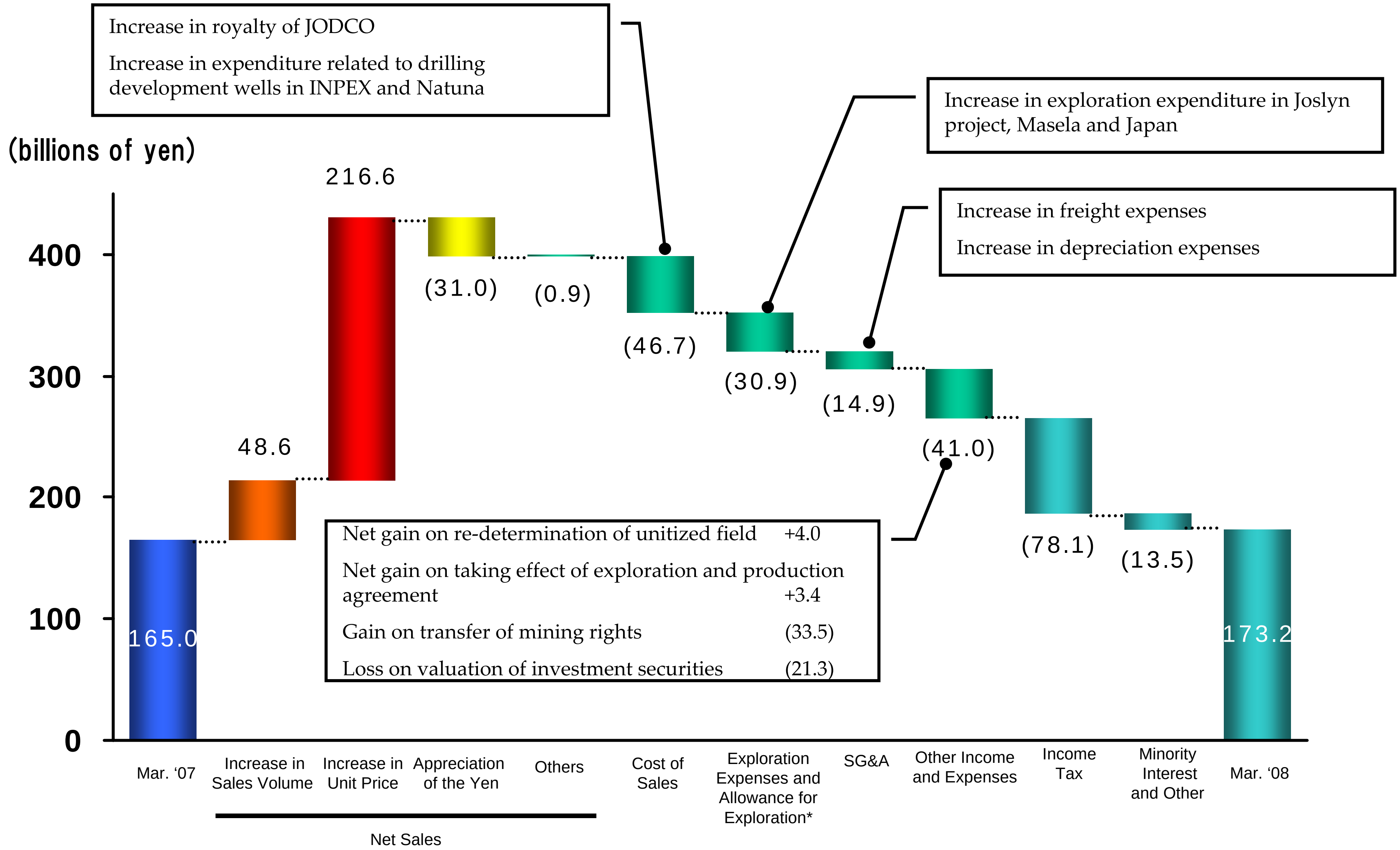
# Analysis of Net Profit Increase




*Provision for allowance for recoverable accounts under production sharing and Provision for exploration projects

# Balance Sheets

| (Billions of yen) | Mar. 31, 2007 | Mar. 31, 2008 | Change | %change |
|---|---|---|---|---|
| Current assets | 474.1 | 565.1 | 90.9 | 19.2% |
| Tangible fixed assets | 219.2 | 254.4 | 35.2 | 16.1% |
| Intangible assets | 265.8 | 265.4 | (0.3) | (0.1%) |
| Recoverable accounts under production sharing | 319.1 | 383.1 | 64.0 | 20.1% |
| Other investments | 380.9 | 411.1 | 30.1 | 7.9% |
| Less allowance for recoverable accounts under production sharing | (51.1) | (71.4) | (20.2) | 39.6% |
| Total assets | 1,608.1 | 1,807.9 | 199.7 | 12.4% |
| Current liabilities | 266.2 | 325.2 | 59.0 | 22.2% |
| Long-term liabilities | 261.8 | 243.8 | (18.0) | (6.9%) |
| Total net assets | 1,080.0 | 1,238.8 | 158.7 | 14.7% |
| (Minority interests) | 51.1 | 81.4 | 30.3 | 59.3% |
| Total liabilities and net assets | 1,608.1 | 1,807.9 | 199.7 | 12.4% |
| Net assets per share (Yen) | 436,467.92 | 491,168.09 | 54,700.17 | 12.5% |

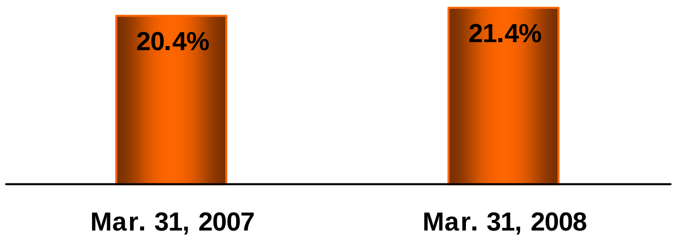
Number of shares issued and outstanding as of March 31, 2008(consolidated): 2,356,363 shares

# Statements of Cash Flows

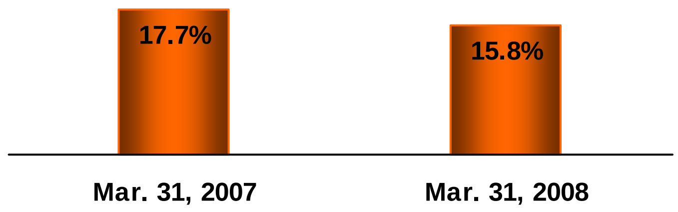
| (Billions of yen) | Mar. 31, 2007 | Mar. 31, 2008 | Change | %change |
|---|---|---|---|---|
| Income before income taxes and minority interests | 586.2 | 685.7 | 99.5 | 17.0% |
| Depreciation and amortization | 30.5 | 36.1 | 5.5 | 18.2% |
| Recovery of recoverable accounts under production sharing (capital expenditures) | 105.9 | 92.1 | (13.8) | (13.0%) |
| Recoverable accounts under production sharing (operating expenditures) | (18.9) | (26.0) | (7.0) | 37.4% |
| Income taxes paid | (440.1) | (456.8) | (16.6) | 3.8% |
| Other | (31.7) | 32.7 | 64.4 | (203.1%) |
| **Net cash provided by operating activities** | 231.9 | 363.9 | 132.0 | 56.9% |
| Purchase of tangible fixed assets | (37.8) | (59.4) | (21.6) | 57.1% |
| Purchases of investment securities and proceed from sales of investment securities (Net) | (66.2) | (112.2) | (46.0) | 69.6% |
| Investment in recoverable accounts under production sharing (capital expenditures) | (111.3) | (131.0) | (19.7) | 17.7% |
| Other | 6.1 | 41.0 | 34.9 | 569.5% |
| **Net cash used in investing activities** | (209.2) | (261.7) | (52.5) | 25.1% |
| **Net cash provided by financing activities** | 13.7 | (45.2) | (59.0) | (427.9%) |
| Cash and cash equivalents at end of the period | 189.4 | 222.2 | 32.8 | 17.3% |

# Financial Indicator

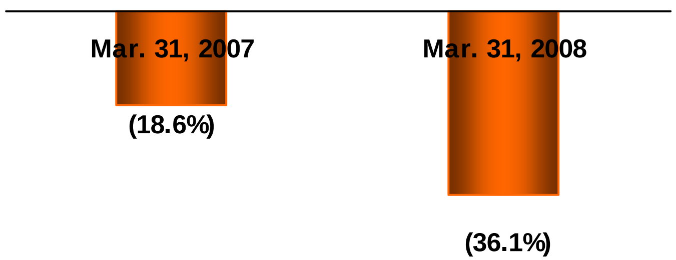
## Net ROACE*



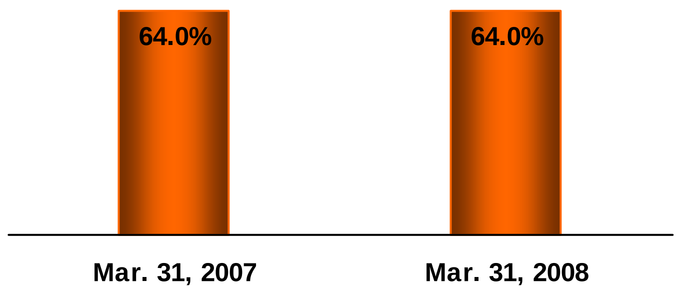

## ROE**




## Net Debt／Total Capital Employed***




## Equity Ratio****




* Net ROACE=(Net income+Minority interests+(Interest expense-Interest income)×(1-Tax rate)) / (Average of sum of Net assets and Net debt at the beginning and end of the fiscal year).

** ROE=Net income/Average of Net assets excluding Minority interests at the beginning and end of the fiscal year.

*** Net Debt/Total Capital Employed = (Interest-bearing debt-Cash and deposits- Public and corporate bonds and other debt securities (with determinable value)–MMF, Short-term bonds with repurchase agreements and Certificate of deposit)/(Net assets+Interest-bearing debt-Cash and deposits- Public and corporate bonds and other debt securities (with determinable value)–MMF, Short-term bonds with repurchase agreements and Certificate of deposit)

****Equity Ratio = (Net assets–Minority interests)/total assets

# Consolidated Financial Forecasts for the year ending March 31, 2009

| Assumptions | 1st Half | 2nd Half | Full year |
|---|---|---|---|
| Brent crude oil price ($/bbl) | 90 | 80 | 85 |
| Exchange rate (yen/US$) | 100 | 100 | 100 |

| Full year (Billions of yen) | Mar. 31, 2008 (Actual) | Mar. 31, 2009 (Forecasts ) | Change | % Change |
|---|---|---|---|---|
| Net Sales | 1,202.9 | 1,040.0 | (162.9) | (13.5%) |
| Operating Income | 714.2 | 616.0 | (98.2) | (13.8%) |
| Ordinary Income | 685.7 | 589.0 | (96.7) | (14.1%) |
| Net Income | 173.2 | 120.0 | (53.2) | (30.7%) |

1st Half (Billions of yen)

| | | | | |
|---|---|---|---|---|
| Net Sales | 554.1 | 541.0 | (13.1) | (2.4%) |
| Operating Income | 325.9 | 320.0 | (5.9) | (1.8%) |
| Ordinary Income | 321.6 | 302.0 | (19.6) | (6.1%) |
| Net Income | 81.0 | 56.0 | (25.0) | (30.9%) |

| | | | |
|---|---|---|---|
| Dividend per share (Yen) | 1st half end | 3,500 | 4,000 |
| | Fiscal year end | 4,000 | 4,000 |
| | Total | 7,500 | 8,000 |

# Sales and Investment plan for the year ending March 31, 2009

| | | Mar. 31, 2008 (Actual) | Mar. 31, 2009 (Forecasts ) | Change | % Change |
|---|---|---|---|---|---|
| Sales Volume | Crude oil (Mbbl)[1] | 85,716 | 78,089 | (7,627) | (8.9%) |
| | Natural gas (MMcf)[2] | 402,081 | 408,146 | 6,065 | 1.5% |
| | Overseas | 340,235 | 344,253 | 4,018 | 1.2% |
| | Japan | 61,846 (1,657MMm$^3$) | 63,892 (1,712MMm$^3$) | 2,046 (55MMm$^3$) | 3.3% |
| | LPG （Mbbl）[3] | 1,549 | 2,052 | 503 | 32.5% |

| (Billions of yen) | Mar. 31, 2007 (Actual) | Mar. 31, 2008 (Actual) | Mar. 31, 2009 (Forecasts) | Change ( Mar. 09 -Mar. 08) |
|---|---|---|---|---|
| Development expenditure | 185.9 | 232.9 | 297.4 | 64.5 |
| Exploration expenditure[4] | 31.6 | 82.7 | 55.7 | (27.0) |
| Exploration expenses and Provision for explorations[5] | 26.8 | 57.7 | 50.7 | (7.0) |
| (Minority Interest Portion)[6] | 1.1 | 7.4 | 7.1 | (0.3) |

Note 1 CF for domestic crude oil sales and petroleum products : 1kl=6.29bbl
2 CF for domestic natural gas sales : 1m3=37.32cf
3 CF for domestic LPG sales : 1t=10.5bbl
4 Including acquisition costs
5 "Provision for allowance for recoverable accounts under production sharing" + "Provision for exploration projects" in statements of income
6 JOGMEC portion in INPEX Masela, INPEX UK, and TEIKOKU OIL (SURINAME)

# Net Income Sensitivities

Estimated Impact of crude oil price and foreign exchange fluctuation on consolidated net income for the year ending March 31, 2009

(Billions of yen)

| | |
|---|---|
| Brent Crude Oil Price; $1/bbl increase (decrease) | +2.2 (2.2) |
| Exchange Rate; ¥1 depreciation (appreciation) against the U.S. dollars | +2.2 (2.2) |

Note: The actual impact will depend on changes in production volumes, capital expenditure and the recovery of costs, and may not be constant depending on the absolute level of oil prices and the exchange rate

# Corporate Overview

# Progress of business integration

■Signed the Absorption Merger Agreement with INPEX and Teikoku Oil

■Improving infrastructure of the operating holding company (new company)

- Establishing framework of the new corporate organization and basic framework for personnel systems
- Developing the internal control system and new information systems and networks
- Strengthening the information disclosure framework

■Front-loaded effect of integration

- Unified decision making on investment and corporate strategy between INPEX and Teikoku Oil
- Active Exchange of human resources between INPEX and Teikoku Oil
- Recruiting employees in a unified manner

■Schedule towards the complete integration

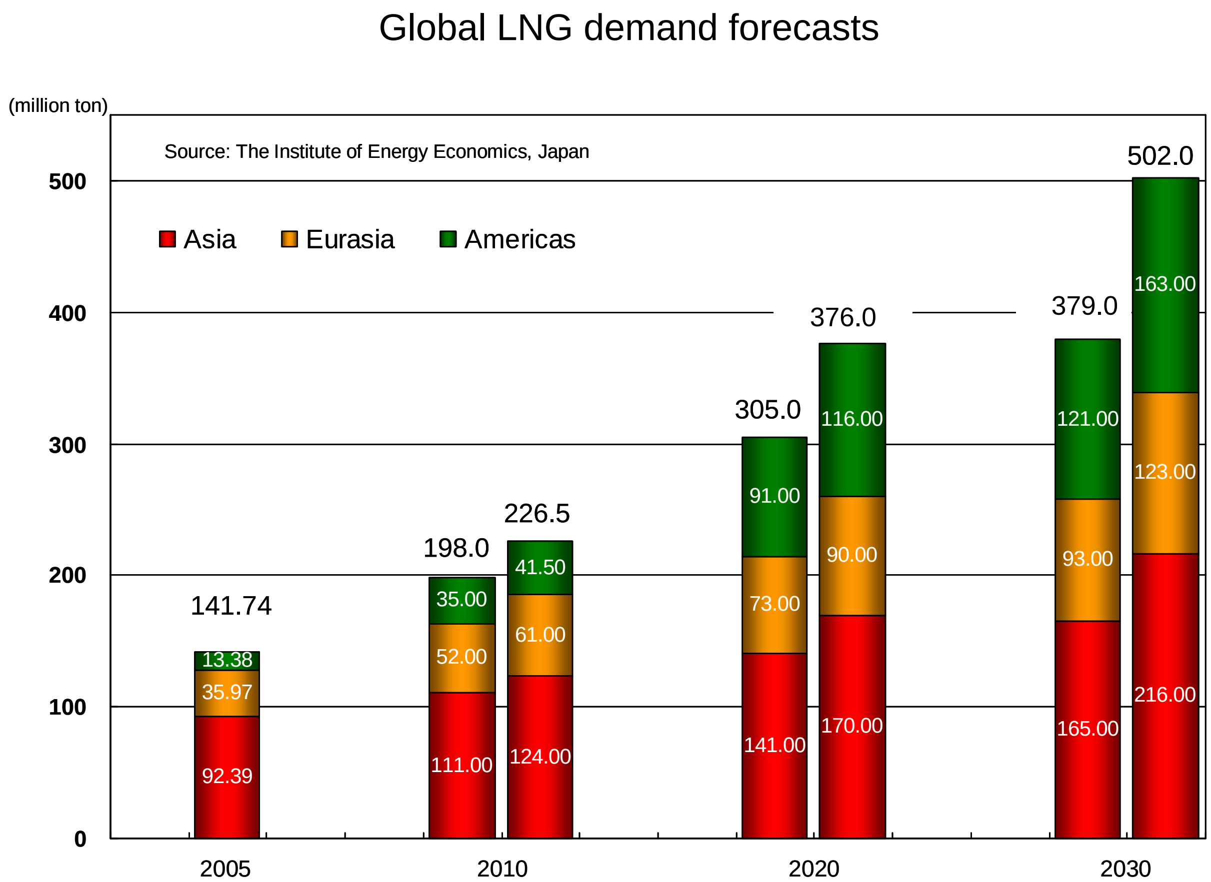
| | |
|---|---|
| 28th April, 2008 | Executed the Absorption Merger Agreement |
| 25th June, 2008 (planned) | Shareholders meeting for approval of the Merger Agreement |
| 2nd Half of September, 2008 | Relocate headquarters as well as group companies to Akasaka (Akasaka Biz Tower) |
| 1st October, 2008 (planned) | Completion of the Merger |

※ Trade name and directors effective as of 1st October will be determined at the general shareholders meeting on 25th June (planned). These will be announced when notice of convocation of the general shareholders meeting are decided at the board of directors meeting on 28th May,.

# 2007 Highlights

- Profit hit all-time high with strong financial position
- Successful production growth - CAGR 5.7% from March 2006 to March 2008
- Commitment to develop the Van Gogh and Ravensworth oil fields, offshore Western Australia
- In addition to Maret Islands, taking a serious look at Darwin as the candidate of LNG plant site for the Ichthys project in Australia.
- New acquisition of exploration acreages – in Indonesia, neighboring blocks of the Ichthys field (Australia), and UK
- New entry into unconventional oil resources - Joslyn oil sand project (Canada)
- Commencement of feasibility study on the construction of LNG import terminal at Naoetsu, Niigata. Starting operation of Koshijihara power plant and full-year gas sales to Shizuoka Gas Co., Ltd.
- Successful exploration and delineation results – in the Ichthys (1 well) and the Abadi (3 wells) fields, leading to a greater expectation for gas reserve expansion
- Utilizing new SPE guideline of proved and probable (2P) reserves
- Gas reserves of the Ichthys field upgraded into probable reserves

# Business Environment of Natural Gas Business




* Left side: low demand case, right side: high demand case in the bar graph.

## Overseas

- Global LNG demand continuing to grow
- In the long term, expansion of LNG demand in North America, China, India and Europe
- Progress in globalization of LNG trading
- Change of LNG price formula (from S curve to oil parity)

## Japan

- Further acceleration of shift to natural gas because of high oil price and as measures against global warming
- LNG procurement getting difficult because of tight LNG supply and demand situation (this situation in LNG market could continue until early 2010's)
- LNG import price increasing as a result of oil price hike, and domestic gas price also on the gradual rise.

Favorable to natural gas business

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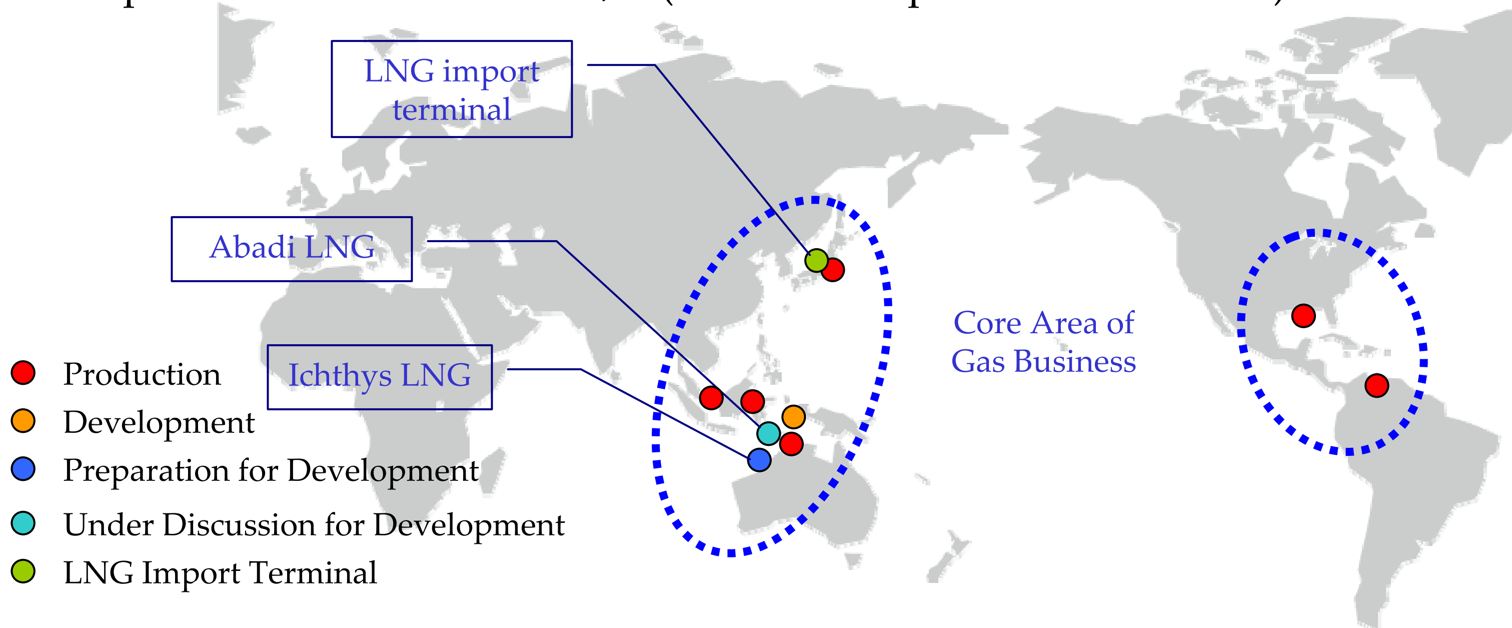
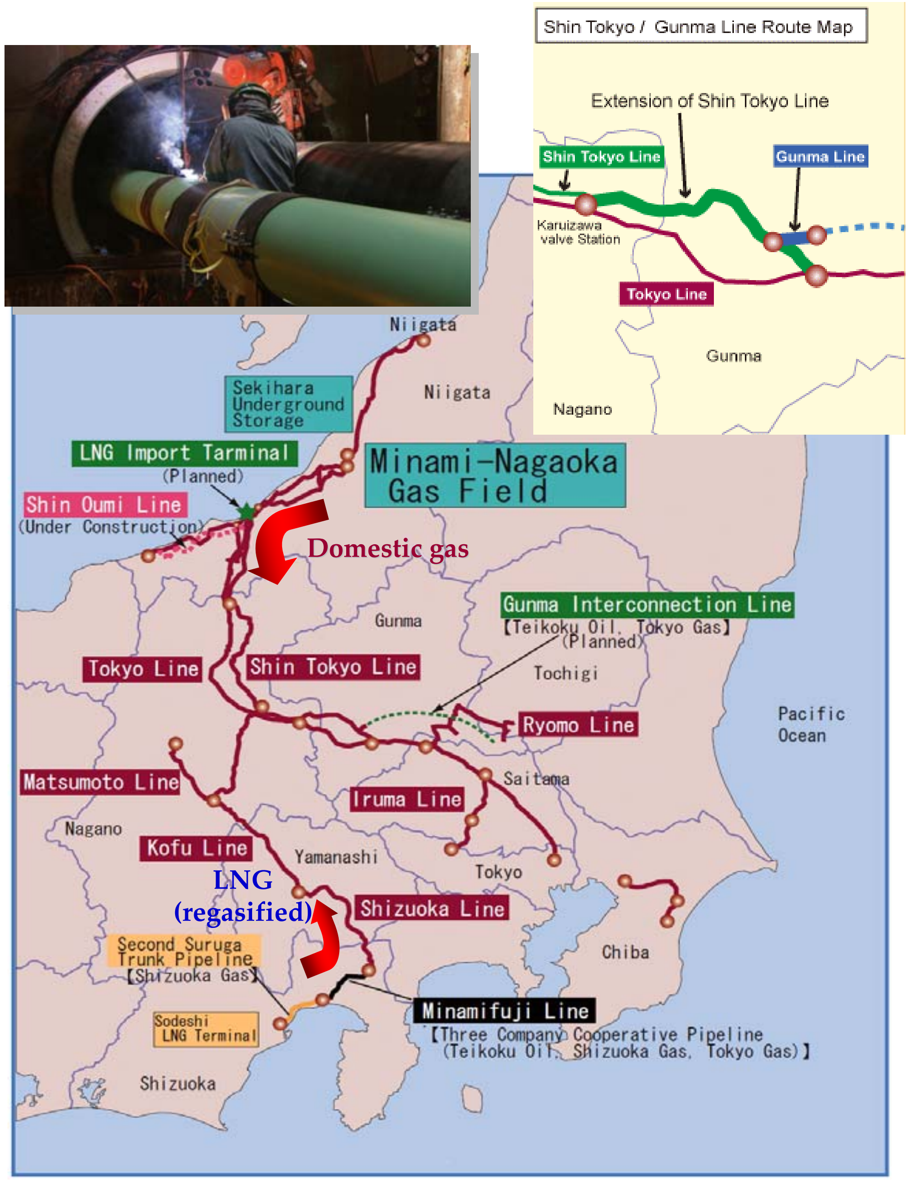
# Growth Strategy of Natural Gas Business

- Long-life natural gas reserves as large as 2.0 billion BOE (proved+probable reserves)
- Good investment environment in Australia and Indonesia with low country risk
- Large-scale LNG projects – Australia and Indonesia
- The biggest gas field (Minami Nagaoka) and 1,300km pipeline network in Japan and operational/technical capability
- LNG import terminal in Japan, leading to an LNG Value Chain
- GTL R&D
- Gas production - 181.5 MBOE/D (43% of total production volume)



# Natural Gas Business in Japan




- Natural Gas Sales Growth
  - 1.7 billion $m^3$/y : 37% increase from previous year (Teikoku Oil : Non Consolidated)
  - Sales to Shizuoka Gas Co., Ltd. through full year, and to large-scale industrial users
  - Averaged sales price : About 2% increase
- Progress of building domestic infrastructure
  - Completion of extension to Shin-Tokyo Line and Gunma Line
  - Gunma Interconnection Line (Planned with Tokyo Gas), Shin Oumi Line (Under construction)
  - To Further reinforcement
- Introduction of LNG from 2010
  - Regasified LNG to be introduced from Shizuoka Gas (volume and price under discussion)
  - Studying new sales price formula for after 2010
- Correspondence with demand growth for mid to long term
  - 2.0 to 3.0 billion $m^3$/y : Mid to long term forecast
  - Construction of LNG import terminal in Naoetsu, Niigata (planned) : Hundreds of thousands ton of LNG equivalent storage tanks, FID in 2008, and start of commercial operation targeted at the end of 2013
  - Designed to establish LNG Value Chain by our group

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# Overseas LNG/Natural Gas Business

■Existing LNG project

Offshore Mahakam Block (Indonesia)

- ■ Under negotiation with current LNG buyers aimed for renewed sales and purchase contracts after Dec. 2010 and Mar. 2011
- ■ Plan to negotiate with Indonesian government for PSC extension effective in 2017
- ■ Gradual decline of gas production after 2012

Bayu-Undan Project（JPDA）

- ■ LNG plant in Darwin, the Northern Territory, Australia
- ■ Entered into LNG Sales Contract with TEPCO and Tokyo Gas

  (3 million tons per year for 17 years from 2006)
- ■ LNG sales started in February 2006

■LNG project under development

Tangguh LNG Project (Indonesia)

- ■ Scheduled to commence production in the second half of 2008 from LNG plant (under construction)
- ■ Plan to produce 7.6 million tons of LNG per year

■Existing natural gas project

South Natuna Sea Block B (Indonesia)

- ■ Gas sales to Singapore and Malaysia through the pipeline
- ■ Expected to start at North Belut gas field in 2009

# New Large LNG Projects

Ichthys LNG Project (Australia)

- Large-scale gas reserves
- LNG production: 2H 2013 - 1H 2014 (target)
- LNG volume: over 8 MMt/a Condensate: approximately 100 Mb/d
  LPG: approximately 1.6 MMt/a
- Selecting LNG liquefaction plant (Maret Islands, Western Australia or Darwin, Northern Territory)
- FID (Final Investment Decision) in 2009 (target) after FEED work of about a year
- Drilling one exploration well expecting for gas reserve expansion since April 2008. Scheduled to drill 2 exploration wells neighboring blocks

Abadi LNG Project (Indonesia)

- Large-scale gas reserves, scheduled to evaluate the reserves based on 4 appraisal wells
- Scheduled to submit the plan of development (POD) this year and proceed to development period after government approval
- 2010-2011 (target) FID (Final Investment Decision)
- 2015-2016 (target) Production start

# Entry into Unconventional Oil Resources

## Significance of Joslyn oil sand Project for INPEX Holdings

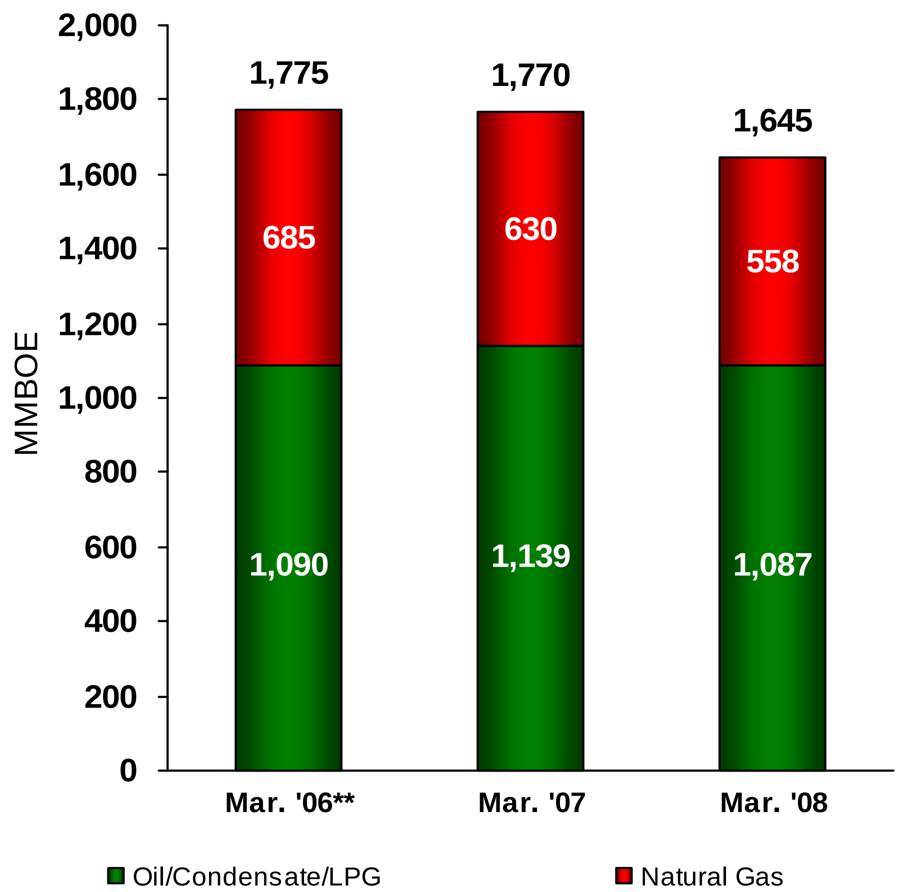
- New entry into unconventional oil project with huge reserves
- Entry to downstream (upgrader) project to produce high-value synthetic crude oil
- Further business expansion in Canada with huge reserves
- Contribution to risk diversification of corporate portfolio: extremely low country risk, expectation of huge reserves and long-term and stable production
- Bringing the development of unconventional oil resources in South America such as Venezuela etc. into view

Joslyn oil sand Project (Canada)

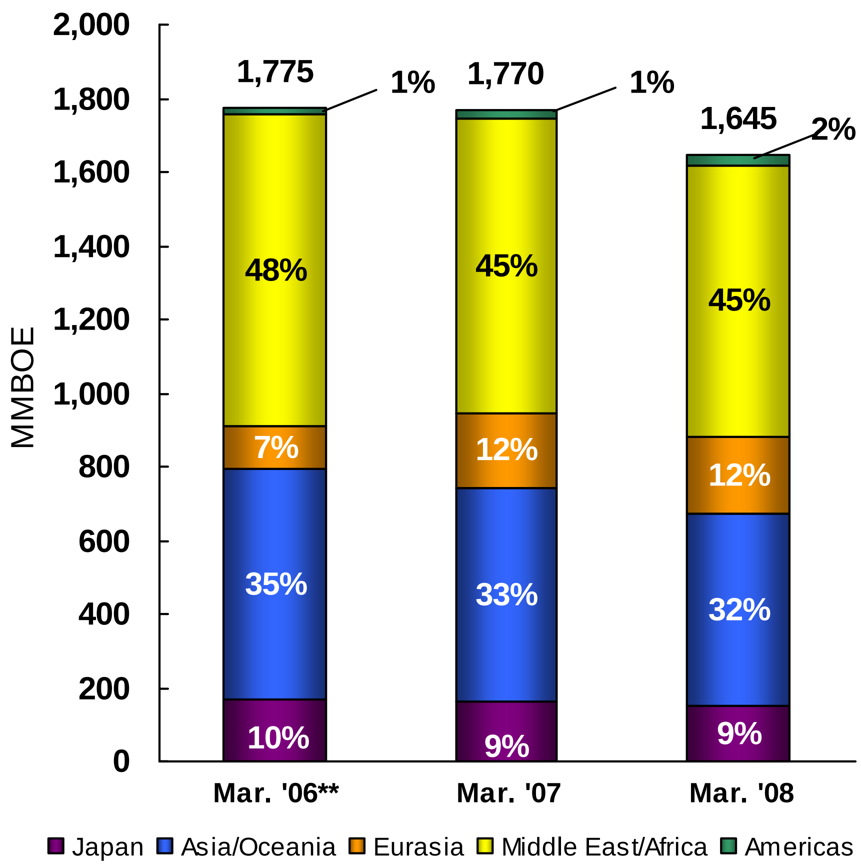
- Acquired 10% interest from Total in December 2007
- First full-scale entry into unconventional oil resources
- Started production in late 2006 using SAGD technology
- Large-scale development by cutting off mining development: Around 100 thousand barrels of bitumen per day in the beginning of 2010's (first phase), to around 230 thousand barrels of bitumen per day (second phase)
- Plannig the downstream (upgrader) project to process bitumen of destabilized price to produce synthetic crude oil of stable price

# Proved Reserves* (By Resource Type / By Region)

## By Resource Type



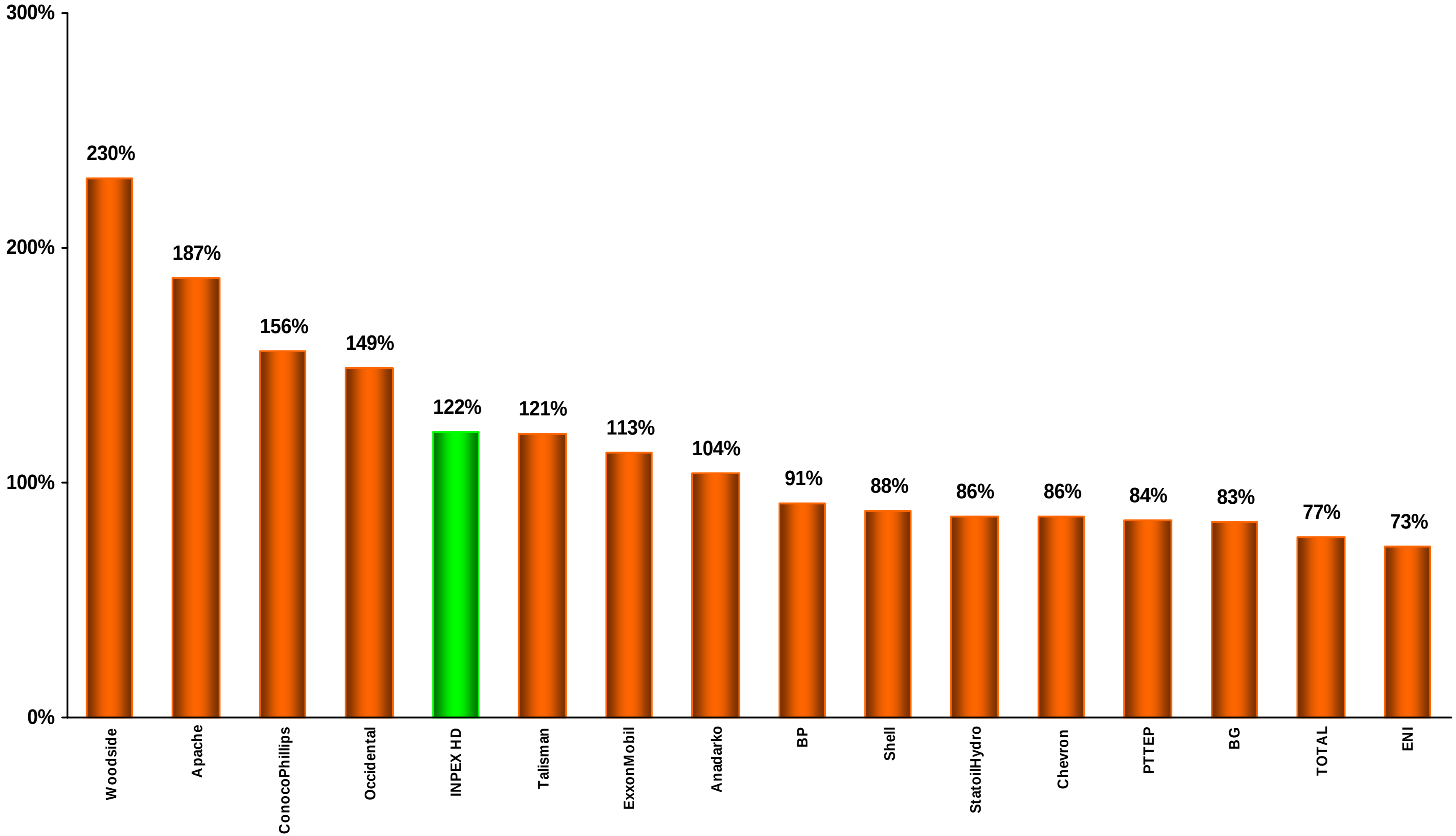

## By Region




Note: * Proved reserve volumes are based on SEC Regulation S-X, Rule 4-10. Reserves that are under the process of government approval for interests transfer and assets DeGolyer and MacNaughton did not evaluate are excluded. Volumes attributable to the equity method affiliates are included.

** Simple sum, assuming that integration of INPEX and Teikoku took place in the year ended March 31, 2006

# Reserve Replacement Ratio*(RRR)(2005-2007 Average)



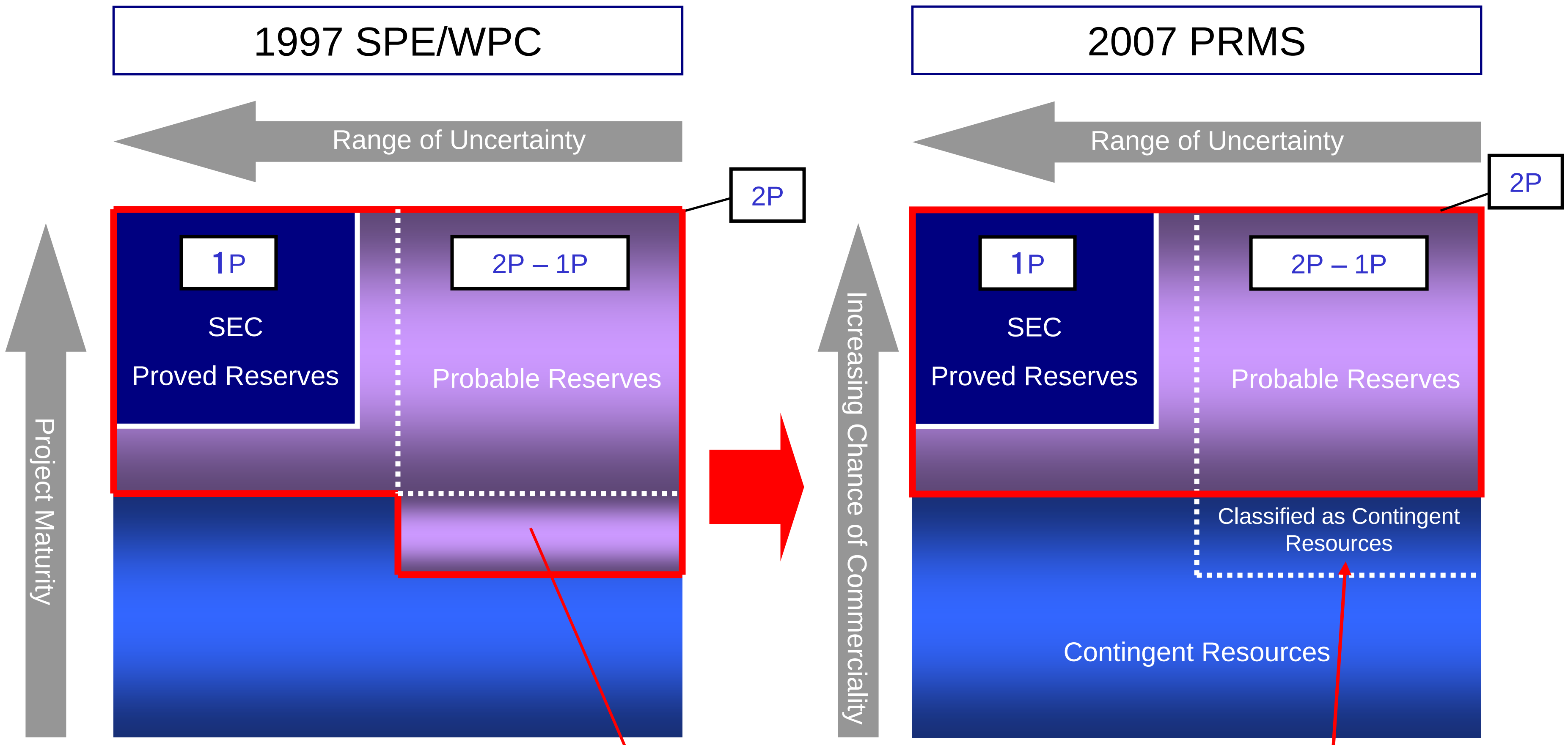

Source: Most recent publicly available information

* Proved reserves increase including acquisition divided by Production. Reserves and production volumes attributable to the equity method affiliates are included. Reserves data as of December 31, 2007, except for INPEX Holdings (as of March 31, 2008)
Production data for the year ended December 31, 2007, except for INPEX Holdings (for the year ended March 31, 2008)

# New SPE Guidelines

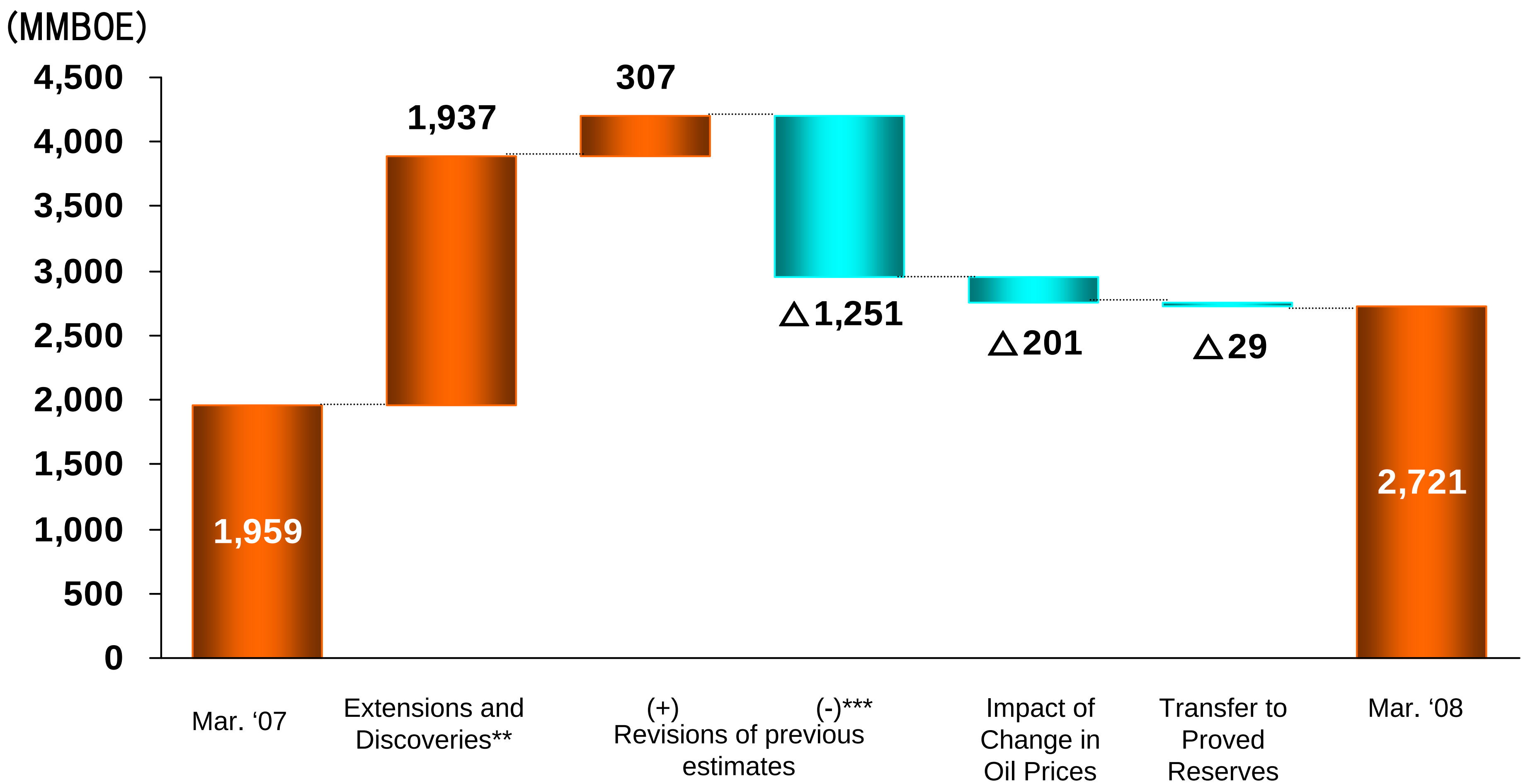
- In order to standardize the definitions of petroleum reserves which are different from country to country, SPE (Society of Petroleum Engineers) established the SPE Oil and Gas Reserves Committee in December 2004. A new Petroleum Resources Management System (PRMS) was published and approved in March 2007 with WPC (World Petroleum Congress), AAPG (American Association of Petroleum Geologists) and SPEE (Society of Petroleum Evaluation Engineers).
- INPEX Holdings disclosed its probable reserves in accordance with the Petroleum Reserves Definitions jointly released by SPE and WPC in 1997 (1997 SPE/WPC) till the end of March 2007.
- Probable reserves as of end of March 2008 shown here are evaluated in accordance with the new system: SPE-PRMS.
- Proved reserves as of end of March 2008 shown here are evaluated in accordance with SEC regulation (No Change)

# Classification of Reserves in SPE-PRMS




<u>Part of probable reserves under 1997 SPE/WPC guidelines are now classified as contingent resources under SPE-PRMS</u>

# Factor Analysis of Change in Probable Reserves*

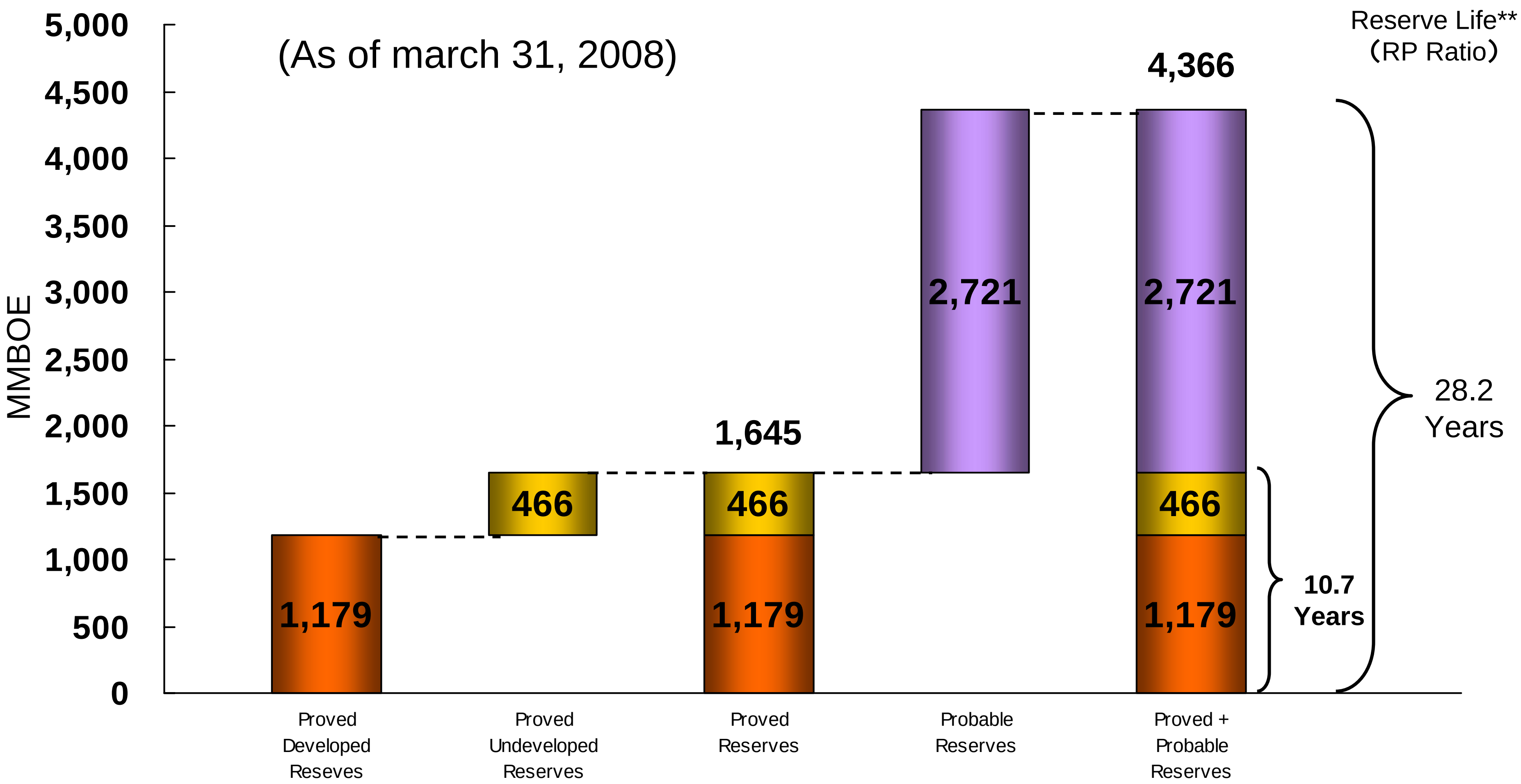



* Probable reserve volumes are based on the reserves report by DeGolyer and MacNaughton in accordance with SPE/WPC/AAPG/SPEE guideline (SPE-PRMS) approved in March 2007. The volumes are the sum of proved reserves and probable reserves by SPE-PRMS after deduction of proved reserves by SEC regulations. Reserve volumes of Joslyn oil sand project (mining) are based on the evaluation by RYDER SCOTT. Volumes attributable to the equity method affiliates are included.

** Including acquisitions and sales. Parts of Reserves in the oil sand project (mining) are classified as proved reserves by SPE-PRMS, but included in our probable reserves because these are not proved reserves by SEC regulations

*** Including -1,190 MMBOE revision associated as a result of applying SPE-PRMS

# Upside Potential from Probable Reserves*

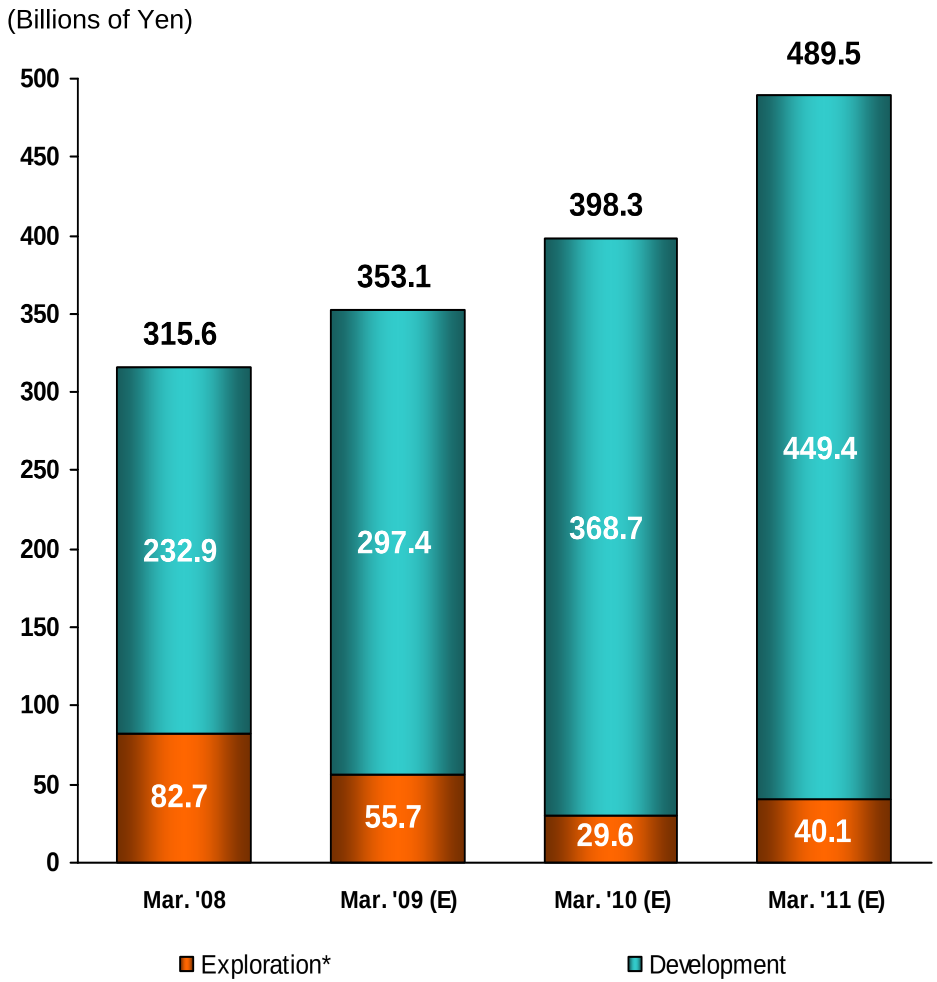



* Probable reserve volumes are based on the reserves report by DeGolyer and MacNaughton applying SPE/WPC/AAPG/SPEE guideline (SPE-PRMS) approved in March 2007. The volumes are the sum of proved reserves and probable reserves by SPE-PRMS after deduction of proved reserves by SEC regulations. Reserve volumes of Joslyn oil sand project (mining) are based on the evaluation by RYDER SCOTT. Volumes attributable to the equity method affiliates are included..

** Reserve Life = Proved (+Probable) Reserves as of March 31, 2008 / Production for the year ended March 31, 2008 (RP Ratio: Reserve Production Ratio)

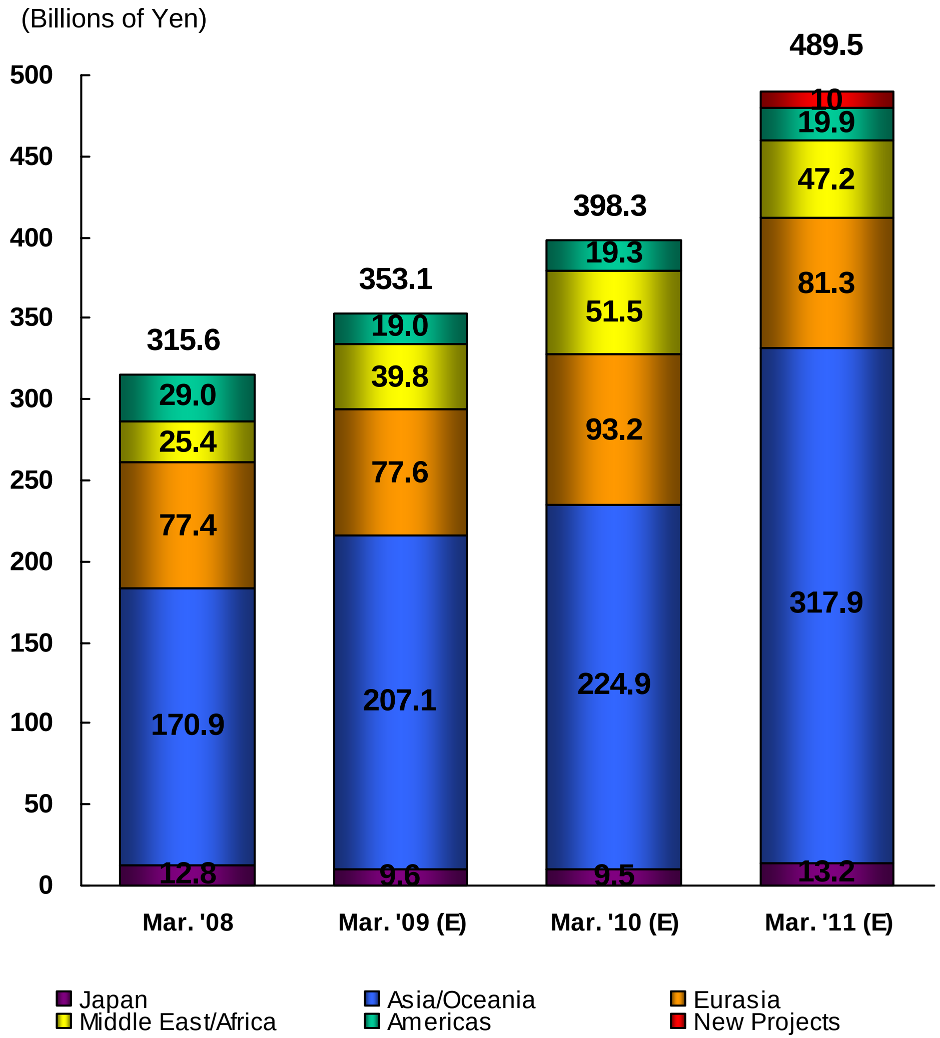
# Exploration/Development Expenditure

## By Activity



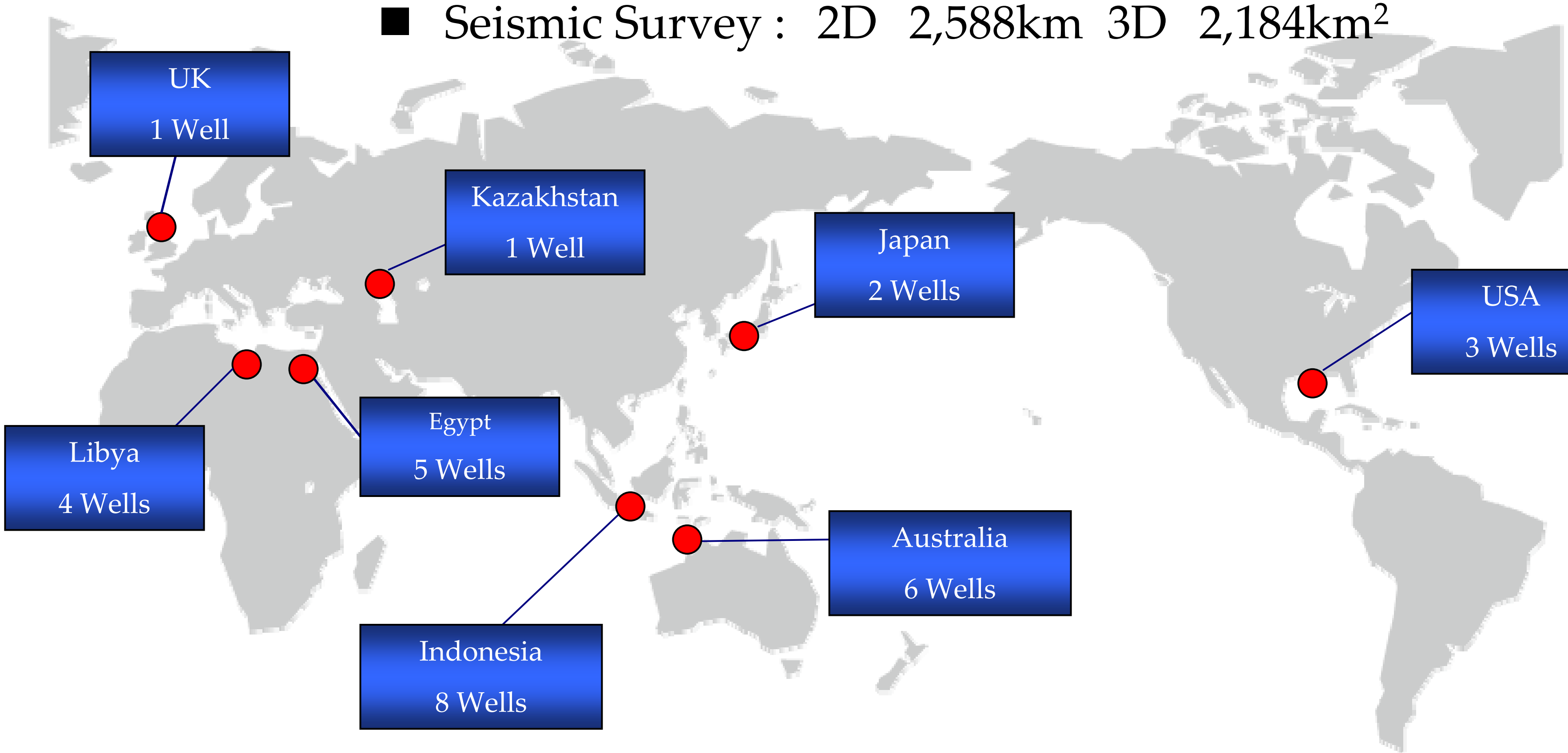

* Including Acquisition Costs

## By Region

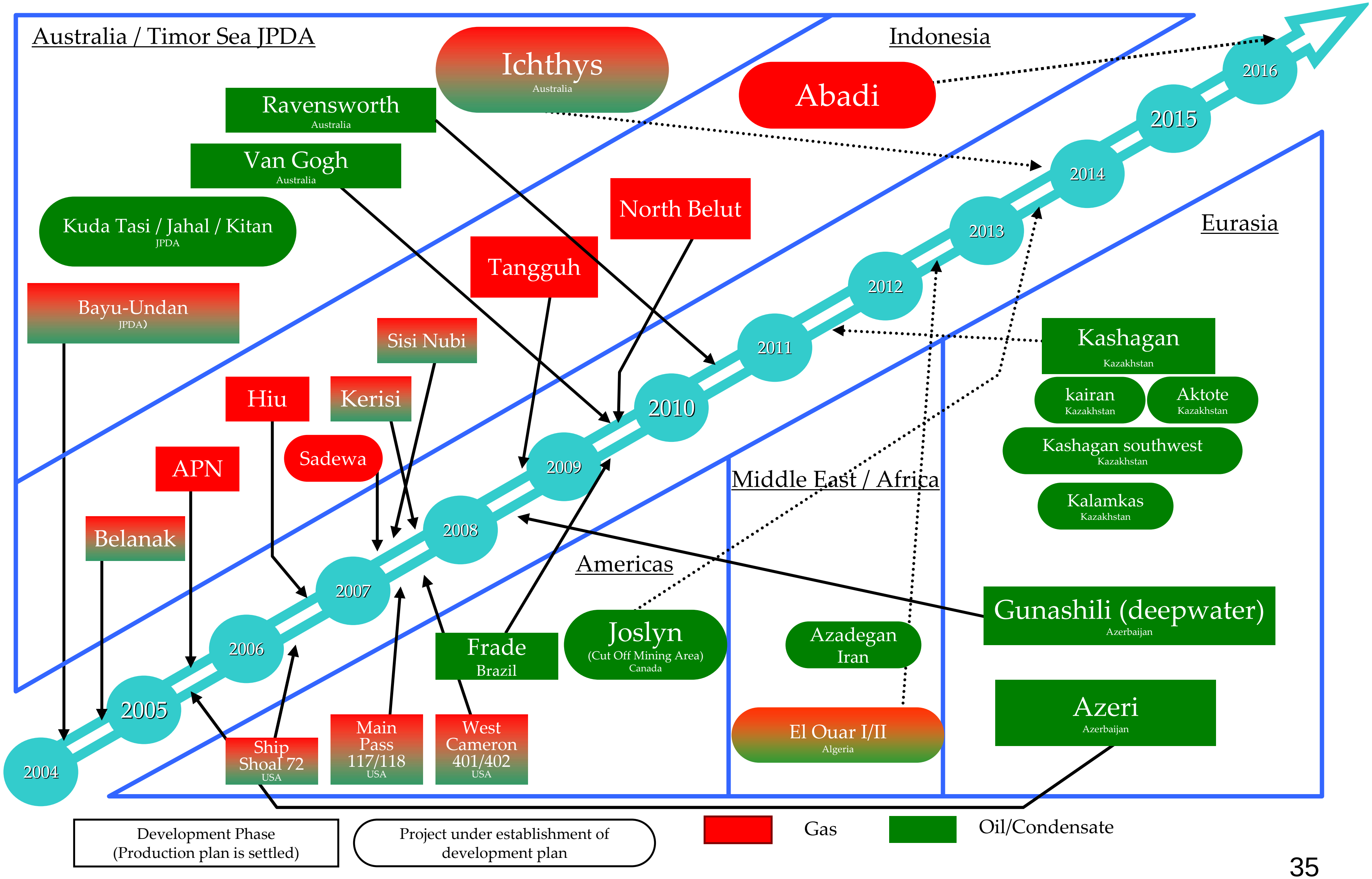


# 2008 Exploration Work Programs

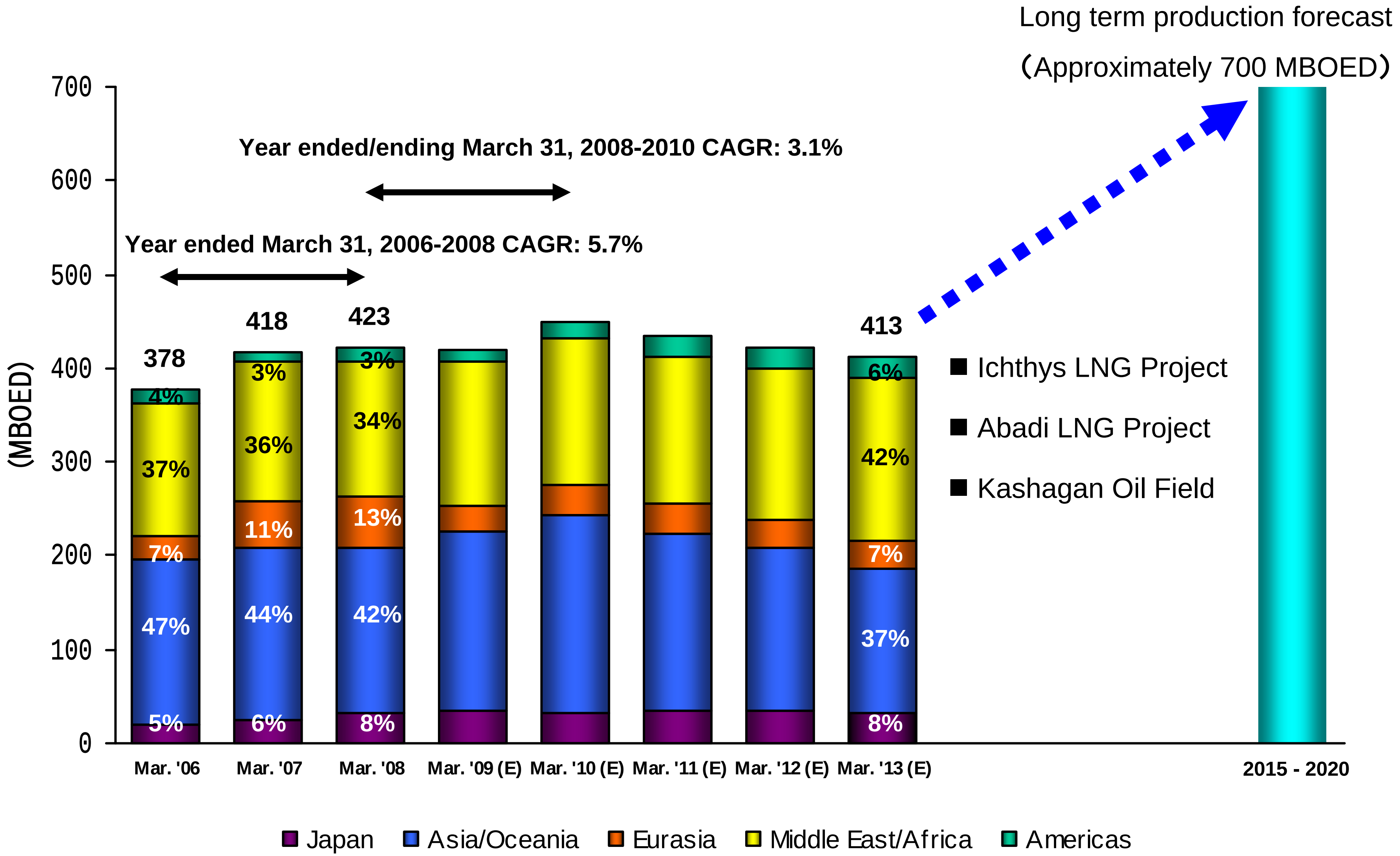
- Exploratory Wells : 30 Wells
  (10 Wells as Operator)
- Seismic Survey : 2D 2,588km 3D 2,184$km^2$



# Production Start-up Schedule



# Production Volume Projection – By Region
## (Existing projects only)




Note: Assuming oil prices (Brent) of $90 in the 1st half of the year ending March 31, 2009 and $80 in the 2nd half of the year ending March 31, 2009 or later in the light of the recent market conditions and the net production volumes calculated in accordance with SEC standard.