INPEX

INPEX CORPORATION

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

November 11, 2016

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

Company name : **INPEX CORPORATION** Stock Exchange on which the Company is listed : Tokyo Stock Exchange
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Scheduled date of filing Quarterly Financial Report : November 14, 2016
Scheduled date of payment of cash dividends : December 1, 2016
Preparation of supplementary explanatory materials : Yes
Meeting of quarterly financial results presentation : Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded off)

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

(1) Consolidated operating results

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

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

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

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

(2) Consolidated financial position

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

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

2. Dividends

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

(Note): 1. Changes in projected dividends for the year ending March 31, 2017 from the previous forecast: None
2. Above information of "Dividends" is regarding common stock. For information regarding Class A stock (which is not listed), please refer to Exhibit "Dividends of Class A stock".

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

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

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

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

Notes

(1) Significant changes in scope of consolidation : None

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

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

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

1. Changes in accounting policies resulting from the revision of the accounting standards and other regulations : None
2. Other changes in accounting policies : None
3. Changes in accounting estimates : Yes
4. Restatement of corrections : None

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

(4) Number of shares issued (Common stock)

1. Number of shares issued at the end of the period (including treasury stock): 1,462,323,600 shares as of September 30, 2016
   1,462,323,600 shares as of March 31, 2016
2. Number of treasury stock at the end of the period: 1,966,500 shares as of September 30, 2016
   1,966,400 shares as of March 31, 2016
3. Average number of shares: 1,460,357,186 shares for the six months ended September 30, 2016
   1,460,357,200 shares for the six months ended September 30, 2015

* Indication of quarterly review procedure implementation status

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

*Explanation regarding the appropriate use of estimated consolidated financial results

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

Exhibit:

Dividends of Class A stock

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

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1. Qualitative Information／Financial Statements

(1) Explanation on Consolidated Financial Results

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

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

Sales volume of crude oil increased by 2,164 thousand barrels, or 3.7%, to 59,970 thousand barrels. Sales volume of natural gas increased by 5,204 million cf, or 3.2%, to 165,837 million cf. Sales volume of overseas natural gas increased by 4,406 million cf, or 3.3%, to 136,314 million cf, and sales volume of domestic natural gas increased by 21 million ㎥, or 2.8%, to 791 million ㎥ (29,523 million cf).

The average sales price of overseas crude oil decreased by US$13.44, or 23.8%, to US$43.08 per barrel. Meanwhile, the average sales price of overseas natural gas decreased by US$2.40, or 33.2%, to US$4.83 per thousand cf. In addition, the average sales price of domestic natural gas decreased by ¥10.84, or 19.8%, to ¥43.88 per ㎥. The average exchange rate of the Japanese yen against the U.S. dollar on consolidated net sales appreciated by ¥14.85, or 12.2%, to ¥106.48 per U.S. dollar from the corresponding period of the previous fiscal year.

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

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

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

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

Financial results by segment are as follows:

1) Japan

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

2) Asia & Oceania

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

3) Eurasia (Europe & NIS)

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

4) Middle East & Africa

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

5) Americas

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

(2) Explanation on Consolidated Financial Position

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

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

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

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

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

1) Cash flows from operating activities

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

2) Cash flows from investing activities

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

3) Cash flows from financing activities

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

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

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

Forecasts for consolidated financial results for the year ending March 31, 2017 (Millions of yen)

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

The above forecasts are calculated based on the following assumptions:

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

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

2. Notes Regarding Summary Information (Notes)

(1) Significant changes in scope of consolidation:
None

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

(3) Changes in accounting policies, accounting estimates and restatement of corrections:
(Changes in accounting estimates)
(Change in useful life)
The Company reviewed the period of economic estimated use of structures (pipelines) considering the progress of initiatives on strengthening our gas supply chain defined in the "Medium- to Long-Term Vision", actual use records and others since the Toyama Line commences operation this fiscal year. It was confirmed that they could be used longer than their conventional useful lives, which had been based on the method prescribed in the Corporation Tax Act, and the Company has changed their useful lives from the three months ended June 30, 2016.
As a result, compared with the conventional method, operating income, ordinary income and income before income taxes for the six months ended September 30, 2016 increased by ¥3,224 million, respectively.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

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

(Millions of yen)

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

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

Consolidated Statement of Income

(Millions of yen)

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

Consolidated Statement of Comprehensive Income

(Millions of yen)

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

(3) Consolidated Statement of Cash Flows

(Millions of yen)

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

(Millions of yen)

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

(4) Notes to Consolidated Financial Statements

(Conditions or events that indicate there could be substantial doubt about the Company's ability to continue as a going concern)
For the six months ended September 30, 2016 (April 1, 2016 through September 30, 2016):
None

(Note on significant changes in shareholders' equity)
For the six months ended September 30, 2016 (April 1, 2016 through September 30, 2016):
None

(Segment information)

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

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

(Millions of yen)

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

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

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

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

None

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

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

(Millions of yen)

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

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

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

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

None

3. Disclosure of changes, etc. in reportable segments

(Change in useful life)

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

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

(Subsequent events)
For the six months ended September 30, 2016 (April 1, 2016 through September 30, 2016):
None

4. Supplementary Information

(1) Production, Orders Received and Sales Performance

1) Actual production

The following table shows actual production by segment:

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

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

2. A portion of crude oil and natural gas production volume is consumed as fuel to generate electricity.
3. The production by the Company's affiliates accounted for by the equity method is included in the figures above.
   Also the production volume is a result for the six months ended September 30 regardless of a closing date of fiscal periods of its subsidiaries or affiliates.
4. The production volume of crude oil and natural gas under the production sharing contracts entered into by INPEX Group corresponds to the net economic take of the group.
   Figures calculated by multiplying the gross production volume by the Company's interest share are 72.3 MMbbls (395.0 Mbbls per day) of crude oil, 214.7 Bcf (1,173.0 MMcf per day) of natural gas, and in total 112.5 MMboe (614.7 Mboe per day) for the six months ended September 30, 2015, and 76.0 MMbbls (415.1 Mbbls per day) of crude oil, 213.8 Bcf (1,168.5 MMcf per day) of natural gas, and in total 116.1 MMboe (634.3 Mboe per day) for the six months ended September 30, 2016.
5. Boe means barrels of oil equivalent.
6. Iodine is refined by other company on consignment.
7. Figures are rounded to one decimal place.

2) Orders received

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

3) Actual sales

The following table shows sales by segment:

(Millions of yen)

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

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

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

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