



INPEX CORPORATION

# Financial Results

for the Six Months ended September 30, 2012

November 7, 2012



## 1. Corporate Overview

Representative Director, President & CEO  
Toshiaki Kitamura

## 2. Financial Results for the six months ended September 30, 2012

Director, Managing Executive Officer  
Head of Finance & Accounting Division  
Masahiro Murayama

# 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.

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# Corporate Overview

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Toshiaki Kitamura  
Representative Director, President & CEO

# First-Half 2012 Corporate Highlights 1/2 **INPEX**

■ Half-year Results (Sep.2012)	Net sales ¥758.5 billion (0.9% increase YoY) Net profit ¥111.3 billion (49.7% increase YoY)
■ Ichthys	Progressing on schedule after FID in January 2012 Transfer of participating interest to LNG buyers and TOTAL
■ Abadi	FEED works to start soon
■ Net Production	404 thousand BOED (6% decrease YoY)

# First-Half 2012 Corporate Highlights 2/2 **INPEX**

## ■ Participation in Production and Development Projects

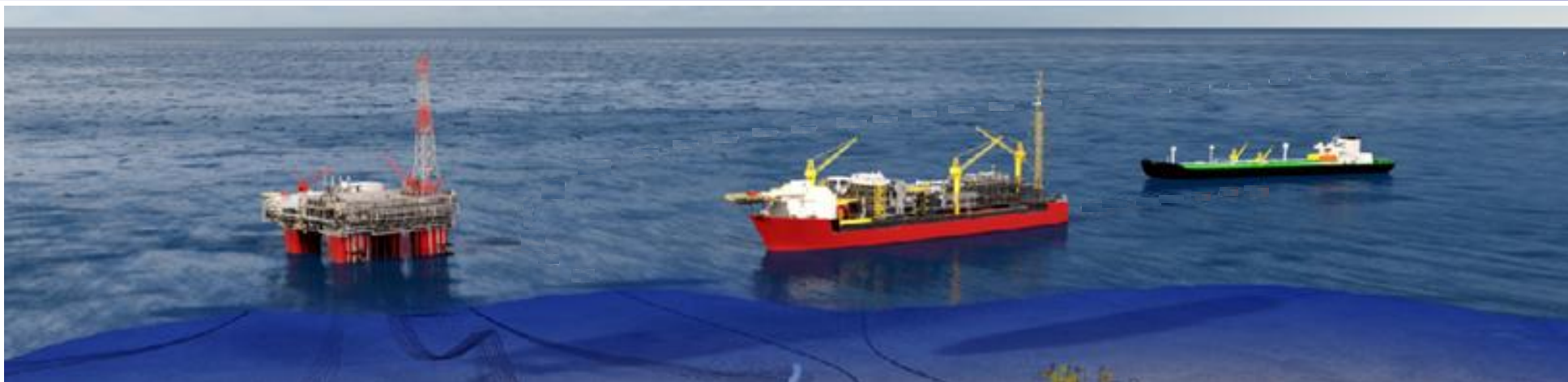
- Block 14 (Offshore Angola) (August)
- Lucius Project (Gulf of Mexico, U.S.) (August)
- Completion of the acquisition of interest
  - Prelude FLNG project (Australia) (June)
  - Shale Gas Project (Canada) (August)

## ■ Acquisition of Exploration Blocks

- Awarded onshore Exploration Block 10 in the 4<sup>th</sup> Petroleum Licensing Round (Iraq) (May)
- Acquisition of interest of exploration Block AC/P36 (Australia) (June) etc

## ■ Operation in Japan

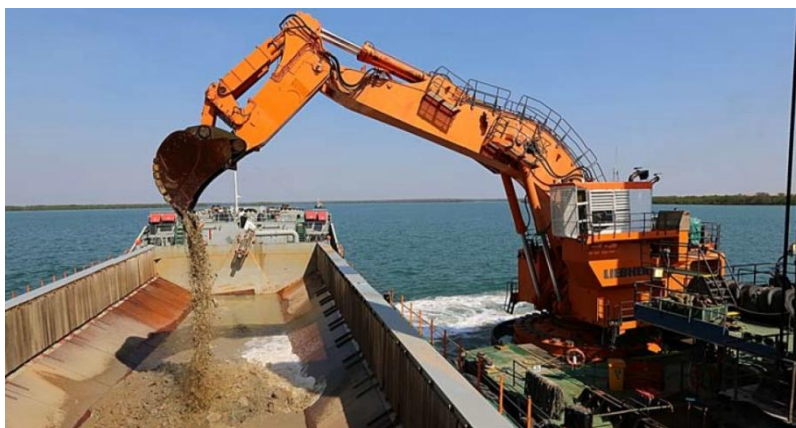
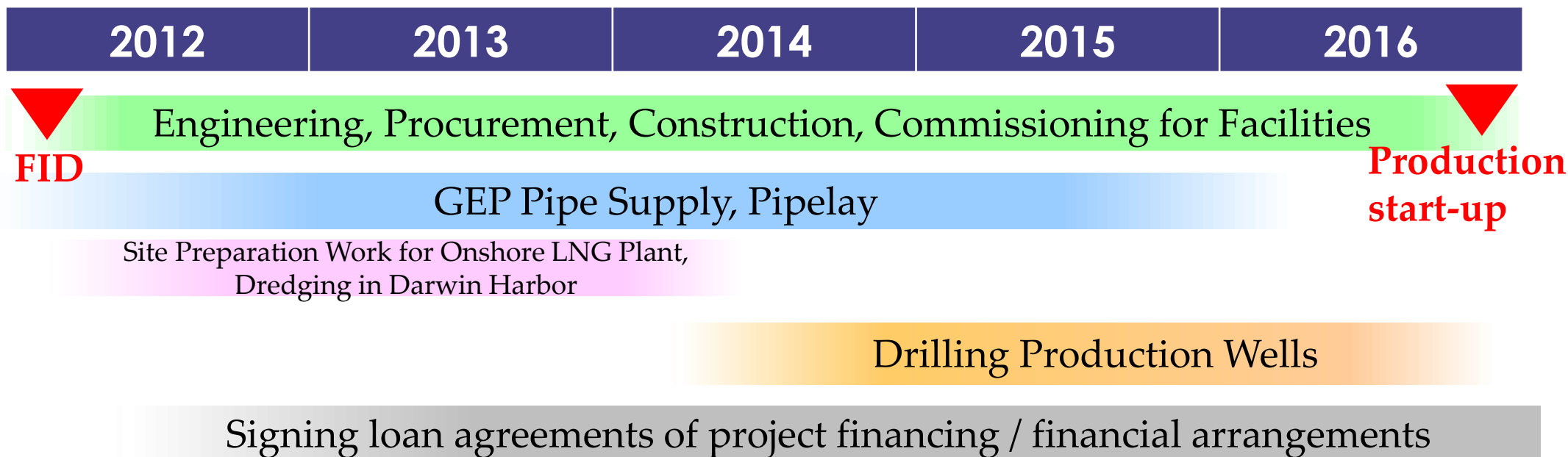
- Naoetsu LNG Receiving Terminal is under construction on schedule
- Agreement reached on reciprocal backup supply for natural gas in emergency
- Construction of a large-scale photovoltaic power generation system “INPEX Mega Solar Joetsu” started



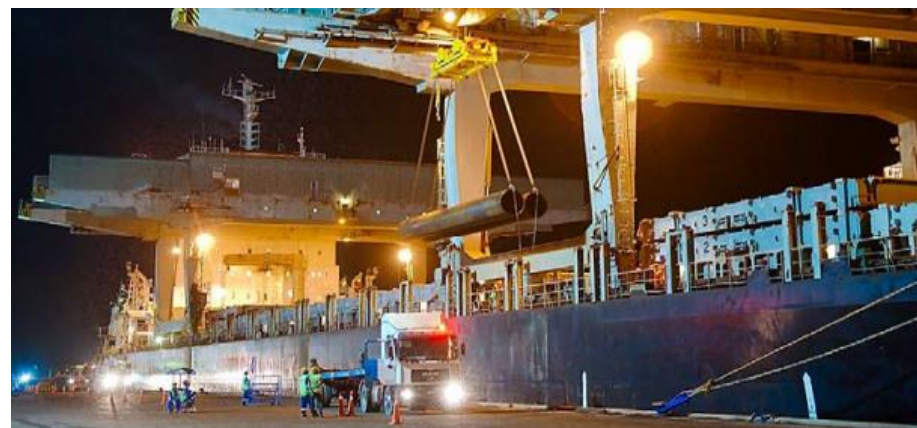
- FID in January 2012, production start target: by the end of 2016
- Work progress from FID to date
  - Engineering & procurement for offshore & onshore facilities ongoing
  - Site preparation work for onshore LNG plant ongoing
  - Start up of dredging work in Darwin Harbor
  - Manufacturing and coating of pipes for the gas export pipeline ongoing
- Project progress: 7% (on schedule)
- Finance :Project Financing with ECAs and major commercial banks are expected to be signed by the end of 2012
- Production volume (expected):
  - 8.4 MM t/y of LNG
  - Approx. 1.6 MM t/y of LPG
  - Approx. 100,000 bbl/d of condensate (at peak)
- Participating Interest\*: INPEX (Operator) 66.07%, TOTAL 30%, Tokyo Gas 1.575%, Osaka Gas 1.200%, Toho Gas 0.420%, Chubu Electric Power 0.735%
- Major EPC contracts awarded
- SPAs secured for the entire LNG production of 8.4 MM t/y
- Approx. 1,180 MM BOE\*\* of proved reserves booked

\*Transfer of additional 6% interest from INPEX to TOTAL will be subject to approval by the Australian Government

\*\*This figure is based on INPEX's Participating interest of 76%, which is before the transfer of interest from INPEX to four utility companies and additional interest to TOTAL shown in the right box in this presentation slide.



Dredging in Darwin Harbor



Unloading pipes for the gas export pipeline



Floating LNG at Abadi (image)

## ■ Plan of Development (POD-1)

- Stage 1 Development
- Development Concept : Floating LNG
- Production Volumes : 2.5 MM t/y of LNG  
8,400 bbl/d of condensate

## ■ Participating Interest

- INPEX(Operator) : 60%, Shell 30%,  
PT EMP 10%

## ■ Strategic alliance with Shell

- ✓ Shell provides technical services and assigns secondees

## ■ Plans to transfer of a 10% participating interest to an Indonesian participant to be designated by Indonesian Government, based on the PS Contract

## ■ Final stage of FEED contractors' selection. FEED starts shortly.

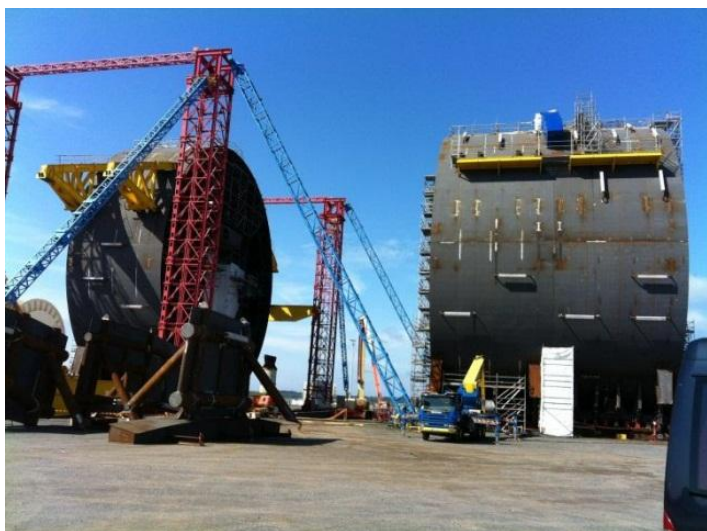
## ■ AMDAL(Environmental & Social Impact Assessment Process) is ongoing

## ■ Further study for future subsequent development adequate for gas reserves

- ✓ Plans to drill 2 to 3 delineation wells and an exploratory well from 2Q of 2013



Production Fields Platform



9 Production facility (Spar) construction site

## Participation in Production and Development Projects

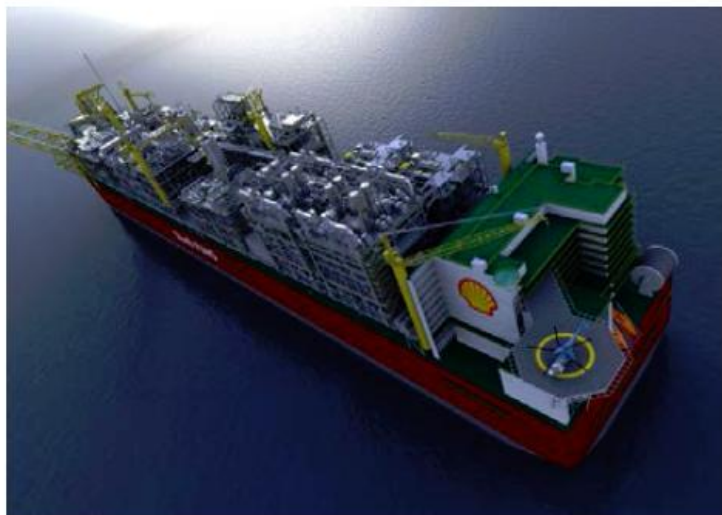
### ■ Offshore Angola – Block 14

- Agreed to acquire a 9.99% participating interest from Total in August 2012\*
- Currently producing 150,000bbl/d
- Plans to further expand exploration, development and production activities

\*transaction remains subject to certain conditions including the approval of Angolan authorities.

### ■ Lucius Project – Deepwater Gulf of Mexico, U.S.

- Agreed to acquire a 7.2% participating interest from Anadarko in August 2012
- FID in December 2011
- Production of crude oil and natural gas is expected to start in the latter half of 2014
- Truss spar floating facility (Spar) capacity: in excess of 80,000bbl/d and 450MMcf/d



Prelude FLNG (image)



Hydraulic Fracturing site in the Horn River Basin

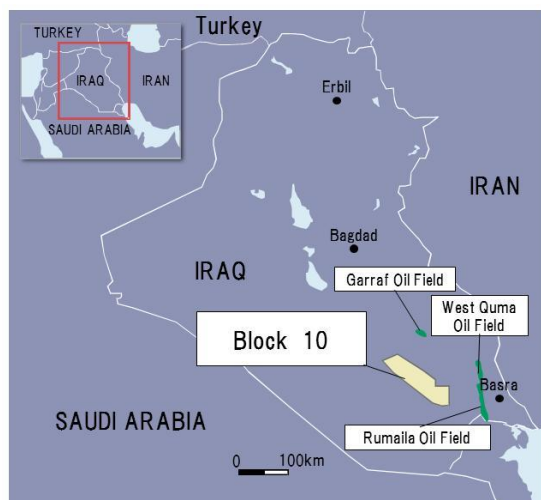
## Completion of interest acquisition

### ■ Prelude FLNG Project

- Acquired a 17.5% participating interest from Shell in June 2012
- FID in May 2011
- Development proceeding. Targeting its production start-up around 10 years from when the Prelude gas field was first discovered in early 2007
- Production : 3.6 MM t/y of LNG, along with 0.4 MM t/y of LPG and approx. 36,000 bbl/d condensate at peak

### ■ Canada - Shale Gas Project

- Completed to acquire a 40% participating interest from Nexen in August 2012
- Currently producing 61 million cf/d (approximately 9,760 BOED)
- To promote INPEX's first shale gas project, established a newest liaison office in Calgary, Canada



Iraq Onshore Exploration Block 10 Location

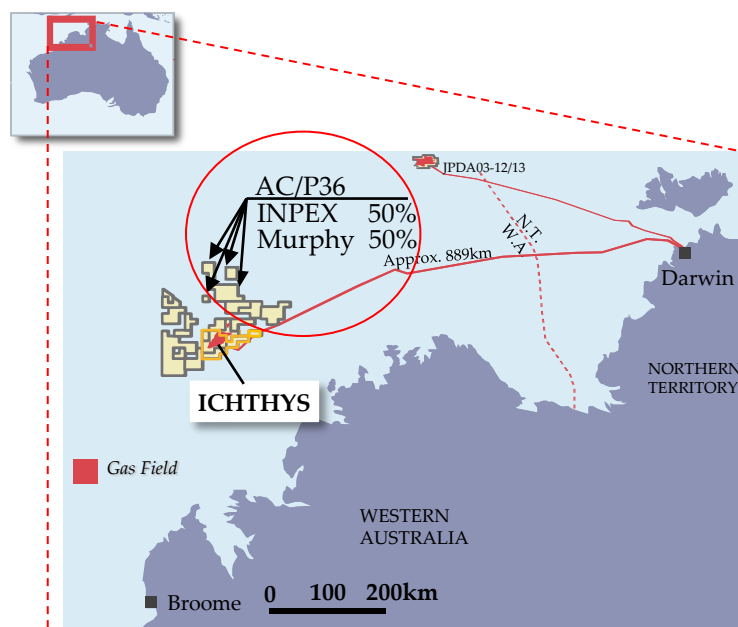
## Acquisition of Exploration Blocks

### ■ Iraq - Onshore Exploration Block 10

- Successful in the fourth Petroleum Licensing Round, and awarded the Block 10 jointly with a subsidiary of LUKOIL. INPEX will hold a 40% participating interest.
- Plans to carry out seismic surveys and to drill exploratory wells

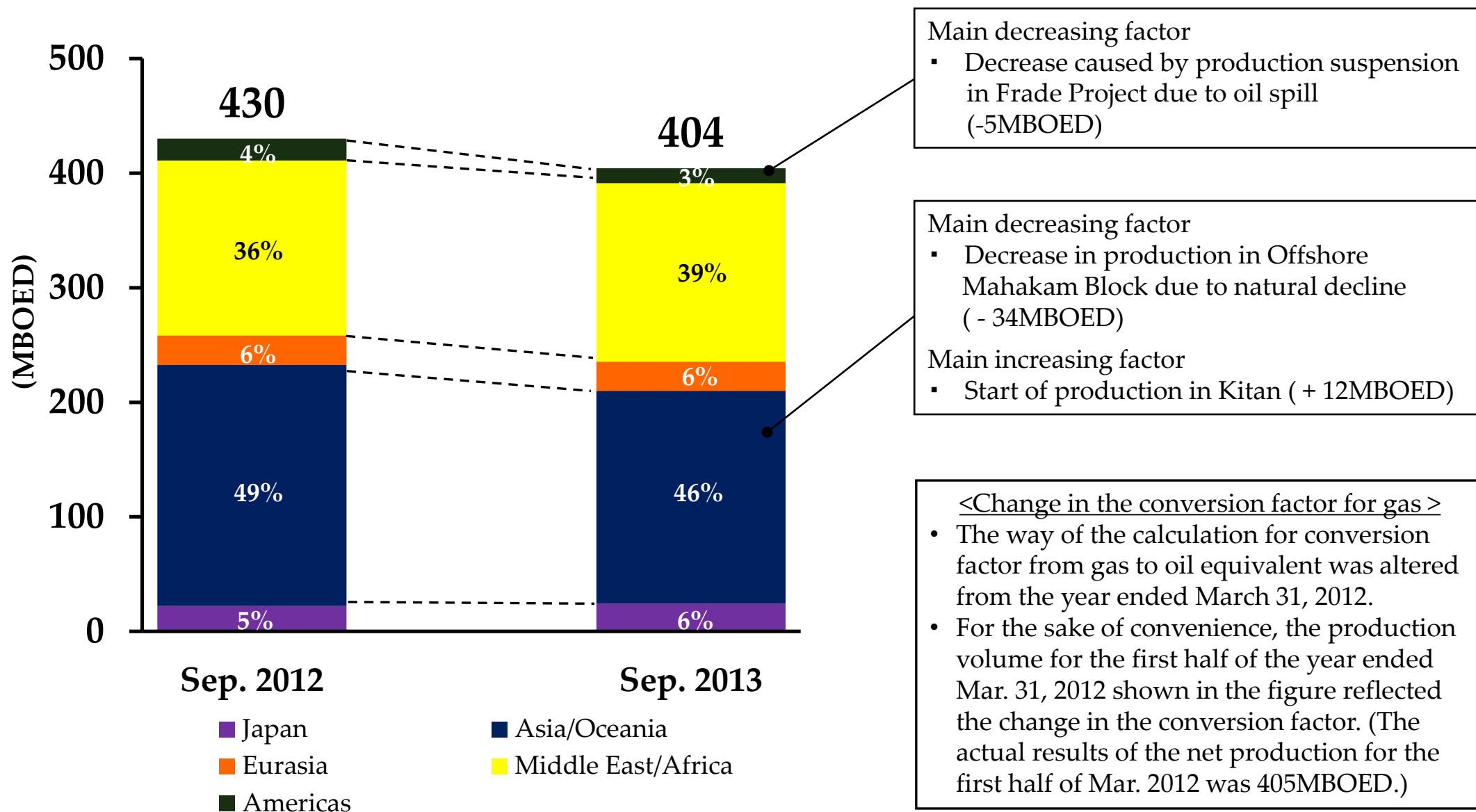
### ■ Offshore Australia - Exploration Block AC/P36

- Acquired a 50% working interest from Murphy in June 2012, together with the operatorship
- Plans to carry out exploration activities including drilling of one exploratory well.



Offshore Australia Exploration Block AC/P36 Location

# Net Production\* (April – September 2012)



\* 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.

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Financial Results for the six months ended  
September 30, 2012

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Masahiro Murayama

Director, Managing Executive Officer  
Head of Finance & Accounting Division

# Highlights of the Consolidated Financial Results

## for the six months ended September 30, 2012 **INPEX**

	Apr.-Sep. '11	Apr.-Sep. '12	Change	%Change
Net Sales (Billions of yen)	573.1	578.5	5.3	0.9%
Crude Oil Sales	352.1	367.8	15.7	4.5%
Natural Gas Sales (including LPG)	205.8	195.0	(10.8)	(5.3%)
Others	15.1	15.6	0.4	3.0%
Operating Income (Billions of yen)	328.0	337.9	9.9	3.0%
Ordinary Income (Billions of yen)	332.4	363.8	31.3	9.4%
Net Income (Billions of yen)	74.3	111.3	36.9	49.7%
Net income per share (Yen)	20,377.60	30,508.24	10,130.64	49.7%

Average number of shares issued and outstanding during the six months ended September 30, 2012(consolidated): 3,650,894

Average crude oil price (Brent) (\$/bbl)	114.68	109.19	(5.49)	(4.8%)
Average exchange rate (¥/\$)	79.75	79.42	0.33 Yen appreciation	0.4% Yen appreciation

# Crude Oil Sales



	Apr.-Sep. '11	Apr.-Sep. '12	Change	%Change
Net Sales (Billions of yen)	352.1	367.8	15.7	4.5%
Sales volume (thousand bbl)	39,139	42,120	2,982	7.6%
Average unit price of overseas production (\$/bbl)	111.77	109.24	(2.53)	(2.3%)
Average unit price of domestic production(¥/kl)	61,927	59,214	(2,712)	(4.4%)
Average exchange rate (¥/\$)	79.93	79.50	0.43Yen appreciation	0.5% Yen appreciation
Sales volume by region (thousand bbl)	Apr.-Sep. '11	Apr.-Sep. '12	Change	%Change
Japan	72 (11 thousand kl)	3 (0 thousand kl)	(69) (-11 thousand kl)	(95.9%)
Asia/Oceania	6,619	10,710	4,091	61.8%
Eurasia (Europe/NIS )	4,864	4,169	(695)	(14.3%)
Middle East/Africa	27,551	27,205	(346)	(1.3%)
Americas	32	33	1	2.8%
Total	39,139	42,120	2,982	7.6%

# Natural Gas Sales (excluding LPG)



	Apr.-Sep. '11	Apr.-Sep. '12	Change	%Change
Net Sales (Billions of yen)	201.5	180.5	(21.0)	(10.4%)
Sales volume (MMcf)	184,454	153,562	(30,892)	(16.7%)
Average unit price of overseas production (\$/Mcf)	13.55	13.96	0.41	3.0%
Average unit price of domestic sales(¥/ m <sup>3</sup> )	42.82	46.53	3.71	8.7%
Average exchange rate (¥/\$)	79.90	79.49	0.41 Yen appreciation	0.5% Yen appreciation
Sales volume by region (MMcf)	Apr.-Sep. '11	Apr.-Sep. '12	Change	%Change
Japan	28,427 (762 million m <sup>3</sup> *)	29,096 (780 million m <sup>3</sup> *)	(668) (18 million m <sup>3</sup> *)	2.4%
	Purchased Volume 271million m <sup>3</sup> *	Purchased Volume 259million m <sup>3</sup> *	(12 million m <sup>3</sup> )	(4.4%)
Asia/Oceania	142,153	112,423	(29,730)	(20.9%)
Eurasia (Europe/NIS )	-	-	-	-
Middle East/Africa	-	-	-	-
Americas	13,873	12,043	(1,830)	(13.2%)
Total	184,454	153,562	(30,892)	(16.7%)

(FYI) LPG Sales

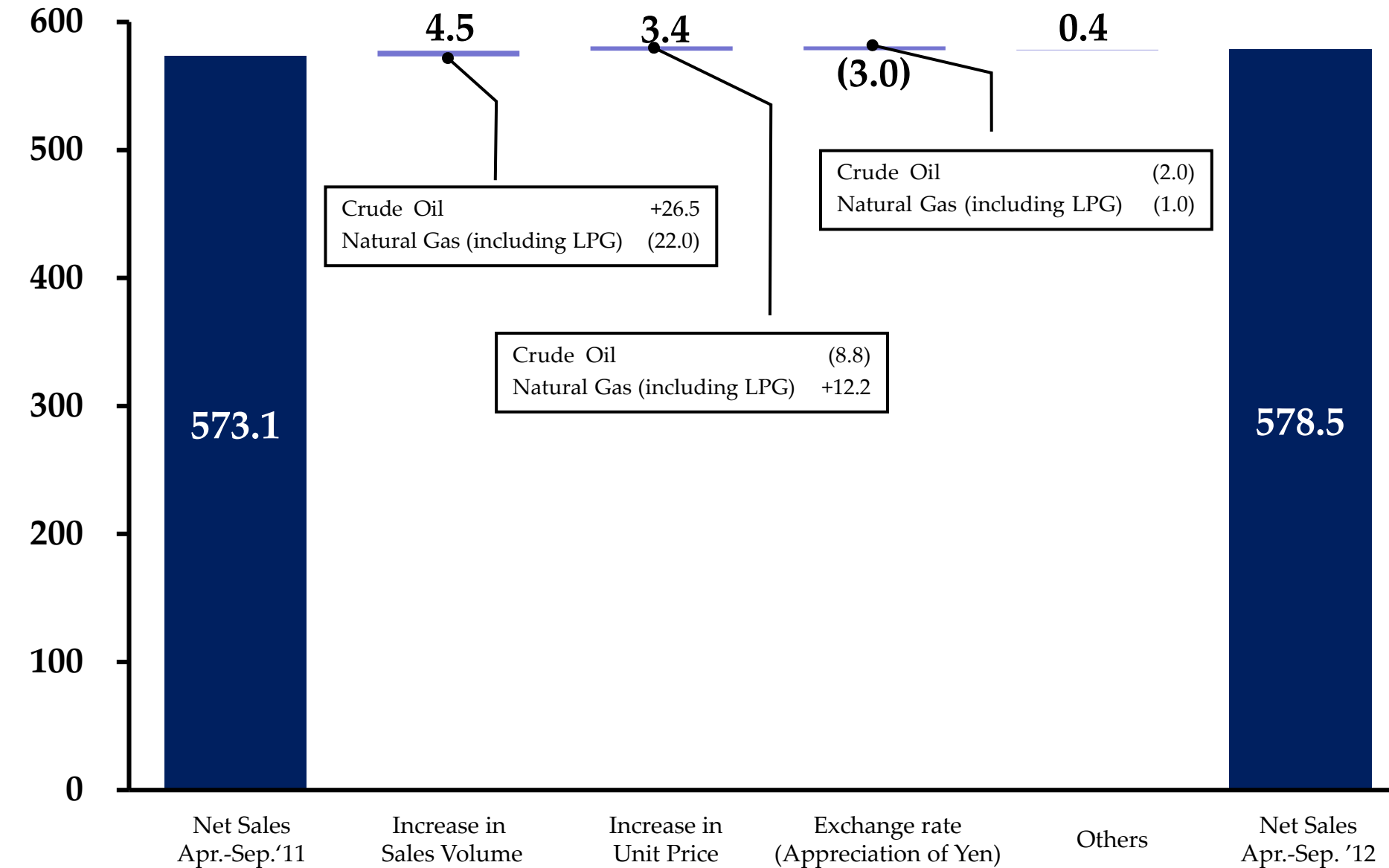
\* 41.8605MJ / 1m<sup>3</sup>

	Apr.-Sep. '11	Apr.-Sep. '12	Change	%Change
Net Sales (Billions of yen)	4.2	14.4	10.1	236.9%

# Analysis of Net Sales Increase



(Billions of Yen)



# Statements of Income



(Billions of Yen)	Apr.-Sep. '11	Apr.-Sep. '12	Change	%Change
Net Sales	573.1	578.5	5.3	0.9%
Cost of Sales	199.4	201.9	2.5	1.3%
Exploration expenses	10.5	4.0	(6.4)	(61.2%)
Selling, general and administrative expenses	35.1	34.4	(0.7)	(2.0%)
Operating Income	328.0	337.9	9.9	3.0%
Other income	19.8	39.2	19.4	98.1%
Other expenses	15.4	13.4	(1.9)	(12.7%)
Ordinary Income	332.4	363.8	31.3	9.4%
Income taxes-current	245.3	236.2	(9.1)	(3.7%)
Income taxes-deferred	4.0	12.0	7.9	194.7%
Minority interests	8.6	4.1	(4.4)	(51.9%)
Net Income	74.3	111.3	36.9	49.7%

Crude Oil sales :	367.8
(Change)	+15.7
Natural Gas sales* :	195.0
(Change)	(10.8)

Cost of sales for Crude Oil :	117.4
(Change)	+5.1
Cost of sales for Natural Gas* :	73.7
(Change)	(1.6)

\* Including LPG

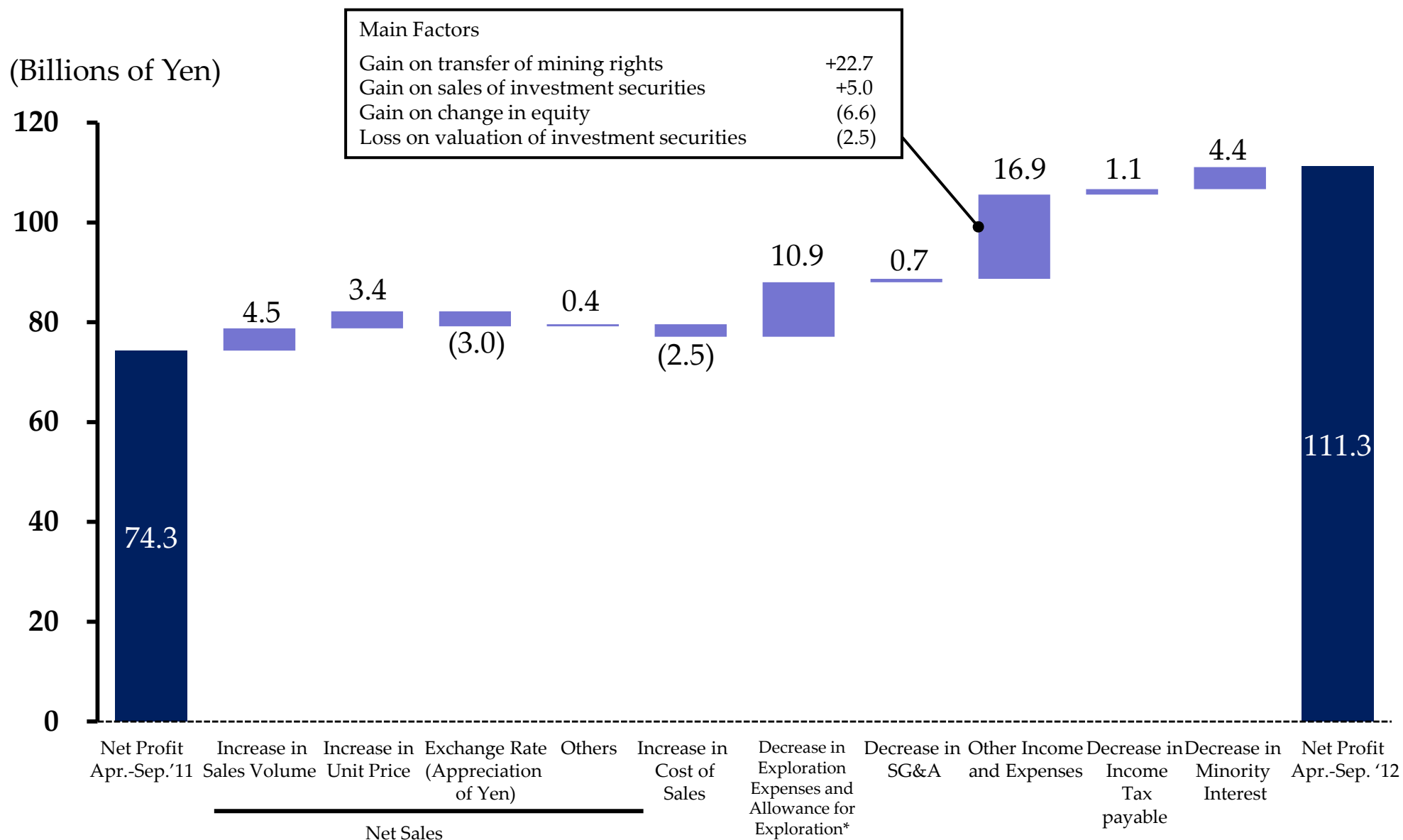
# Other Income/Expenses



(Billions of Yen)	Apr.- Sep. '11	Apr.- Sep. '12	Change	%Change
Other income	19.8	39.2	19.4	98.1%
Interest income	2.0	3.1	1.0	48.0%
Dividend income	2.1	2.0	(0.1)	(7.6%)
Gain on sales of investment securities	0.0	5.1	5.0	-
Equity in earnings of affiliates	4.0	2.8	(1.2)	(30.1%)
Gain on change in equity	6.6	-	(6.6)	(100.0%)
Gain on transfer of mining rights	-	22.7	22.7	-
Foreign exchange gain	1.9	0.4	(1.5)	(76.2%)
Other	2.8	3.0	0.2	7.4%
Other expenses	15.4	13.4	(1.9)	(12.7%)
Interest expense	0.5	0.5	0.0	1.8%
Provision for allowance for recoverable accounts under production sharing	9.1	3.2	(5.9)	(64.6%)
Provision for exploration projects	0.8	2.2	1.4	166.3%
Loss on the valuation of investment securities	2.3	4.9	2.5	108.9%
Other	2.4	2.4	(0.0)	(1.2%)

# Analysis of Net Profit Increase

**INPEX**



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

# Balance Sheets



(Billions of yen)	Mar. '12	Sep. '12	Change	%Change
Current assets	908.7	804.1	(104.5)	(11.5%)
Tangible fixed assets	383.6	477.4	93.7	24.4%
Intangible assets	233.3	361.4	128.1	54.9%
Recoverable accounts under production sharing	568.3	561.2	(7.0)	(1.2%)
Investment securities	886.2	732.3	(153.8)	(17.4%)
Other	186.8	257.5	70.7	37.9%
Less allowance for recoverable accounts under production sharing	(100.6)	(100.8)	(0.1)	0.1%
<b>Total assets</b>	<b>3,066.3</b>	<b>3,093.4</b>	<b>27.0</b>	<b>0.9%</b>
Current liabilities	367.8	311.4	(56.3)	(15.3%)
Long-term liabilities	384.3	394.8	10.4	2.7%
<b>Total net assets</b>	<b>2,314.1</b>	<b>2,387.1</b>	<b>72.9</b>	<b>3.2%</b>
(Minority interests)	134.9	142.2	7.3	5.4%
<b>Total liabilities and net assets</b>	<b>3,066.3</b>	<b>3,093.4</b>	<b>27.0</b>	<b>0.9%</b>
Net assets per share (Yen)	596,909	614,881	17,972	3.0%

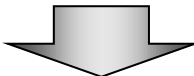
# Statements of Cash Flows



(Billions of Yen)	Apr.-Sep. '11	Apr.-Sep. '12	Change	%Change
Income before income taxes and minority interests	332.4	363.8	31.3	9.4%
Depreciation and amortization	23.7	25.9	2.2	9.5%
Recovery of recoverable accounts under production sharing (capital expenditures)	29.0	26.3	(2.7)	(9.6%)
Recoverable accounts under production sharing (operating expenditures)	(11.1)	(4.6)	6.5	(58.8%)
Income taxes paid	(249.0)	(287.1)	(38.1)	15.3%
Other	13.4	(13.6)	(27.1)	(201.3%)
Net cash provided by operating activities	138.6	110.6	(27.9)	(20.2%)
Purchase of tangible fixed assets	(23.6)	(67.9)	(44.3)	187.9%
Purchases of marketable securities/investment securities and proceeds from sales of marketable securities/investment securities (Net)	(85.1)	157.8	242.9	(285.5%)
Investment in recoverable accounts under production sharing (capital expenditures)	(43.2)	(41.2)	1.9	(4.6%)
Long-term loans made	(2.8)	(91.6)	(88.7)	-%
Payments for purchase of mining rights	-	(157.6)	(157.6)	-%
Proceeds from transfer of mining rights	-	17.1	17.1	-%
Other	(1.1)	2.5	3.6	(321.1%)
Net cash used in investing activities	(155.9)	(180.9)	(24.9)	16.0%
Net cash provided by financing activities	12.3	7.5	(4.8)	(39.5%)
Cash and cash equivalents at end of the period	170.3	175.9	5.5	3.3%

# Differences between Consolidated Financial Forecasts and Actual Results for the six months ended September 30, 2012 **INPEX**

## - Assumptions

(August 3, 2012)	1 <sup>st</sup> half (Previous Forecasts)
Crude oil price (Brent) (US\$/bbl)	104.5
Exchange rate (yen/US\$)	80.1
	
(November 6, 2012)	1 <sup>st</sup> half (Actual Results)
Crude oil price (Brent) (US\$/bbl)	109.2
Exchange rate (yen/US\$)	79.4

## - Differences between Consolidated Financial Forecasts and Actual Results for the six months ended September 30, 2012

	Previous Forecasts (August 3, 2012)	Actual Results	Change	% Change
Net Sales (billions of yen)	577.0	578.5	1.5	0.3%
Operating income (billions of yen)	329.0	337.9	8.9	2.7%
Ordinary income (billions of yen)	340.0	363.8	23.8	7.0%
Net income (billions of yen)	98.0	111.3	13.3	13.6%

# Revisions of Financial Forecasts for the year ending March 31, 2013

**INPEX**

## - Assumptions

(August 3, 2012)	1 <sup>st</sup> half	2 <sup>nd</sup> half	Full year
Crude oil price (Brent) (US\$/bbl)	104.5	100.0	102.2
Exchange rate (yen/US\$)	80.1	80.0	80.0



(November 6, 2012)	1 <sup>st</sup> half	2 <sup>nd</sup> half	Full year
Crude oil price (Brent) (US\$/bbl)	109.2	100.0	104.6
Exchange rate (yen/US\$)	79.4	80.0	79.7

## - Financial Forecasts for the year ending March 31, 2013

	Previous forecasts (August 3, 2012)	Revised forecasts (November 6, 2012)	Change	% Change
Net Sales (billions of yen)	1,089.0	1,099.0	10.0	0.9%
Operating income (billions of yen)	587.0	599.0	12.0	2.0%
Ordinary income (billions of yen)	607.0	640.0	33.0	5.4%
Net income (billions of yen)	168.0	182.0	14.0	8.3%

## - Dividend per share

	End of 2Q	End of fiscal year (forecast)	Total (forecast)
Year ending March 31, 2013 (yen)	3,500	3,500	7,000