

Consolidated Financial Results for the Six Months ended June 30, 2020 [Japanese GAAP]

August 6, 2020

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

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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 June 30, 2020 (January 1, 2020-June 30, 2020)

(1) Consolidated operating results

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the six months ended June 30, 2020	391,683	—	123,799	—	149,276	—	(120,799)	—
September 30, 2019	575,269	31.3	280,715	24.0	271,104	9.8	69,487	104.2

(Note): Consolidated comprehensive income: for the six months ended June 30, 2020, ¥(214,235) million; (—%)
 for the six months ended September 30, 2019, ¥(22,988) million; (—%)

	Net income per share—basic	Net income per share—diluted
For the six months ended June 30, 2020	Yen (82.73)	Yen —
September 30, 2019	47.59	—

(Note): The Company changed its consolidated fiscal year-end from March 31 to December 31, effective from the previous fiscal year. As a result, the second quarter (January 1, 2020 to June 30, 2020) of the fiscal year ending December 31, 2020 differs from the corresponding second quarter (April 1, 2019 to September 30, 2019) of the fiscal year ended December 31, 2019. On this basis, percentage data for changes between the second quarter of the fiscal year ended December 31, 2019 and the second quarter of the fiscal year ending December 31, 2020 have not been provided.

[Reference]

Percentage figures below (adjusted % increase/decrease) represent year-on-year changes between the six-month period from January 1, 2020 to June 30, 2020 and the corresponding period of the previous year, the six-month period from January 1, 2019 to June 30, 2019.

				(Millions of yen)	
Net Sales	Operating income	Ordinary income	Net income attributable to owners of parent		
391,683 (30.5)%	123,799 (54.0)%	149,276 (44.9)%	(120,799) —%		

(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 June 30, 2020	4,671,086	3,054,168	60.0
As of December 31, 2019	4,849,995	3,297,176	62.7

(Reference): Net assets excluding non-controlling interests: as of June 30, 2020, ¥2,801,958 million
 as of December 31, 2019, ¥3,040,775 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 December 31, 2019	—	12.00	—	18.00	30.00
For the year ending December 31, 2020	—	12.00			
For the year ending December 31, 2020 (forecast)			—	12.00	24.00

(Note): 1. Changes in projected dividends for the year ending December 31, 2020 from the previous forecast: None

2. "Dividends" as stated above refer to common stock. For information regarding Class A stock (not listed), please refer to Exhibit "Dividends of Class A stock".

3. Forecasted Consolidated Financial Results for the year ending December 31, 2020 (January 1, 2020-December 31, 2020)

(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		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
For the year ending December 31, 2020	730,000	—	203,000	—	200,000	—	(136,000)	—	(93.14)

(Note): Changes in forecasted consolidated financial results for the year ending December 31, 2020 from the previous forecast: Yes

Due to the change in the Company's fiscal year-end from March 31 to December 31, the consolidated accounting period of the Company and its subsidiaries with provisional settlements of accounts for the fiscal year ended December 31, 2019 is the nine-month period between April 1 and December 31, 2019. Meanwhile, the accounting period (for the same fiscal year) of subsidiaries with a December 31 fiscal year-end is the normal, twelve-month period between January 1 and December 31, 2019. Therefore, percentage changes from the previous fiscal year are not provided.

[Reference]

Percentage figures below for the year ending December 31, 2020 (after adjustment) represent the year-on-year percentage changes between the financial results of the Company, its subsidiaries with provisional settlements of accounts and its subsidiaries with a December 31 fiscal year-end for the period between January 1 and December 31, 2019 and the forecasted consolidated financial results (of these entities) for the period between January 1 and December 31, 2020.

						(Millions of yen)	
Net Sales	Operating income	Ordinary income	Net income attributable to owners of parent				
730,000 (37.7)%	203,000 (63.7)%	200,000 (65.8)%	(136,000)	—			

Notes

- (1) Significant changes in scope of consolidation : None
(Changes in the specified subsidiaries during the period due to change in scope of consolidation)
- (2) Adoption of accounting treatments which are exceptional for quarterly consolidated financial statements : None
- (3) Changes in accounting policies, accounting estimates and restatement of corrections
1. Changes in accounting policies resulting from the revision of the accounting standards and other regulations : None
 2. Other changes in accounting policies : None
 3. Changes in accounting estimates : None
 4. Restatement of corrections : None
- (4) Number of shares issued (Common stock)
1. Number of shares issued at the end of the period 1,462,323,600 shares as of June 30, 2020
(including treasury stock): 1,462,323,600 shares as of December 31, 2019
 2. Number of treasury stock at the end of the period: 2,119,069 shares as of June 30, 2020
2,121,916 shares as of December 31, 2019
 3. Average number of shares: 1,460,203,039 shares for the three months ended June 30, 2020
1,460,200,688 shares for the three months ended September 30, 2019

(Note): The shares held by "the Board Incentive Plan Trust" are included in number of treasury stock at end of period.
(As of June 30, 2020: 152,569 shares As of December 31, 2019: 155,416 shares)

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

*Explanation regarding the appropriate use of estimated consolidated financial results

The aforementioned forecasts are based on the currently available information and contain many uncertainties. The final results might be significantly different from the aforementioned forecasts due to changes in business conditions including oil and natural gas price levels, production and sales plans, project development schedules, government regulations and financial and tax schemes. Please refer to "1.(3) Explanation regarding future forecast information such as Forecasts for Consolidated Financial Results" on page 5.

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 December 31, 2019	—	4,800.00	—	7,200.00	12,000.00
For the year ending December 31, 2020	—	4,800.00			
For the year ending December 31, 2020(forecast)			—	4,800.00	9,600.00

(Note) 1. The Company conducted a stock split at a ratio of 1:400 of common stock effective October 1, 2013. However, for Class A stock (not listed), no stock split was implemented. The article specifying that dividends of Class A stock are equivalent to dividends of common stock prior to the stock split is included in the Articles of Incorporation.

Index of the Attachments

1. Qualitative Information / Financial Statements	2
(1) Explanation on Consolidated Financial Results	2
(2) Explanation on Consolidated Financial Position	3
(3) Explanation regarding future forecast information such as Forecasts for Consolidated Financial Results	5
2. Consolidated Financial Statements and Principal Notes	6
(1) Consolidated Balance Sheet	6
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	8
Consolidated Statement of Income	8
Consolidated Statement of Comprehensive Income	9
(3) Consolidated Statement of Cash Flows	10
(4) Notes to Consolidated Financial Statements	12
(Conditions or events that indicate there could be substantial doubt about the Company's ability to continue as a going concern)	12
(Note on significant changes in shareholders' equity)	12
(Segment information)	13
(Subsequent events)	14
3. Supplementary Information	15
(1) Production, Orders Received and Sales Performance.....	15

1. Qualitative Information/Financial Statements

(1) Explanation on Consolidated Financial Results

The Company and its subsidiaries unified their fiscal year-ends to December 31, effective from the previous fiscal year. Changes displayed hereinafter are based on the comparison to the corresponding period of the previous year, which is comprised of the six-month results (January 1 - June 30, 2019).

(Millions of yen)

	Corresponding Period of the Previous Year	For the six months ended June 30, 2020	Change	% Change
Net sales	563,170	391,683	(171,487)	(30.5)
Operating income	269,150	123,799	(145,351)	(54.0)
Ordinary income	270,734	149,276	(121,457)	(44.9)
Net income (loss) attributable to owners of parent	82,468	(120,799)	(203,268)	—

Net sales for the six months ended June 30, 2020 decreased by ¥171.4 billion, or 30.5%, to ¥391.6 billion from the corresponding period of the previous year due to a decrease in sales price of crude oil, despite an increase in sales volume.

Net sales of crude oil decreased by ¥175.0 billion, or 41.5%, to ¥246.3 billion, and net sales of natural gas increased by ¥5.8 billion, or 4.5%, to ¥138.2 billion.

Sales volume of crude oil increased by 3,111 thousand barrels, or 5.4%, to 60,894 thousand barrels. Sales volume of natural gas increased by 37,659 million cf, or 20.3%, to 222,856 million cf. Sales volume of overseas natural gas increased by 39,699 million cf, or 27.7%, to 183,030 million cf, and sales volume of domestic natural gas decreased by 55 million m³, or 4.9%, to 1,067 million m³ (39,826 million cf).

The average sales price of overseas crude oil decreased by US\$28.94, or 43.7%, to US\$37.27 per barrel. In addition, the average sales price of overseas natural gas decreased by US\$0.04, or 1.0%, to US\$4.17 per thousand cf. Meanwhile, the average sales price of domestic natural gas decreased by ¥6.81, or 11.9%, to ¥50.65 per m³. The average exchange rate of the Japanese yen against the U.S. dollar on consolidated net sales appreciated by ¥1.72, or 1.6%, to ¥108.41 per U.S. dollar from the corresponding period of the previous year.

The decrease of ¥171.4 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 ¥38.0 billion to the increase, a decrease in unit sales price pushing sales down of ¥201.9 billion, the appreciation of the Japanese yen against the U.S. dollar pushing sales down of ¥5.1 billion, and a decrease in net sales excluding crude oil and natural gas of ¥2.3 billion.

Cost of sales for the six months ended June 30, 2020 decreased by ¥20.8 billion, or 8.4%, to ¥226.0 billion. Exploration expenses decreased by ¥5.5 billion, or 54.1%, to ¥4.6 billion. Selling, general and administrative expenses increased by ¥0.2 billion, or 0.6%, to ¥37.1 billion. As a result, operating income decreased by ¥145.3 billion, or 54.0%, to ¥123.7 billion.

Other income increased by ¥22.1 billion, or 95.2%, to ¥45.3 billion due to an increase in equity in earnings of affiliates and others. Other expenses decreased by ¥1.7 billion, or 8.1%, to ¥19.9 billion. As a result, ordinary income decreased by ¥121.4 billion, or 44.9%, to ¥149.2 billion.

Extraordinary loss increased by ¥186.9 billion, as a result of posting impairment loss of ¥192.4 billion due to deteriorating business environments based on the drop in oil prices, which were caused by the impact of the growing number of COVID-19 cases and others. Total amount of current income taxes and deferred income taxes decreased by ¥111.0 billion, or 58.7%, to ¥78.2 billion, and net loss attributable to non-controlling interests was ¥0.6 billion. As a result of the above effects, net loss attributable to owners of parent for the six months ended June 30, 2020 was ¥120.7 billion compared with ¥82.4 billion of net income attributable to owners of parent for the corresponding period of the previous year.

Financial results by segment are as follows:

(Millions of yen)

Segment	Net sales			Segment income (loss)		
	Corresponding Period of the Previous Year	For the six months ended June 30, 2020	% Change	Corresponding Period of the Previous Year	For the six months ended June 30, 2020	% Change
Japan	76,940	63,147	(17.9)	14,172	12,565	(11.3)
Asia & Oceania	120,963	116,020	(4.1)	57,270	31,937	(44.2)
Eurasia (Europe & NIS)	46,956	29,541	(37.1)	10,385	(1,580)	–
Middle East & Africa	311,763	175,029	(43.9)	196,634	89,621	(54.4)
Americas	6,545	7,943	21.4	(2,964)	(2,431)	(18.0)
Total	563,170	391,683	(30.5)	275,499	130,111	(52.8)
Adjustments	–	–	–	(6,348)	(6,312)	(0.6)
Consolidated	563,170	391,683	(30.5)	269,150	123,799	(54.0)

1) Japan

Net sales decreased by ¥13.7 billion, or 17.9%, to ¥63.1 billion due to a decrease in sales price of natural gas. Operating income decreased by ¥1.6 billion, or 11.3%, to ¥12.5 billion.

2) Asia & Oceania

Net sales decreased by ¥4.9 billion, or 4.1%, to ¥116.0 billion due to a decrease in sales price of crude oil. Operating income decreased by ¥25.3 billion, or 44.2%, to ¥31.9 billion.

3) Eurasia (Europe & NIS)

Net sales decreased by ¥17.4 billion, or 37.1%, to ¥29.5 billion due to a decrease in sales price of crude oil. Operating loss totaled ¥1.5 billion compared with ¥10.3 billion of operating income for the corresponding period of the previous year.

4) Middle East & Africa

Net sales decreased by ¥136.7 billion, or 43.9%, to ¥175.0 billion due to a decrease in sales price of crude oil. Operating income decreased by ¥107.0 billion, or 54.4%, to ¥89.6 billion.

5) Americas

Net sales increased by ¥1.3 billion, or 21.4%, to ¥7.9 billion due to an increase in sales volume. Operating loss decreased by ¥0.5 billion, or 18.0%, to ¥2.4 billion.

(2) Explanation on Consolidated Financial Position

Total assets as of June 30, 2020 decreased by ¥178.9 billion to ¥4,671.0 billion from ¥4,849.9 billion as of December 31, 2019. Current assets increased by ¥92.4 billion to ¥512.2 billion due to increases in cash and deposits and others. Fixed assets decreased by ¥271.3 billion to ¥4,158.8 billion due to decreases in tangible fixed assets, intangible fixed assets and others.

Meanwhile, total liabilities increased by ¥64.0 billion to ¥1,616.9 billion from ¥1,552.8 billion as of December 31, 2019. Current liabilities decreased by ¥28.5 billion to ¥372.9 billion and long-term liabilities increased by ¥92.6 billion to ¥1,243.9 billion.

Net assets decreased by ¥243.0 billion to ¥3,054.1 billion. Total shareholders' equity decreased by ¥147.0 billion to ¥2,575.7 billion. Total accumulated other comprehensive income decreased by ¥91.7 billion to ¥226.2 billion and non-controlling interests in net assets decreased by ¥4.1 billion to ¥252.2 billion.

Due to the change of the fiscal year-end, the previous fiscal year was a nine-month transition period. Therefore, the change from the previous fiscal year is not displayed.

Cash and cash equivalents as of June 30, 2020 totaled ¥303.1 billion reflecting a net increase of ¥129.4 billion from ¥173.7 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 is ¥173.5 billion due mainly to impairment loss and depreciation and amortization (non-cash), despite loss before income taxes caused by decreases in sales price of crude oil and others.

2) Cash flows from investing activities

Net cash used in investing activities is ¥167.7 billion due mainly to payments for purchases of tangible fixed assets and payments for time deposits.

3) Cash flows from financing activities

Net cash provided by financing activities is ¥124.0 billion due mainly to an increase in proceeds from long-term debt.

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

The consolidated financial forecasts for the year ending December 31, 2020 (January 1 - December 31, 2020) have been revised from the previous forecasts announced on May 12, 2020. For the details, please refer to the press release "Recognition of Impairment Losses, Differences between Consolidated Financial Forecasts and Actual Financial Results for the Six Months Ended June 30, 2020 and Revision of Consolidated Financial Forecasts for the Fiscal Year Ending December 31, 2020" issued today (August 6, 2020).

Forecasts for consolidated financial results for the year ending December 31, 2020

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income (loss) attributable to owners of parent
Previous Forecasts: A	710,000	172,000	163,000	10,000
Revised Forecasts: B	730,000	203,000	200,000	(136,000)
Increase (Decrease): B-A	20,000	31,000	37,000	(146,000)
Percentage change (%)	2.8	18.0	22.7	—

The above forecasts are calculated based on the following assumptions:

	Previous Forecasts	Revised Forecasts
Crude oil price (Brent)	1st quarter (actual): US\$ 50.8/bbl From 2nd quarter: US\$ 30.0/bbl Full Year average: US\$ 35.2/bbl	1st half (actual): US\$ 42.1/bbl 2nd half: US\$ 40.0/bbl Full Year average: US\$ 41.1/bbl
Exchange rate	1st quarter (actual): ¥108.9/US\$ From 2nd quarter: ¥110.0/US\$ Full Year average: ¥109.7/US\$	1st quarter (actual): ¥108.3/US\$ 2nd half: ¥105.0/US\$ Full Year average: ¥106.6/US\$

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

2. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheet

(Millions of yen)

Accounts	As of December 31, 2019	As of June 30, 2020
(Assets)		
Current assets		
Cash and deposits	173,798	357,076
Accounts receivable-trade	148,765	65,896
Inventories	38,987	39,414
Other	72,020	62,724
Less allowance for doubtful accounts	(13,768)	(12,864)
Total current assets	419,802	512,247
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	177,320	172,843
Wells, net	261,931	265,329
Machinery, equipment and vehicles, net	1,254,865	1,287,035
Land	18,596	18,608
Construction in progress	552,866	345,494
Other, net	9,790	26,176
Total tangible fixed assets	2,275,372	2,115,488
Intangible assets		
Goodwill	42,206	38,825
Other	493,124	415,239
Total intangible assets	535,330	454,065
Investments and other assets		
Investment securities	378,527	316,260
Long-term loans receivable	718,976	751,199
Recoverable accounts under production sharing	568,377	573,456
Other	23,718	20,533
Less allowance for doubtful accounts	(818)	(589)
Less allowance for recoverable accounts under production sharing	(66,897)	(69,108)
Less allowance for investments in exploration	(2,395)	(2,466)
Total investments and other assets	1,619,489	1,589,284
Total fixed assets	4,430,192	4,158,838
Total assets	4,849,995	4,671,086

(Millions of yen)

Accounts	As of December 31, 2019	As of June 30, 2020
(Liabilities)		
Current liabilities		
Accounts payable-trade	21,798	10,301
Short-term loans	166,831	214,367
Income taxes payable	43,190	15,334
Accrued bonuses	1,334	—
Accrued bonuses to officers	108	54
Provision for loss on business	8,635	10,661
Provision for exploration projects	11,808	7,949
Asset retirement obligations	780	489
Other	146,996	113,778
Total current liabilities	401,483	372,937
Long-term liabilities		
Long-term debt	950,948	1,042,423
Provision for stocks payment	42	55
Accrued special repair and maintenance	537	534
Liability for retirement benefits	8,011	7,947
Asset retirement obligations	136,101	141,390
Other	55,694	51,628
Total long-term liabilities	1,151,334	1,243,980
Total liabilities	1,552,818	1,616,918
(Net assets)		
Shareholders' equity		
Common stock	290,809	290,809
Capital surplus	674,374	674,374
Retained earnings	1,763,034	1,615,949
Treasury stock	(5,432)	(5,428)
Total shareholders' equity	2,722,786	2,575,704
Accumulated other comprehensive income		
Unrealized holding gain (loss) on securities	5,570	(1,867)
Unrealized gain (loss) from hedging instruments	(18,128)	(66,072)
Translation adjustments	330,546	294,193
Total accumulated other comprehensive income	317,988	226,254
Non-controlling interests	256,400	252,209
Total net assets	3,297,176	3,054,168
Total liabilities and net assets	4,849,995	4,671,086

(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, 2019	For the six months ended June 30, 2020
Net sales	575,269	391,683
Cost of sales	245,711	226,006
Gross profit	329,558	165,677
Exploration expenses	11,642	4,692
Selling, general and administrative expenses	37,200	37,185
Operating income	280,715	123,799
Other income		
Interest income	1,789	591
Dividend income	2,226	5,938
Equity in earnings of affiliates	4,270	30,700
Foreign exchange gain	—	3,704
Other	3,763	4,450
Total other income	12,049	45,384
Other expenses		
Interest expense	14,387	11,532
Provision for allowance for recoverable accounts under production sharing	1,909	2,233
Foreign exchange loss	623	—
Other	4,740	6,142
Total other expenses	21,660	19,907
Ordinary income	271,104	149,276
Extraordinary loss		
Impairment loss	—	192,449
Total extraordinary loss	—	192,449
Income (loss) before income taxes	271,104	(43,173)
Income taxes-current	200,861	91,429
Income taxes-deferred	(1,156)	(13,147)
Total income taxes	199,705	78,281
Net income (loss)	71,398	(121,455)
Net income (loss) attributable to non-controlling interests	1,911	(655)
Net income (loss) attributable to owners of parent	69,487	(120,799)

Consolidated Statement of Comprehensive Income

(Millions of yen)

Accounts	For the six months ended September 30, 2019	For the six months ended June 30, 2020
Net income (loss)	71,398	(121,455)
Other comprehensive income		
Unrealized holding gain (loss) on securities	1,143	(7,419)
Unrealized gain (loss) from hedging instruments	(192)	199
Translation adjustments	(59,597)	(36,315)
Share of other comprehensive income of associates accounted for by the equity method	(35,740)	(49,243)
Total other comprehensive income	(94,387)	(92,779)
Comprehensive income	(22,988)	(214,235)
Total comprehensive income attributable to		
Owners of parent	(22,630)	(212,533)
Non-controlling interests	(357)	(1,701)

(3) Consolidated Statement of Cash Flows

(Millions of yen)

Accounts	For the six months ended September 30, 2019	For the six months ended June 30, 2020
Cash flows from operating activities		
Income (loss) before income taxes	271,104	(43,173)
Depreciation and amortization	83,047	88,848
Impairment loss	—	192,449
Amortization of goodwill	3,380	3,380
Provision for allowance for recoverable accounts under production sharing	1,925	2,211
Provision for exploration projects	6,896	(3,213)
Other provisions	(130)	(375)
Liability for retirement benefits	(5)	(33)
Interest and dividend income	(4,015)	(6,529)
Interest expense	14,387	11,532
Foreign exchange loss (gain)	1,652	(3,320)
Equity in losses (earnings) of affiliates	(4,270)	(30,700)
Recovery of recoverable accounts under production sharing (capital expenditures)	19,343	14,892
Recoverable accounts under production sharing (operating expenditures)	(4,251)	(1,250)
Accounts receivable-trade	(30,307)	81,266
Inventories	(4,842)	634
Accounts payable-trade	(10,746)	(11,486)
Other	5,493	523
Subtotal	348,661	295,656
Interest and dividends received	5,925	10,463
Interest paid	(12,958)	(11,116)
Income taxes paid	(187,029)	(121,437)
Net cash provided by (used in) operating activities	154,598	173,565

(Millions of yen)

Accounts	For the six months ended September 30, 2019	For the six months ended June 30, 2020
Cash flows from investing activities		
Payments for time deposits	—	(54,125)
Proceeds from time deposits	22	2
Payments for purchases of tangible fixed assets	(66,270)	(68,253)
Proceeds from sales of tangible fixed assets	15	354
Payments for purchases of intangible assets	(702)	(2,638)
Payments for purchases of investment securities	(1,012)	(431)
Investment in recoverable accounts under production sharing (capital expenditures)	(21,893)	(18,941)
Decrease (increase) in short-term loans receivable	238	241
Long-term loans made	(78,108)	(28,701)
Collection of long-term loans receivable	2,931	3,290
Payments for acquisitions of participating interests	(30,039)	—
Other	344	1,439
Net cash provided by (used in) investing activities	(194,474)	(167,762)
Cash flows from financing activities		
Increase (decrease) in commercial papers	48,000	—
Increase (decrease) in short-term loans	—	54,371
Proceeds from long-term debt	71,517	155,884
Repayments of long-term debt	(69,137)	(54,803)
Proceeds from non-controlling interests for additional shares	4,286	1,608
Cash dividends paid	(21,903)	(26,270)
Cash dividends paid to non-controlling interests	(6,725)	(4,098)
Other	(1,133)	(2,594)
Net cash provided by (used in) financing activities	24,904	124,096
Effect of exchange rate changes on cash and cash equivalents	(5,533)	(487)
Net increase (decrease) in cash and cash equivalents	(20,504)	129,412
Cash and cash equivalents at beginning of the period	239,652	173,774
Cash and cash equivalents at end of the period	219,147	303,186

(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 June 30, 2020 (January 1, 2020 through June 30, 2020):

None

(Note on significant changes in shareholders' equity)

For the six months ended June 30, 2020 (January 1, 2020 through June 30, 2020):

None

(Segment information)

I. For the six months ended September 30, 2019 (April 1, 2019 through September 30, 2019)

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	62,828	147,397	43,736	314,761	6,545	575,269	—	575,269
Intercompany sales and transfers between segments	—	1,661	—	—	—	1,661	(1,661)	—
Total	62,828	149,059	43,736	314,761	6,545	576,930	(1,661)	575,269
Segment income (loss)	12,158	72,657	10,846	200,686	(6,888)	289,461	(8,745)	280,715

Note: 1. Adjustments of segment income of ¥(8,745) million are corporate expenses. 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 June 30, 2020 (January 1, 2020 through June 30, 2020)

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	63,147	116,020	29,541	175,029	7,943	391,683	—	391,683
Intercompany sales and transfers between segments	—	3,507	—	—	—	3,507	(3,507)	—
Total	63,147	119,527	29,541	175,029	7,943	395,190	(3,507)	391,683
Segment income (loss)	12,565	31,937	(1,580)	89,621	(2,431)	130,111	(6,312)	123,799

Note: 1. Adjustments of segment income of ¥(6,312) million are corporate expenses. 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

Impairment loss due to deteriorating business environments based on the drop in oil prices are as follows.

"Asia & Oceania" segment - the Prelude FLNG Project:¥130,851 million, Bayu-Undan Gas-Condensate Field:¥8,948 million

"Americas" segment - U.S. shale oil project:¥33,696 million, Lucius Oil Field:¥18,952 million

(Subsequent events)

For the six months ended June 30, 2020 (January 1, 2020 through June 30, 2020):

None

3. Supplementary Information

(1) Production, Orders Received and Sales Performance

1) Actual production

The following table shows actual production by segment:

Segment	Category	Corresponding period of the previous year *8	For the six months ended June 30, 2020
Japan	Crude oil	0.6 MMbbls (3.5 Mbbls per day)	0.6 MMbbls (3.1 Mbbls per day)
	Natural gas	23.4 Bcf (129.3 MMcf per day)	21.2 Bcf (116.6 MMcf per day)
	Subtotal	5.0 MMboe (27.7 Mboe per day)	4.6 MMboe (25.0 Mboe per day)
	Iodine	292.8 tons	290.2 tons
	Electric power generation	113.4 million kWh	110.4 million kWh
Asia & Oceania	Crude oil	7.5 MMbbls (41.6 Mbbls per day)	7.6 MMbbls (41.6 Mbbls per day)
	Natural gas	153.9 Bcf (850.3 MMcf per day)	181.8 Bcf (999.1 MMcf per day)
	Subtotal	37.0 MMboe (204.6 Mboe per day)	42.5 MMboe (233.6 Mboe per day)
	Electric power generation	150.9 million kWh	186.4 million kWh
Eurasia (Europe & NIS)	Crude oil	7.8 MMbbls (43.1 Mbbls per day)	10.2 MMbbls (55.9 Mbbls per day)
	Natural gas	4.0 Bcf (22.1 MMcf per day)	4.8 Bcf (26.6 MMcf per day)
	Subtotal	8.5 MMboe (47.0 Mboe per day)	11.0 MMboe (60.6 Mboe per day)
	Sulfur	32.2 Mtons	48.2 Mtons
Middle East & Africa	Crude oil	41.9 MMbbls (231.6 Mbbls per day)	44.3 MMbbls (243.6 Mbbls per day)
Americas	Crude oil	1.5 MMbbls (8.4 Mbbls per day)	1.6 MMbbls (9.0 Mbbls per day)
	Natural gas	14.0 Bcf (77.1 MMcf per day)	9.6 Bcf (52.7 MMcf per day)
	Subtotal	4.1 MMboe (22.8 Mboe per day)	3.4 MMboe (18.8 Mboe per day)
Total	Crude oil	59.4 MMbbls (328.2 Mbbls per day)	64.3 MMbbls (353.2 Mbbls per day)
	Natural gas	195.2 Bcf (1,078.7 MMcf per day)	217.5 Bcf (1,195.0 MMcf per day)
	Subtotal	96.6 MMboe (533.7 Mboe per day)	105.9 MMboe (581.6 Mboe per day)
	Iodine	292.8 tons	290.2 tons
	Electric power generation	264.3 million kWh	296.8 million kWh
	Sulfur	32.2 Mtons	48.2 Mtons

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

2. A portion of crude oil and natural gas production volume is consumed as fuel to generate electricity.

3. The production by the Company's affiliates accounted for by the equity method is included in the figures above.

Also the production volume is a result for the six months ended June 30 regardless of a closing date of fiscal periods of its subsidiaries or affiliates.

4. The production volume of crude oil and natural gas under the production sharing contracts entered into by INPEX Group corresponds to the net economic take of the group.

Figures calculated by multiplying the gross production volume by the Company's interest share are 66.9 MMbbls (369.7 Mbbls per day) of crude oil, 207.9 Bcf (1,148.60 MMcf per day) of natural gas, and in total 107.1 MMboe (591.5 Mboe per day) for the six months ended June 30, 2019, and 69.6 MMbbls (382.6 Mbbls per day) of crude oil, 224.7 Bcf (1,234.50 MMcf per day) of natural gas, and in total 112.5 MMboe (618.1 Mboe per day) for the six months ended June 30, 2020.

5. Boe means barrels of oil equivalent.

6. Iodine is refined by other company on consignment.

7. Figures are rounded to the first decimal place.

8. The corresponding period for the second quarter of the fiscal year ending December 31, 2020 from January 1, 2020 to June 30, 2020 is the six-month period of the previous year from January 1, 2019 to June 30, 2019.

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	Corresponding period of the previous year *2		For the six months ended June 30, 2020	
		Sales volume	Net sales	Sales volume	Net sales
Japan	Crude oil	403 Mbbls	2,966	335 Mbbls	1,670
	Natural gas (excluding LPG)	41,866 MMcf	64,454	39,826 MMcf	54,052
	LPG	2 Mbbls	10	1 Mbbls	7
	Other		9,509		7,417
	Subtotal		76,940		63,147
Asia & Oceania	Crude oil	7,719 Mbbls	56,051	7,209 Mbbls	34,300
	Natural gas (excluding LPG)	126,285 MMcf	63,560	168,905 MMcf	80,279
	LPG	150 Mbbls	1,351	159 Mbbls	1,440
	Subtotal		120,963		116,020
Eurasia (Europe & NIS)	Crude oil	6,417 Mbbls	46,157	8,486 Mbbls	28,850
	Natural gas (excluding LPG)	3,983 MMcf	837	4,853 MMcf	1,001
	Other		(38)		(309)
	Subtotal		46,956		29,541
Middle East & Africa	Crude oil	42,531 Mbbls	311,763	42,925 Mbbls	175,029
Americas	Crude oil	714 Mbbls	4,427	1,940 Mbbls	6,498
	Natural gas (excluding LPG)	13,063 MMcf	2,118	9,272 MMcf	1,444
	Subtotal		6,545		7,943
Total	Crude oil	57,784 Mbbls	421,366	60,894 Mbbls	246,350
	Natural gas (excluding LPG)	185,197 MMcf	130,970	222,856 MMcf	136,777
	LPG	152 Mbbls	1,362	160 Mbbls	1,447
	Other		9,470		7,107
	Total		563,170		391,683

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

2. The corresponding period for the second quarter of the fiscal year ending December 31, 2020 from January 1, 2020 to June 30, 2020 is the six-month period of the previous year from January 1, 2019 to June 30, 2019.

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