NIPPON OIL CORPORATION
Your Choice of Energy

FLASH REPORT (CONSOLIDATED BASIS)

Nov 4, 2005

Company name : Nippon Oil Corporation
Stock listings: Tokyo, Osaka, Nagoya, Fukuoka, and Sapporo Exchanges
Code number: 5001
(URL http://www.eneos.co.jp)
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Date for Convening the Board of Directors Meeting for the Settlement of Accounts: November 4, 2005
U.S. accounting standard: not applied

1.Results for the six months ended September 30, 2005 (April 1, 2005 to September 30,2005)

(1)Operating results

(Figures less than ￥1 million have been omitted)

	Net Sales (% change from the previous interim period)		Operating income (% change from the previous interim period)		Recurring income (% change from the previous interim period)	
	Millions of yen		Millions of yen		Millions of yen	
Interim period	2, 701, 032	(19. 6)	145, 486	(61. 3)	150, 055	(59. 7)
Previous interim period	2, 257, 666	(13. 2)	90, 185	(386. 4)	93, 981	(375. 2)
Previous fiscal year	4, 924, 163	(15. 1)	201, 470	(260. 3)	212, 435	(272. 1)

	Net income (% change from the previous interim period)		Net income per share	Net income per share after dilution
	Millions of yen		Yen	Yen
Interim period	81, 884	(41. 2)	56. 04	—
Previous interim period	57, 976	(470. 1)	38. 45	37. 75
Previous fiscal year	131, 519		86. 72	—

Notes: 1.Equity in earnings (losses) of unconsolidated subsidiaries and affiliates:
Six months ended September 30, 2005: ￥2,481 million
Six months ended September 30, 2004: ￥2,378 million
Year ended March 31, 2005: ￥6,550 million
2.Average number of shares outstanding during fiscal years
Six months ended September 30, 2005: 1,461,724,643
Six months ended September 30, 2004: 1,508,565,018
Year ended March 31, 2005: 1,508,285,187
3.There was a change in accounting methods.
4.Percentages indicate year-on-year increase/(decrease) in net sales, operating income, recurring income, and net income.

(2)Financial position

	Total assets	Total shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Interim period	3, 995, 439	1, 025, 397	25. 7	703. 57
Previous interim period	3, 395, 980	871, 868	25. 7	578. 02
Previous fiscal year	3, 514, 352	953, 240	27. 1	631. 77

Notes: Number of shares outstanding at end of the period
Six months ended September 30, 2005: 1,457,421,777
Six months ended September 30, 2004: 1,508,383,229
Year ended March 31, 2005: 1,507,658,357

(3)Cash flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Interim period	77, 131	△75, 376	108, 824	275, 988
Previous interim period	56, 631	△52, 113	14, 968	194, 873
Previous fiscal year	115, 731	△99, 491	△49, 984	140, 478

(4)Number of subsidiaries and affiliates

Consolidated subsidiaries: 57, Unconsolidated subsidiaries accounted for by the equity method: 17,
Affiliates accounted for by the equity method: 23

(5)Changes in the scope of consolidation

The number of consolidated subsidiaries added: 3
The number of consolidated subsidiaries removed: 2
The number of equity method affiliates added: 1
The number of equity method affiliates removed: 3

2. Forecast for fiscal 2006 (April 1, 2005 to March 31,2006)

	Net Sales	Recurring income	Net income
	Millions of yen	Millions of yen	Millions of yen
Fiscal year	5, 760, 000	230, 000	121, 000

(Reference) Consolidated net income per share for the fiscal year is forecast to be ￥82.53

* The aforementioned forecasts are forward-looking statements based on all information available to the management at the time of this document's release. Factors including, but not limited to, economic conditions, oil prices, demand trends for petroleum products, market trends, currency exchange rates, and interest rates, may cause actual results to differ substantially from the anticipated results. Please see p.7 of the attached document for more information regarding the aforementioned forecasts.

Management Performance and Financial Position

(1) Management Performance

Review of Operations for the Interim Period

The Japanese economy during the interim period under review saw a greater level of capital investments amid a backdrop of stronger corporate profits. Personal consumption levels also strengthened as a result of rising salaries. Moreover, exports showed signs of recovery after falling to stagnant levels at the end of the prior fiscal year.

Refining and Marketing

In terms of domestic demand for fuel products during the interim period under review, gasoline demand increased slightly as a result of a steady increase in the number of vehicles using gasoline as a fuel source. On the other hand, diesel demand fell mainly because demand was abnormally high during last year's heat wave. As such, in overall terms, demand was basically unchanged from the prior interim period.

Amid this environment the NOC Group executed various strategies outlined below with the management objectives to bolster the profitability of its core business, the petroleum fuel and crude oil business, and to open up new energy businesses.

On the marketing side, the NOC Group launched a national sales campaign for the "ENEOS NEW VIGO" product in order to increase brand awareness and bolster sales for this sulfur-free, high-quality, high-octane gasoline, which drastically improves the engine-cleaning capability. The Group also proceeded with the development of new "Dr. Drive" facilities during the interim period under review. As a result, the number of such facilities in operation at the end of September 2005 totaled approximately 2,140. At the same time, two distributors in the Tokyo Metropolitan Area with overlapping sales networks (IDOMCO Corporation and Ozawa and Company) were merged as part of our efforts to reorganize the distribution network. By doing so, back office cost reductions were achieved and the improved efficiency of our service station network will result in enhanced competitiveness.

Next, in the area of oil refining, the NOC Group formulated a strategy to pursue the integration of oil refining and petrochemicals in its third Mid-Term Management Plan. This strategy known as CRI (Chemical Refinery Integration) was implemented in part to prepare for the ever-expanding demand for petrochemicals in the Asian markets, more specifically China. As part of this strategy, at the Group's Sendai Refinery, a decision was made to build a highly efficient power generating plant that utilizes byproduct gas and the increased production of petrochemical products with the objective to form a high value-added refinery.

In the petrochemical market, domestic demand and exports continued to improve and deliveries remained at high levels. However, in certain areas of the market, buying reluctance was evident because of drastic increases in raw material prices. As a result, the product market declined temporarily, proving again that we could not allow ourselves to be optimistic about price trends for raw material and product prices. Amid these conditions, the NOC Group aimed to continue promoting sales, specifically exports to Asian markets and worked to form a product pricing structure that appropriately reflects the raw material prices and the market in Asia. In addition, the Group thoroughly implemented cost-cutting and operational streamlining strategies as well as worked to increase the cost-competitiveness of its commodity products operations by coordinating more closely with the oil refinery side of the Group. Moreover, the Group focused on strengthening its functional petrochemical operations and worked to cultivate more high-performance products.

As part of the Group's overall retail power strategy, operations commenced at the Niigata Power Plant in July of this year. The plant, which is owned by Frontier Energy Niigata Co., Ltd. (of which the NOC Group holds a 35% stake), is a part of the Group's overall goal to create new energy related businesses. In the area of fuel cells, the Group completed the installation of 50 units of the ENEOS ECO LP-1, a LPG based, environmentally friendly, fuel-cell battery designed for residential use first commercialized in March of this year. By year-end, the Group estimates that a total of 150 units will be installed in homes. In addition, field testing of a 1KW fuel cell battery for residential use as well as a 10KW fuel cell battery for industrial use, both of which utilize kerosene as their fuel source, was initiated during the interim period under review. The Group plans to continue research and development work on these products with the goal of commercializing them during the next fiscal year.

Consequently, the NOC Group's consolidated net sales for the interim period under review in the refining and marketing business segment increased 18.6% from the previous interim period to ¥2.4491 trillion. Margins worsened for fuel oil and petrochemical products due to the time lag associated with the shifting of crude oil costs to sales prices and the increase of fuel costs (i.e. the fuel costs utilized by the Group to operate plant equipment). However, in terms of the inventory valuation factors (where inventory valuation using the gross average method puts downward pressure on the cost of goods sold), the rise in crude oil prices contributed to increases in profitability. As a result, operating income increased ¥32 billion from the previous interim period to finish at ¥106.1 billion.

Please note that net sales and operating income figures for this business segment contain ¥195.2 billion of net sales and ¥19 billion of operating income generated from the petrochemical products business area.

Exploration and Production of Oil and Natural Gas

Profitability improved in the companies conducting the E&P business mainly due to a rise in crude oil prices. As part of the Group's focus on maintaining and expanding production, commercial production of an oil field off the coast of Western Australia began in the March of this year. In April, the exploration rights for an oil and gas field (a total of 28) in the Gulf of Mexico were purchased from US-based Devon Energy Corporation. Furthermore, oil fields off the coast of Vietnam succeeded in generating more than 100 million barrels in June of this year, and construction of a production facility for a natural gas exploration business in Indonesia began in the March of this year.

Consequently, net sales in the E&P business segment increased by 138.6% from the previous interim period to finish at ¥76.1 billion. Operating income increased by ¥22.5 billion to finish at ¥35.8 billion mainly due to price and production volume factors but also because of the consolidation of some project companies into subsidiaries.

Construction

Despite improvements in private capital investments, Japan's road building and construction industries continued to operate in a harsh environment for winning orders as public investment remained weak. Against this backdrop, the NOC Group proactively worked to secure construction orders.

As a result of these efforts consolidated net sales in the construction segment increased by 11.2% from the previous interim period to end at ¥140.5 billion. On the profitability side, the segment generated an operating loss of ¥400 million (as compared to an operating loss of ¥100 million in the previous interim period) mainly due to the significant rise in raw material prices, a consequence of rising crude oil costs.

Other

Amid a continuingly severe operating environment in the area of petroleum product distribution, the NOC Group proactively expanded its marketing efforts for a wide array of automobile-related products, with an emphasis on ENEOS branded products. In its real-estate operations, the Group enhanced its management services systems and made capital improvements to existing facilities in order to increase tenant satisfaction levels.

As a result of these efforts, consolidated net sales in the other business segment grew 1.8% from the previous interim period to end at ¥35.3 billion. In addition, operating income increased by ¥1 billion from the previous interim period to ¥3.1 billion due to an increase in the sale of real-estate assets.

Consolidated Financial Results

On a consolidated basis, net sales of the NOC Group rose 19.6% from the previous interim period to finish at ¥2.701 trillion. Margins worsened for fuel oil and petrochemical products due to the time lag associated with the shifting of crude oil costs to sales prices and the increase of fuel costs (i.e. the fuel costs utilized by the Group to operate plant equipment). However, in terms of increased production volume in the E&P division and the inventory valuation factors (where inventory valuation using the gross average method puts downward pressure on the cost of goods sold) in the refining and marketing division, the rise in crude oil prices contributed to increases in profitability. As a result, operating income increased ¥55.3 billion from the previous interim period to finish at ¥145.5 billion.

The Group also generated non-operating income totaling ¥4.6 billion (a ¥800 million increase from the previous interim period) as a result of a foreign exchange gain and others.

Consequently, consolidated recurring income amounted to ¥150.1 billion, an increase of ¥56.1 billion from the previous interim period. When excluding inventory valuation factors, consolidated ordinary income totaled ¥37.6 billion, a decrease of ¥1.3 billion from the previous interim period.

The NOC Group also generated an extraordinary loss of ￥2.8 billion (compared to an extraordinary income of ￥2.8 billion in the previous interim period). This was mainly as a result of a gain/loss on disposal of fixed assets as a way for the Group to slim-down its balance sheet through the divestment of unneeded assets.

As a result of the above factors, the NOC Group generated consolidated net income of ¥81.9 billion for the interim period under review, a ¥23.9 billion increase from the previous interim period.

Outlook for the Current Fiscal Year

The NOC Group's outlook for the current fiscal year is ¥5.76 trillion in consolidated net sales (¥4.9 trillion on a non-consolidated basis). This is a 17.0% increase from the previous fiscal year, and this outlook is based on the Group's position that crude oil prices will continue to remain at high levels for the remainder of the fiscal year.

Furthermore, consolidated recurring income is projected to be ¥230 billion (¥74 billion on a non-consolidated basis). This reflects stronger profits from the E&P business as well as the inventory valuation factors (a factor that would increase profitability) and the value of adjusted consolidated recurring income which excludes the effect of inventory factors is projected to be ¥140 billion.

As a result, the NOC Group's outlook for consolidated net income for the current fiscal year is ¥121 billion (¥54 billion on a non-consolidated basis). This equates to a ROE of 12.0%.

Please note that these forecasts assume an average crude oil price of US$53.00 a barrel and an average currency exchange rate of ¥111 to the dollar for the second half of FY2006.

Dividends

In regards to the year-end dividend for the interim period under review, the NOC Group will raise the amount by ¥2 to ¥6 per share. As a result, full-year dividends (including the mid-term dividend) will increase by ¥2 to ¥12 per share.

(2)Financial Position

Balance Sheet

Consolidated assets at the end of the interim period under review amounted to ¥3.9954 trillion, up ¥481 billion from the previous interim period. This increase is associated with a significant rise in inventory assets as a result of a rise in crude oil prices, the conversion of two companies that operate E&P businesses from companies that apply under the equity method to consolidated subsidiaries, and the increase of produced assets in the oil and natural gas areas.

Consolidated shareholders' equity totaled ¥1.0254 trillion at the end of the interim period under review, an increase of ¥72.2 billion from the same period in the previous year. This was achieved mainly because the accounting of consolidated net income for the interim period under review surpassed negative factors such as the implementation of a year-end dividend and the retirement of common stock.

Consequently, the NOC Group's shareholders' equity ratio finished at 25.7%.

Cash Flow

Interim period end cash and cash equivalents (hereinafter referred to as "cash") increased by ¥135.5 billion from the fiscal year to ¥276 billion. The Cash flow movements and the factors influencing them in the interim period under review are as follows:

Cash flow from operating activities climbed by ¥77.1 billion as positive factors to cash such as net income before tax and other adjustments (¥147.3 billion) and depreciation expense which does not require cash expenditures (¥65.4 billion) surpassed negative factors such as an increase in working capital due to the rise in crude oil prices.

Cash flow from investment activities decreased by ¥75.4 billion, mainly as a result of capital investments in petrochemical equipment at refineries. In addition, cash expenditures were also made by the E&P businesses to purchase exploration rights for oil and gas fields in the Gulf of Mexico.

Cash flow from financing activities increased by ¥108.8 billion as positive factors such as the borrowing of working capital as a result of rising crude oil prices surpassed negative factors such as share buybacks which were executed with the purpose of retiring common stock and dividend payments.

The following table shows the trend in cash flow indices for the NOC Group.

	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Year ended September 30, 2005
Shareholders' equity ratio (%)	27.8	25.1	27.1	25.7
Ratio of shareholders' equity at market price (%)	22.5	27.5	32.6	36.7
Years needed to retire debt (years)	※—	3.4	8.3	—
Interest coverage ratio (times)	※—	13.3	6.3	7.2

Notes:

1. Asterisks indicate that the figures for years needed to retire debt and interest coverage have not been shown. This is because during the fiscal year ended March 31, 2003, operating cash flow was negative because of a one-time increase in working capital requirements due to the sharp rise in oil prices stemming from the Iraq problem and the falling of the last day of the previous fiscal year on a Japanese national holiday, which resulted in a large decline in unpaid gasoline and other taxes for the previous year.
2. Definitions of indicators are as follows:
   - Shareholders' equity ratio: Shareholders' equity/Total assets
   - Ratio of shareholders' equity at market price: Total value of stock at market price/Total assets
   - Years needed to retire debt: Interest-bearing debt/Operating cash flow
   - Interest coverage ratio: Cash flow from operations/Interest paid

3. All indicators have been calculated based on consolidated financial data.
4. Current aggregate value of shares has been calculated by multiplying the

Company’s stock price at the end of the fiscal year by the number of shares outstanding at the end of the fiscal year (after exclusion of treasury stock).

5. Operating cash flow is the cash flow from operations shown in the Consolidated Statement of Cash Flows.
6. Interest-bearing debt is actual interest-bearing debt, defined as the interest-bearing liabilities shown on the consolidated balance sheets less the funds managed (credit assets) of finance subsidiaries. In addition, interest paid has been calculated by subtracting the amount of interest paid by finance subsidiaries to fund their credit asset portfolios from the amount of interest paid shown in the Consolidated Statement of Cash Flows.

Commitment Line Contracts

To raise working capital efficiently, NOC has concluded a commitment line contract with a syndicate of 11 banks with which it has transaction relationships. This commitment line provides the Company with funding up to ¥80 billion and US$200 million. There were no borrowings under these commitment lines during the interim period under review.

(3) Business Risks

The NOC Group faces a variety of risks that may play an important role in impacting its financial condition, managerial performance and cash flow. The main risks are outlined below:

1. Impact of fluctuating currency exchange rates (against the US dollar) and crude oil prices.
   a. Impact on Inventory Assets

   The NOC Group mainly utilizes the cost method based on the gross average method for valuating its inventory assets. With this valuation method, when crude oil prices (in yen) rise above the unit price of inventory, inventory assets begin pushing down the cost of goods sold (in this instance, cost of goods sold increases slower than crude oil prices due to the low price of inventory), thus making it a positive profitability factor.

   On the other hand, when crude oil prices (in yen) fall below the unit price of inventory, the valuation of inventory assets pushes up the cost of goods sold, thus making it a negative profitability factor.

b. Impact on Exploration and Production of oil and Natural Gas (E&P)

In the area of E&P, a rise in crude oil prices (in yen) is a positive factor for profitability because it leads to an increase in revenues. On the other hand, a drop in crude oil prices (in yen) is a negative factor for profitability because it leads to a decrease in revenues.

2. Impact of fluctuations in demand and market conditions for petroleum fuel and petrochemical products

   The demand for petroleum products fluctuates depending on climate conditions (such as an unseasonably cool summers or warm winters) and the economic conditions of the time. Demand for petrochemical products will fluctuate depending on economic growth and trends in Asian markets as export dependence on Asia, in particular China, increases. Sales for the NOC Group’s products will also be impacted by these fluctuations and as such, demand trends are determined to be a profitability factor.

   In addition, the domestic market for petroleum fuel products will fluctuate as a result of the supply and demand environment for domestic petroleum fuel products, local re-selling conditions and movements in the overseas market for petroleum fuel products. Similarly, the market for petrochemical products will fluctuate depending on raw naphtha prices and market conditions in East Asia. Although the NOC Group revises sale prices to reflect these fluctuations, such changes may be considered a profitability factor depending on the market environment.

3. Impact of fluctuating interest rates

   An increase in interest rates is considered a negative profitability factor because it would increase interest expense on loans and other interest-bearing liabilities and consequently worsen the balance of financial expenses. On the other hand, a fall in interest rates is considered a positive profitability factor because it would decrease interest expense on loans and other interest-bearing liabilities and consequently improve the balance of financial expenses.

4. Risks arising from overseas businesses

   The NOC Group’s procurement, production, exporting and sales activities are carried out not only in Japan, but on a global scale in areas such as North America, Europe and Asia/Oceana. The Group believes that certain risks as outlined below exist in its overseas activities.

a. Country risks – Political and economic turmoil in foreign countries and a freezing of currency exchanges, a default on loans and others triggered by them.
b. Social turmoil arising from strikes, terrorist activities, war, epidemics, etc.
c. Disasters arising out of an act of god.
d. Restrictions arising from new regulations, such as import restrictions and export trade management rules.

The generation of such risks will hinder the NOC Group's overseas business activities and consequently, may lead to worsened financial performance.

5. Impact of trends in public investments and private capital investments
The NOC Group's construction segment relies heavily on contracted paving, civil engineering, and construction projects. The profitability of this segment therefore fluctuates greatly on trends in the public investment and private capital investment (including private residential investments) fields.

6. Impact of stricter environmental regulations
From the standpoint of global environmental protection, new regulations on quality or the need to blend in biomass fuels may result in cost increases to the NOC Group's operations. Costs may be in the form of capital investments into refineries or an increase in variable costs.

7. Risks arising from information systems
Earthquakes, floods and other natural disasters may damage information systems and cease normal business operations. In a situation such as this, production and sales activities of the NOC Group will not only be compromised but it may have a major negative impact on the business of vendors.

8. Operational risks associated with production facilities
The NOC Group operates production facilities not only in Japan but also on a global scale. Natural disasters or unforeseen events at any of these facilities that leads to a ceasing of production may have a negative impact on the overall financial performance of the Group.

Please note that although these risks contain items that may be forward-looking in nature, they are based on information available to the Group at the end of the interim period under review. In addition, the risks above should be not considered a full list of risks that the Group may face in its operations.

CONSOLIDATED BALANCE SHEETS

	Previous fiscal year March 31, 2005		Current interim period September 30, 2005		Change from the previous fiscal year-end	Previous interim period September 30, 2004	
	Millions of yen	%	Millions of yen	%	Millions of yen	Millions of yen	%
ASSETS							
Current assets	1, 569, 328	44. 7%	1, 943, 140	48. 6%	373, 812	1, 520, 234	44. 8%
Cash and cash time deposits	143, 729		276, 232		132, 502	198, 296	
Trade notes and accounts receivable	611, 258		616, 617		5, 358	516, 662	
Short-term investments in securities	19, 384		22, 829		3, 445	2, 310	
Inventories	636, 704		870, 116		233, 412	661, 032	
Deferred income taxes	33, 517		30, 946		△ 2, 571	31, 293	
Other current assets	124, 734		126, 399		1, 664	110, 639	
Fixed assets	1, 945, 006	55. 3%	2, 052, 283	51. 4%	107, 277	1, 875, 722	55. 2%
Property, plant and equipment	1, 361, 389		1, 360, 092		△ 1, 297	1, 384, 275	
Buildings and Structures	(266, 257)		(256, 855)		(△ 9, 402)	(275, 370)	
Oil tanks・Machinery and equipment・Other	(362, 158)		(359, 830)		(△ 2, 328)	(367, 496)	
Land	(686, 993)		(681, 763)		(△ 5, 229)	(695, 873)	
Construction in progress	(45, 980)		(61, 642)		(15, 662)	(45, 535)	
Intangible fixed assets	49, 293		45, 858		△ 3, 435	52, 875	
Investments and other assets	534, 322		646, 332		112, 010	438, 570	
Investment securities	(289, 814)		(343, 039)		(53, 225)	(292, 347)	
long-term receivables	29, 055)		(26, 357)		(△ 2, 698)	(30, 586)	
Deferred income taxes	(21, 927)		(20, 555)		(△ 1, 371)	(21, 216)	
Other investment and assets	(193, 525)		(256, 381)		(62, 855)	(94, 419)	
Deferred assets	17	0. 0%	15	0. 0%	△ 1	23	0. 0%
Bond issuance expenses and other	17		15		△ 1	23	
Total assets	3, 514, 352	100. 0%	3, 995, 439	100. 0%	481, 087	3, 395, 980	100. 0%

CONSOLIDATED BALANCE SHEETS

	Previous fiscal year March 31, 2005		Current interim period September 30, 2005		Change from the previous fiscal year-end	Previous interim period September 30, 2004	
	Millions of yen	%	Millions of yen	%	Millions of yen	Millions of yen	%
LIABILITIES							
Current liabilities	1,536,810	43.7%	1,814,458	45.4%	277,648	1,540,359	45.4%
Trade notes and accounts payable	434,704		471,086		36,382	391,578	
Short-term loans	244,150		225,130		△ 19,019	230,560	
Commercial paper	97,000		213,000		116,000	115,000	
Accounts payable	421,448		532,214		110,766	509,694	
Other current liabilities	339,507		373,026		33,519	293,525	
Long-term liabilities	927,431	26.4%	1,054,658	26.4%	127,226	881,227	25.9%
Bonds	166,304		179,286		12,981	224,329	
Long-term loans	446,206		508,965		62,759	374,402	
Deferred income taxes	102,212		135,088		32,876	80,373	
Retirement allowances for employees	106,835		102,508		△ 4,326	107,508	
Other long-term liabilities	105,873		128,808		0	94,614	
Total liabilities	2,464,241	70.1%	2,869,116	71.8%	404,874	2,421,587	71.3%
Minority interests in consolidated subsidiaries	96,870	2.8%	100,925	2.5%	4,054	102,525	3.0%
SHAREHOLDERS' EQUITY							
Common stock	139,437	4.0%	139,437	3.5%	—	139,436	4.1%
Capital surplus	274,852	7.8%	274,857	6.9%	5	274,843	8.1%
Retained earnings	489,729	13.9%	523,172	13.1%	33,443	422,787	12.4%
Evaluation differences on other securities	60,743	1.7%	97,762	2.5%	37,018	46,241	1.4%
Translation adjustments	△ 7,403	△0.2%	△ 4,425	△ 0.1%	2,977	△ 7,937	△0.2%
Less treasury common stock, at cost	△ 4,118	△0.1%	△ 5,406	△ 0.2%	△ 1,288	△ 3,502	△0.1%
Total shareholders' equity	953,240	27.1%	1,025,397	25.7%	72,157	871,868	25.7%
Total liabilities, minority interests, and shareholders' equity	3,514,352	100.0%	3,995,439	100.0%	481,087	3,395,980	100.0%

CONSOLIDATED STATEMENTS OF INCOME

	Previous interim period April 1 ,2004 ～ September 30, 2004	Current interim period April 1 ,2005 ～ September 30, 2005	Change from the previous interim period-end	Previous fiscal year April 1 ,2004 ～ March 31, 2005
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Recurring items				
Operating gains and expenses				
Net sales	2, 257, 666	2, 701, 032	443, 365	4, 924, 163
Cost of sales	△ 2, 030, 683	△ 2, 414, 475	△ 383, 791	△ 4, 437, 411
Selling, general and administrative expenses	△ 136, 797	△ 141, 071	△ 4, 273	△ 285, 281
Operating income	90, 185	145, 486	55, 300	201, 470
Non-operating profits and expenses				
Non-operating profits	15, 954	19, 170	3, 216	36, 736
Interest and dividend income	(3, 144)	(4, 724)	(1, 579)	(5, 751)
Asset rental income	(6, 227)	(5, 341)	(△ 886)	(11, 486)
Equity in earnings of unconsolidated subsidiaries and affiliates	(2, 378)	(2, 481)	(103)	(6, 550)
Foreign exchange gain	(691)	(2, 816)	(2, 125)	(3, 686)
Other	(3, 512)	(3, 806)	(294)	(9, 261)
Non-operating expenses	△ 12, 158	△ 14, 600	△ 2, 442	△ 25, 771
Interest	(△ 9, 161)	(△ 11, 121)	(△ 1, 959)	(△ 18, 748)
Expenses for bonds	(△ 38)	(△ 169)	(△ 131)	(△ 283)
Other	(△ 2, 958)	(△ 3, 309)	(△ 351)	(△ 6, 739)
Recurring income	93, 981	150, 055	56, 074	212, 435
Special Items				
Special gains	15, 962	5, 323	△ 10, 638	32, 679
Special losses	△ 13, 144	△ 8, 035	5, 108	△ 24, 156
Income before income taxes and minority interests	96, 799	147, 343	50, 544	220, 958
Income taxes	△ 20, 426	△ 57, 543	△ 37, 117	△ 60, 797
Income taxes- deferred	△ 16, 070	△ 3, 308	12, 762	△ 21, 782
Minority interests in earnings of consolidated subsidiaries	△ 2, 325	△ 4, 607	△ 2, 282	△ 6, 858
Net income	57, 976	81, 884	23, 907	131, 519

APPROPRIATION OF CONSOLIDATED RETAINED EARNINGS

	Previous interim period April 1 ,2004 ～ September 30, 2004	Current interim period April 1 ,2005 ～ September 30, 2005	Previous fiscal year April 1 ,2004 ～ March 31, 2005
	Millions of yen	Millions of yen	Millions of yen
Capital reserve			
Ⅰ. Balance at beginning of the period	274,838	274,852	274,838
Ⅱ. Increase in additional paid-in-capital	5	5	14
Profit on disposal of treasury stock	(5)	(5)	(13)
Gains from issuance of new stocks	(－)	(－)	(0)
Ⅲ. Capital reserve at end of the period	274,843	274,857	274,852
Retained earnings			
Ⅰ. Balance at beginning of the period	371,471	489,729	371,471
Ⅱ. Increase in retained earnings	57,976	81,897	131,519
Net income	(57,976)	(81,884)	(131,519)
Increase due to merger of companies accounted by the equity method	(－)	(13)	(－)
Ⅲ. Appropriations of retained earnings	6,660	48,453	13,261
Cash dividends	(6,043)	(9,058)	(12,085)
Directors' bonuses	(425)	(719)	(425)
value of shares retired	(－)	(37,577)	(－)
Write-off of shares held in a merged company	(－)	(78)	(－)
Decrease due to increase in consolidated subsidiaries	(－)	(392)	(558)
Decrease due to decrease in consolidated subsidiaries	(－)	(624)	(－)
Decrease due to increase in companies accounted by the equity method	(24)	(2)	(24)
Decrease due to decrease in companies accounted by the equity method	(167)	(－)	(167)
Ⅳ. Retained earnings at end of the period	422,787	523,172	489,729

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Previous interim period April 1 ,2004 ～ September 30, 2004	Current interim period April 1 ,2005 ～ September 30, 2005	Previous fiscal year April 1 ,2004 ～ March 31, 2005
	Millions of yen	Millions of yen	Millions of yen
Ⅰ. Cash flow from operating activities			
Income before income taxes and minority interests	96, 799	147, 343	220, 958
Depreciation and amortization	52, 793	65, 415	110, 031
(Increase) decrease in notes and accounts receivable	65, 443	△ 5, 502	△ 27, 877
(Increase) decrease in inventories	△ 162, 152	△ 236, 811	△ 137, 814
Increase (decrease) in notes and accounts payable	51, 140	133, 081	2, 283
Other	△ 25, 697	41, 948	△ 16, 802
Sub-total	78, 326	145, 474	150, 779
Interest and dividends received	4, 624	4, 431	7, 249
Interest paid	△ 9, 706	△ 11, 425	△ 18, 661
Income taxes paid	△ 5, 835	△ 61, 251	△ 11, 296
Expenditures for additional early retirement benefits	△ 10, 778	△ 97	△ 12, 338
Net cash provided by (used in) operating activities	56, 631	77, 131	115, 731
Ⅱ. Cash flows from investing activities			
Decrease (Increase) in time deposits	849	497	1, 060
Additions to property, plant and equipment	△ 60, 710	△ 42, 988	△ 108, 812
Proceeds from sales of property, plant and equipment	16, 470	6, 438	41, 680
Net decrease (increase) in marketable and investment securities	27	500	△ 17, 524
Other	△ 8, 749	△ 39, 824	△ 15, 895
Net cash (used in) provided by investing activities	△ 52, 113	△ 75, 376	△ 99, 491
Ⅲ. Cash flows from financing activities			
Increase (decrease) in short-term loans	2, 422	134, 636	△ 17, 525
Increase (decrease) in long-term loans and bonds	22, 539	24, 176	△ 15, 854
Other	△ 9, 993	△ 49, 988	△ 16, 603
Net cash provided by (used in) financing activities	14, 968	108, 824	△ 49, 984
Ⅳ. Effect of exchange rate changes on cash and cash equivalents	980	5, 520	△ 197
Ⅴ. Increase(decrease) in cash and cash equivalents	20, 466	116, 100	△ 33, 941
Ⅵ. Cash and cash equivalents at beginning of the period	174, 535	140, 478	174, 535
Ⅶ. Increase in cash and cash equivalents due to inclusion in consolidation	—	19, 409	14
Ⅷ. Decrease in cash and cash equivalents due to exclusion in consolidation	△ 128	—	△ 128
Ⅸ. Cash and cash equivalents at end of the period	194, 873	275, 988	140, 478

Segment Information

[Business Segment]

(1) Previous interim period（April 1, 2004 ～September 30, 2004）

	Petroleum fuel and crude oil	Petrochemical	Construction	Other	Total	Eliminations	Consolidated
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Net sales							
（1） Sales to third parties	1, 941, 216	155, 470	126, 347	34, 632	2, 257, 666	―	2, 257, 666
（2） Intergroup sales and transfers	105, 164	7, 780	488	7, 742	121, 175	(121, 175)	―
Total sales	2, 046, 380	163, 250	126, 835	42, 375	2, 378, 842	(121, 175)	2, 257, 666
Operating expenses	1, 967, 687	155, 356	126, 905	40, 230	2, 290, 180	(122, 699)	2, 167, 481
Operating income (loss)	78, 693	7, 894	△ 70	2, 144	88, 661	1, 523	90, 185

(2) Current interim period (April 1, 2005 ～September 30, 2005）

	Refining and Marketing	E&P of Oil and Natural Gas*	Construction	Other	Total	Eliminations	Consolidated
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Net sales							
（1） Sales to third parties	2, 449, 080	76, 143	140, 536	35, 272	2, 701, 032	―	2, 701, 032
（2） Intergroup sales and transfers	3, 513	―	545	8, 366	12, 424	(12, 424)	―
Total sales	2, 452, 594	76, 143	141, 081	43, 638	2, 713, 457	(12, 424)	2, 701, 032
Operating expenses	2, 346, 536	40, 328	141, 523	40, 516	2, 568, 905	(13, 358)	2, 555, 546
Operating income (loss)	106, 057	35, 814	△ 441	3, 122	144, 552	933	145, 486

*Exploration and Production of Oil and Natural Gas

Notes:
1. Business segments are based on the classifications used by the Company internally for management of its businesses.

2. Principal products by business segment are as follows:
(1) Refining and Marketing: Petroleum products, including gasoline, naphtha, kerosene, diesel fuel, and heavy fuel oil, as well as Petrochemical products, including benzene, paraxylene, and other products
(2) E&P of Oil and Natural Gas: Exploration, development and Production of oil and natural gas
(3) Construction: Asphalt paving, civil engineering construction, building construction
(4) Other: Activities include sales of automotive products, such as tires, lease financing, insurance agency business, real estate rentals, travel agency business, computer-related operations, financial services, and food product business

3.Changes in the method for classifying business segments

The Company's business segments have heretofore been divided into the 4 classifications of [Petroleum Fuel and Crude Oil], [Petrochemical], [Construction] and [Other], based on characteristics and types of business. However, the 4 classifications were changed as of this consolidated accounting year to [Refining and Marketing], [E&P of Oil and Natural Gas], [Construction] and [Other].

[E&P of Oil and Natural Gas] has heretofore been included in [Petroleum Fuel and Crude Oil], but in consideration of its position as a strategic field in our company ground, and from the viewpoint of growth and profitability, as outlined in the third Med-Term Consolidated Management Plan, it now has its own new classification. Accordingly, to clearly distinguish it from the E&P of Oil and Natural Gas division, [Petroleum Fuel and Crude Oil] has been renamed [Refining and Marketing].

[Petrochemical] has heretofore been displayed as its own classification. Adding to the propulsion of CRI (Chemical Refinery Integration for refining and petrochemical operations), the phased unification plans for the headquarters of Nippon Petrochemicals Company, Limited, a consolidated subsidiary of the Company, to be completed by April 2006, and in consideration of the fact that the petroleum refining and marketing division and the petrochemical division will become even more inseparable than in the past, [Petrochemical] will be displayed together with [Refining and Marketing].

Segment information from the previous 1st quarter and the previous consolidated accounting year, classified according to the method used in this consolidated accounting year, are as follows.

Previous interim period (April 1, 2004 ～September 30, 2004)

	Refining and Marketing	E&P of Oil and Natural Gas	Construction	Other	Total	Eliminations	Consolidated
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Net sales							
(1) Sales to third parties	2,064,776	31,909	126,347	34,632	2,257,666	−	2,257,666
(2) Intergroup sales and transfers	3,680	−	488	7,742	11,910	(11,910)	−
Total sales	2,068,457	31,909	126,835	42,375	2,269,577	(11,910)	2,257,666
Operating expenses	1,994,434	18,588	126,905	40,230	2,180,159	(12,678)	2,167,481
Operating income (loss)	74,022	13,321	△ 70	2,144	89,418	767	90,185

Year ended March 31, 2005 (April 1, 2004 ～March 31, 2005)

	Refining and Marketing	E&P of Oil and Natural Gas	Construction	Other	Total	Eliminations	Consolidated
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Net sales							
(1) Sales to third parties	4,420,962	67,649	359,456	76,095	4,924,163	−	4,924,163
(2) Intergroup sales and transfers	9,869	−	1,665	14,857	26,392	(26,392)	−
Total sales	4,430,831	67,649	361,122	90,952	4,950,556	(26,392)	4,924,163
Operating expenses	4,269,852	40,557	354,375	85,968	4,750,755	(28,061)	4,722,693
Operating income (loss)	160,978	27,091	6,746	4,984	199,801	1,668	201,470

(3) Year ended March 31, 2005（April 1, 2004 ～March 31, 2005）

	Petroleum fuel and crude oil	Petrochemical	Construction	Other	Total	Eliminations	Consolidated
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Net sales							
（1） Sales to third parties	4, 139, 639	348, 972	359, 456	76, 095	4, 924, 163	―	4, 924, 163
（2） Intergroup sales and transfers	240, 357	16, 110	1, 665	14, 857	272, 991	(272, 991)	―
Total sales	4, 379, 996	365, 082	361, 122	90, 952	5, 197, 154	(272, 991)	4, 924, 163
Operating expenses	4, 216, 695	341, 737	354, 375	85, 968	4, 998, 777	(276, 083)	4, 722, 693
Operating income	163, 301	23, 344	6, 746	4, 984	198, 377	3, 092	201, 470

Notes:
1. Business segments are based on the classifications used by the Company internally for management of its businesses.

2. Principal products by business segment are as follows:
(1) Petroleum fuel and crude oil: Petroleum products, including gasoline, naphtha, kerosene, diesel fuel, and heavy fuel oil, as well as oil E&P and others
(2) Petrochemical operations: Petrochemical products, including ethylene, paraxylene, and other products
(3) Construction: Asphalt paving, civil engineering construction, building construction
(4) Other: Activities include sales of automotive products, such as tires, lease financing, insurance agency business, real estate rentals, travel agency business, computer–related operations, financial services, and food product business