

Consolidated Financial Results for the First Quarter Ended June 30, 2007

July 31, 2007

Company name : Nippon Oil Corporation

 Stock listings: Tokyo, Osaka, Nagoya, Fukuoka,
and Sapporo Exchanges

Code number : 5001

 URL [http : //www.eneos.co.jp/](http://www.eneos.co.jp/)

Representative Director, President: Shinji Nishio

For further information, please contact: Soichiro Tanaka, Group Manager, Investor Relations Group

Telephone: +81-3-3502-1184

1. Results for the First Quarter of Fiscal 2007 (From April 1, 2007 to June 30, 2007)

(1) Operating Results (Consolidated Basis)

(Figures less than ¥ 1 million have been omitted)

	Net Sales		Operating Income		Ordinary Income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter of FY2007	1,575,767	4.6	79,254	82.8	88,042	59.4	52,718	83.7
First quarter of FY2006	1,506,903	21.7	43,362	(38.3)	55,229	(23.9)	28,692	(28.1)
Year ended March 31, 2007	6,624,256	-	159,684	-	186,611	-	70,221	-

	Net income per share	Net income per share after dilution
	Yen	Yen
First quarter of FY2007	36.07	-
First quarter of FY2006	19.71	-
Year ended March 31, 2007	48.12	-

(2) Financial Position (Consolidated Basis)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
First quarter of FY2007	4,328,495	1,391,825	29.5	874.21
First quarter of FY2006	4,196,970	1,273,899	27.8	800.24
Year ended March 31, 2007	4,385,533	1,331,981	27.7	829.64

(3) Cash Flows (Consolidated Basis)

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
First quarter of FY2007	97,717	(28,168)	(103,941)	285,995
First quarter of FY2006	93,299	(24,506)	49,000	332,046
Year ended March 31, 2007	205,867	(143,487)	44,408	321,786

2. Forecasts of Consolidated Performance in Fiscal 2007 (From April 1, 2007 to March 31, 2008)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim period	3,310,000	3.5	138,000	20.2	148,000	12.1	92,000	43.5	62.95
Fiscal Year	6,990,000	5.5	237,000	48.4	254,000	36.1	146,000	107.9	99.90

* "FY2007" or "fiscal2007" refers to the fiscal year ending March 31, 2008 and other fiscal years are referred to in a corresponding manner.

3.Others

(1) Changes in consolidated subsidiaries (Changes in specified subsidiaries involving changes in scope of consolidation)	None
(2) Adoption of simplified accounting standards	Yes
(3) Changes in accounting principles	None

Note: For detailed information, please refer to "3. Other Information" in page 3.

[Note]

1. Non-consolidated Results for the First Quarter Ended June 30, 2007 (From April 1, 2007 to June 30, 2007)

(1) Operating Results (Non-consolidated Basis)

	Net Sales		Operating Income		Ordinary Income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter of FY2007	1,417,844	3.6	52,241	439.7	57,987	256.5	34,520	26.9
First quarter of FY2006	1,368,126	32.5	9,680	(44.5)	16,266	(22.6)	27,200	90.4
Year ended March 31, 2007	5,826,415	-	14,445	-	33,101	-	26,405	-

(2) Financial Position (Non-consolidated Basis)

	Total assets	Net assets
	Millions of yen	Millions of yen
First quarter of FY2007	3,070,867	832,663
First quarter of FY2006	2,932,370	800,562
Year ended March 31, 2007	3,071,996	786,268

2. Forecasts of Non-consolidated Performance in Fiscal 2007 (From April 1, 2007 to March 31, 2008)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim period	2,990,000	4.3	85,000	59.7	91,000	47.4	61,000	12.0	41.68
Fiscal Year	6,230,000	6.9	95,000	557.6	105,000	217.2	74,000	180.2	50.56

* The aforementioned forecasts are forward-looking statements based on all information available to the management at the time of this document's release. Please note that actual results may vary significantly from projected forecasts due to various uncertain factors. The factors affecting actual results include but are not limited to economic conditions, crude oil prices, demand for and market conditions of petroleum products and petrochemical products, and exchange rate and interest rate trends.

[Qualitative Information and Financial Statement]

1. Qualitative Information Relating to the Consolidated Financial Results

Regarding sales of petroleum products in the first quarter (from April 1, 2007 to June 30, 2007), sales volume, excluding barter trade between oil companies, was 15.91 million KL, a 4.5% decrease over the same period of the previous year. This was due to a decrease in demand particularly for industrial fuel as users promoted fuel conversion. Consolidated performance consisted of net sales of JPY 1,575.8 billion, increased 4.6% year on year and operating income increased by JPY 35.9 billion, to JPY 79.3 billion and ordinary income increased by JPY 32.8 billion, to JPY 88.0 billion. This was due to considerably improved inventory valuation factors in the same period in the previous year. Inventory valuation factors refer to the effect of pushing down the cost of goods sold where the valuation of inventory using the gross average method to reflect a rise in the price of crude oil.

Excluding inventory valuation factors, the ordinary income was JPY 33.8 billion, an increase of JPY 5.5 billion from the previous first quarter. This was due to improved margins for petrochemical products and progress of cost reduction and efficiency improvement, while in the E&P business division profits decreased due to a decrease of sales volume of oil and natural gas.

2. Qualitative Information Relating to the Consolidated Financial Position

In the first quarter, total assets were JPY 4,328.5 billion, a decrease of JPY 57.0 billion from March 31, 2007. This decrease was principally attributable to the decrease of trade notes and accounts receivable and cash deposit exceeded increase of inventory assets from the rise in crude oil prices.

Net assets totaled JPY 1,391.8 billion, an increase of JPY 59.8 billion from a year earlier. This gain was the result of positive factors such as consolidated net income exceeding negative factors such as year-end dividends.

Interest-bearing debt in the first quarter was 1,213.9 billion, decreased 83.2 billion from March 31, 2007. As a result, the equity ratio in the first quarter was 29.5%.

3. Qualitative Information Relating to the Forecast of Consolidated Performance

The company has revised its forecast for the interim period and the full year due to the continuation of high crude oil prices as compared to previous expectations (announced along with results for fiscal year ending March 2007). This forecast assumes a crude oil price of \$64.0/barrel and an exchange rate of JPY120.3 for the full year (as compared to the previously announced assumption of \$58.5/barrel and an exchange rate of JPY119.8.), and a crude oil price of \$64.7/barrel and an exchange rate of JPY120.7 for the half year.

The forecast for the interim period is JPY138 billion in operating income (an increase of JPY46 billion over the previous estimate), JPY 148 billion in ordinary income (an increase of JPY 46 billion over the previous estimate), and net income of JPY92 billion (an increase of JPY30 billion over the previous estimate) due primarily to positive inventory valuation factors. The forecast for the entire fiscal year is JPY 237 billion in operating income (an increase of JPY47 billion over the previous forecast), JPY 254 billion in ordinary income (an increase of JPY 46 billion), and net income of JPY146 billion (an increase of JPY28 billion over from previous forecast). There is no change from previous dividend estimates (announced along with results for the fiscal year ending March 2007) of JPY 12/share annually (interim dividends of JPY6/share and fiscal year-end dividends of JPY 6/share).

(1) Forecasts of Consolidated Performance in the First half of fiscal 2007

(From April 1, 2007 to September 30, 2007)

	Net Sales	Operating income	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Revised forecast (A)	3,310,000	138,000	148,000	92,000
Original forecast (B)	3,200,000	92,000	102,000	62,000
Forecast change (A-B)	110,000	46,000	46,000	30,000
Rate of forecast change (%)	3.4%	50.0%	45.1%	48.4%

(2)Forecasts of Consolidated Performance in Fiscal 2007(From April 1, 2007 to March 31, 2008)

	Net Sales	Operating income	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Revised forecast (A)	6,990,000	237,000	254,000	146,000
Original forecast (B)	6,760,000	190,000	208,000	118,000
Forecast change (A—B)	230,000	47,000	46,000	28,000
Rate of forecast change (%)	3.4%	24.7%	22.1%	23.7%

4.Other Information

(1) Changes in consolidated subsidiaries (Changes in specified subsidiaries involving changes in scope of consolidation)

None

(2)Adoption of simplified accounting standards

Simplified method was used in connection with accounting standards for corporate tax.
(Use of legal effective tax rate in calculating corporate tax.)

(3)Changes in accounting principles

None

1. [SUMMARY] CONSOLIDATED BALANCE SHEETS

NIPPON OIL CORPORATION

	Previous fiscal year March 31, 2007		Current first quarter June 30, 2007		Change from the end of the previous fiscal year Millions of yen	Previous first quarter June 30, 2006	
	Millions of yen	%	Millions of yen	%		Millions of yen	%
Assets							
<u>Current assets</u>	<u>2,262,528</u>	51.6%	<u>2,186,220</u>	50.5%	(76,307)	<u>2,132,958</u>	50.8%
Cash and time deposits	332,113		286,234		(45,879)	332,342	
Trade notes and accounts receivable	818,679		723,262		(95,416)	663,675	
Short-term investments in securities	2,739		—		(2,739)	26,893	
Inventories	889,827		972,210		82,383	981,885	
Other current assets	219,167		204,512		(14,655)	128,160	
<u>Fixed assets</u>	<u>2,123,004</u>	48.4%	<u>2,142,274</u>	49.5%	<u>19,269</u>	<u>2,064,011</u>	49.2%
Property, plant and equipment	1,365,244		1,355,540		(9,704)	1,367,561	
Intangible fixed assets	41,370		38,841		(2,529)	40,859	
Other fixed assets	716,389		747,892		31,503	655,590	
Total assets	4,385,533	100.0%	4,328,495	100.0%	(57,037)	4,196,970	100.0%
Liabilities							
<u>Current liabilities</u>	<u>2,072,145</u>	47.2%	<u>1,965,142</u>	45.4%	(107,003)	<u>1,863,042</u>	44.4%
Trade notes and accounts payable	515,930		544,713		28,782	481,425	
Short-term loans	255,640		295,218		39,578	267,442	
Commercial paper	423,000		319,000		(104,000)	306,000	
Other current liabilities	877,574		806,210		(71,364)	808,174	
<u>Long-term liabilities</u>	<u>981,406</u>	22.4%	<u>971,527</u>	22.4%	(9,878)	<u>1,060,028</u>	25.2%
Bonds and Long-term loans	613,481		594,717		(18,764)	694,400	
Other long-term liabilities	367,924		376,810		8,886	365,627	
Total liabilities	3,053,551	69.6%	2,936,670	67.8%	(116,881)	2,923,070	69.6%
Net assets							
<u>Shareholder's equity</u>	<u>1,064,016</u>	24.3%	<u>1,107,671</u>	25.6%	<u>43,654</u>	<u>1,027,024</u>	24.5%
Common stock	139,437		139,437		—	139,437	
Capital surplus	275,760		275,761		0	275,018	
Retained earnings	651,294		695,229		43,935	618,550	
Less treasury common stock, at cost	(2,475)		(2,756)		(281)	(5,981)	
<u>Valuation and translation adjustment</u>	<u>148,723</u>	3.4%	<u>169,982</u>	3.9%	<u>21,258</u>	<u>139,108</u>	3.3%
Net unrealized gain on securities	121,830		141,199		19,369	118,000	
Deferred gain and loss on hedges	19,901		21,338		1,437	20,345	
Translation adjustments	6,991		7,443		452	762	
<u>Minority interests in consolidated subsidiaries</u>	<u>119,241</u>	2.7%	<u>114,171</u>	2.7%	(5,069)	<u>107,765</u>	2.6%
Total Net assets	1,331,981	30.4%	1,391,825	32.2%	59,843	1,273,899	30.4%
Total liabilities, and net assets	4,385,533	100.0%	4,328,495	100.0%	(57,037)	4,196,970	100.0%

2. [SUMMARY] CONSOLIDATED STATEMENTS OF INCOME

NIPPON OIL CORPORATION

	Previous first quarter April 1, 2006 ~ June 30, 2006	Current first quarter April 1, 2007 ~ June 30, 2007	Change from the previous first quarter	Previous fiscal year April 1, 2006 ~ March 31, 2007
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Net sales	1,506,903	1,575,767	68,864	6,624,256
Cost of sales	(1,389,703)	(1,425,752)	(36,049)	(6,176,656)
Gross profit	117,200	150,014	32,814	447,600
Selling, general and administrative expenses	(73,838)	(70,760)	3,078	(287,915)
Operating income	43,362	79,254	35,892	159,684
Non-operating profits	19,976	17,628	(2,348)	57,657
Interest and dividend income	8,060	10,539	2,479	21,130
Income from asset lease	2,743	2,497	(245)	10,937
Equity in earnings of unconsolidated subsidiaries and affiliates	1,001	836	(165)	3,048
Foreign exchange gains	2,434	1,099	(1,334)	5,214
Other	5,736	2,655	(3,081)	17,326
Non-operating expenses	(8,109)	(8,840)	(731)	(30,731)
Interest	(5,908)	(6,337)	(428)	(24,789)
Other	(2,200)	(2,503)	(302)	(5,942)
Ordinary income	55,229	88,042	32,813	186,611
Special gains	3,828	8,816	4,988	16,131
Gain on sales of fixed assets	2,765	7,754	4,989	12,524
Other	1,063	1,062	(0)	3,607
Special losses	(1,983)	(2,899)	(916)	(30,537)
Loss on disposal and sales of fixed assets	(1,164)	(2,339)	(1,174)	(11,482)
Impairment losses	—	—	—	(6,872)
Other	(818)	(560)	257	(12,182)
Income before income taxes and minority interests	57,074	93,959	36,885	172,205
Income taxes and others	(25,399)	(39,012)	(13,612)	(89,329)
Minority interests in earnings of consolidated subsidiaries	(2,982)	(2,229)	753	(12,654)
Net income	28,692	52,718	24,025	70,221

3. [SUMMARY] CONSOLIDATED STATEMENTS OF CASH FLOWS

NIPPON OIL CORPORATION

	Previous first quarter	Current first quarter	Previous fiscal year
	April 1, 2006 ~ June 30, 2006	April 1, 2007 ~ June 30, 2007	April 1, 2006 ~ March 31, 2007
	Millions of yen	Millions of yen	Millions of yen
I. Cash flows from operating activities			
Income before income taxes and minority interests	57,074	93,959	172,205
Depreciation and amortization	31,476	33,294	131,872
Decrease (increase) in notes and accounts receivable	112,549	96,823	(32,641)
Decrease (increase) in inventories	(30,863)	(82,407)	59,135
Increase (decrease) in notes and accounts payable and excise taxes payable	(76,938)	(43,953)	(124,705)
Net cash provided (used in) by operating activities	93,299	97,717	205,867
II. Cash flows from investing activities			
Decrease (increase) in time deposits	9	10,086	(10,015)
Additions to property, plant and equipment	(31,352)	(35,537)	(113,486)
Proceeds from sales of property, plant and equipment	6,411	9,184	23,105
Net (increase) decrease in marketable and investment securities	(348)	1,766	(9,159)
Other	773	(13,668)	(33,931)
Net cash (used in) provided by investing activities	(24,506)	(28,168)	(143,487)
III. Cash flows from financing activities			
Increase (decrease) in short-term loans	16,392	(74,156)	94,411
Increase (decrease) in long-term loans and bonds	45,575	(13,139)	(32,509)
Other	(12,966)	(16,645)	(17,493)
Net cash provided (used in) by financing activities	49,000	(103,941)	44,408
IV. Effect of exchange rate changes on cash and cash equivalents	(436)	(1,398)	308
V. Increase (decrease) in cash and cash equivalents	117,356	(35,791)	107,096
VI. Cash and cash equivalents at beginning of period	214,476	321,786	214,476
VII. Increase in cash and cash equivalents due to inclusion in consolidation	212	—	212
VIII. Increase in cash and cash equivalents due to merger of consolidated subsidiaries	0	—	0
IX. Cash and cash equivalents at end of the period	332,046	285,995	321,786

4. Segment Information

[Business Segment]

(1) Previous first quarter (April 1, 2006 ~ June 30, 2006)

	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	1,381,451	49,422	57,192	18,837	1,506,903	—	1,506,903
(2) Intergroup sales and transfers	1,714	—	203	5,341	7,259	(7,259)	—
Total sales	1,383,165	49,422	57,395	24,179	1,514,163	(7,259)	1,506,903
Operating expenses	1,368,352	20,646	59,015	23,349	1,471,364	(7,822)	1,463,541
Operating income (loss)	14,812	28,776	(1,619)	829	42,798	563	43,362

*Exploration and Production of Oil and Natural Gas

Notes:

- Business segments are based on the classifications used by the Company internally for management of its businesses.
- Principal products by business segment are as follows:
 - 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
 - E&P of Oil and Natural Gas: Exploration, development and Production of oil and natural gas
 - Construction: Asphalt paving, civil engineering construction, building construction
 - Other: Activities include sales of automotive products, such as tires, lease financing, insurance agency business, real estate rentals, travel agency business, computer-related operations and financial services.

(2) Current first quarter (April 1, 2007 ~ June 30, 2007)

	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	1,453,779	46,194	61,690	14,102	1,575,767	—	1,575,767
(2) Intergroup sales and transfers	1,906	—	553	5,458	7,917	(7,917)	—
Total sales	1,455,685	46,194	62,244	19,560	1,583,685	(7,917)	1,575,767
Operating expenses	1,400,281	22,107	64,369	18,085	1,504,842	(8,330)	1,496,512
Operating income (loss)	55,404	24,087	(2,124)	1,474	78,842	412	79,254

*Exploration and Production of Oil and Natural Gas

Notes:

- Business segments are based on the classifications used by the Company internally for management of its businesses.
- Principal products by business segment are as follows:
 - 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
 - E&P of Oil and Natural Gas: Exploration, development and Production of oil and natural gas
 - Construction: Asphalt paving, civil engineering construction, building construction
 - Other: Activities include sales of automotive products, such as tires, lease financing, insurance agency business, real estate rentals, travel agency business, computer-related operations and financial services.

Year ended March 31, 2007 (April 1, 2006 ~ March 31, 2007)

	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	5,954,390	203,516	407,893	58,456	6,624,256	—	6,624,256
(2) Intergroup sales and transfers	9,259	—	1,371	17,369	28,000	(28,000)	—
Total sales	5,963,649	203,516	409,265	75,826	6,652,257	(28,000)	6,624,256
Operating expenses	5,934,308	89,704	399,181	71,762	6,494,956	(30,384)	6,464,571
Operating income (loss)	29,341	113,811	10,083	4,064	157,300	2,384	159,684

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, and financial services.