

# Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31,2005("Fiscal 2004")

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This Financial Statement is prepared in accordance with accounting principles generally accepted in Japan.

### 1. Matters relating to prepare quarterly consolidated financial statements

(1) Changes in accounting method : Accounting for the valuation of inventory,  
 Early adoption of a new accounting standard for impairment accounting for fixed assets

(2) Change in scope of consolidation and application of the equity method (a newly consolidated subsidiary)  
 Consolidation (newly included) 20 ( Nikko Real Estate Co., Ltd., Golden Pacific Maritime S.A.  
 NMC Pearl River Mouth Oil Development Co., Ltd., etc.)  
 (Excluded) 4 ( Nikko Petrochemicals Co., Ltd., etc.)  
 Equity method (newly included) 1 ( am/pm JAPAN Co.,Ltd.)  
 (Excluded) 2 ( NMC Pearl River Mouth Oil Development Co., Ltd., etc.)

(Reference) Consolidated subsidiaries : 109, Non-consolidated subsidiary accounted for by equity method : 1, Affiliated companies accounted for by equity method : 18

(3) Quarterly figures are unaudited.

### 2. Consolidated financial results for the Third Quarter of the Fiscal Year 2004 (From April 1, 2004 to December 31, 2004 )

#### (1) Operating results

	Sales		Operating Income		Income before special items	
	millions of yen	%	millions of yen	%	millions of yen	%
Nine months ended December 31,2004	1,839,032	13.9	87,787	173.1	103,523	198.7
Nine months ended December 31,2003	1,615,133	-	32,144	-	34,659	-
Reference) Fiscal Year ended March 31, 2004	2,214,589		50,397		53,737	

  

	Net Income		Primary EPS		Fully diluted EPS	
	millions of yen	%	yen	sen	yen	sen
Nine months ended December 31,2004	39,479	286.0	51	28	-	-
Nine months ended December 31,2003	10,229	-	15	07	-	-
Reference) Fiscal Year ended March 31, 2004	14,854		21	71	-	-

Note: 1. Average number of shares issued (consolidated)

For the nine-months ended December 31, 2004 : 769,844,361shares , For the nine-months ended December 31, 2003 : 678,932,308 share:

For the year ended March 31, 2004 : 678,928,690 shares

2.This represents a percentage of an increase or a decrease from the third quarter of Fiscal year 2003

#### (2) Financial position

	Total Assets		Total Shareholders' Equity	
	millions of yen		millions of yen	
As of December 31, 2004	1,630,774		343,473	
As of December 31, 2003	1,610,008		228,591	
Reference) As of March 31,2004	1,572,529		233,742	

  

	Net Worth Ratio		Shareholders' Equity Per Share	
	%		yen	sen
As of December 31, 2004	21.1		405	45
As of December 31, 2003	14.2		336	70
Reference) As of March 31,2004	14.9		344	01

Note: Number of shares issued at end of Third quarter (consolidated)

For the nine-months ended December 31, 2004 : 847,145,238shares , For the nine-months ended December 31, 2003 : 678,907,086 share:

For the year ended March 31, 2004 : 679,123,537 shares

#### (3) Cash Flows

	Cash flows from operating activities		Cash flows from investing activities	
	millions of yen		millions of yen	
Nine months ended December 31,2004	(22,314)		(15,033)	
Nine months ended December 31,2003	51,337		2,675	
Reference) Fiscal Year ended March 31, 2004	106,182		4,530	

  

	Cash flows from financing activities		Cash and cash equivalents at end of period	
	millions of yen		millions of yen	
Nine months ended December 31,2004	20,216		54,266	
Nine months ended December 31,2003	(58,332)		72,639	
Reference) Fiscal Year ended March 31, 2004	(115,794)		71,347	

### 3. Consolidated projection for the year ending March 31, 2005

	Sales	Income before special items	Net Income
	millions of yen	millions of yen	millions of yen
For the fiscal year ending March 31,2005	2,467,000	135,000	48,000
(Reference) Projection of Earnings Per Share		60yen 82sen	

This projection is based on information available as of February 10, 2005.

The information is subject to change due to changes in the business environment.

#### 【Non-consolidated Basis】

#### 1. Operating results for the Third Quarter of Fiscal Year 2004(From April 1, 2004 to December 31, 2004 )

Operating results

	Sales		Operating Income		Income before special items		Net Income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Nine months ended December 31,2004	5,774	104.5	2,689	224.5	1,976	258.8	(6,624)	-
Nine months ended December 31,2003	2,824	-	828	-	550	-	471	-
(Reference) Fiscal Year ended March 31, 2004	6,949		4,102		3,509		4,613	

This represents a percentage of an increase or a decrease from the third quarter of Fiscal year 2003.

#### 2. Projection for the year ending March 31, 2005

	Sales	Income before special items	Net Income	Dividends	
	millions of yen	millions of yen	millions of yen	yen	sen
For the fiscal year ending March 31,2005	7,000	1,000	(8,000)	8	00
(Reference) Projection of Earnings Per Share		- 10yen 13sen			

This projection is based on information available as of February 10, 2005.

The information is subject to change due to changes in the business environment.

### Consolidated Balance Sheet (Unaudited)

Account title	Third quarter of fiscal year 2004		Fiscal 2003		Increase (Decrease)	Third quarter of fiscal year 2003	
	(As of December 31, 2004)		(As of March 31, 2004)			(As of December 31, 2003)	
	millions of yen	%	millions of yen	%	millions of yen	millions of yen	%
<b>Assets</b>	1,630,774	100.0	1,572,529	100.0	58,245	1,610,008	100.0
<i>Current assets</i>	702,509	43.1	598,834	38.1	103,675	616,825	38.3
Cash and time deposits	53,902		71,288		(17,386)	71,166	
Notes and accounts receivable, trade	298,788		240,300		58,488	254,845	
Inventories	291,946		218,671		73,275	225,115	
Other current assets	57,873		68,575		(10,702)	65,699	
<i>Fixed assets</i>	928,265	56.9	973,695	61.9	(45,430)	993,183	61.7
Property, plant and equipment	602,406		618,322		(15,916)	623,277	
Intangible assets	69,672		77,249		(7,577)	82,811	
Investments in securities	183,703		174,359		9,344	183,661	
Other long-term assets	72,484		103,765		(31,281)	103,434	
<i>Total assets</i>	1,630,774	100.0	1,572,529	100.0	58,245	1,610,008	100.0
<b>Liabilities</b>	1,247,214	76.4	1,299,727	82.6	(52,513)	1,341,254	83.3
<i>Current liabilities</i>	737,551	45.2	751,311	47.7	(13,760)	784,694	48.7
Notes and accounts payable, trade	220,033		233,439		(13,406)	220,318	
Short-term borrowing	290,960		333,166		(42,206)	381,813	
Commercial paper	30,500		-		30,500	-	
Current portion of bonds	4,000		1,000		3,000	1,000	
Accounts payable, other	109,929		111,408		(1,479)	118,308	
Other current liabilities	82,129		72,298		9,831	63,255	
<i>Long-term liabilities</i>	509,663	31.2	548,416	34.9	(38,753)	556,560	34.6
Bonds	51,200		56,400		(5,200)	56,400	
Long-term debt	325,439		363,461		(38,022)	372,678	
Other long-term liabilities	133,024		128,555		4,469	127,482	
<b>Minority interest in consolidated subsidiaries</b>	40,087	2.5	39,060	2.5	1,027	40,163	2.5
<b>Shareholders' Equity</b>	343,473	21.1	233,742	14.9	109,731	228,591	14.2
<i>Common stock</i>	40,000	2.5	40,000	2.5	-	40,000	2.5
<i>Capital surplus</i>	201,381	12.3	149,320	9.5	52,061	149,307	9.3
<i>Retained earnings</i>	83,932	5.1	43,687	2.8	40,245	39,055	2.4
<i>Surplus from land revaluation</i>	(2,420)	(0.1)	(2,350)	(0.1)	(70)	(2,280)	(0.1)
<i>Unrealized gain on marketable securities</i>	22,574	1.4	26,148	1.7	(3,574)	24,683	1.5
<i>Accumulated translation adjustment</i>	(1,675)	(0.1)	(4,141)	(0.3)	2,466	(3,193)	(0.2)
<i>Treasury stock, at cost</i>	(319)	(0.0)	(18,922)	(1.2)	18,603	(18,981)	(1.2)
<b>Total liabilities, minority interest in consolidated subsidiaries and shareholders' equity</b>	1,630,774	100.0	1,572,529	100.0	58,245	1,610,008	100.0

### Consolidated Statements of Income (Unaudited)

Account title	For the nine months ended December 31, 2004		For the nine months ended December 31, 2003		Increase (Decrease) millions of yen	Fiscal 2003 (from April 1, 2003 to March 31, 2004)	
	millions of yen	%	millions of yen	%		millions of yen	%
<b>Operating income</b>							
Net sales	1,839,032	100.0	1,615,133	100.0	223,899	2,214,589	100.0
Cost of sales	1,619,198	88.0	1,441,632	89.3	177,566	1,974,059	89.1
Selling, general and administrative expenses	132,047	7.2	141,357	8.7	(9,310)	190,133	8.6
<i>Operating Income</i>	<i>87,787</i>	<i>4.8</i>	<i>32,144</i>	<i>2.0</i>	<i>55,643</i>	<i>50,397</i>	<i>2.3</i>
<b>Other income</b>	30,351	1.6	19,598	1.2	10,753	25,891	1.1
Interest and dividend income	1,910		2,346		(436)	3,180	
Amortization of consolidation adjustment account	3,802		3,481		321	4,623	
Equity in income of non-consolidated subsidiary and affiliates	21,108		8,496		12,612	10,976	
Other	3,531		5,275		(1,744)	7,112	
<b>Other loss</b>	14,615	0.8	17,083	1.1	(2,468)	22,551	1.0
Interest expenses	9,669		11,239		(1,570)	14,643	
Other	4,946		5,844		(898)	7,908	
<i>Income before special items</i>	<i>103,523</i>	<i>5.6</i>	<i>34,659</i>	<i>2.1</i>	<i>68,864</i>	<i>53,737</i>	<i>2.4</i>
<b>Special profit</b>	23,607	1.3	9,192	0.6	14,415	15,754	0.7
Gain on sales of fixed assets	1,333		-		1,333	3,697	
Gain on maturities of investments in securities	-		8,454		(8,454)	8,454	
Gain on sales of investments in securities	9,405		634		8,771	2,431	
Gain on change in equity of consolidated subsidiaries	7,000		-		7,000	-	
Amortization of prior service cost	5,561		-		5,561	-	
Other	308		104		204	1,172	
<b>Special loss</b>	47,356	2.6	32,367	2.0	14,989	47,886	2.1
Loss on disposal of fixed assets	7,415		5,083		2,332	11,909	
Impairment losses	18,363		-		18,363	-	
Loss on write-down of investments in securities	247		814		(567)	1,090	
Reorganization and restructuring costs	17,535		24,904		(7,369)	28,030	
Addition to environmental remediation allowance	2,581		-		2,581	-	
Loss on write-down of goodwill	-		-		-	3,182	
Other	1,215		1,566		(351)	3,675	
<i>Income before income taxes</i>	<i>79,774</i>	<i>4.3</i>	<i>11,484</i>	<i>0.7</i>	<i>68,290</i>	<i>21,605</i>	<i>1.0</i>
Income taxes	25,668	1.4	11,976	0.7	13,692	15,800	0.7
Deferred income tax	6,258	0.3	(13,876)	(0.8)	20,134	(12,938)	(0.6)
Minority interest in net earnings of consolidated subsidiaries	(8,369)	(0.5)	(3,155)	(0.2)	(5,214)	(3,889)	(0.2)
<i>Net income</i>	<i>39,479</i>	<i>2.1</i>	<i>10,229</i>	<i>0.6</i>	<i>29,250</i>	<i>14,854</i>	<i>0.7</i>

## Consolidated Statement of Retained Earnings (Unaudited)

(millions of yen)

Account Title	For the nine months ended December 31,2004	For the nine months ended December 31,2003	Fiscal 2003 (from April 1, 2003 to March 31, 2004)
<b>Capital Surplus:</b>			
Balance at beginning of year	149,320	149,307	149,307
Increase in capital surplus	56,164	0	13
Gain on disposition of treasury stock*	56,164	0	13
Decrease in capital surplus	4,103	-	-
Cash dividends paid	4,079	-	-
Bonuses to directors	24	-	-
Balance at end of year (period)	201,381	149,307	149,320
<b>Retained Earnings:</b>			
Balance at beginning of year	43,687	(21,406)	(21,406)
Increase in retained earnings	40,539	63,914	68,546
Net income	39,479	10,229	14,854
Increase arising from change of consolidated subsidiaries	990	35	35
Increase arising from change of affiliates accounted for by equity method	-	1,440	1,440
Increase arising from merger of consolidated subsidiaries	-	156	156
Reclassification with surplus from land revaluation **	70	52,054	52,061
Decrease in retained earnings	294	3,453	3,453
Cash dividends paid	-	2,720	2,720
Bonuses to directors	97	54	54
Decrease arising from change of consolidated subsidiaries	197	679	679
Balance at end of year (period)	83,932	39,055	43,687

The contents are as follows.

\* This resulted mainly from the offering of treasury stock (168,165,500 shares) in August, 2004

\*\* This resulted from the establishment of Japan Energy corporation (a split-off of the petroleum business from the former Japan Energy Corporation.)

## Consolidated Statement of Cash Flows (Unaudited)

Account title	For the nine months ended December 31, 2004	For the nine months ended December 31, 2003	Fiscal 2003 (from April 1, 2003 to March 31, 2004)
	millions of yen	millions of yen	millions of yen
Cash flows from operating activities			
Income before income taxes	79,774	11,484	21,605
Depreciation and amortization	34,990	35,054	45,862
Impairment losses	18,363	-	-
Amortization of consolidation adjustment account	(3,607)	(3,007)	(4,040)
Interest and dividend income	(1,910)	(2,346)	(3,180)
Interest expenses	9,669	11,239	14,643
Equity in income of non-consolidated subsidiaries and affiliates	(21,108)	(8,496)	(10,976)
Gain on maturities and sales of investments in securities	(9,405)	(9,088)	(10,885)
Loss on write-down of investments in securities	247	814	1,090
Loss on sales and disposal of property, plant and equipment	6,082	5,083	8,212
Gain on change in equity of consolidated subsidiaries	(7,000)	-	-
Reorganization and restructuring costs	17,535	24,904	28,030
Increase in trade receivables	(57,677)	(25,464)	(10,952)
Increase in inventories	(70,819)	(9,700)	(3,320)
Decrease in trade payables	5,120	42,461	47,129
Other	8	(4,315)	399
Subtotal	262	68,623	123,617
Interest and dividend received	4,914	4,100	9,593
Interest paid	(9,494)	(10,521)	(14,824)
Payment for special retirement benefits	(473)	(2,519)	(2,631)
Income taxes paid	(17,523)	(8,346)	(9,573)
Net cash provided by (used in) operating activities	(22,314)	51,337	106,182
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment	(32,904)	(20,921)	(28,098)
Proceeds from sales of property, plant and equipment	10,784	5,799	10,576
Payments for acquisition of intangible fixed assets	(1,710)	(3,172)	(4,017)
Payments for acquisition of investments in securities	(11,857)	(1,138)	(1,172)
Proceeds from maturities or sales of investments in securities	15,295	13,824	21,461
Proceeds from acquisition of investments in consolidated due to change of consolidation group	1,905	-	-
Increase (decrease) in short-term loans	(268)	2,129	2,638
Payments for lending of long-term loans	(2,369)	(1,487)	(3,803)
Collection of long-term loans	7,840	5,411	7,602
Other	(1,749)	2,230	(657)
Net cash provided by (used in) investing activities	(15,033)	2,675	4,530
Cash flows from financing activities			
Decrease (increase) in short-term borrowing, net	(11,804)	11,295	(8,084)
Increase in commercial paper	30,500	-	-
Proceeds from borrowing of long-term bank loans and others	5,704	85,816	101,067
Repayments of long-term bank loans and others	(87,100)	(152,812)	(206,019)
Payments for redemption of bonds	(2,200)	-	-
Proceeds from third-party share allotment of consolidated subsidiaries	17,100	-	-
Proceeds from offering of treasury stock	74,840	-	-
Cash dividends paid	(4,079)	(2,720)	(2,720)
Other	(2,745)	89	(38)
Net cash provided by (used in) financing activities	20,216	(58,332)	(115,794)
Effect of exchange rate changes on cash and cash equivalents	481	(512)	(1,042)
Net decrease in cash and cash equivalents	(16,650)	(4,832)	(6,124)
Cash and cash equivalents at beginning of period	71,347	76,294	76,294
Increase due to subsidiaries newly included consolidation	988	1,177	1,177
Decrease due to subsidiaries excluded consolidation	(1,419)	-	-
Cash and cash equivalents at end of period	54,266	72,639	71,347

## Segment Information (Unaudited)

### 1. Segment Information summarized by product group

For the nine-months ended December 31, 2004 (from April 1, 2004 to December 31, 2004 )

(millions of yen)

	Petroleum	Resources and Non-ferrous Metals	Electronic Materials	Metal Fabrication	Other Operations	Total	Eliminations or corporate	Consolidated
Sales								
(1) Outside customers	1,440,864	268,369	66,407	36,489	26,903	1,839,032	-	1,839,032
(2) Inter-group	4,928	15,881	2,206	5,369	6,548	34,932	(34,932)	-
Total	1,445,792	284,250	68,613	41,858	33,451	1,873,964	(34,932)	1,839,032
Operating costs and expenses	1,382,896	273,108	59,916	34,344	36,491	1,786,755	(35,510)	1,751,245
Operating Income (loss)	62,896	11,142	8,697	7,514	(3,040)	87,209	578	87,787
Income (loss) before special items	60,384	31,006	7,548	7,526	(2,603)	103,861	(338)	103,523

For the nine-months ended December 31, 2003 (from April 1, 2003 to December 31, 2003 )

(millions of yen)

	Petroleum	Resources and Non-ferrous Metals	Electronic Materials	Metal Fabrication	Other Operations	Total	Eliminations or corporate	Consolidated
Sales								
(1) Outside customers	1,280,509	208,192	51,694	31,079	43,659	1,615,133	-	1,615,133
(2) Inter-group	3,189	11,147	2,093	3,758	6,218	26,405	(26,405)	-
Total	1,283,698	219,339	53,787	34,837	49,877	1,641,538	(26,405)	1,615,133
Operating costs and expenses	1,257,040	217,353	54,138	29,863	51,598	1,609,992	(27,003)	1,582,989
Operating Income (loss)	26,658	1,986	(351)	4,974	(1,721)	31,546	598	32,144
Income (loss) before special items	25,621	8,725	(3,308)	4,916	(1,952)	34,002	657	34,659

For the year ended March 31, 2004 (from April 1, 2003 to March 31, 2004 )

(millions of yen)

	Petroleum	Resources and Non-ferrous Metals	Electronic Materials	Metal Fabrication	Other Operations	Total	Eliminations or corporate	Consolidated
Sales								
(1) Outside customers	1,745,635	295,571	71,192	41,721	60,470	2,214,589	-	2,214,589
(2) Inter-group	5,365	18,439	2,648	5,850	5,721	38,023	(38,023)	-
Total	1,751,000	314,010	73,840	47,571	66,191	2,252,612	(38,023)	2,214,589
Operating costs and expenses	1,713,241	308,968	73,408	40,249	67,382	2,203,248	(39,056)	2,164,192
Operating Income (loss)	37,759	5,042	432	7,322	(1,191)	49,364	1,033	50,397
Income (loss) before special items	35,957	13,798	(2,601)	7,283	(1,428)	53,009	728	53,737

#### Note 1. Main products for each group are the following:

- Petroleum : gasoline, naphtha, kerosene, gas oil, heavy fuel oil, liquefied petroleum gas, petrochemicals, lubricating oil, marine transportation(petroleum), engineering, real estate, etc.
- Resources and Non-ferrous Metals : resource development,copper, gold, silver, zinc, sulfuric acid, marine transportation (non-ferrous metals), etc.
- Electronic Materials : copper foils, sputtering targets, compound semiconductor materials, etc.
- Metal Fabrication : wrought copper and copper alloy products, special steel products, precision products, etc.
- Other Operations : information service, etc.

## Accounting changes

### 1.Valuation of metal inventories except for gold, silver, platinum and palladium , and of electronic materials inventories

Effective April 1,2004,several consolidated subsidiaries changed the valuation method of metal inventories except for gold, silver, platinum and palladium ,and of electronic materials inventories from the last-in, first-out method to the first-in, first-out method.

The main reason for this change is that the first-in, first-out method is considered to generate more appropriate cost of sales in the consolidated financial statements.

As a result of this change, operating costs and expenses of Resources and Non-ferrous Metals has decreased by ¥ 2,155 million, operating income and income before special items have increased by the same amount, as compared with the amounts which would have been reported if the previous method had been applied consistently.

Concerning Electronic Materials, operating costs and expenses has decreased by ¥ 4,532 million, operating income has increased by the same amount, and income before special items has increased by ¥ 4,419 million, as compared with the amounts which would have been reported if the previous method had been applied consistently.

### 2.Early adoption of a new accounting standard for impairment accounting for fixed assets

Effective April 1,2004, the company and its consolidated subsidiaries adopted a new accounting standard for impairment accounting for fixed assets as early adoption of standards was permitted from the fiscal year ended March 31,2004.

The effect of the adoption of this new standard was to decrease income before income taxes by ¥ 9,713 million ,

In addition, some of overseas consolidated subsidiaries had already adopted impairment accounting for fixed assets as required by the accounting principles generally accepted in the countries.The amounts of impairment losses for those subsidiaries were ¥ 8,650 million.

**Quarterly Review & Annual Forecasts FY2004 (Unaudited)**

	Fiscal Year 2004				
	1Q (from Apr.1,2004 to Jun.30,2004)	2Q (from Jul.1,2004 to Sep.30,2004)	3Q (from Oct.1,2004 to Dec.31,2004)	4Q (from Jan.1,2005 to Mar.31,2005) (Forecasts)	FY2004 (from Apr.1,2004 to Mar.31,2005) (Forecasts)
Net Sales	555,954	614,190	668,888	627,968	2,467,000
Income before special items	23,830	30,608	49,085	31,477	135,000
Net Income	14,198	3,803	21,478	8,521	48,000
Earnings per share					yen 60.82
Total Assets	1,591,885	1,574,581	1,630,774	1,602,000	1,602,000
Shareholders' Equity	244,528	319,277	343,473	350,000	350,000
Shareholders' Equity per share					yen 413.15
Cash flows from operating activities	(46,669)	33,179	(8,824)	28,914	6,600
Cash flows from investing activities	(6,094)	(3,564)	(5,375)	(15,067)	(30,100)
Cash flows from financing activities	28,996	(24,294)	15,514	(17,816)	2,400
Cash and cash equivalents at end of period	50,324	52,624	54,266	50,000	50,000

	Fiscal Year 2003				
	1Q (from Apr.1,2003 to Jun.30,2003)	2Q (from Jul.1,2003 to Sep.30,2003)	3Q (from Oct.1,2003 to Dec.31,2003)	4Q (from Jan.1,2004 to Mar.31,2004)	FY2003 (from Apr.1,2003 to Mar.31,2004)
Net Sales	516,053	536,312	562,768	599,456	2,214,589
Income before special items	10,963	8,381	15,315	19,078	53,737
Net Income	2,489	1,664	6,076	4,625	14,854
Earnings per share					yen 21.71
Total Assets	1,573,989	1,586,402	1,610,008	1,572,529	1,572,529
Shareholders' Equity	207,368	222,659	228,591	233,742	233,742
Shareholders' Equity per share					yen 344.01
Cash flows from operating activities	(3,033)	12,959	41,411	54,845	106,182
Cash flows from investing activities	(6,434)	9,177	(68)	1,855	4,530
Cash flows from financing activities	(16,523)	(3,083)	(38,726)	(57,462)	(115,794)
Cash and cash equivalents at end of period	50,389	70,507	72,639	71,347	71,347