

Report on Performance in the First Quarter of Fiscal 2006

(from April 1, 2005 to June 30, 2005)

General Manager of the Comptrollers Department

Seiichi Isshiki

<http://www.eneos.co.jp>

August 2, 2005



NIPPON OIL
Your Choice of Energy

Highlights of Consolidated Income (FY2006 1Q)

<'05/4-6>

(Yen billions)

		FY05 1Q ('04/4-6)	FY06 1Q ('05/4-6)	Increase/decrease
Crude oil price	(\$ / Bbl)	33.4	48.1	+14.7
Exchange rate	(Yen / \$)	109.1	106.7	-2.4
Domestic fuel oil sales including crude oil	(10,000kl)	1,272	1,313	+41.0
Net sales		1,036.8	1,237.8	+201.0
Operating income		34.6	70.3	+35.7
Non-operating income and loss, net		1.1	2.3	+1.2
Recurring income		35.7	72.6	+36.9
(Excluding inventory valuation factors)		(7.9)	(23.6)	(+ 15.7)
Extraordinary income and loss, net		8.0	1.4	-6.6
Net income		24.5	39.9	+15.4

FY06 1Q Changes in Recurring Income (YoY)

('05/4-6)

(excluding inventory valuation factors)

	FY05 1Q ('04/4-6)	FY06 1Q ('05/4-6)
	+¥15.7 billion (¥7.9 billion	¥23.6 billion)

(1) Increase in sales volume of petroleum fuel and crude oil	+0.3	billion
(2) Profit margin, and others	+10.7	
(3) E&P* of Oil and Natural Gas	+8.6	
(4) Cost reductions and improvements in efficiency (expense increase)	-5.1	
(5) Improvement in non-operating income and loss, net	+1.2	

Recurring income (excluding inventory valuation factors)	+15.7	billion
< Inventory valuation factors	+21.2	billion >
	(+27.8	+49.0)

*Exploration and Production

Net Sales and Operating Income by Segment (1Q '05/4-6)

(1) Net sales

(Yen billions)

		Total	1,237.8 (+201.0)		
Refining and Marketing			E&P* of Oil and Natural Gas	Construction	Other
Petroleum Fuel and Crude Oil	Petrochemical				
1,045.7 (+171.1)	93.4 (+16.2)	1,139.1 (+187.3)	32.0 (+15.4)	50.5 (+0.3)	16.2 (-2.0)

Note: Figures in parentheses are YoY changes.

(*Exploration & Production)

(2) Operating income

(Yen billions)

		Total	70.3 (+35.7)		
Refining and Marketing			E&P* of Oil and Natural Gas	Construction	Other
Petroleum Fuel and Crude Oil	Petrochemical				
44.3 (+25.9)	10.8 (+0.8)	55.1 (+26.7)	15.6 (+8.6)	-2.4 (+0.1)	2.0 (+0.3)

Note: Figures in parentheses are YoY changes.

(*Exploration & Production)

Highlights of Consolidated Income (First Half/Yearly Forecast)

<'05/4-9>

<'05/4-'06/3>

(Yen billions)

		First Half (Forecast)	Changes from Original Forecast	Yearly (Forecast)	Changes from Original Forecast
Crude oil price	(\$/Bbl)	50.4	+7.9	47.9	+6.4
Exchange rate	(Yen/\$)	108.6	+3.1	106.7	+1.7
Domestic fuel oil sales including crude oil	(10,000kl)	2,620	+130	5,520	+130
Net sales		2,630.0	+270.0	5,400.0	+410.0
Operating income		133.0	+77.0	189.0	+33.0
Non-operating income and loss, net		1.0	±0.0	3.0	±0.0
Recurring income (Excluding inventory valuation factors)		134.0 (41.0)	+77.0 (-5.0)	192.0 (150.0)	+33.0 (±0.0)
Extraordinary income and loss, net		0.0	-1.0	0.0	+3.0
Net income		74.0	+40.0	100.0	+12.0

Changes in Original Forecast for Recurring Income (excluding inventory valuation factors) (First Half/Yearly)

<'05/4-9> <'05/4-'06/3>

	<u>FY06 Original Forecast</u>	<u>FY06 Current Forecast</u>
1st Half :	-¥5.0 billion	¥41.0 billion
Yearly :	± ¥0.0 billion	¥150.0 billion

	<First Half>		<Yearly>	
(1) E&P* of oil and natural gas	+13.1	billion	+21.0	billion
(2) Increase in sales volume of petroleum fuel and crude oil	+1.1		+1.1	
(3) Profit margin, and others	-19.2		-22.1	
Total (excluding inventory valuation factors)	-5.0	billion	±0.0	billion
< Inventory valuation factors	+82.0	billion	+33.0	billion >
	(11.0 93.0)		(9.0 42.0)	

(*Exploration and Production)

Net Sales and Operating Income by Segment (Yearly Forecast)

(1) Net sales

(Yen billions)

Total						5,400.0 (+410.0)
Refining and Marketing			E&P* of Oil and Natural Gas	Construction	Other	
Petroleum Fuel and Crude Oil	Petrochemical					
4,417.0 (+330.4)	378.0 (+39.1)	4,795.0 (+369.5)	163.0 (+40.5)	368.0 (±0)	74.0 (±0)	

Note: Figures in parentheses are changes from original forecast.

(*Exploration & Production)

(2) Operating income

(Yen billions)

Total						189.0 (+33.0)
Refining and Marketing			E&P* of Oil and Natural Gas	Construction	Other	
Petroleum Fuel and Crude Oil	Petrochemical					
57.1 (+18.2)	45.2 (-5.0)	102.3 (+13.2)	73.4 (+21.0)	7.2 (-0.2)	6.1 (-1.0)	

Note: Figures in parentheses are changes from original forecast.

(*Exploration & Production)

Performance in the First Quarter of Fiscal 2006

Supplementary Information

August 2, 2005

Contents

1. Supplementary Information (1)

Sales Volume by Petroleum Product Type (Unconsolidated)	P3
---------------------------------------------------------------	----

2. Supplementary Information (2)

Fuel Oil Demand, NOC Sales, Share of Sales	P4
--------------------------------------------------	----

3. Supplementary Information (3)

Spread (Retail Gasoline Price - Crude Oil CIF Price)	P5
------------------------------------------------------------	----

Spread (PX Price - Dubai Crude Oil Price)	P6
-------------------------------------------------	----

Spread (Benzene Price - Dubai Crude Oil Price)	P7
------------------------------------------------------	----

Spread (Propylene Price - Dubai Crude Oil Price)	P8
--------------------------------------------------------	----

4. Supplementary Information (4)

Number of Service Stations(Fixed Type), Self-Service Retail Outlets, Dr. Drive Service Stations	P9
----------------------------------------------------------------------------------------------------------	----

5. Supplementary Information (5)

Refining Capacity Utilization Rate, Number of Transport Depots, Production Volume of Oil and Gas (Daily)	P10
-------------------------------------------------------------------------------------------------------------------	-----

Supplementary Information (1)

Sales Volume by Petroleum Product Type (Unconsolidated)

(Unit: 10,000kl)

Type of Petroleum Product	FY05 1Q (‘04/4-6)	FY06 1Q (‘05/4-6)	Change (%)	FY05	FY06 (Forecast)	Change (%)
Gasoline	359	353	-1.6	1,472	1,476	+0.3
(Premium)	(68)	(70)	(+2.7)	(278)	(299)	(+7.6)
(Regular)	(287)	(280)	(-2.7)	(1,179)	(1,163)	(-1.4)
Naphtha	162	150	-7.1	628	642	+2.2
Jet fuel	26	27	+3.5	121	114	-5.8
Kerosene	103	131	+26.3	771	765	-0.8
Diesel fuel	208	207	-0.6	877	858	-2.2
Heavy fuel oil A	191	187	-1.7	884	837	-5.3
Heavy fuel oil C	188	205	+9.0	795	719	-9.6
(For electric power)	(80)	(96)	(+21.0)	(355)	(299)	(-15.8)
(For general use)	(108)	(109)	(+0.3)	(440)	(420)	(-4.5)
Total domestic fuel oil sales	1,237	1,260	+1.9	5,548	5,411	-2.5
Crude oil	35	53	+50.0	205	109	-46.8
Total domestic fuel oil sales including crude oil	1,272	1,313	+3.2	5,753	5,520	-4.1
Barter joint, other	764	696	-8.9	2,991	3,320	+11.0
Total	2,036	2,009	-1.3	8,744	8,840	+1.1

Supplementary Information (2)

Fuel Oil Demand, NOC Sales, Share of Sales

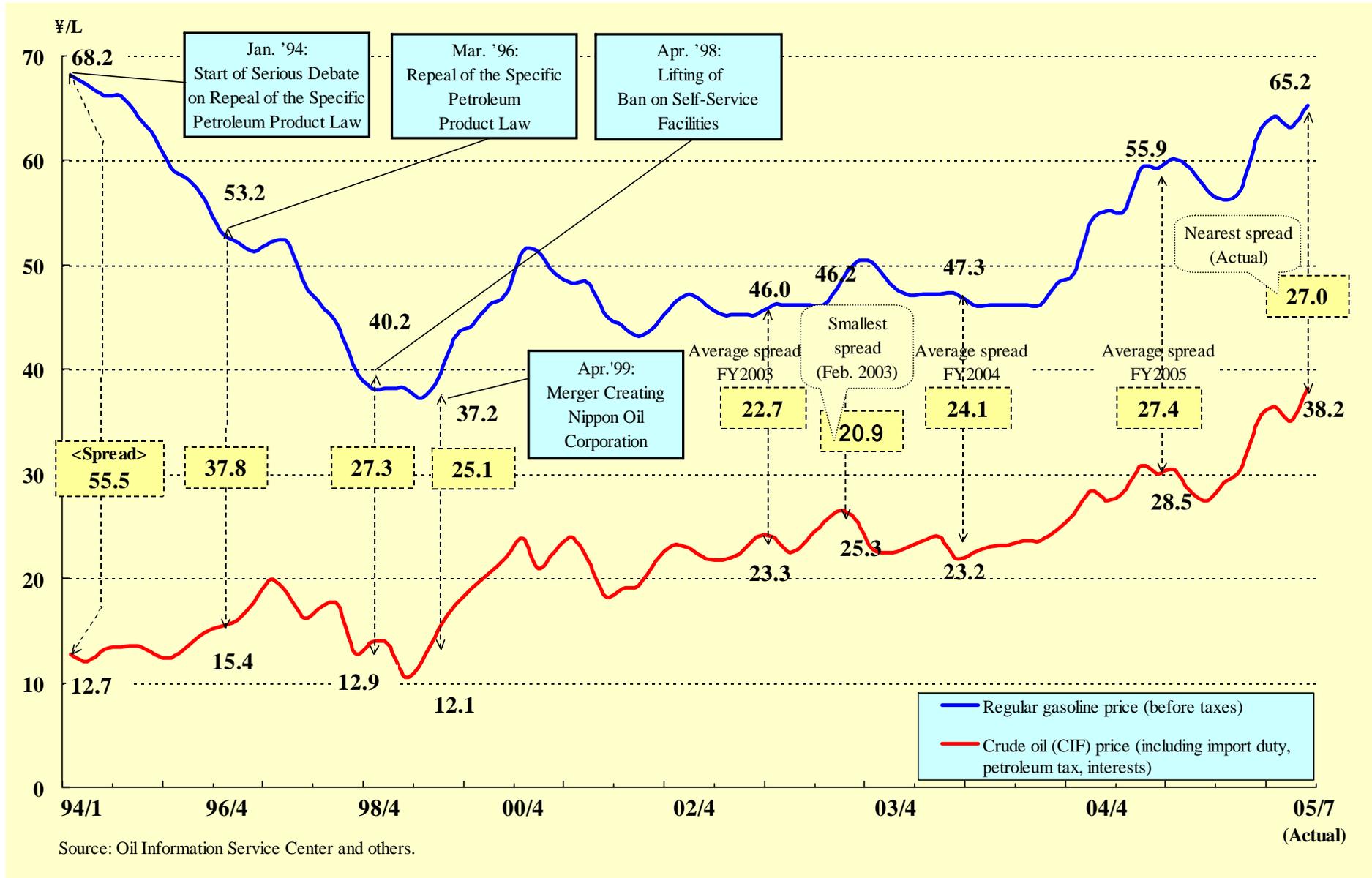
(Unit: %)

Type of Petroleum Product	Fuel Oil Demand (FY06 1Q/YoY)	NOC Sales (FY06 1Q/YoY)	Share of Sales (Consumption Basis)		
			FY04 ('03/4-'04/3)	FY05 ('04/4-'05/3)	FY06 1Q ('05/4-6)
Total	+1.7	+1.9	22.6	23.4	23.4
(Gasoline)	(+1.8)	(-1.6)	(23.3)	(23.9)	(23.6)
(Kerosene)	(+12.1)	(+26.3)	(24.3)	(27.6)	(30.1)
(Diesel fuel)	(-1.2)	(-0.6)	(22.6)	(23.0)	(22.8)
(Fuel oil A)	(-0.2)	(-1.7)	(28.1)	(30.4)	(28.9)
(Fuel oil C)	(+2.5)	(+9.0)	(29.6)	(29.9)	(33.0)

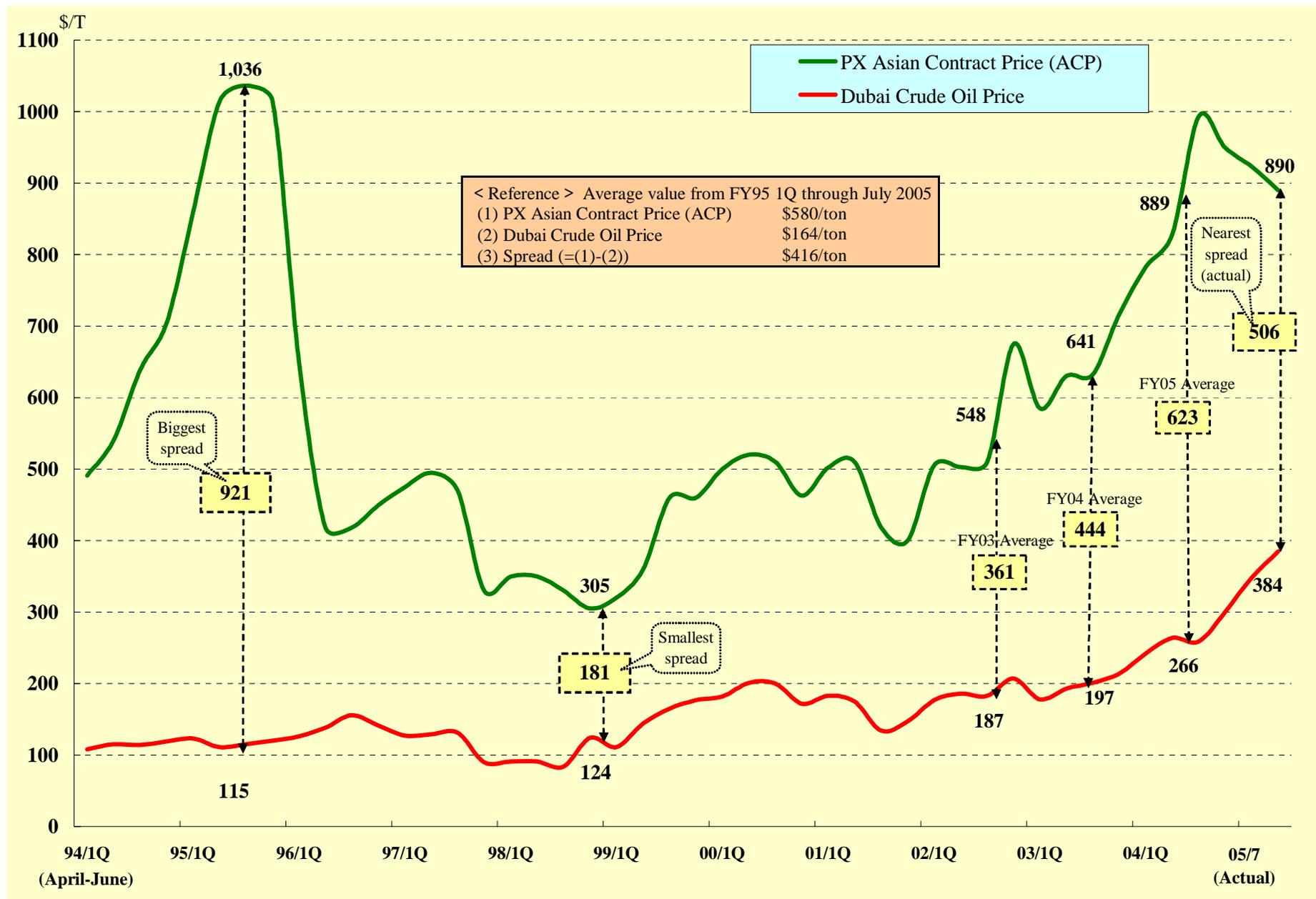
Source: Agency of Natural Resources and Energy

Supplementary Information (3)

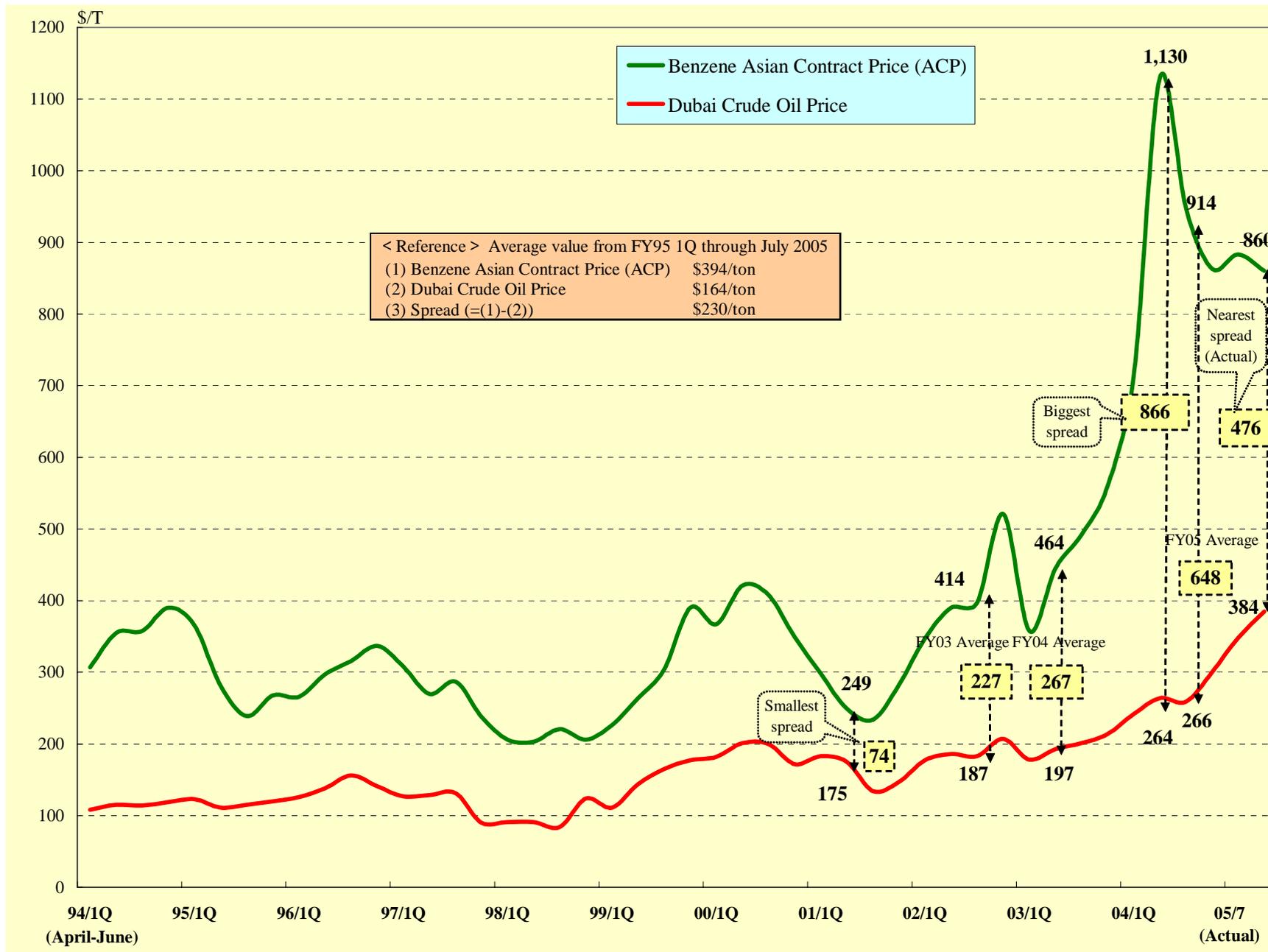
< Spread (Retail Gasoline Price - Crude Oil CIF Price) >



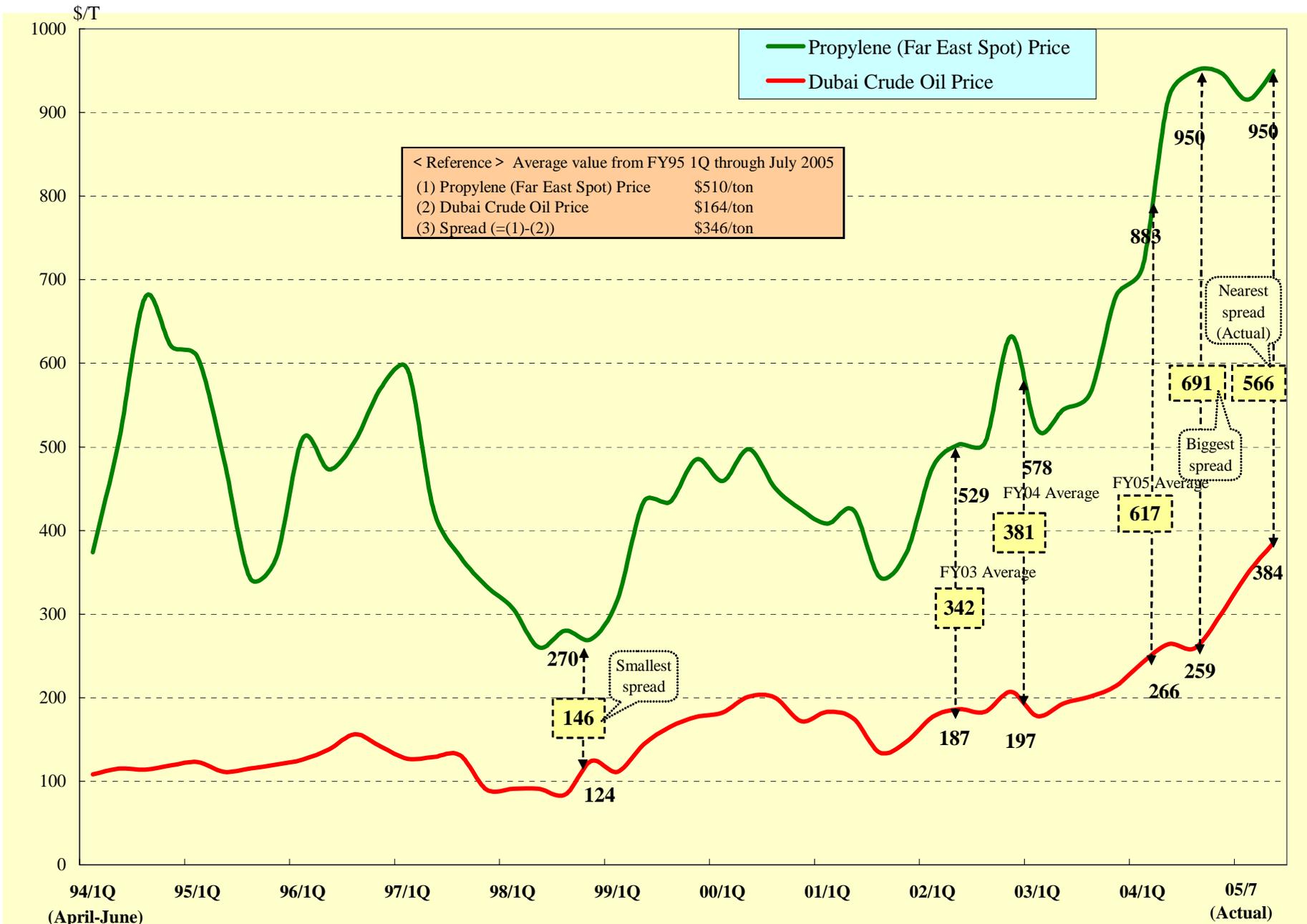
< Spread (PX Price - Dubai Crude Oil Price) >



< Spread (Benzene Price - Dubai Crude Oil Price) >



< Spread (Propylene Price - Dubai Crude Oil Price) >



Supplementary Information (4)

< Number of Service Stations (Fixed type) >

	FY03	FY04	FY05	FY06 1Q ('05/4-6)
Service Stations	11,694	11,333	11,059	11,006
(NOC-owned)	2,746	2,607	2,518	2,497

< Number of Self-Service Retail Outlets >

	FY2003	FY2004	FY2005	FY06 1Q ('05/4-6)
NOC	342	520	651	668
Total for Japan	2,522	3,423	3,493 *	3,612 *

* This figure indicates only self-service retail outlets that are affiliated to oil wholesale companies.

Source: Oil Information Service Center, The Daily Nenryo Yushi Japan

< Number of Dr. Drive Service Stations >

	FY2003	FY2004	FY2005	FY06 1Q ('05/4-6)
NOC	1,610	1,871	1,961	2,003

Supplementary Information (5)

< Refining Capacity Utilization Rates >

Unit: %

	FY03	FY04	FY05	FY06 1Q ('05/4-6)
NOC Group	84	83	87	81

< Number of Transport Depots >

	1-Apr.-03	1-Apr.-04	1-Apr.-05	Jul-05
NOC	55	51	50	50

< Production Volume of Oil and Gas Developed (Daily) >

Unit: 1,000BD

	Average for Jan.-Dec. 02	Average for Jan.-Dec. 03	Average for Jan.-Dec. 04	Average for Jan.-Mar. 05
NOC Group	50	66	111	144

Note: These figures are on the project companies' entitlement basis.

Cautionary Note on Forward-Looking Statements

The financial forecasts, management targets, and any other estimates and projections of the Company presented in this report are based on information available to management as of the date set forth within.

Please note that actual results may vary significantly from projected forecasts due to various uncertain factors, and as such, readers should take care when making investment decisions based solely on the forecasts herein.

The factors affecting actual results include but are not limited to economic conditions, crude oil prices, demand for and market conditions of oil-related products, and exchange rate and interest rate trends.