NIPPON OIL CORPORATION
Your Choice of Energy

April 26, 2006

FLASH REPORT (CONSOLIDATED BASIS)

Company name : Nippon Oil Corporation
Stock listings: Tokyo, Osaka, Nagoya, Fukuoka, and Sapporo Exchanges
Code number: 5001
(URL http://www.eneos.co.jp)
President and Representative Director: Shinji Nishio
Address of headquarters: 3-12,Nishi Shimbashi 1-chome, Minato-ku, Tokyo 105-8412, Japan
For further information, please contact: Soichiro Tanaka,Group Manager,Investor Relations Group
Telephone: +81-3-3502-1184
Date for Convening the Board of Directors Meeting for the Settlement of Accounts: April 26, 2006
U.S. accounting standard: not applied

1. Results for Year ended March 31, 2006 (from April 1, 2005 to March 31, 2006)

(Figures less than ￥1 million have been omitted)

(1)Operating results

	Net Sales (% change from the previous fiscal year)		Operating income (% change from the previous fiscal year)		Recurring income (% change from the previous fiscal year)	
	Millions of yen		Millions of yen		Millions of yen	
Fiscal 2006	6,117,988	(24.2)	303,930	(50.9)	309,088	(45.5)
Fiscal 2005	4,924,163	(15.1)	201,470	(260.3)	212,435	(272.1)

	Net income (% change from the previous fiscal year)		Net income per share	Net income per share after dilution	Return on equity	Ratio of recurring income to total assets	Ratio of recurring income to net sales
	Millions of yen		Yen	Yen	%	%	%
Fiscal 2006	166,510	(26.6)	114.08	―	16.0	8.0	5.1
Fiscal 2005	131,519	(―)	86.72	―	14.8	6.3	4.3

Notes: 1.Equity in earnings (losses) of unconsolidated subsidiaries and affiliates:
Year ended March 31, 2006: ￥4,929 million
Year ended March 31, 2005: ￥6,550 million
2.Average number of shares outstanding during fiscal years
Year ended March 31, 2006: 1,459,458,413
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
Fiscal 2006	4,231,814	1,130,328	26.7	775.62
Fiscal 2005	3,514,352	953,240	27.1	631.77

Notes: Number of shares outstanding at the end of the period
Year ended March 31, 2006: 1,457,271,525
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
Fiscal 2006	34,021	△115,073	125,969	214,476
Fiscal 2005	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: 22

(5)Changes in the scope of consolidation

Six affiliates were included into consolidated subsidiaries.
Five existing consolidated subsidiaries were excluded.
Two affiliates were included into affiliates accounted for by the equity method.
Five existing affiliates accounted for by the equity method were excluded.

2. Forecast for fiscal 2007（April 1, 2006 to March 31,2007）

	Net Sales	Recurring income	Net income
	Millions of yen	Millions of yen	Millions of yen
Interim period	2,810,000	43,000	22,000
Fiscal year	6,130,000	137,000	70,000

(Reference) Consolidated net income per share for the fiscal year is forecast to be ￥48.05

* 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. Further information related to these performance forecasts and targets may be found on page 7 of the accompanying supplementary information.

Management Performance and Financial Position

(1) Management Performance

Review of Operations for the Fiscal Year under Review

The Japanese economy in the fiscal year under review showed further signs of recovery as export levels continued to rise from the previous fiscal year, personal consumption levels gradually grew amid a backdrop of improved employment and income conditions, and capital investment levels continued to increase. Also, the Asian economy in general displayed high growth levels, especially in China and India, as exports for the outside region rose and internal demand such as personal consumption levels remained strong.

Refining and Marketing

During the fiscal year under review the demand for heavy fuel oil A and general-use heavy fuel oil C decreased from the previous period as companies converted their systems to gas and coal fueled systems due to the dramatic increase of crude oil costs. Also, gasoline demand was sluggish as the popularity of economical vehicles grew. Diesel demand decreased from the previous fiscal year as a result of a decline in the number of vehicles. Finally, in spite of a surge in demand stemming from the early winter and resultant cold spell, heating oil demand remained flat on a year-to-year basis This resulted in a slight decrease in demand for overall fuel products from the previous fiscal year.

In regards to petrochemicals, steady internal demand and surging demand from other Asian countries, especially China, resulted in continued growth.

Against this environment, the NOC Group pursued the following measures to achieve the management objectives of bolstering the profitability of our core oil and petrochemical products business and to open up new energy businesses.

In the area of oil refining and petrochemical production, the NOC Group formulated a strategy to pursue the integration of refining and petrochemical operations in its third medium-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 a decision was made to build a plant to increase the production of petrochemical products such as xylene and propylene of Group's Sendai Refinery. Also it was decided to build a highly efficient power generating plant that will utilize byproduct gas with the overall objective of creating a high value-added refinery. In addition, the NOC Group strengthened its production of petrochemicals by entering into an agreement with Mitsubishi Gas Chemical Company, Inc. to produce para-xylene. As a result of the agreement, the NOC Group controls 51% of the shares of the subsidiary that is responsible for its manufacturing. Finally, a decision was made to construct a production plant to create cumene (isopropylbenzene), a high-value added petrochemical product at the Muroran Refinery by utilizing the benzene and propylene produced at the existing plant.

On the oil products marketing side of the business, the NOC Group continued its national sales campaign for the "ENEOS NEW VIGO" product to further increase brand awareness and bolster sales for this sulfur-free, high-quality, high octane gasoline which drastically improves the engine-cleaning capability. We also proceeded with the opening of new "Dr. Drive" facilities during the fiscal year. As a result, the number of such facilities in operation at the end of March 2006 surpassed 2,500. Moreover, we introduced the "Dr. Drive" car care concept to the overseas market in January 2006 when we launched the service at a gasoline station in Beijing, China. This project was implemented jointly with the Petrochina Beijing Sales Company. At the same time, two distributors in the Tokyo Metropolitan Area with overlapping sales networks (IDOMCO Communications Co ltd., and Ozawa and Company Limited) were merged into a new company (ENEOS Frontier Corporation) as part of our efforts to reorganize our distribution network. By doing so, back-office cost reductions can be achieved and the increase in efficiency of our service station network results in stronger competitiveness in the marketplace.

In the field of petrochemical sales, the NOC Group aimed to continue promoting its sales activities, specifically exports to Asian markets, and worked to form a product pricing structure that appropriately reflects the raw material prices and the market prices 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 wide-use products operations by coordinating more closely with the oil refinery side of the business. Moreover, the Group focused on strengthening its functional chemicals business and worked to develop more high-performance products.

As the NOC Group executes the various strategies outlined in the third medium-term management plan, drastic changes have been made to organizational structure of the Group in order to establish an ideal format for our business functions. In July 1 of 2005, as part of this overall strategy, Nippon Petroleum Gas Company Ltd. was merged into the NOC. This decision was made after determining that there was a need to properly respond to the energy needs of our clients and the optimal manner to achieve this was to integrate marketing of LPG (liquefied petroleum gas) in addition to LNG, electricity and petroleum products. Also, we saw the need to expand our current practice of integrating the petroleum refining and marketing business with the petrochemicals business in the production field to other areas such as sales and R&D (research and development). In line with this concept, as of April 1, 2006 NOC merged the R&D, management and sales functions of Nippon Petrochemicals Company, the core petrochemicals business of the Group, into the overall group structure and as a result, created a dynamic organization that is able to push forward with CRI.

In the field of New energy-type business, as part of the Group's overall retail power strategy, operations commenced at the Niigata Power Plant in July of 2005, which is owned by Frontier Energy Niigata Co., Ltd. (of which the NOC Group holds a 35% stake). Also, in February of 2006, construction of the Kawasaki Natural Gas Power Generating Facility began. Full operational commencement of the plant, which is owned by Kawasaki Natural Gas Power Generating Co., Ltd. (of which the NOC Group holds a 51% stake), is planned for the year 2008. Moreover, construction of the LNG platform at the Mizushima Refinery (a joint construction project with The Chugoku Power Electric Company, Inc.) which had been underway since 2002 was completed and operations commenced in April of 2006.

In the area of fuel cells, the NOC Group launched the ENEOS ECOBOY, the world's first heating oil based fuel cell battery for residential use, in March of 2006. By the end of March 2007, 100 of such units are expected to be installed in homes throughout the nation. This is in addition to the ENEOS ECO LP-1, the LPG based, environmentally friendly, fuel cell battery for residential use that was launched in March of 2005. Currently, field tests for the heating oil based fuel cell battery for commercial use is being carried out with the aim to commercialize the product during the current fiscal year (FY2007).

Consequently, the NOC Group's consolidated net sales for the fiscal year under review in the petroleum refining and marketing business increased 24.0% from the previous fiscal year to JPY5,482.6 billion. Operating income including the inventory valuation factors (where inventory valuation using the gross average method puts downward pressure on the cost of goods sold) increased by JPY 36.2 billion from the previous fiscal year to finish at JPY 197.2 billion, mainly as a result of the significant rise in crude oil prices. However when the inventory valuation factor is excluded, operating income fell JPY 69.5 billion from the previous fiscal year to finish at JPY 30.8 billion. This was because margins for petroleum and petrochemical products tightened including the influence that fuel costs (utilized by the Group to operate plant equipment) increased as crude oil prices soared.

Please note that the net sales and operating income figures for this business segment contain JPY 421.1 billion worth of net sales and JPY 39.8 billion worth of operating income generated from the petrochemical products business.

Exploration and Production of Oil and Natural Gas

Profitability improved in E&P business mainly due to a rise in crude oil prices during the fiscal year under review. As part of the Group's focus on maintaining and expanding the production volume of this business segment, commercial production of an oil field off the coast of Western Australia began in the March of 2005. Also, we purchased rights for producing oil and gas fields (a total of 28) in the Gulf of Mexico from US-based Devon Energy Corporation in April of 2005. Furthermore, cumulative production volume oil fields off the coast of Vietnam achieved more than 100 million barrels in June of last year while construction of a production facility for a natural gas exploration business in Indonesia began in March. Finally, the NOC Group acquired the exploration blocks off the coast of Libya in the Mediterranean Sea.

Consequently, net sales in the E&P business segment increased by 166.8% from the previous fiscal year to finish at JPY 180.5 billion. Operating income increased by JPY 65.0 billion to finish at JPY 92.1 billion mainly due to price increases and production volume factors but also because of a change in the classification of a portion of oil and natural gas exploration project companies from an equity method company to a consolidated subsidiary.

Additionally, in the fiscal year under review, Teikoku Oil Co., Ltd. and Inpex Corporation agreed to merge their operations. To mark this event, the NOC signed a letter of intent with the newly formed company to promote the collaborative exploration of new crude oil sources with the goal to stabilize domestic energy supply. Going forward, we plan to further discuss the concept of strengthening our collaborative relationship with this group through the injection of capital.

Construction

Despite an increase in private capital investments, Japan’s road building and construction industries continued to operate in a tough demand environment 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 4.2 % from the previous fiscal year to end at JPY 374.5 billion. On the profitability side, the segment generated an operating income of JPY 7.2 billion (an increase of JPY 0.5 billion from the previous fiscal year) as efforts to reduce costs and increase efficiency offset the significant rise in raw material prices, a consequence of soaring crude oil costs.

Other

Amid a continuingly tough operating environment in the field 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 goods. In our 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 5.6% from the previous fiscal year under review to end at JPY 80.4 billion. In addition, operating income increased by JPY 0.9 billion from the previous fiscal year to finish at JPY 5.9 billion. This was mainly due to our efforts to cut costs and increase operational efficiency.

Analysis of Consolidated Financial Results
On a consolidated basis, net sales of the NOC Group rose 24.2% from the previous fiscal year to finish at JPY 6,118.0 billion. Operating income inclusive of the inventory valuation factor (where inventory valuation using the gross average method puts downward pressure on the cost of goods sold) also increased during the fiscal year under review by JPY 102.4 billion from the previous fiscal year to finish at JPY 303.9 billion, mainly due to a significant rise in crude oil prices. When the inventory valuation factor is excluded, operating income fell by JPY 3.3 billion from the previous fiscal year to finish at JPY 137.5 billion. This is mainly because the tightening of margins for petroleum and petrochemical products despite a rise in income generated from the E&P business for the same reason (i.e. rising crude oil prices).

The Company also generated JPY 5.2 billion worth of extraordinary income (JPY 5.7 billion decrease from the previous fiscal year) as a result of a foreign exchange gain. Consequently, consolidated recurring income for the fiscal year under review amounted to JPY 309.1 billion, an increase of JPY 96.7 billion from the previous fiscal year. When excluding the inventory valuation factor, consolidated recurring income totaled JPY 142.7 billion, a decrease of JPY 9.0 billion from the previous fiscal year.

The NOC Group also generated an extraordinary loss of JPY 10.8 billion (19.4 billion decrease from the previous fiscal year). 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's consolidated net income for the fiscal year under review increased by JPY 35.0 billion to finish at JPY 166.5 billion.

Outlook for the Current Fiscal Year

The NOC Group is forecasting a consolidated net sales figure of JPY 6130.0 billion (or JPY 5320.0 billion on a non-consolidated basis) for the current fiscal year (FY2007. This equates to a 0.2% increase over the previous fiscal year.

From a profitability standpoint, the Group is forecasting a consolidated recurring income figure of JPY137.0 billion (or JPY 3.0 billion on a non-consolidated basis) inclusive of a significant decrease in the inventory valuation factor which is anticipated to occur. Excluding the inventory valuation factor, the Group is forecasting a consolidated recurring income figure of JPY163.0 billion as profits generated from the E&P business continues to move profitability upwards in a steady manner (JPY 33.0 billion on a non-consolidated basis).

Consequently, the NOC Group is forecasting a consolidated net income figure of JPY 70.0 billion (or a JPY 2.0 billion non-consolidated net loss) for the current fiscal year. This equates to a ROE of 6.1%.

Please note that these forecasts assume an average crude oil price of US$56.50 a barrel and an average currency exchange rate of JPY115.4 to the dollar for the current fiscal year.

The below table provides a breakdown of the net sales and operating income outlook by business segment:

	Refining and Marketing	Crude Oil and Natural Gas Exploration	Construction	Other	Total
Net Sales	JPY5,480.0 billion	JPY190.0 billion	JPY 380.0 billion	JPY 80.0 billion	JPY 6,130.0 billion
Operating Income	JPY7.0 billion	JPY 94.0 billion	JPY 8.6 billion	JPY 5.4 billion	JPY 115.0 billion

Please note that the above net sales and operating income figures for refining and marketing contain JPY 420.0 billion worth of net sales and JPY 35.5 billion worth of operating income generated from the petrochemical products business.

Dividends

Based on the profit sharing policies of the NOC, the year-end dividend for the fiscal year under review is anticipated to be JPY6 per share. As a result, full year dividends (including the interim dividend) will increase by JPY2 to JPY12 per share.

(2) Financial Position

Balance Sheet

Consolidated assets at the end of the fiscal year under review totaled JPY 4,231.8 billion, an increase of JPY 717.4 billion from the previous fiscal year. The increase is generally attributed to a significant rise in inventory assets as a result of a rise in crude oil prices, the conversion of two petroleum fuel and natural gas exploration businesses from equity method companies to a consolidated subsidiary, and the increase of produced assets in the oil and natural gas areas.

Consolidated shareholders' equity totaled JPY 1,130.3 billion at the end of the fiscal year under review, an increase of JPY 177.1 billion from the previous fiscal year. This was achieved mainly because of positive factors such as consolidated net income surpassing negative factors such as the implementation of a year-end dividend and the retirement of common stock.

For the above reasons, the NOC Group's shareholders' equity ratio at year-end was 26.7%.

Cash Flow Analysis

Year end cash and cash equivalents (hereinafter referred to as "cash") increased by JPY 74.0 billion from the previous fiscal year to finish at JPY214.5 billion. The Cash flow movements and the factors influencing them during the fiscal year under review were as follows:

Cash flow from operating activities climbed by JPY34.0 billion as positive factors to cash such as net income before tax and other adjustments (JPY298.3 billion) and depreciation expenses which does not require cash expenditures (JPY135.1 billion) surpassing negative factors such as an increase in working capital due to a rise in crude oil prices.

Cash flow from investment activities decreased by JPY115.1 billion, mainly as a result of capital investments into petrochemical equipment to be installed at the Group's refinery locations. In addition, further cash was expended with the purchase of exploration rights for oil and gas fields in the US portion of the Gulf of Mexico by the Group's E&P business.

Cash flow from financing activities increased by JPY 126.0 billion as positive factors such as the borrowing of working capital as a result of rising crude oil prices outweighed negative factors such as share buybacks which were executed (to retire common stock) as well as dividend payments.

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

	As of March 2003	As of March 2004	As of March 2005	As of March 2006
Shareholders' Equity Ratio	27.8	25.1	27.1	26.7
Shareholders' Equity Ratio on a Market Value Basis	22.5	27.5	32.6	31.8
Debt Service Years	* -	3.4	8.3	35.6
Interest Coverage Ratio	* -	13.3	6.3	1.6

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 JPY 80 billion and US$200 million. There were no borrowings under these commitment lines during the fiscal year 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 fiscal year 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		Year ended March 31, 2006		Change from the previous
	Millions of yen	%	Millions of yen	%	Millions of yen
Assets					
Current assets	1,569,328	44.7%	2,140,951	50.6%	571,622
Cash and cash time deposits	143,729		214,720		70,991
Trade notes and accounts receivable	611,258		773,589		162,331
Short-term investments in securities	19,384		24,292		4,908
Inventories	636,704		951,046		314,342
Deferred income taxes	33,517		36,816		3,298
Other current assets	124,734		140,485		15,750
Fixed assets	1,945,006	55.3%	2,090,849	49.4%	145,842
Property, plant and equipment	1,361,389		1,370,235		8,845
Buildings and Structures	(266,257)		(252,627)		(△ 13,630)
Oil tanks・Machinery and equipment・Other	(362,158)		(360,482)		(△ 1,676)
Land	(686,993)		(680,044)		(△ 6,948)
Construction in progress	(45,980)		(77,081)		(31,101)
Intangible fixed assets	49,293		43,153		△ 6,140
Investments and other assets	534,322		677,460		143,137
Investment securities	(289,814)		(390,658)		(100,844)
Long-term loans	(29,055)		(17,073)		(△ 11,982)
Deferred income taxes	(21,927)		(20,685)		(△ 1,241)
Other investment and assets	(193,525)		(249,042)		(55,517)
Deferred assets	17	0.0%	14	0.0%	△ 3
Bond issuance expenses and other	17		14		△ 3
Total assets	3,514,352	100.0%	4,231,814	100.0%	717,462

CONSOLIDATED BALANCE SHEETS

	Previous fiscal year March 31, 2005		Year ended March 31, 2006		Change from the previous fiscal year
	Millions of yen	%	Millions of yen	%	Millions of yen
Liabilities					
Current liabilities	1, 536, 810	43. 7%	1, 941, 846	45. 9%	405, 036
Trade notes and accounts payable	434, 704		580, 081		145, 377
Short-term loans	244, 150		262, 056		17, 906
Commercial paper	97, 000		299, 000		202, 000
Accounts payable	421, 448		462, 579		41, 131
Allowance for directors' bonuses	—		816		816
Other current liabilities	339, 507		337, 312		△ 2, 194
Long-term liabilities	927, 431	26. 4%	1, 050, 400	24. 8%	122, 968
Bonds	166, 304		160, 537		△ 5, 767
Long-term debts	446, 206		491, 537		45, 331
Deferred income taxes	102, 212		160, 329		58, 117
Retirement allowances for employees	106, 835		98, 849		△ 7, 985
Other long-term liabilities	105, 873		139, 146		33, 272
Total liabilities	2, 464, 241	70. 1%	2, 992, 247	70. 7%	528, 005
Minority interests in consolidated	96, 870	2. 8%	109, 238	2. 6%	12, 368
Shareholders' equity					
Common stock	139, 437	4. 0%	139, 437	3. 3%	—
Capital surplus	274, 852	7. 8%	275, 015	6. 5%	162
Retained earnings	489, 729	13. 9%	599, 517	14. 2%	109, 788
Net unrealized gain on securities	60, 743	1. 7%	122, 456	2. 9%	61, 712
Translation adjustments	△ 7, 403	△0. 2%	△ 167	△ 0. 0%	7, 235
Less treasury common stock, at cost	△ 4, 118	△0. 1%	△ 5, 929	△ 0. 2%	△ 1, 811
Total shareholders' equity	953, 240	27. 1%	1, 130, 328	26. 7%	177, 088
Total liabilities, minority interest, and shareholders' equity	3, 514, 352	100. 0%	4, 231, 814	100. 0%	717, 462

CONSOLIDATED STATEMENTS OF INCOME

	Previous fiscal year April 1 ,2004 ～ March 31, 2005	Year ended April 1 ,2005～ March 31, 2006	Change from the previous fiscal year
	Millions of yen	Millions of yen	Millions of yen
Net sales	4, 924, 163	6, 117, 988	1, 193, 824
Cost of sales	△ 4, 437, 411	△ 5, 521, 192	△ 1, 083, 780
Selling, general and administrative expenses	△ 285, 281	△ 292, 866	△ 7, 584
Operating income	201, 470	303, 930	102, 460
Non-operating profits and expenses			
Non-operating profits	36, 736	43, 833	7, 096
Interest and dividend income	(5, 751)	(11, 262)	(5, 510)
income from asset lease	(11, 486)	(10, 657)	(△ 828)
Equity in earnings of unconsolidated subsidiaries and affiliates	(6, 550)	(4, 929)	(△ 1, 620)
Foreign exchange gains	(3, 686)	(8, 426)	(4, 740)
Other	(9, 261)	(8, 557)	(△ 704)
Non-operating expenses	△ 25, 771	△ 38, 675	△ 12, 904
Interest	(△ 18, 748)	(△ 23, 160)	(△ 4, 412)
Expenses for bonds	(△ 283)	(△ 198)	(84)
Other	(△ 6, 739)	(△ 15, 315)	(△ 8, 576)
Recurring income	212, 435	309, 088	96, 652
Special gains	32, 679	15, 889	△ 16, 789
Special losses	△ 24, 156	△ 26, 645	△ 2, 489
Income before income taxes and minority interests	220, 958	298, 332	77, 374
Income taxes	△ 60, 797	△ 117, 551	△ 56, 753
Deferred income taxes	△ 21, 782	△ 2, 865	18, 917
Minority interests in earnings of consolidated subsidiaries	△ 6, 858	△ 11, 404	△ 4, 545
Net income	131, 519	166, 510	34, 991

APPROPRIATION OF CONSOLIDATED RETAINED EARNINGS

	Previous fiscal year April 1 ,2004 ～ March 31, 2005	Year ended April 1 ,2005 ～ March 31, 2006
	Millions of yen	Millions of yen
Capital reserve		
Ⅰ. Balance at beginning of the period	274,838	274,852
Ⅱ. Increase in Capital reserve	14	162
Gains from retirement of treasury stock	(13)	(162)
Gains from issuance of new stocks	(0)	(－)
Ⅲ. Balance at end of the period	274,852	275,015
Retained earnings		
Ⅰ. Balance at beginning of the period	371,471	489,729
Ⅱ. Increase in retained earnings	131,519	166,999
Net income	(131,519)	(166,510)
Increase due to merger of companies accounted by the equity method	(－)	(445)
Increase due to increase in companies accounted by the equity method	(－)	(43)
Ⅲ. Appropriations of retained earnings	13,261	57,211
Cash dividends	(12,085)	(17,816)
Directors' bonuses	(425)	(719)
Retirement of treasury stock	(－)	(37,577)
Decrease due to decrease in consolidated subsidiaries	(－)	(624)
Decrease due to increase in consolidated subsidiaries	(558)	(392)
Write-off of shares held in a merged company	(－)	(78)
Decrease due to increase in companies accounted by the equity method	(24)	(2)
Decrease due to decrease in companies accounted by the equity method	(167)	(－)
Ⅳ. Retained earnings at end of the period	489,729	599,517

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Previous fiscal year April 1 ,2004 ～ March 31, 2005	Year ended April 1 ,2005 ～ March 31, 2006
Ⅰ. Cash flows from operating activities		
Income before income taxes and minority interests	220, 958	298, 332
Depreciation and amortization	110, 031	135, 133
(Increase) decrease in notes and accounts receivable	△ 27, 877	△ 138, 466
(Increase) decrease in inventories	△ 137, 814	△ 317, 203
Decrease (increase) in notes and accounts payable and excise taxes payable	2, 283	119, 627
Losses due to revaluation	4, 211	3, 868
Other	△ 21, 013	54, 140
Sub-total	150, 779	155, 432
Interest and dividends received	7, 249	13, 037
Interest paid	△ 18, 661	△ 22, 791
Income taxes paid	△ 11, 296	△ 111, 559
Payment for special early retirement benefits	△ 12, 338	△ 97
Net cash provided (used in) by operating activities	115, 731	34, 021
Ⅱ. Cash flows from investing activities		
Decrease (increase) in time deposits	1, 060	561
Additions to property, plant and equipment	△ 108, 812	△ 97, 916
Proceeds from sales of property, plant and equipment	41, 680	19, 876
Net (increase) decrease in marketable and investment securities	△ 17, 524	4, 581
Other	△ 15, 895	△ 42, 177
Net cash (used in) provided by investing activities	△ 99, 491	△ 115, 073
Ⅲ. Cash flows from financing activities		
Increase (decrease) in short-term loans	△ 17, 525	248, 488
(Decrease) increase in long-term loans and bonds	△ 15, 854	△ 63, 354
Other	△ 16, 603	△ 59, 164
Net cash (used in) provided by financing activities	△ 49, 984	125, 969
Ⅳ. Effect of exchange rate changes on cash and cash equivalents	△ 197	9, 660
Ⅴ. Iecrease (decrease) in cash and cash equivalents	△ 33, 941	54, 577
Ⅵ. Cash and cash equivalents at beginning of period	174, 535	140, 478
Ⅶ. Increase in cash and cash equivalents due to inclusion in consolidation	14	19, 409
Ⅷ. Increase in cash and cash equivalents due to merger of consolidated subsidiaries	―	10
Ⅸ. Decrease in cash and cash equivalents due to exclusion from consolidation	△ 128	―
Ⅹ. Cash and cash equivalents at end of the period	140, 478	214, 476

Segment Information

[Business Segment]

(1) Previous fiscal year (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 (loss)	163, 301	23, 344	6, 746	4, 984	198, 377	3, 092	201, 470
Ⅱ Assets, Depreciation and Capital expenditures							
Assets	2, 986, 974	172, 518	380, 709	157, 395	3, 697, 597	(183, 245)	3, 514, 352
Depreciation	89, 894	7, 874	5, 113	7, 155	110, 037	(5)	110, 031
Losses on revaluation	4, 211	—	—	—	4, 211	—	4, 211
Capital expenditures	84, 974	10, 447	5, 494	6, 600	107, 516	—	107, 516

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 fuel oil, as well as oil exploration and production of oil & natural gas.
(2) Petrochemical: 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

3. Depreciation and capital expenditures includes exploration- and development-related investment in petroleum fuel and crude oil business that is accounted for in the "Investments and other assets" item as well as associated amortization expense.

4. Changes to Accounting Standards Etc.

Change to Expense Treatment Method for Mathematically Calculated Differences

In accordance with 2(3) the standards for preparation of consolidated financial statements, the Company and its principal three consolidated subsidiaries have changed their expense treatment method for mathematically calculated differences; from the consolidated fiscal year under review, mathematically calculated differences are accounted for as expenses in the fiscal year following the fiscal year in which the mathematically calculated differences arise. Compared with the previous method, the effect of this change for the consolidated fiscal year under review is to increase operating expenses for petroleum fuel and crude oil business by 1,273 million yen and increase operating expenses for petrochemical business by 13 million yen. Consequently, the the effect of this change is to reduce operating income for petroleum fuel and crude oil business by 1,273 million yen and reduce operating income for petrochemical business by 13 million yen.

(2) Current fiscal year (April 1, 2005 ～March 31, 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	5, 482, 648	180, 503	374, 482	80, 353	6, 117, 988	—	6, 117, 988
(2) Intergroup sales and transfers	9, 285	—	1, 285	15, 285	25, 856	(25, 856)	—
Total sales	5, 491, 933	180, 503	375, 768	95, 638	6, 143, 844	(25, 856)	6, 117, 988
Operating expenses	5, 294, 753	88, 412	368, 607	89, 785	5, 841, 559	(27, 501)	5, 814, 058
Operating income (loss)	197, 180	92, 090	7, 160	5, 853	302, 285	1, 645	303, 930
Ⅱ Assets, Depreciation and Capital expenditures							
Assets	3, 412, 601	404, 078	391, 319	135, 765	4, 343, 765	(111, 950)	4, 231, 814
Depreciation	85, 026	38, 946	4, 792	6, 374	135, 139	(5)	135, 133
Losses on revaluation	3, 834	—	34	—	3, 868	—	3, 868
Capital expenditures	84, 892	63, 903	4, 628	4, 985	158, 411	—	158, 411

*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. Depreciation and capital expenditures includes exploration- and development-related investment in petroleum fuel and crude oil business that is accounted for in the "Investments and other assets" item as well as associated amortization expense.

4. Changes to Accounting Standards Etc.
 (1)Accounting treatment of directors' bonuses
 The Company has changed its accounting treatment of directors' bonuses; from the consolidated fiscal year under review, in accordance with "immediate measures for accounting treatment of directors' bonuses"(Report of Accounting Standards Board, 13rd number, March 9, 2004), directors' bonuses are accounted for as expenses in the fiscal year in which the bonuses arise. Before that, in accordance with the standards for preparation of consolidated financial statements 2(3), directors' bonuses were accounted for as decrease of inappropriate income under an approval at a shareholders' meeting.

(2)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 Mid-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 fiscal year（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
Ⅱ Assets, Depreciation and Capital expenditures							
Assets	2, 834, 573	260, 814	380, 709	157, 395	3, 633, 492	(119, 139)	3, 514, 352
Depreciation	85, 153	12, 615	5, 113	7, 155	110, 037	(5)	110, 031
Losses on revaluation	4, 211	－	－	－	4, 211	－	4, 211
Capital expenditures	75, 891	19, 530	5, 494	6, 600	107, 516	－	107, 516

*Exploration and Production of Oil and Natural Gas