NIPPON OIL CORPORATION
Your Choice of Energy

FLASH REPORT (CONSOLIDATED BASIS)

Oct 30, 2006

Company name : Nippon Oil Corporation
Stock listings: Tokyo, Osaka, Nagoya, Fukuoka, and Sapporo Exchanges
Code number: 5001
(URL http://www.eneos.co.jp)
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Date for Convening the Board of Directors Meeting for the Settlement of Accounts: Oct 30,2006
U.S. accounting standard: not applied

1.Results for the six months ended September 30, 2006 (April 1, 2006 to September 30,2006)

(1)Operating results

(Figures less than ¥1 million have been omitted)

	Net Sales (% change from the previous interim period)	Operating income (% change from the previous interim period)	Ordinary income (% change from the previous interim period)
	Millions of yen	Millions of yen	Millions of yen
Interim period	3,198,343 (18.4)	114,834 (△21.1)	131,987 (△12.0)
Previous interim period	2,701,032 (19.6)	145,486 (61.3)	150,055 (59.7)
Previous fiscal year	6,117,988	303,930	309,088

	Net income (% change from the previous interim period)	Net income per share	Net income per share after dilution
	Millions of yen	Yen	Yen
Interim period	64,121 (△21.7)	44.01	—
Previous interim period	81,884 (41.2)	56.04	—
Previous fiscal year	166,510	114.08	—

Notes: 1.Equity in earnings (losses) of unconsolidated subsidiaries and affiliates:
Six months ended September 30, 2006: ¥1,642 million
Six months ended September 30, 2005: ¥2,481 million
Year ended March 31, 2006: ¥4,929 million
2.Average number of shares outstanding during fiscal years
Six months ended September 30, 2006: 1,457,625,119
Six months ended September 30, 2005: 1,461,724,643
Year ended March 31, 2006: 1,459,458,413
3.There was no change in accounting methods.
4.Percentages indicate year-on-year increase/(decrease) in net sales, operating income, ordinary income, and net income.

(2)Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Interim period	4,335,538	1,309,219	27.6	819.41
Previous interim period	3,995,439	1,025,397	25.7	703.57
Previous fiscal year	4,231,814	1,130,328	26.7	775.62

Notes: Number of shares outstanding at end of the period
Six months ended September 30, 2006: 1,462,115,005
Six months ended September 30, 2005: 1,457,421,777
Year ended March 31, 2006: 1,457,271,525

(3)Cash flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Interim period	98,541	△66,909	23,325	266,854
Previous interim period	77,131	△75,376	108,824	275,988
Previous fiscal year	34,021	△115,073	125,969	214,476

(4)Number of subsidiaries and affiliates

Consolidated subsidiaries: 59, Unconsolidated subsidiaries accounted for by the equity method: 16,
Affiliates accounted for by the equity method: 24

(5)Changes in the scope of consolidation

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

２. Forecast for fiscal year ending March 31,2007)

	Net Sales	Recurring income	Net income
	Millions of yen	Millions of yen	Millions of yen
Fiscal year	6, 730, 000	184, 000	77, 000

(Reference) Consolidated net income per share for the fiscal year is forecast to be ￥52.68

* The aforementioned forecasts are forward-looking statements based on all information available to the management at the time of this document's release. Factors including, but not limited to, economic conditions, oil prices, demand trends for petroleum products, market trends, currency exchange rates, and interest rates, may cause actual results to differ substantially from the anticipated results. Please see p.8 of the attached document for more information regarding the aforementioned forecasts.

Management Performance and Financial Position

(1) Management Performance

Review of Operations for the Interim Period

The Japanese economy staged a steady recovery during the interim period under review, as evidenced by a continued uptrend in exports, increased consumer spending against the backdrop of improving employment and personal income figures, and expanding capital investment driven by high-level corporate earnings.

Refining and Marketing

Looking at the Japanese market for refined petroleum fuel products during the interim period under review, demand for heavy fuel oil A and heavy fuel oil C (used by the majority of industries) fell sharply on a year-on-year basis as companies promoted fuel conversion spurred by the high price of crude oil. Demand for gasoline was also held down by the growing number of fuel-efficient vehicles on the roads, while demand for diesel oil declined year-on-year as a result of a decrease in the number of vehicles. Demand for petrochemical products, on the other hand, maintained its growth, largely as a result of continued economic growth in Asian countries.

Amid this environment, the NOC Group executed the various strategies outlined below, with the management objectives of bolstering the profitability of its core businesses, oil and petrochemicals, and of opening up new energy businesses.

Turning first to the production aspect, the strength of the NOC Group's crude oil refining lies in the Group's ability to produce not only oil products, but also basic petrochemical products such as xylene, paraxylene, and propylene as part of a single, integrated process. We aim to operate an optimally efficient production system that allows us to respond quickly and flexibly to changes in demand for oil and petrochemical products, we have been pursuing a more advanced level of chemical refinery integration (CRI).

As part of this strategy, to increase our total paraxylene output, in April 2006 we acquired a majority stake in Mizushima Paraxylene Co., Ltd. to jointly produce paraxylene with Mitsubishi Gas Chemical Company, Inc. Following this, in September of this year, at Kawasaki Operation Center of Nippon Petrochemicals Company Limited, full-scale operation was begun of facilities for propylene production using olefin conversion technology (OCT), as well as equipment for the production of isooctane. The OCT propylene production facilities are used to produce propylene from distillate that had previously been used as in-house fuel. The isooctane production facilities employ byproducts of the OCT propylene production process as the raw materials in the production of a high-octane base material for gasoline production. These measures have been taken to meet an expected increase in demand for petrochemical products from Asian countries, particularly China and contributed to raise the value-added of byproducts also.

To take advantage of the business opportunities offered by the surging demand for oil products in Asia, we are planning to boost the export capacity of refineries to 200,000 BD by the end of the current fiscal year. And regarding the commissioned refining operation on behalf of China National United Oil Corporation (China Oil), which was started in July 2004, the contractual volume was increased from 30,000 to 40,000BD in April 2006. These measures provide the Group with a stable source of earnings, and help to keep the capacity utilization rate of the Group's refineries at a high level.

To further strengthen the NOC Group's competitiveness in the production of lubricant oil and grease, we have promoted to integrate Production Facilities. To this end, we constructed new production facilities at Nippon Petroleum Refining Company's Yokohama Refinery, which were completed in July this year. These facilities have taken over the role formerly performed by the Group's specialist lubricant oil and grease production subsidiary Nippon Petroleum Processing Co., Ltd., which was absorbed by Nippon Petroleum Refining Company in October 2006.

At the same time, we faced with the urgent need to implement rigorous streamlining measures and take steps to raise operational efficiency. The NOC Group, both on its own and in collaboration with other members of the industry, has pursued a number of initiatives to streamline operations and raise efficiency. To achieve even higher efficiency, in June of this year we reached a comprehensive agreement with Japan Energy Corporation covering cooperation in the Exploration and Production of oil and natural gas and transportation, as well as in refining, fuel cell production, and other areas. Particularly in refining, we have entered into concrete discussions with Japan Energy Corporation concerning the integrated operation of the two companies' refineries in Mizushima, which abut one another. The realization of this concept would, we believe, lead to tremendous synergies from the business collaboration. We intend to continue implementing a steady series of business tie-ups as part of our aim of forcefully pursuing operational rationalization and higher efficiency, with the ultimate goal of raising our competitiveness in the international market.

Turning to the marketing of the NOC Group's petroleum products, in line with our policy of shifting the emphasis from quantity to quality, we conducted a sales promotion campaign on our best-selling ENEOS New Vigo, a high-quality, high-octane brand of sulfur-free gasoline. Simultaneously, we aimed to attract more customers to our service stations by expanding the features of our Dr. Drive service to include vehicle inspection, maintenance, washing, and others. We are also taking steps, principally at our service station operating subsidiaries, to improve the attractiveness of our service stations as a way of coping with the increasingly competitive retail market.

In the marketing of petrochemical products, we have been enjoying a smooth growth in exports to meet the insatiable demand in Asian markets, notably China, and have successfully passed on the additional prices we have to pay for our raw materials (owing to the high price of crude oil) to our customers.

In addition, the Group worked to increase the cost-competitiveness of its marketing operations by ensuring closer coordination with refinery operations. We also focused on strengthening our functional petrochemical operations and worked to cultivate more high-performance products.

To develop new energy businesses, we continued to promote installation of the world's first commercialized house-hold-use fuel cell "ENEOS ECO LP-1 " which employ LPG, and "ENEOS ECOBOY" which use kerosene.

Consequently, the NOC Group's consolidated net sales for the interim period under review in the refining and marketing business segment increased

19.5% from the previous interim period to JPY 2,926.0 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) decreased by JPY 48.5 billion from the previous interim period to finish at JPY 57.6 billion, mainly due to fell in the inventory valuation factors. However when the inventory valuation factor is excluded, operating loss improved JPY 2.1 billion from the previous interim period to finish at JPY -4.3 billion. This was because margins for petrochemical products expanded.

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 interim period under review. As part of the Group's focus on maintaining and expanding the production volume of this business segment, commercial production at SE Mananda field onshore Papua New Guinea began in the March of 2006. Meanwhile, two hurricanes hit the region of southeast of the United States and caused damage to the production facilities, we have carried out the restoration work continuously. Consequently, the production volume for the interim period under review remained steady.

Consequently, net sales in the E&P business segment increased by 26.9% from the previous interim period to finish at JPY 96.6 billion. Operating income increased by JPY 19.2 billion to finish at JPY 55.0 billion mainly due to price increases.

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 3.0 % from the previous interim period to end at JPY 144.8 billion. On the profitability side, the segment generated an operating loss of JPY -600 million (as compared to an operating loss of JPY -400 million in the previous interim period) mainly due to the significant rise in raw material prices, a consequence of rising crude oil costs.

Other

Amid a continuingly 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.

Consolidated net sales in the other business segment decreased 12.2% from the previous interim period to end at JPY 30.9 billion and operating income decreased by JPY 1.4 billion from the previous interim period to finish at JPY 1.7 billion. This was mainly because one subsidiary was excluded from consolidation.

Analysts of Consolidated Financial Results

On a consolidated basis, net sales of the NOC Group rose 18.4% from the previous interim period to finish at JPY 3,198.3 billion. Operating income decreased JPY 30.7 billion from the previous interim period to finish at JPY 114.8 billion. This decrease is associated with fell in the inventory valuation factors (where inventory valuation using the gross average method puts downward pressure on the cost of goods sold).When the inventory valuation factor is excluded, operating income rose by JPY 19.9 billion from the previous interim period to finish at JPY 52.9 billion, due to increased profitability in the E&P division and improved margins for petrochemicals.

The Group also generated non-operating income totaling JPY 17.2 billion (a JPY 12.6 billion increase from the previous interim period) as a result of an increase in dividend income and others.

Consequently, consolidated ordinary income amounted to JPY 132.0 billion, a decrease of JPY 18.1 billion from the previous interim period. When excluding inventory valuation factors, consolidated ordinary income totaled

JPY 70.1 billion, an increase of JPY 32.5 billion from the previous interim period.

The NOC Group also generated an extraordinary loss of JPY - 700 million (a JPY 2.1 billion improved from the previous interim period). This was mainly as a result of a gain/loss on disposal of fixed assets.

As a result of the above factors, the NOC Group generated consolidated net income of JPY 64.1 billion for the interim period under review, a JPY 17.8 billion decrease from the previous interim period.

Outlook for the Current Fiscal Year

The NOC Group is forecasting a consolidated net sales figure of JPY 6,730.0 billion for the current fiscal year (Year ending March 2007. This equates to a 10.0% increase over the previous fiscal year.)

From a profitability standpoint, the Group is forecasting a consolidated ordinary income figure of JPY 184.0 billion (a JPY 125.1 billion decrease from the previous fiscal year) 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 ordinary income figure of JPY 180.0 billion (a JPY 37.3 billion increase from the previous fiscal year) as profits generated from the improved margins for petrochemicals.

Consequently, the NOC Group is forecasting a consolidated net income figure of JPY 77.0 billion for the current fiscal year. (a JPY 89.5 billion decrease from the previous fiscal year) This equates to a ROE of 6.6%.

On a non-consolidated basis, the NOC is forecasting net sales figure of JPY 5,980.0 billion, ordinary income figure of JPY 53.0 billion and net income figure of JPY 45.0 billion for the current fiscal year.

Please note that these forecasts assume an average crude oil price of US$56.6 a barrel and an average currency exchange rate of JPY119.5 to the dollar for the second half of current fiscal year.

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

<billion JPY>

	Refining and Marketing	Crude Oil and Natural Gas Exploration	Construction	Other	Total
Net Sales	6,100.0	190.0	380.0	60.0	6,730.0
Operating Income	48.2	97.9	8.6	5.3	160.0

Dividends

Based on the profit sharing policies, NOC had declared the dividends for the interim period under review is anticipated to be JPY6 per share. As a result, a full year dividends (including the interim dividends) will be JPY12 per share.

(2) Financial Position

Balance Sheet

Consolidated assets at the end of the interim period under review amounted to JPY 4,335.5 billion, up JPY 103.7 billion from the previous interim period. This increase is associated with a significant rise in inventory assets as a result of a rise in crude oil prices.

Consolidated net assets totaled JPY 1,309.2 billion at the end of the interim period under review, an increase of JPY 69.7 billion from the same period in the previous year. (The amount obtained by adding the minority interests in consolidated subsidiaries to the shareholders' equity at the end of the previous year)This was achieved mainly because the accounting of consolidated net income for the interim period under review surpassed negative factors such as the implementation of a year-end dividend.

Consequently, the NOC Group's shareholders' equity ratio finished at 27.6%.

Cash Flow

Interim period end cash and cash equivalents (hereinafter referred to as "cash") increased by JPY 52.4 billion from the fiscal year to JPY 266.9 billion. The Cash flow movements and the factors influencing them in the interim period under review are as follows:

Cash flow from operating activities climbed by JPY 98.5 billion as positive factors to cash such as net income before tax and other adjustments (JPY 131.3 billion) and depreciation expense which does not require cash expenditures (JPY 62.2 billion) surpassed negative factors such as an increase in working capital due to the rise in crude oil prices.

Cash flow from investment activities decreased by JPY 66.9 billion, mainly as a result of capital investments in petrochemical equipment at refineries.

Cash flow from financing activities increased by JPY 23.3 billion as positive factors such as the borrowing of working capital as a result of rising crude oil prices surpassed negative factors such as dividend payments.

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

	Year ended March 31, 2004	Year ended March 31, 2005	Year ended March 31, 2006	Year ended September 30, 2006
Shareholders' Equity Ratio	25.1	27.1	26.7	27.6
Shareholders' Equity Ratio on a Market Value Basis	27.5	32.6	31.8	29.3
Debt Service Years	3.4	8.3	35.6	-
Interest Coverage Ratio	13.3	6.3	1.6	8.3

Notes:

1. Definitions of indicators are as follows:
   - Shareholders' equity ratio:
     (Net asset - minority interests in consolidated subsidiaries) /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
2. All indicators have been calculated based on consolidated financial data.
3. 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).

4. Operating cash flow is the cash flow from operations shown in the Consolidated Statement of Cash Flows.
5. 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 interim period under review. In addition, the risks above should be not considered a full list of risks that the Group may face in its operations.

CONSOLIDATED BALANCE SHEETS

	Previous fiscal year March 31, 2006		Current interim period September 30, 2006		Change from the previous fiscal year-end	Previous interim period September 30, 2005	
	Millions of yen	%	Millions of yen	%	Millions of yen	Millions of yen	%
ASSETS							
Current assets	2,140,951	50.6%	2,263,991	52.2%	123,040	1,943,140	48.6%
Cash and cash time deposits	214,720		268,151		53,431	276,232	
Trade notes and accounts receivable	773,589		749,463		△ 24,126	616,617	
Short-term investments in securities	24,292		19,752		△ 4,540	22,829	
Inventories	951,046		1,032,912		81,865	870,116	
Deferred income taxes	36,816		40,943		4,126	30,946	
Other current assets	140,485		152,768		12,283	126,399	
Fixed assets	2,090,849	49.4%	2,071,534	47.8%	△ 19,314	2,052,283	51.4%
Property, plant and equipment	1,370,235		1,361,678		△ 8,557	1,360,092	
Buildings and Structures	(252,627)		(252,245)		(△ 382)	(256,855)	
Oil tanks・Machinery and equipment・Other	(360,482)		(377,945)		(17,462)	(359,830)	
Land	(680,044)		(677,733)		(△ 2,310)	(681,763)	
Construction in progress	(77,081)		(53,754)		(△ 23,327)	(61,642)	
Intangible fixed assets	43,153		43,553		399	45,858	
Investments and other assets	677,460		666,303		△ 11,156	646,332	
Investment securities	(390,658)		(380,687)		(△ 9,971)	(343,039)	
long-term receivables	17,073)		(14,955)		(△ 2,117)	(26,357)	
Deferred income taxes	(20,685)		(18,847)		(△ 1,838)	(20,555)	
Other investment and assets	(249,042)		(251,813)		(2,770)	(256,381)	
Deferred assets	14	0.0%	11	0.0%	△ 2	15	0.0%
Bond issuance expenses and other	14		11		△ 2	15	
Total assets	4,231,814	100.0%	4,335,538	100.0%	103,723	3,995,439	100.0%

CONSOLIDATED BALANCE SHEETS

	Previous fiscal year March 31, 2006		Current interim period September 30, 2006		Change from the previous fiscal year-end	Previous interim period September 30, 2005	
	Millions of yen	%	Millions of yen	%	Millions of yen	Millions of yen	%
LIABILITIES							
Current liabilities	1,941,846	45.9%	1,998,196	46.1%	56,349	1,814,458	45.4%
Trade notes and accounts payable	580,081		517,222		△ 62,859	471,086	
Short-term loans	262,056		238,650		△ 23,406	225,130	
Commercial paper	299,000		340,000		41,000	213,000	
Accounts payable	462,579		579,073		116,493	532,214	
Other current liabilities	338,128		323,251		△ 14,877	373,026	
Long-term liabilities	1,050,400	24.8%	1,028,122	23.7%	△ 22,278	1,054,658	26.4%
Bonds	160,537		175,026		14,489	179,286	
Long-term loans	491,537		484,056		△ 7,481	508,965	
Deferred income taxes	160,329		175,647		15,317	135,088	
Retirement allowances for employees	98,849		91,556		△ 7,292	102,508	
Other long-term liabilities	139,146		101,834		△ 37,311	128,808	
Total liabilities	2,992,247	70.7%	3,026,318	69.8%	34,071	2,869,116	71.8%
Minority interests in consolidated subsidiaries	109,238	2.6%	—	—	—	100,925	2.5%
SHAREHOLDERS' EQUITY							
Common stock	139,437	3.3%	—	—	—	139,437	3.5%
Capital surplus	275,015	6.5%	—	—	—	274,857	6.9%
Retained earnings	599,517	14.2%	—	—	—	523,172	13.1%
Evaluation differences on other securities	122,456	2.9%	—	—	—	97,762	2.5%
Translation adjustments	△ 167	△0.0%	—	—	—	△ 4,425	△0.1%
Less treasury common stock, at cost	△ 5,929	△0.2%	—	—	—	△ 5,406	△0.2%
Total shareholders' equity	1,130,328	26.7%	—	—	—	1,025,397	25.7%
Total liabilities, minority interests, and shareholders' equity	4,231,814	100.0%	—	—	—	3,995,439	100.0%

CONSOLIDATED BALANCE SHEETS

	Previous fiscal year March 31, 2006		Current interim period September 30, 2006		Change from the previous fiscal year-end	Previous interim period September 30, 2005	
	Millions of yen	%	Millions of yen	%	Millions of yen	Millions of yen	%
NET ASSETS							
Shareholder's equity	—	—	1,066,995	24.6%	—	—	—
Common stock	—	—	139,437	3.2%	—	—	—
Capital surplus	—	—	275,759	6.4%	—	—	—
Retained earnings	—	—	653,979	15.1%	—	—	—
Less treasury common stock,at cost	—	—	△ 2,180	△0.1%	—	—	—
Valuation and translation adjustment	—	—	131,075	3.0%	—	—	—
Net unrealized gain on securities	—	—	113,224	2.6%	—	—	—
Deferred gain and loss on hedges	—	—	16,184	0.4%	—	—	—
Translation adjustments	—	—	1,666	0.0%	—	—	—
Minority interests in consolidated subsidiaries	—	—	111,148	2.6%	—	—	—
Total Net assets	—	—	1,309,219	30.2%	—	—	—
Total liabilities, and net assets	—	—	4,335,538	100.0%	—	—	—

CONSOLIDATED STATEMENTS OF INCOME

	Previous interim period April 1 ,2005 ～ September 30, 2005	Current interim period April 1 ,2006 ～ September 30, 2006	Change from the previous interim period-end	Previous fiscal year April 1 ,2005 ～ March 31, 2006
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Net sales	2, 701, 032	3, 198, 343	497, 311	6, 117, 988
Cost of sales	△ 2, 414, 475	△ 2, 940, 281	△ 525, 805	△ 5, 521, 192
Groaa Profit	286, 557	258, 062	△ 28, 494	596, 796
Selling, general and administrative expenses	△ 141, 071	△ 143, 227	△ 2, 156	△ 292, 866
Operating income	145, 486	114, 834	△ 30, 651	303, 930
Non-operating profits	19, 170	33, 138	13, 967	43, 833
Interest and dividend income	(4, 724)	(13, 194)	(8, 469)	(11, 262)
Asset rental income	(5, 341)	(5, 355)	(13)	(10, 657)
Equity in earnings of unconsolidated subsidiaries and affiliates	(2, 481)	(1, 642)	(△ 839)	(4, 929)
Foreign exchange gain	(2, 816)	(3, 843)	(1, 027)	(8, 426)
Other	(3, 806)	(9, 103)	(5, 296)	(8, 557)
Non-operating expenses	△ 14, 600	△ 15, 985	△ 1, 384	△ 38, 675
Interest	(△ 11, 121)	(△ 12, 840)	(△ 1, 719)	(△ 23, 160)
Expenses for bonds	(△ 169)	(△ 172)	(△ 2)	(△ 198)
Other	(△ 3, 309)	(△ 2, 973)	(336)	(△ 15, 315)
Ordinary income	150, 055	131, 987	△ 18, 068	309, 088
Special gains	5, 323	6, 853	1, 529	15, 889
Special losses	△ 8, 035	△ 7, 567	468	△ 26, 645
Income before income taxes and minority interests	147, 343	131, 273	△ 16, 070	298, 332
Income taxes	△ 57, 543	△ 54, 987	2, 555	△ 117, 551
Income taxes- deferred	△ 3, 308	△ 6, 257	△ 2, 949	△ 2, 865
Minority interests in earnings of consolidated subsidiaries	△ 4, 607	△ 5, 907	△ 1, 299	△ 11, 404
Net income	81, 884	64, 121	△ 17, 763	166, 510

APPROPRIATION OF CONSOLIDATED RETAINED EARNINGS

	Previous interim period April 1 ,2005 ～ September 30, 2005	Previous fiscal year April 1 ,2005 ～ March 31, 2006
	Millions of yen	Millions of yen
Capital reserve		
Ⅰ. Balance at beginning of the period	274,852	274,852
Ⅱ. Increase in additional paid-in-capital	5	162
Profit on disposal of treasury stock	(5)	(162)
Ⅲ. Capital reserve at end of the period	274,857	275,015
Retained earnings		
Ⅰ. Balance at beginning of the period	489,729	489,729
Ⅱ. Increase in retained earnings	81,897	166,999
Net income	(81,884)	(166,510)
Increase due to merger of companies accounted by the equity method	(13)	(445)
Increase due to increase in companies accounted by the equity method	(－)	(43)
Ⅲ. Appropriations of retained earnings	48,453	57,211
Cash dividends	(9,058)	(17,816)
Directors' bonuses	(719)	(719)
Retirement of treasury stock	(37,577)	(37,577)
Decrease due to decrease in consolidated subsidiaries	(624)	(624)
Decrease due to increase in consolidated subsidiaries	(392)	(392)
Write-off of shares held in a merged company	(78)	(78)
Decrease due to increase in companies accounted by the equity method	(2)	(2)
Ⅳ. Retained earnings at end of the period	523,172	599,517

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Current interim period (April 1 ,2006 ～ September 30 ,2006)

	Shareholder's equity					Valuation and translation adjustment				Minority interests in consolidated subsidiaries	Total Net Assets
	Common stock	Capital surplus	Retained earnings	Less treasury common stock, at cost	Total Shareholders' equity	Net unrealized gain on securities	Deferred gain and loss on hedges	Translation adjustments	Total Valuation and translation		
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of Mar 31, 2006	139,437	275,015	599,517	△5,929	1,008,039	122,456	―	△167	122,288	109,238	1,239,567
Changes in the interim period											
Cash dividends			△8,756		△8,756						△8,756
Directors' bonuses			△26		△26						△26
Net income			64,121		64,121						64,121
Purchases of treasury stock				△358	△358						△358
Disposal of treasury stock		744		4,108	4,852						4,852
Decrease due to increase in consolidated subsidiaries			△753		△753						△753
Decrease due to increase in companies accounted by the equity method			△122		△122						△122
Net changes in items other than those in shareholders' equity						△9,231	16,184	1,833	8,786	1,909	10,696
Total of changes in the interim period	―	744	54,461	3,749	58,956	△9,231	16,184	1,833	8,786	1,909	69,652
Balance as of September 30, 2006	139,437	275,759	653,979	△2,180	1,066,995	113,224	16,184	1,666	131,075	111,148	1,309,219

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Previous interim period April 1 ,2005 ～ September 30, 2005	Current interim period April 1 ,2006 ～ September 30, 2006	Previous fiscal year April 1 ,2005 ～ March 31, 2006
	Millions of yen	Millions of yen	Millions of yen
Ⅰ. Cash flow from operating activities			
Income before income taxes and minority interests	147, 343	131, 273	298, 332
Depreciation and amortization	65, 415	62, 174	135, 133
Increase (decrease) in notes and accounts receivable	△ 5, 502	24, 961	△ 138, 466
(Increase) decrease in inventories	△ 236, 811	△ 83, 961	△ 317, 203
Increase (decrease) in notes and accounts payable	133, 081	36, 029	119, 627
Other	41, 948	△ 1, 884	58, 009
Sub-total	145, 474	168, 591	155, 432
Interest and dividends received	4, 431	15, 082	13, 037
Interest paid	△ 11, 425	△ 12, 753	△ 22, 791
Income taxes paid	△ 61, 251	△ 71, 547	△ 111, 559
Expenditures for additional early retirement benefits	△ 97	△ 831	△ 97
Net cash provided by (used in) operating activities	77, 131	98, 541	34, 021
Ⅱ. Cash flows from investing activities			
(Decrease) increase in time deposits	497	△ 990	561
Additions to property, plant and equipment	△ 42, 988	△ 64, 756	△ 97, 916
Proceeds from sales of property, plant and equipment	6, 438	11, 700	19, 876
Net (decrease) increase in marketable and investment securities	3, 925	△ 3, 639	4, 581
Other	△ 43, 249	△ 9, 222	△ 42, 177
Net cash (used in) provided by investing activities	△ 75, 376	△ 66, 909	△ 115, 073
Ⅲ. Cash flows from financing activities			
Increase (decrease) in short-term loans	134, 636	5, 186	248, 488
Increase (decrease) in long-term loans and bonds	24, 176	26, 554	△ 63, 354
Other	△ 49, 988	△ 8, 415	△ 59, 164
Net cash provided by (used in) financing activities	108, 824	23, 325	125, 969
Ⅳ. Effect of exchange rate changes on cash and cash equivalents	5, 520	△ 2, 793	9, 660
Ⅴ. Increase(decrease) in cash and cash equivalents	116, 100	52, 164	54, 577
Ⅵ. Cash and cash equivalents at beginning of the period	140, 478	214, 476	140, 478
Ⅶ. Increase in cash and cash equivalents due to inclusion in consolidation	19, 409	212	19, 409
Ⅷ. Increase in cash and cash equivalents due to exclusion in consolidation	—	0	10
Ⅸ. Cash and cash equivalents at end of the period	275, 988	266, 854	214, 476

Segment Information

[Business Segment]

(1) Previous interim period（April 1, 2005 ～September 30, 2005）

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

(2) Current interim period (April 1, 2006 ～September 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	2, 926, 036	96, 591	144, 757	30, 958	3, 198, 343	—	3, 198, 343
（2） Intergroup sales and transfers	3, 670	—	689	8, 814	13, 174	(13, 174)	—
Total sales	2, 929, 707	96, 591	145, 446	39, 772	3, 211, 518	(13, 174)	3, 198, 343
Operating expenses	2, 872, 116	41, 549	146, 059	38, 044	3, 097, 770	(14, 261)	3, 083, 508
Operating income (loss)	57, 591	55, 042	△ 613	1, 728	113, 747	1, 087	114, 834

*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, and financial services

Year ended March 31, 2006 (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

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