

FLASH REPORT(CONSOLIDATED BASIS)

Nov 16, 2001

Company name : Nippon Mitsubishi Oil Corporation

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

Code number: 5001

Address of headquarters: 3-12,Nishi Shimbashi 1-chome, Minato-ku, Tokyo 105-8412, Japan

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Date for Convening the Board of Directors Meeting for the Settlement of Accounts: November 16, 2001

1. Results for the six months ended September 30, 2001**(1) Operating results**

(Figures less than ¥ 1 million have been omitted)

	Net Sales	Operating income	Recurring income
	(% change from the previous interim period)	(% change from the previous interim period)	(% change from the previous interim period)
	Millions of yen	Millions of yen	Millions of yen
Interim period	1,932,067 (3.6)	75,144 (328.7)	69,643 (496.2)
Previous interim period	1,865,316 (-)	17,527 (-)	11,681 (-)
Previous fiscal year	4,076,890	70,079	62,929

	Net income	Net income per share	Net income per share after dilution
	(% change from the previous interim period)		
	Millions of yen	Yen	Yen
Interim period	33,391 (933.8)	22.73	21.88
Previous interim period	3,230 (-)	2.20	-
Previous fiscal year	29,787	20.28	19.91

Notes: 1. Equity in earnings(losses) of unconsolidated subsidiaries and affiliates:

Six months ended September 30, 2001: ¥ 860 million

Six months ended September 30, 2000: ¥ -1,717 million

Year ended March 31, 2001: ¥ -1,137 million

2. Average number of shares outstanding during fiscal years

Six months ended September 30, 2001: 1,469,156,826

Six months ended September 30, 2000: 1,467,778,117

Year ended March 31, 2001: 1,468,470,152

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
Interim period	3,626,262	911,457	25.1	620.39
Previous interim period	3,650,540	876,572	24.0	596.65
Previous fiscal year	3,971,252	898,083	22.6	611.29

Notes: Number of shares outstanding at the end of the period

Six months ended September 30, 2001: 1,469,156,826

Six months ended September 30, 2000: 1,467,778,117

Year ended March 31, 2001: 1,468,470,152

(3) Cash flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Interim period	47,773	114,186	294,894	266,837
Previous interim period	105,226	34,252	245,804	250,020
Previous fiscal year	195,768	186,222	36,014	399,393

(4)Number of subsidiaries and affiliates

Consolidated subsidiaries: 62, Unconsolidated subsidiaries accounted for by the equity method: 5,
Affiliates accounted for by the equity method: 25

(5)Changes in the scope of consolidation

There were no new consolidated subsidiaries.

Two existing consolidated subsidiaries were excluded.

There was no inclusion nor exclusion of affiliated companies accounted for by the equity method.

2 . Forecast for fiscal 2002 (April 1, 2001 to March 31,2002)

	Net Sales	Recurring income	Net income
	Millions of yen	Millions of yen	Millions of yen
Fiscal year	4,000,000	75,000	30,000

(Reference)Consolidated net income per share for the fiscal year is forecast to be ¥20.42

Analysis of Operations

1. Review of Operations for the Interim Period

Demand in the private sector in Japan, including private capital investment, weakened during the six-month interim period under review (ended September 30, 2001). In addition, as a result of the decline in exports, especially IT-related products, the economic downturn became increasingly serious.

Petroleum Fuel and Crude Oil

Along with the downward trend in the economy, demand for oil in Japan during the interim period under review was weak, as overall demand for petroleum fuels fell below the level of the previous period while sales of fuels for industrial use, including diesel fuel and fuel oil C declined. In addition, prices were generally soft as competition in the retail market intensified along with the rapid increase in the number of self-service filling stations and other factors.

Amid this increasingly challenging environment, NMOC assigned highest priority to strengthening the cost-competitiveness of the NMOC Group. In addition, to create the optimal production systems, in April 2001 NMOC reduced crude oil processing capacity at its Muroran, Negishi, and Mizushima refineries and at the Kainan Refinery of Wakayama Petroleum Refining Co., Ltd., by a total of 121,000 barrels per day. Moreover, NMOC converted Koa Oil Company, Limited, and Tohoku Oil Co., Ltd., into wholly owned subsidiaries by means of stock swap arrangements and made the decision to merge them with Nippon Mitsubishi Petroleum Refining Company, Limited, in April 2002. In its marketing activities, NMOC proceeded with activities to enhance its ability to draw customers by converting all its service stations to the newly introduced “ENEOS” brand and introduced new products, including “ENEOS High-Octane Gasoline” and “ENEOS Oil.” Regarding upstream operations, in October 2001

NMOC made the decision to concentrate all its oil and natural gas exploration and development activities in Nippon Oil Exploration Limited to gain greater flexibility and agility in these development operations.

NMOC's consolidated net sales for the interim period in the petroleum fuel and crude oil business segment rose 4.0% year on year, to ¥1,655.5 billion. Although expenses were recorded for unifying NMOC's ENEOS brand logo, cost reductions and the improved profitability of the Group's oil development companies contributed to improvement in overall profitability of oil business operations. These factors, together with a change in the Company's method of accounting for inventories, resulted in a marked ¥58.2 billion increase in operating income compared with the interim period of the previous year, to ¥68.5 billion.

Petrochemical Operations

Domestic demand and exports for petrochemical products declined year on year due to the weakening of the U.S. economy and the cooling of demand in IT-related sectors. Moreover, because the rise in naphtha prices could not be passed on sufficiently to product prices, the profitability of petrochemical companies came under pressure and severe conditions in the the operating environment continued. The NMOC Group continued to implement aggressive marketing activities and worked to set appropriate price levels, while endeavoring to improve its competitiveness thoroughgoing cost reductions and other measures.

As a result of declines in sales of principal products, including ethylene and paraxylene, consolidated net sales in the petrochemical operations segment fell 1.1% year on year, to ¥112.4 billion for the interim period. Because of the increase in naphtha prices, however, operating income of the segment was down 67.9%, to ¥200 million.

Construction

Investment in public works projects continues to shrink and private-sector capital investment remains on the decline, thus making it difficult for road and building construction companies to win new orders. The NMOC Group worked aggressively to obtain new contracts, while implementing

comprehensive cost-cutting measures to enhance profitability.

As a consequence of these efforts, consolidated net sales for the construction segment rose 2.7% year on year, to ¥130.8 billion for the interim period. Operating income, however, fell 65.8%, to ¥800 million because of the adverse impact of more intense competition for orders and the reduction in costs of public works projects.

Other

The environment for the retail of oil products has become increasingly challenging, but as a result of aggressive efforts to market service station-related products, consolidated net sales in the other business segment rose 3.0% year on year, to ¥33.1 billion for the interim period. Operating income was up 16.5%, to ¥3.2 billion because of cost-reduction activities and efforts to increase efficiency.

Consolidated Financial Results

As a result of the previously mentioned trends by segment, consolidated net sales for the NMOC Group for the interim period increased 3.6% year on year, to ¥1,932.0 billion. Although expenses were incurred in connection with the adoption of the new brand logo, positive factors, including the contribution of Groupwide efforts to rationalize and enhance the efficiency of operations, the improved profitability of the Group's oil development companies, and a change in the method of accounting for inventories, led to a marked improvement in profitability. Consolidated operating income for the Group advanced ¥57.6 billion compared with the interim period of the previous year, to ¥75.1 billion, and consolidated recurring income posted a gain of ¥57.9 billion, to reach ¥69.6 billion. As a result, consolidated net income rose ¥30.1 billion, to ¥33.3 billion. Based on consideration of this performance and other factors, the Company declared cash dividends of ¥3 per share applicable to the interim period.

(2) Outlook for the Full Fiscal Year

The operating environments for each of the segments of the NMOC Group are becoming increasingly challenging, but NMOC has set targets for the

full fiscal year ending March 31, 2002, of ¥4 trillion in consolidated sales (¥3 trillion for the parent company only), ¥75.0 billion in recurring income (¥23.0 billion for the parent company), and ¥30.0 billion in net income (¥11.0 for the parent company). If the target for net income is met, this will represent a consolidated return on equity of 3.3%, or 1.5% for the parent company alone.

(2) CONSOLIDATED BALANCE SHEETS

	Previous interim period September 30, 2000		Current interim period September 30, 2001		Change from the previous interim period-end Millions of yen	Previous fiscal year March 31, 2001	
	Millions of yen	%	Millions of yen	%		Millions of yen	%
Assets							
<u>Current assets</u>	<u>1,502,020</u>	41.1%	<u>1,587,222</u>	43.8%	<u>287,996</u>	<u>1,875,218</u>	47.2%
Cash and cash time deposits	199,325		118,296		184,406	302,702	
Trade notes and accounts receivable	534,258		530,787		105,686	636,473	
Short-term investments in securities	203,470		310,733		77,696	388,429	
Inventories	424,753		488,079		99,057	389,021	
Deferred tax assets	36,384		29,471		900	30,371	
Other current assets	103,828		109,854		18,365	128,219	
<u>Fixed assets</u>	<u>2,148,413</u>	58.9%	<u>2,038,997</u>	56.2%	<u>57,004</u>	<u>2,096,001</u>	52.8%
Property, plant and equipment	1,637,150		1,569,159		25,820	1,594,980	
Buildings and structures	(337,636)		(316,517)		(8,361)	(324,878)	
Oil tank· Machinery and equipment· Other	(364,529)		(321,453)		(20,897)	(342,351)	
Land	(874,945)		(859,260)		(6,286)	(865,547)	
Construction in progress	(60,039)		(71,927)		(9,724)	(62,202)	
Intangible fixed assets	55,741		54,503		1,010	55,514	
Investments and other assets	455,520		415,333		30,173	445,506	
Investment securities	(314,515)		(272,732)		(30,556)	(303,288)	
Deferred tax assets	(19,825)		(22,583)		(2,727)	(19,856)	
Other investment and assets	(121,180)		(120,017)		(2,344)	(122,361)	
<u>Deferred assets</u>	<u>107</u>	0.0%	<u>43</u>	0.0%	<u>11</u>	<u>32</u>	0.0%
Bond issuance expenses and other	107		43		11	32	
Total assets	3,650,540	100.0%	3,626,262	100.0%	344,989	3,971,252	100.0%

CONSOLIDATED BALANCE SHEETS

	Previous interim period September 30, 2000		Current interim period September 30, 2001		Change from the previous interim period-end	Previous fiscal year March 31, 2001	
	Millions of yen	%	Millions of yen	%	Millions of yen	Millions of yen	%
Liabilities							
<u>Current liabilities</u>	<u>1,453,007</u>	39.8%	<u>1,461,731</u>	40.3%	<u>345,444</u>	<u>1,807,176</u>	45.5%
Trade notes and accounts payable	309,415		271,598		62,618	334,216	
Short-term loans	280,929		297,691		8,648	306,339	
Commercial paper	130,000		129,000		271,500	400,500	
Accounts payable	465,522		477,084		26,153	503,237	
Other current liabilities	267,140		286,357		23,475	262,882	
<u>Total Long-term liabilities</u>	<u>1,187,764</u>	32.5%	<u>1,117,846</u>	30.9%	<u>9,469</u>	<u>1,127,316</u>	28.4%
Bonds	300,637		246,982		5,723	252,705	
Convertible bonds	140,854		140,854		-	140,854	
Long-term loans	479,844		461,704		1,113	460,591	
Deferred tax liabilities	93,291		78,050		13,812	91,863	
Retirement allowances for Other long-term liabilities	99,208 73,928		100,425 89,828		367 9,320	100,793 80,507	
Total liabilities	2,640,772	72.3%	2,579,578	71.2%	354,913	2,934,492	73.9%
Minority interest	133,196	3.7%	135,227	3.7%	3,449	138,676	3.5%
Shareholders' equity							
Capital stock	137,176	3.8%	137,176	3.8%	-	137,176	3.5%
Capital surplus	247,011	6.8%	247,011	6.8%	-	247,011	6.2%
Consolidated retained earnings	455,761	12.4%	504,970	13.9%	27,058	477,911	12.0%
Evaluation differences on other securities	50,051	1.4%	30,730	0.8%	16,263	46,994	1.2%
Translation adjustments	13,327	0.4%	8,350	0.2%	2,571	10,922	0.3%
Less treasury common stock, at cost	101	0.0%	80	0.0%	7	88	0.0%
Total shareholders' equity	876,572	24.0%	911,457	25.1%	13,374	898,083	22.6%
Total liabilities, minority interest, and shareholders' equity	3,650,540	100.0%	3,626,262	100.0%	344,989	3,971,252	100.0%

(3) CONSOLIDATED STATEMENTS OF INCOME

	Previous interim period	Current interim period	Change from the	Previous fiscal year
	September 30, 2000	September 30, 2001	previous interim	March 31, 2001
	Millions of yen	Millions of yen	period-end	Millions of yen
			Millions of yen	
Recurring items				
Operating gains and expenses				
Net sales	1,865,316	1,932,067	66,751	4,076,890
Cost of sales	1,691,385	1,702,858	11,472	3,691,142
Selling, general and administrative expenses	156,403	154,064	2,338	315,668
Operating income	17,527	75,144	57,617	70,079
Non-operating profits and expenses				
Non-operating profits	20,924	20,578	345	47,220
Interest and dividend income	(4,033)	(4,913)	(879)	(12,340)
Exchange gain on foreign currencies	(6,806)	(6,327)	(479)	(14,318)
Equity in earnings of unconsolidated subsidiaries and affiliates	(-)	(860)	(860)	(-)
Other	(10,084)	(8,478)	(1,606)	(20,562)
Non-operating expenses	26,770	26,079	690	54,370
Interest	(19,521)	(18,430)	(1,091)	(41,594)
Equity in losses of unconsolidated subsidiaries and affiliates	(1,717)	(-)	(1,717)	(1,137)
Other	(5,531)	(7,649)	(2,117)	(11,638)
Recurring income	11,681	69,643	57,962	62,929
Special Items				
Special gains	14,154	11,634	2,520	34,750
Special loss	15,029	22,616	7,586	38,208
Income before income taxes and minority interests	10,806	58,661	47,855	59,472
Income taxes	5,530	24,917	19,387	17,108
Deferred income taxes	-	2,977	2,977	4,427
Minority interests	2,046	3,329	1,283	8,149
Net income	3,230	33,391	30,161	29,787

(4) APPROPRIATION OF CONSOLIDATED RETAINED EARNINGS

	Previous interim period April 1 ,2000 ~ September 30, 2000	Current interim period April 1 ,2001 ~ September 30, 2001	Previous Fiscal year April 1 ,2000 ~ March 31, 2001
	Millions of yen	Millions of yen	Millions of yen
Retained earnings at beginning of the period	458,432	477,911	458,432
Increase in retained earnings	293	101	293
Increase due to increase in consolidated subsidiaries	57	-	57
Increase due to increase in companies accounted by the equity method	235	-	235
Increase due to merger of consolidated subsidiaries	-	101	-
Appropriations of retained earnings	6,194	6,434	10,601
Cash dividends	5,863	5,877	10,271
Directors' bonuses	330	557	330
Net income	3,230	33,391	29,787
Retained earnings at the end of the period	455,761	504,970	477,911

(5) CONSOLIDATED STATEMENTS OF CASH FLOWS

	Previous interim period April 1 ,2000 ~ September 30, 2000	Current interim period April 1 ,2001 ~ September 30, 2001	Previous Fiscal year April 1 ,2000 ~ March 31, 2001
. Cash flow from operating activities			
Income before income taxes and minority interests	10,806	58,661	59,472
Depreciation and amortization	59,927	52,608	123,367
Decrease(increase) in trade notes and accounts	16,433	111,825	79,233
Decrease(increase) in inventories	57,451	99,041	22,166
Decrease in trade notes and accounts payable	66,095	54,451	82,123
Other	30,652	5,339	73,449
Sub-total	<u>126,464</u>	<u>74,941</u>	<u>237,013</u>
Interest and dividends received	6,184	5,365	13,103
Interest paid	20,310	19,122	41,842
Income taxes paid	7,111	13,411	12,505
Net cash provided by operating activities	<u>105,226</u>	<u>47,773</u>	<u>195,768</u>
. Cash flows from investing activities			
(Increase)decrease in time deposits	41,620	99,122	93,777
Additions to property, plant and equipment	29,946	33,321	54,811
Proceeds from sales of property, plant and equipment	15,652	9,474	38,471
(Increase)decrease in short-term and long-term	6,132	46,601	97,152
Other	27,794	7,689	21,047
Net cash used in investing activities	<u>34,252</u>	<u>114,186</u>	<u>186,222</u>
. Cash flows from financing activities			
Increase(decrease) in short-term loans	239,368	278,575	42,545
Increase(decrease) in long-term loans and bo	987	8,189	68,211
Other	5,448	8,129	10,348
Net cash used in financing activities	<u>245,804</u>	<u>294,894</u>	<u>36,014</u>
. Effect of exchange rate changes on cash and cash equivalents	68	359	947
. Decrease in cash and cash equivalents	<u>174,899</u>	<u>132,574</u>	<u>25,521</u>
. Cash and cash equivalents at beginning of period	424,837	399,393	424,837
. Increase in cash and cash equivalents due to merger of consolidated subsidiaries	-	18	-
. Increase in cash and cash equivalents due to inclusion in consolidation	81	-	81
. Decrease in cash and cash equivalents due to exclusion from consolidation	0	-	4
. Cash and cash equivalents at end of the period	<u><u>250,020</u></u>	<u><u>266,837</u></u>	<u><u>399,393</u></u>

5 . Segment Informtion

(1) Business Segment

Previous interim period (April 1 ,2000 ~ September 30, 2000)

	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	1,592,008	113,709	127,398	32,200	1,865,316		1,865,316
(2) Intergroup sales and transfers	66,606	8,146	348	9,076	84,177	(84,177)	
Total	1,658,614	121,855	127,746	41,276	1,949,493	(84,177)	1,865,316
Operating expenses	1,648,297	121,197	125,306	38,453	1,933,256	(85,467)	1,847,788
Operating income (loss)	10,316	658	2,439	2,822	16,237	1,290	17,527

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 development

(2) Petrochemical operations: 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

Current interim period (April 1 ,2001 ~ September 30, 2001)

	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	1,655,586	112,423	130,887	33,170	1,932,067		1,932,067
(2) Intergroup sales and transfers	64,863	7,557	248	7,803	80,473	(80,473)	
Total	1,720,449	119,981	131,135	40,974	2,012,541	(80,473)	1,932,067
Operating expenses	1,651,884	119,769	130,300	37,685	1,939,640	(82,717)	1,856,922
Operating income (loss)	68,565	211	835	3,289	72,901	2,243	75,144

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 development

(2) Petrochemical operations: 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

Previous fiscal year (April 1 ,2000 ~ March 31, 2001)

	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	3,439,895	232,538	344,710	59,745	4,076,890		4,076,890
(2) Intergroup sales and transfers	139,302	16,480	409	16,677	172,869	(172,869)	
Total	3,579,198	249,019	345,119	76,423	4,249,760	(172,869)	4,076,890
Operating expenses	3,529,213	248,533	334,162	70,935	4,182,844	(176,033)	4,006,810
Operating income (loss)	49,984	485	10,957	5,487	66,915	3,164	70,079

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 development

(2) Petrochemical operations: 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