

Report on Performance in the First Quarter of Fiscal 2004

(from April 1, 2003 to June 30, 2003)

Executive Vice President and Representative Director (CFO)

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NIPPON OIL
Your Choice of Energy

Highlights of the Consolidated Income

(¥ billion)

	First quarter of FY2004 (actual)	Difference from the original forecast	First half of FY2004 (forecast)	Difference from the original forecast	FY2004 (forecast)	Difference from the original forecast
Crude Oil Price (\$/Bbl)	26.1	+1.1	26.5	+1.5	25.5	+0.5
Yen/dollar exchange rate (¥/\$)	118.7	▲1.3	120.0	±0.0	120.0	±0.0
Domestic fuel demand including crude oil (10,000kl)	1,300	+71	2,560	+105	5,350	+100
Net sales	976.7	+21.7	2,060.0	+70.0	4,320.0	+130.0
Operating income	10.4	+9.4	24.0	+8.0	61.0	▲6.0
Net non-operating loss	0.6	+1.1	▲ 1.0	+2.0	▲ 3.0	+1.0
Recurring income	11.0	+10.5	23.0	+10.0	58.0	▲5.0
Excluding inventory factors	29.5	+4.1	39.8	▲5.2	91.6	▲7.8
Net extraordinary loss	0.9	+1.4	▲ 1.0	+0.5	▲ 3.0	±0.0
Net income	5.3	+5.8	12.0	+7.0	25.0	▲4.0

Recurring Income: Analysis of Difference Between Forecast and Actual Performance (First quarter of FY2004)

<Recurring Income> ¥0.5 billion ¥11.0 billion (+¥10.5 billion)

	(¥ billion)
(1) Inventory Factors	+ 6.4
(2) Sales volume increases and profit margin improvements	+ 3.2
(3) Other	▲ 0. 2
<hr/>	
Operating Income	+ 9.4
(4) Improvements of non-operating income	+ 1.1
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Recurring income	+ 10.5

Recurring Income: Analysis of Difference between the original forecast and adjustment forecast (First half of FY2004/ FY2004)

First half: ¥13.0 billion ¥23.0 billion (+¥10.0 billion)
FY2004 : ¥63.0 billion ¥58.0 billion (¥5.0 billion)

	<First half>	<Fiscal year> (¥ billion)
(1) Impact of temporary refinery shut-downs	▲ 6.5	▲ 8.5
(2) Inventory factors	+ 15.2	+ 2.8
(3) Other	▲ 0.7	▲ 0.3
Operating Income	+ 8.0	▲ 6.0
(4) Improvements of non-operating income	+ 2.0	+ 1.0
Recurring income	+ 10.0	▲ 5.0

Sales Volume (Unconsolidated)

(10,000KI)

Type of Product	First quarter of FY2003	First quarter of FY2004	Change (%)	FY2003	FY2004 (forecast)	Change (%)
Gasoline	331	338	+2.1	1,389	1,395	+0.4
(High octane)	(71)	(65)	(▲ 8.1)	(279)	(286)	(+2.8)
(Regular)	(257)	(270)	(+4.8)	(1,096)	(1,094)	(▲ 0.2)
Naphtha	142	147	+3.8	600	630	+5.0
Jet fuel	27	29	+6.6	121	122	+0.9
Kerosene	93	102	+10.1	722	681	▲ 5.7
Diesel fuel	213	204	▲ 4.2	883	863	▲ 2.3
Fuel oil A	154	171	+11.2	726	714	▲ 1.7
Fuel oil C	153	235	+53.7	883	785	▲ 11.1
(For electric power)	(37)	(119)	(+221.6)	(375)	(306)	(▲ 18.2)
(For general use)	(116)	(116)	(+0.2)	(508)	(479)	(▲ 5.9)
Total domestic fuel demand	1,113	1,226	+10.2	5,324	5,190	▲ 2.5
Crude oil	14	74	+436.0	224	160	▲ 28.4
Domestic fuel demand including crude oil	1,127	1,300	+15.4	5,548	5,350	▲ 3.6
Barter joint, other	582	652	+12.0	2,835	3,080	+8.6
Total	1,709	1,952	+14.2	8,383	8,430	+0.6

Supplementary Information (1)

1. Net Sales and Operating Income by Segment (First quarter of FY2004)

(1) Net sales

(¥ billion)

Total				976.7
Petroleum fuel and crude oil	Petrochemical operations	Construction	Other	
853.5	58.8	45.2	19.2	

Figures include ¥ 18.7 billion in net sales of the oil exploration and development division

(2) Operating income

(¥ billion)

Total				10.4
Petroleum fuel and crude oil	Petrochemical operations	Construction	Other	
10.1	1.4	▲ 3.4	2.3	

Figures include ¥ 8.5 billion in net sales of the oil exploration and development division

Supplementary Information (2)

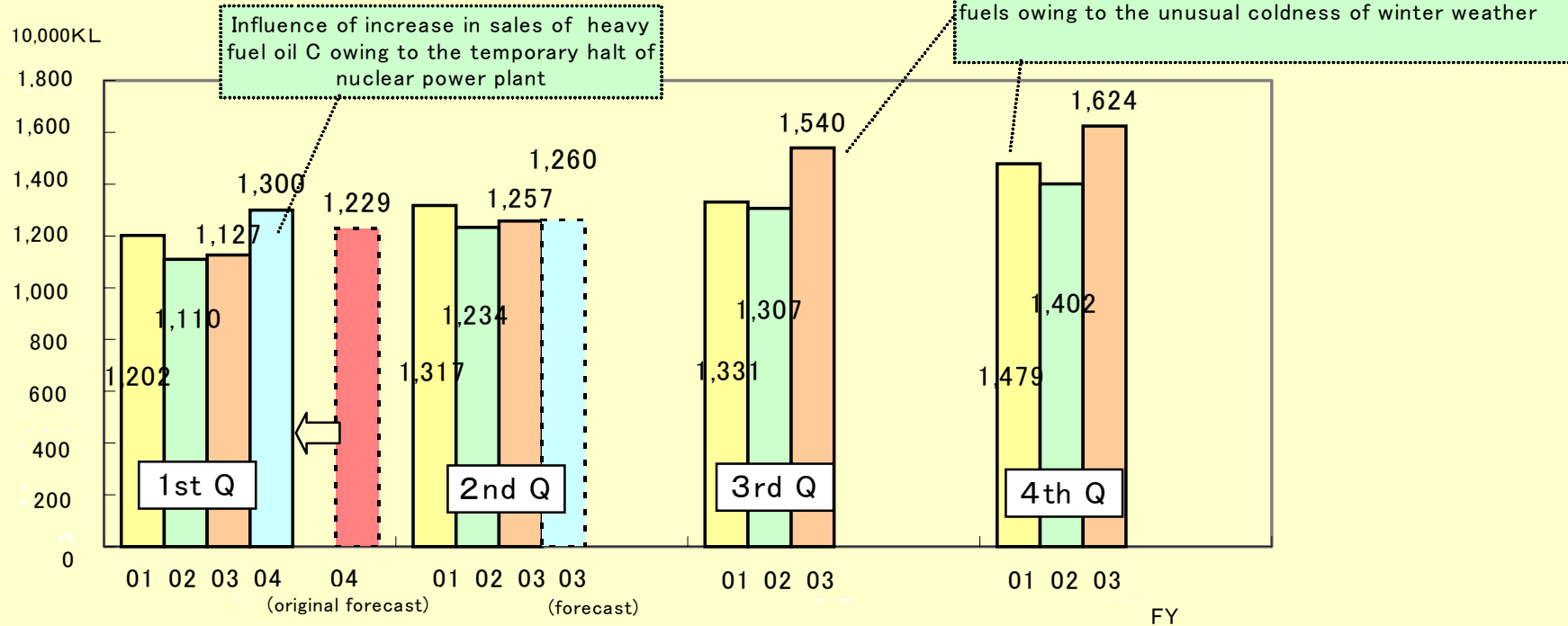
2. Fuel Oil Demand, NOC, Sales, Share of Sales

Type of Product	Fuel Oil Demand (% Change from the same quarter of the previous year)	NOC Sales (% Change from the same quarter of the previous year)	Share of Sales (Consumption basis, %)		
			FY2002	FY2003	First quarter of FY2004
Total	+7.3	+10.2	20.7	21.9	22.3
(Gasoline)	(+2.4)	(+2.1)	(22.8)	(23.2)	(23.0)
(Kerosene)	(+13.2)	(+10.1)	(23.0)	(23.6)	(23.5)
(Diesel fuel)	(▲3.0)	(▲4.2)	(21.7)	(22.4)	(22.1)
(Fuel oil A)	(+3.9)	(+11.2)	(22.6)	(24.1)	(25.8)
(Fuel oil C)	(+55.6)	(+53.7)	(26.5)	(29.9)	(28.3)

Source: Agency of Natural Resources and Energy

Supplementary Information (3)

3. Quarterly Trends in Domestic Sales Volume of Petroleum Fuels including Crude Oil



Supplementary Information (4)

4. Number of Service Stations (Fixed type)

	<u>31-Mar-01</u>	<u>Change</u>	<u>31-Mar-02</u>	<u>Change</u>	<u>31-Mar-03</u>	<u>Change</u>	<u>30-Jun-03</u>
N O C	12,669	▲682	11,987	▲293	11,694	▲79	11,615
(NOC-owned)	(2,945)	(▲88)	(2,857)	(▲111)	(2,746)	(▲24)	(2,722)

5. Number of Self-service Retail Outlets

	<u>31-Mar-01</u>	<u>Change</u>	<u>31-Mar-02</u>	<u>Change</u>	<u>31-Mar-03</u>	<u>Change</u>	<u>30-Jun-03</u>
N O C	54	+88	142	+200	342	+45	387
(Total for Japan)	(422)	(+931)	(1,353)	(+1,169)	(2,522)	(+228)	(2,750)*

*Estimate

Source : Oil Information Service Center and Others.

6. Number of Dr. Drive Service stations

	<u>31-Mar-01</u>	<u>Change</u>	<u>31-Mar-02</u>	<u>Change</u>	<u>31-Mar-03</u>	<u>Change</u>	<u>30-Jun-03</u>
Dr. Drive Service station	390	+893	1,283	+327	1,610	+7	1,617

Supplementary Information (5)

7. Number of Transport Depots

	<u>1-Apr-01</u>	<u>Change</u>	<u>1-Apr-02</u>	<u>Change</u>	<u>1-Apr-03</u>	<u>Change</u>	<u>1-Jul-03</u>
Transport Depots	75	▲13	62	▲7	55	▲1	54

8. Topper Capacity Utilization Rates

	<u>First half of</u> <u>FY2002</u>	<u>Second half of</u> <u>FY2002</u>	<u>FY2002</u>	<u>First half of</u> <u>FY2003</u>	<u>Second half of</u> <u>FY2003</u>	<u>Fiscal 2003</u>	<u>First quarter of</u> <u>FY2004</u>
	%	%	%	%	%	%	%
Utilization Rates	77	85	81	77	91	84	81

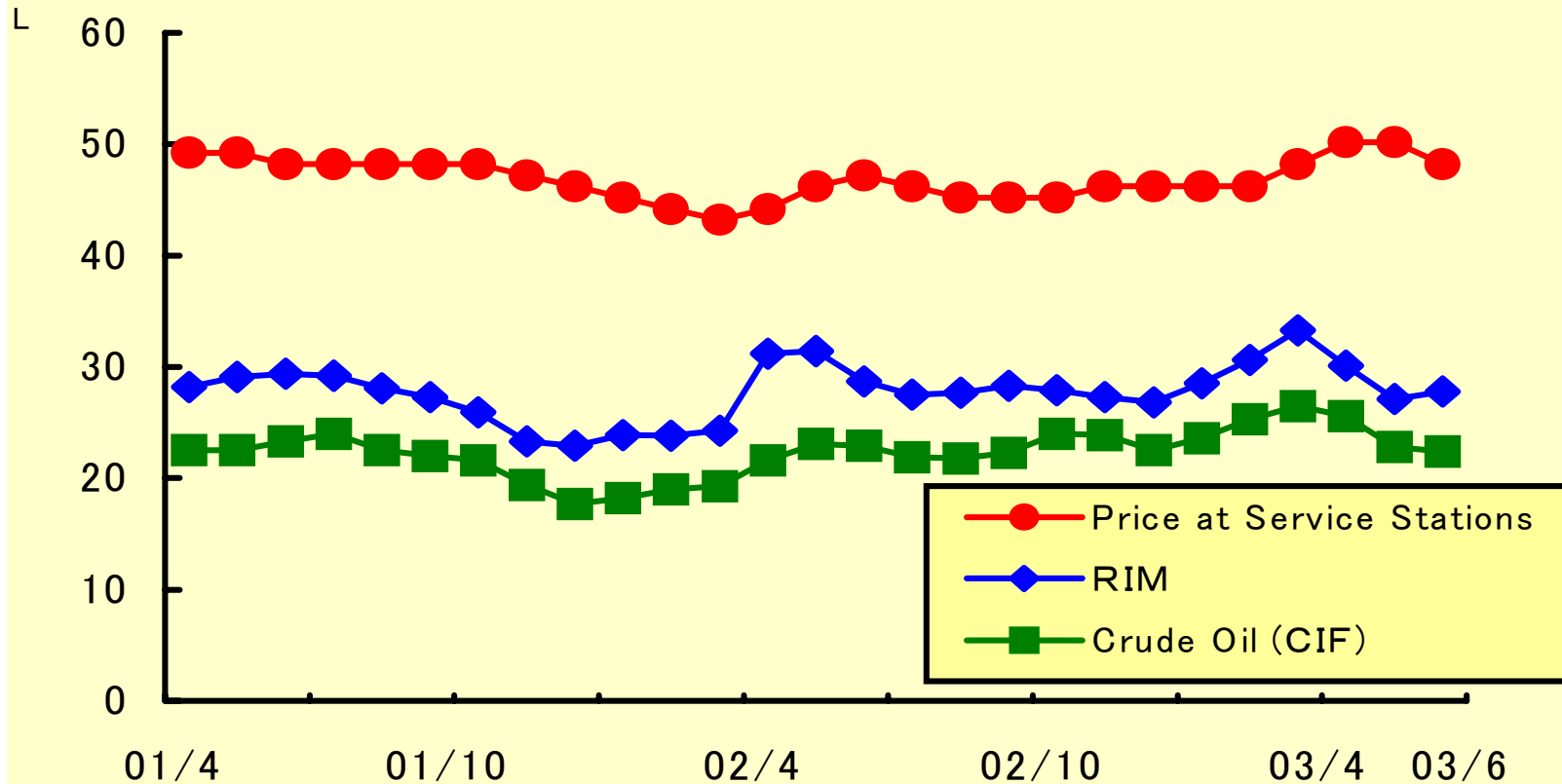
9. Production Volume of Oil Developed by the Company

	<u>Av. for Jan-Dec 2001</u>	<u>Change</u>	<u>Av. for Jan-Dec 2002</u>	<u>Change</u>	<u>Av. for Jan-Mar 2003</u>
Production Volume of Oil Developed by the Company (Converted to a daily basis)	47	+3	50	+15	(1,000 BOED) 65

Note: On basis of volume received from project companies.

Supplementary Information (6)

10. Trends in Gasoline at Service Stations, RIM, and Crude Oil CIF Price



< Cautionary Note on Forward-Looking Statements >

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

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

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

< Cautionary Note Regarding Insider Trading >

Article 166 of the Securities and Exchange Law of Japan ("the Law") states that investors who have received undisclosed "material information" directly from companies (primary information receivers) are prohibited from conducting any share or other transaction based on such information prior to its public disclosure. In addition, based on an Enforcement Order for the Law, information is not considered to be publicly disclosed until a sufficient period of time has passed after the initial announcement for the information to become common knowledge, and this period of time is defined as being 12 hours after the time when such information was disclosed to two or more news reporting media (the 12-hour rule).

Please be aware that any person who views this report and, based on the information in the report, conducts a transaction in the Company's shares or similar transactions before 12 hours have passed from the disclosure time of 3:00PM on August 20, 2003, may be deemed to have violated insider trading control regulations.