

Cosmo Oil Presentation of Financial Results for Fiscal Year 2001

**May 29, 2002
Yaichi Kimura
Executive Vice President**

Consolidated Results – Operating Highlights

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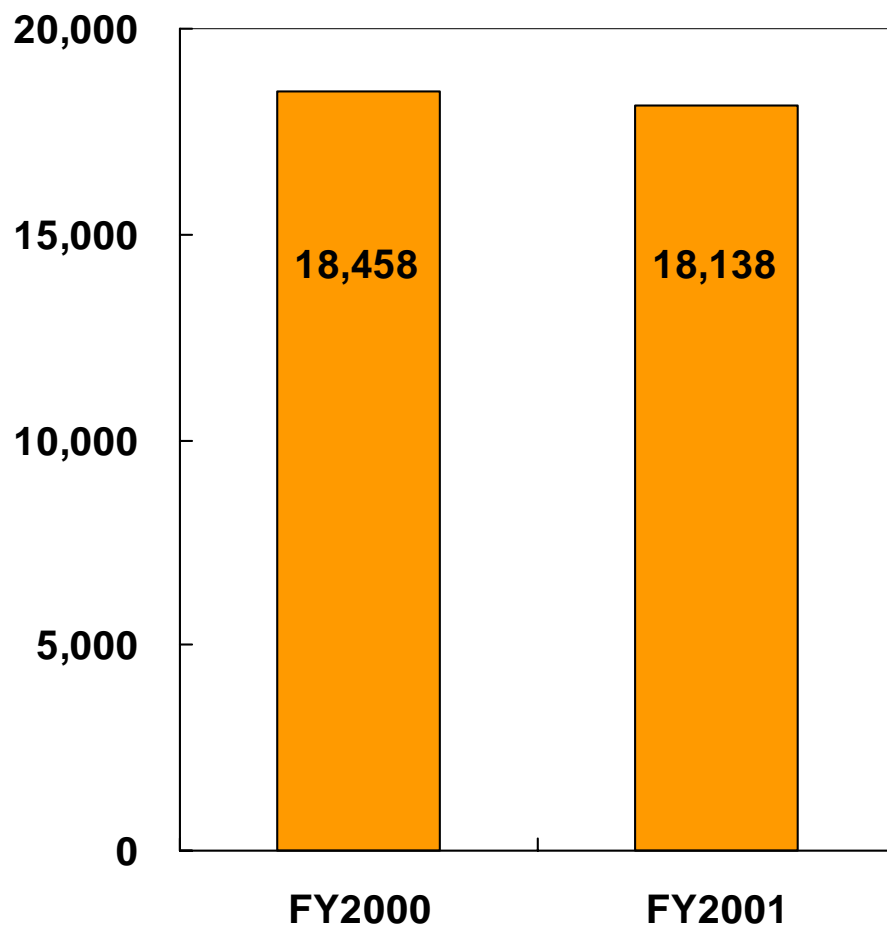
(Unit: ¥100 million)

	FY2001	Change from FY2000	% Change
Net Sales	18,138	-320	-1.7%
Operating Income	220	-145	-39.7%
Ordinary Income	172	-92	-34.8%
Net Income	-51	-139	-

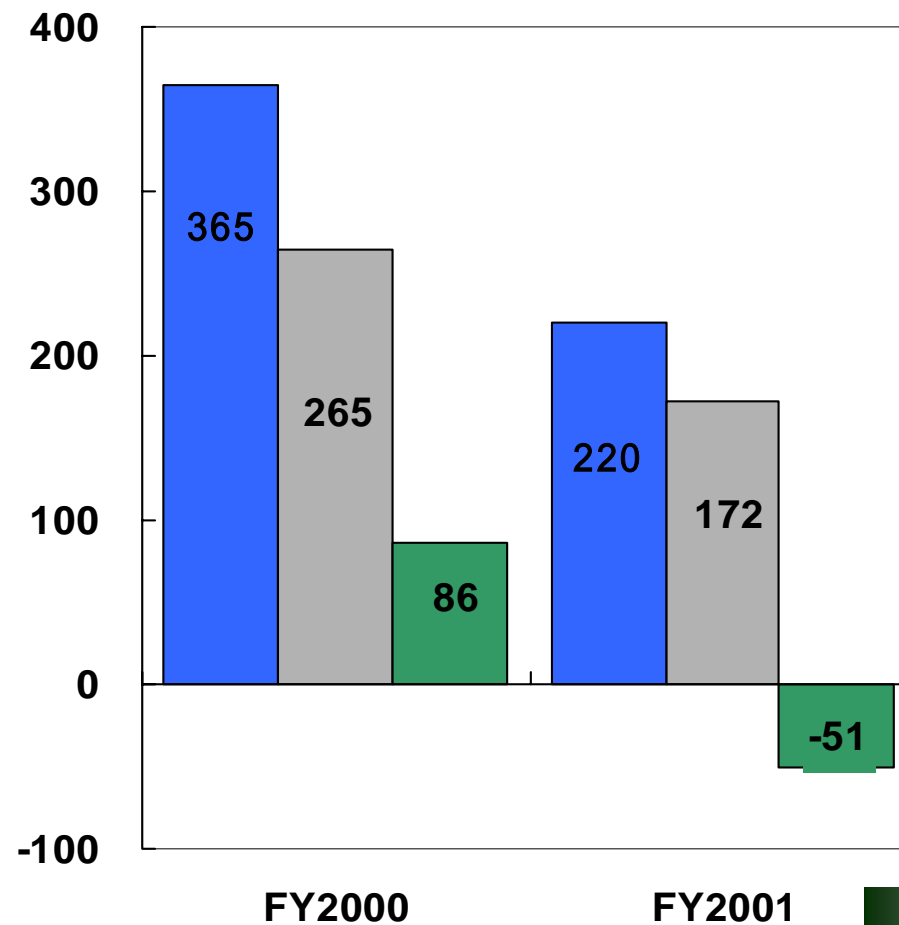
Consolidated Results – Operating Highlights

(Unit: ¥100 million)

Net Sales



Operating Income Ordinary Income Net Income



Consolidated Results – Financial Position, Year End

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(Unit: ¥100 million)

	As of Mar. 31, 2002	Change from Mar. 31, 2001
Total Assets	12,421	-778
Shareholders' Equity	1,943	165
Shareholders' Equity as Percentage of Total Assets	15.6%	2.1%
Interest-Bearing Debts	5,486	-620
Interest-Bearing Debts as Percentage of Total Assets	44.2%	-2.1%

Consolidated Results – Cash Flows

(Unit: ¥100 million)

	FY2001	Change from FY2000
Cash flow from operating activities	766	178
Cash flow from investing activities	-139	-413
Cash flow from financing activities	-885	-13
Cash and cash equivalents at end of the period	739	-238

Consolidated Results – Basis of Consolidation

(Unit: Number of firms)

	FY2000	Increase	Decrease	FY2001
No. of subsidiaries consolidated	20	6	2	24
No. of subsidiaries applicable to the accounting policy under the equity method	12	0	3	9
No. of affiliated companies applicable to the accounting policy under the equity method	3	0	0	3

Due to business liquidation and mergers

Due to sales and liquidation of shares of marketing subsidiaries

Consolidated Results –

Key Factors for A Decrease of 14.5 Billion Yen in Operating Income

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(Unit: ¥100 million)

	FY2001	Change from FY2000	Cosmo alone	Subsidiaries consolidated
Net Sales	18,138	-320	-424	104
Cost of Sales	16,594	-53	-197	144
Selling, general and administrative expenses	1,323	-122	-60	-62
Operating Income	220	-145	-168	23

**Key factors for a combined increase
(of 2.3 billion yen) at subsidiaries consolidated**

Cosmo Petroleum Gas: ¥1,800 million
Other 500 million

Consolidated Results –

Consolidated Results – Key Factors for A Decrease of 9.2 Billion Yen in Ordinary Income

(Unit: ¥100 million)

	FY2001	Change from FY2000	Cosmo alone	Subsidiaries consolidated
Operating Income	220	-145	-168	23
Non-operating income(expenses)	-47	53	79	-26
Ordinary Income	172	-92	-89	-3

Major factors for improved non-operating income (¥5.3 billion)

Financing balance:	4.2 billion
Gain from foreign currency exchange:	1.0 billion
Miscellaneous income and others :	0.1 billion

Key factors for a combined decrease of 0.3 billion yen reported by subsidiaries consolidated

Cosmo Oil Service :	1.2 billion
Cosmo Petroleum Gas:	0.6 billion
Abu Dhabi Oil:	(2.1 billion)

Consolidated Results –

Key Factors for A Decrease of 13.9 Billion Yen in Net Income

(Unit: ¥100 million)

	FY2001	Change from FY2000	Cosmo alone	Subsidiaries consolidated
Ordinary Income	172	-92	-89	-3
Extraordinary Profit (Loss)	-191	-151	-165	14
Net Income	-51	-139	-150	11 ●

Key factors for an increase of 1.1 billion yen in net income at subsidiaries consolidated

Abu Dhabi Oil:	1 billion
Cosmo Oil Service :	1.1 billion
Subsidiaries accounted for under the equity method and others	(1.0 billion)

Consolidated Results – Increase/Decrease of Total Assets

(Unit: ¥100 million)

	As of Mar. 31, 2002	Change from Mar. 31, 2001
Total assets	12,421	-778

Factors for reduction of ¥77.8 billion in total assets:

- Reduction in assets on hand: (25.6 billion)
- Streamlined assets on the balance sheet: (37.7 billion)

Sub-total:

¥(63.3 billion)

**Financing
debt
payment**

- Gain and Loss on valuation of marketable securities: (13.3 billion)
- Reduction in inventories (due to effect on inventory valuation by the adoption of weighted average method) : (9.1 billion)
- Implication good from reevaluation of land: 38.4 billion
- Reduction in accounts receivable, etc. : (30.5 billion)

Total:

¥(77.8 billion)

Consolidated Results – Reduction in Interest-Bearing Debt

Decrease in interest-bearing debts on the Balance Sheet	62.0 billion
Borrowings by subsidiaries newly consolidated	19.4 billion
<hr/>	
Net payments of interest-bearing debts	81.4 billion



¥81.4 billion secured to finance debt payment							
Reduction in funds on hand	25.6 billion						
Efforts to streamlined the Balance Sheet	37.7 billion						
<table border="0"> <tr> <td>Liquidation of accounts receivable</td> <td>21.4 billion</td> </tr> <tr> <td>Sales of securities</td> <td>6.4 billion</td> </tr> <tr> <td>Sales of fixed assets, etc.</td> <td>9.9 billion</td> </tr> </table>	Liquidation of accounts receivable	21.4 billion	Sales of securities	6.4 billion	Sales of fixed assets, etc.	9.9 billion	
Liquidation of accounts receivable	21.4 billion						
Sales of securities	6.4 billion						
Sales of fixed assets, etc.	9.9 billion						
<hr/>							
Sub Total	63.3 billion						
	+						
Cash flows -- cash provided by operating activities	18.1 billion						

Consolidated Results– Key Data about Cash Flows

(Unit: ¥100 million)

	FY2001	Change from Mar. 31, 2001
● Cash flow from operating activities	766	178
● Cash flow from investing activities	-139	-413
● Cash flow from financing activities	-885	-13
Cash and cash equivalents at end of the period	739	-238

Cash flow from financing activities

Payments of long and short-term debts (81.4 billion)

Cash flow from investing activities

Acquisition and sales of fixed assets (16.6 billion)

Acquisition and sales of securities 4.1 billion

Cash flow from operating activities

Operating income 22.0 billion

Depreciation 23.4 billion

Liquidation of accounts receivable 21.4 billion

Non-Consolidated (Cosmo Alone) Results – Operating Highlights

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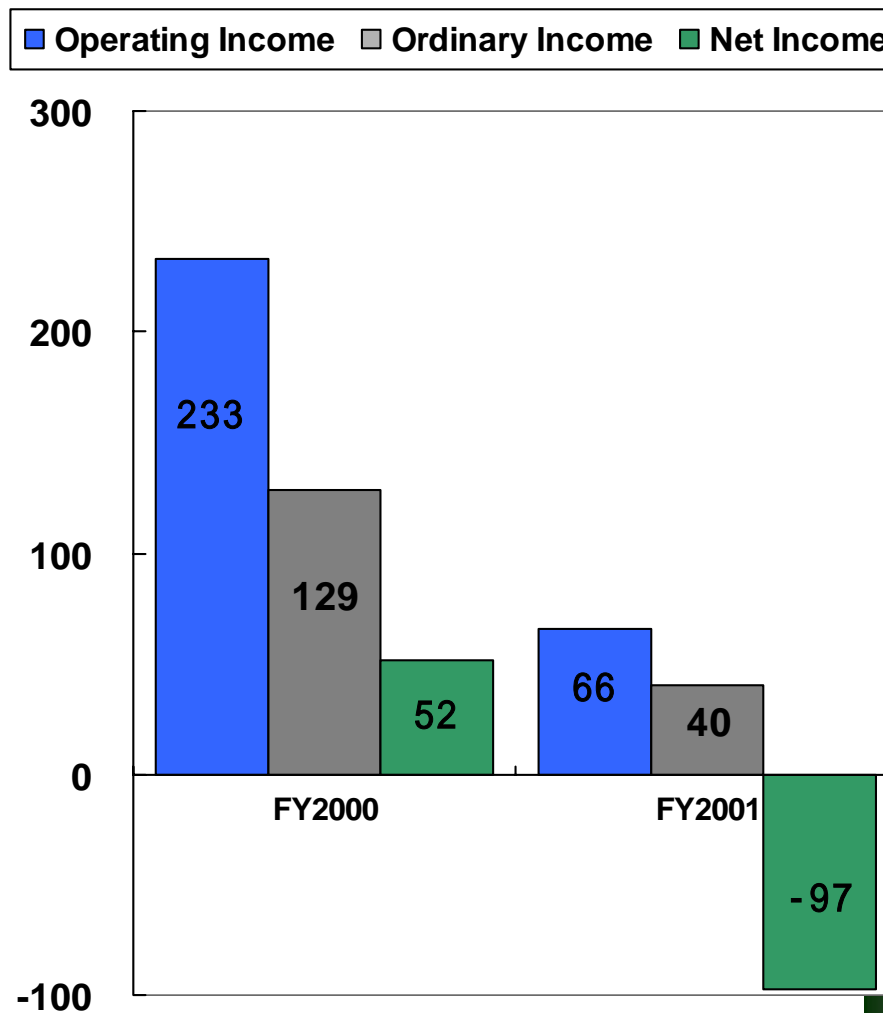
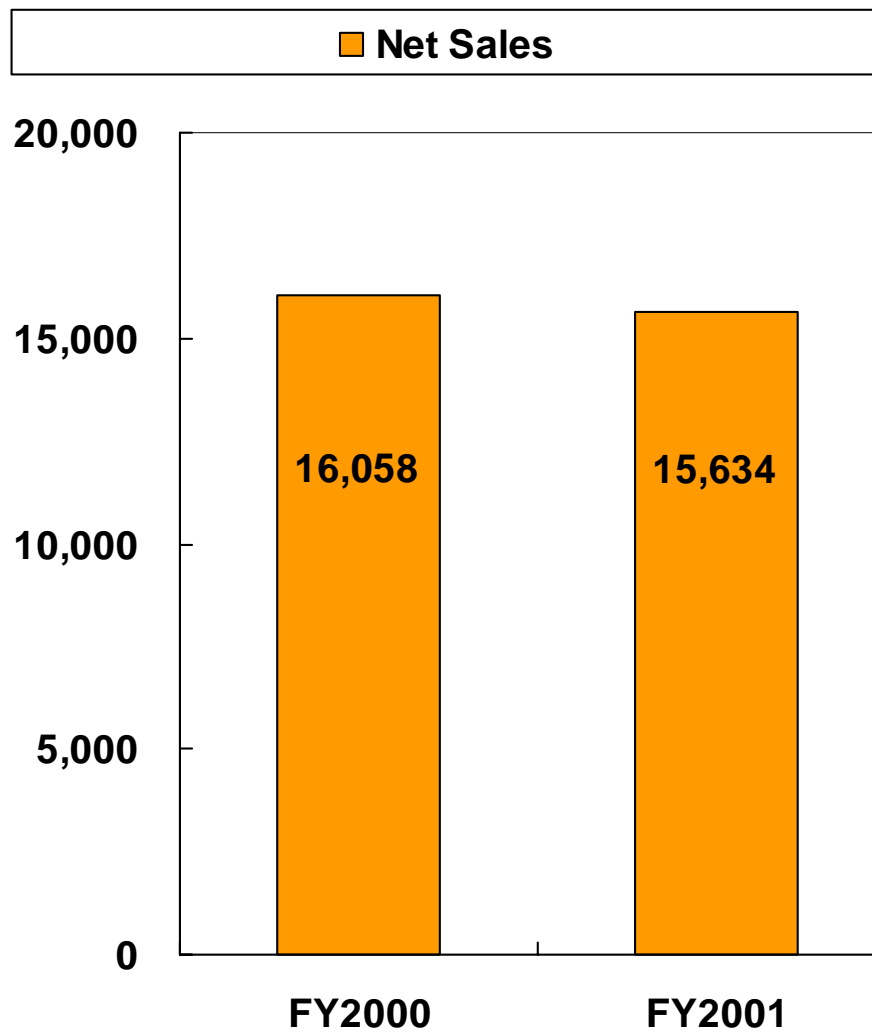
(Unit: ¥100 million)

	FY2001	Change from FY2000	% Change
Net Sales	15,634	-424	-2.6%
Operating Income	66	-168	-71.7%
Ordinary Income	40	-89	-68.7%
Net Income	-97	-150	-

**Dividend for the year remains
at 6 yen per share**

Non-Consolidated (Cosmo Alone) Results – Operating Highlights

(Unit: ¥100 million)



Non-Consolidated (Cosmo Alone) Results – Financial Position

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(Unit: ¥100 million)

	As of Mar. 31, 2002	Change from Mar. 31, 2001
Total Assets	10,927	-1,050
Shareholders' Equity	1,682	-30
Shareholders' Equity as Percentage of Total Assets	15.4%	1.1%
Interest-Bearing Debts	4,850	-631
Interest-Bearing Debts as Percentage of Total Assets	44.4%	-1.4%

Non-Consolidated (Cosmo Alone) Results –
Key Factors for A Decrease of 16.8 Billion Yen in Operating Income -

(Unit: ¥100 million)

	FY2001	Change from FY2000
● Net Sales	15,634	-424
Cost of Sales	14,662	-197
Selling, general and administrative expenses	905	-60
Operating Income	66	-168

Key factors for a decrease of 42.4 billion yen in sales

Decrease in selling prices due to decrease in crude oil price (¥50.5 billion)

¥24,780 per kiloliter, down ¥1,140 per KL

Decrease in sales volume (¥22.0 billion)

Total sales volume: 43,446,000 KL, down 878,000 KL
 Change from FY00: 98.0%

Domestic demand for fuel oil: 29,582,000 KL, down 951,000 KL,
 Change from FY00: 96.9%

Increase in sales of oil products subject to gasoline taxes, including barter transactions ¥30.1 billion

Non-Consolidated (Cosmo Alone) Results –
Key Factors for A Decrease of 16.8 Billion Yen in Operating Income -

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(Unit: ¥100 million)

	FY2001	Change from FY2000
Net Sales	15,634	-424
Cost of Sales	14,662	-197
Selling, general and administrative expenses	905	-60
Operating Income	66	-168

Reduction in SG&A expenses through streamlined operations in
“Value Creation 21” (¥6.0 billion)

Non-Consolidated (Cosmo Alone) Results –
Key Factors for A Decrease of 8.9 Billion Yen in Ordinary Income

(Unit: ¥100 million)

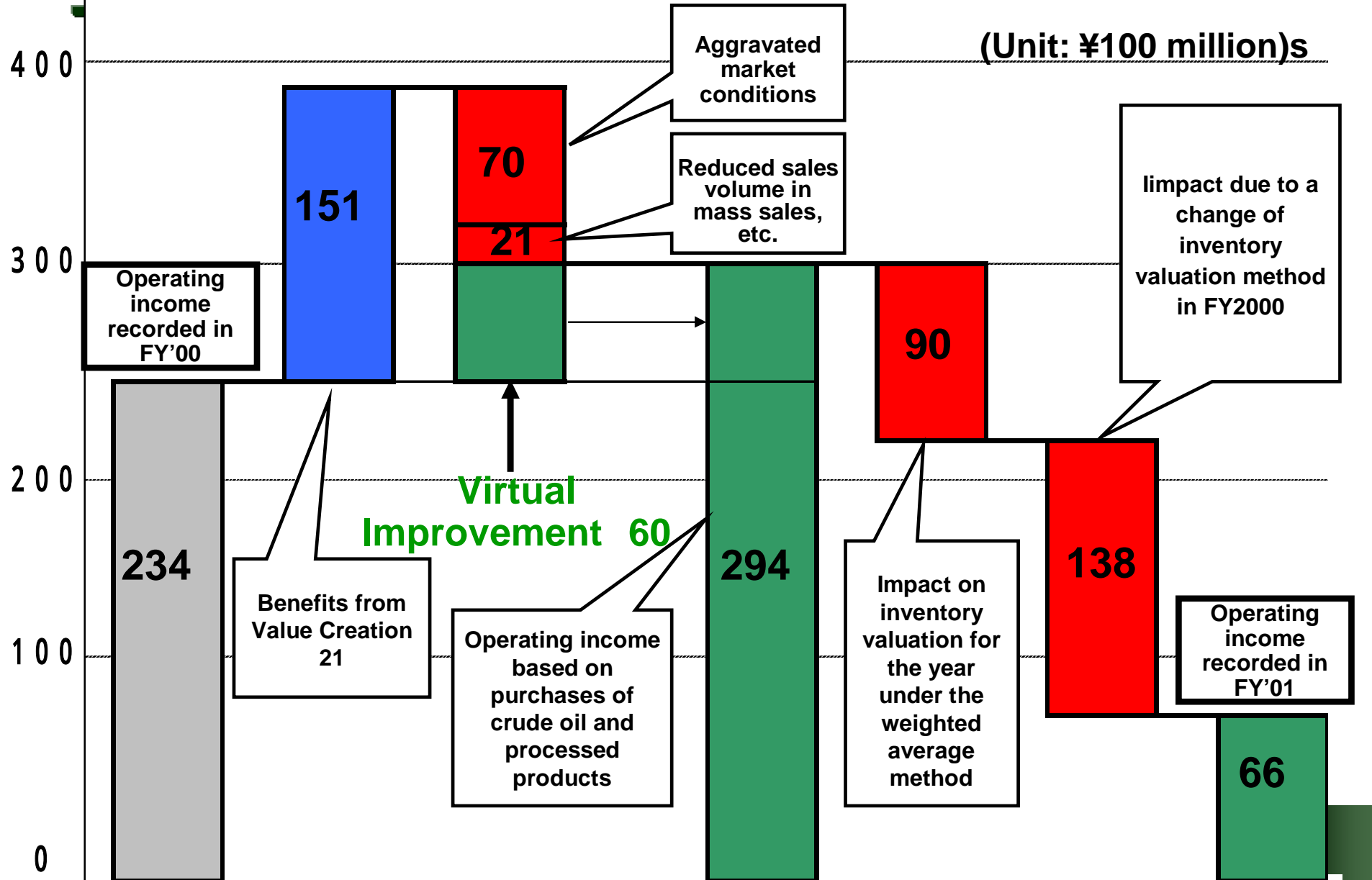
	FY2001	Change from FY2000
Operating Income	66	-168
Non-Operating Income (Expenses)	-25	79
Ordinary Income	40	-89
Extraordinary Profit (Loss)	-206	-165
Net Income	-97	-150

Key factors for an improvement of ¥7.9 billion in non-operating income

Improved financial balance of income and cost: ¥6.1 billion
 Decreased interest payable due to reductions in interest-bearing debts and increased dividends from affiliated companies:
 Foreign exchange gains: ¥0.4 billion
 Other non-operating income: ¥1.4 billion

Loss from valuation of investment securities due to sluggish stock market conditions: (¥15.2 billion)

Non-Consolidated (Cosmo Alone) Results – Analysis of Key Factors for A Decrease of 16.8 Billion Yen in Operating Income -

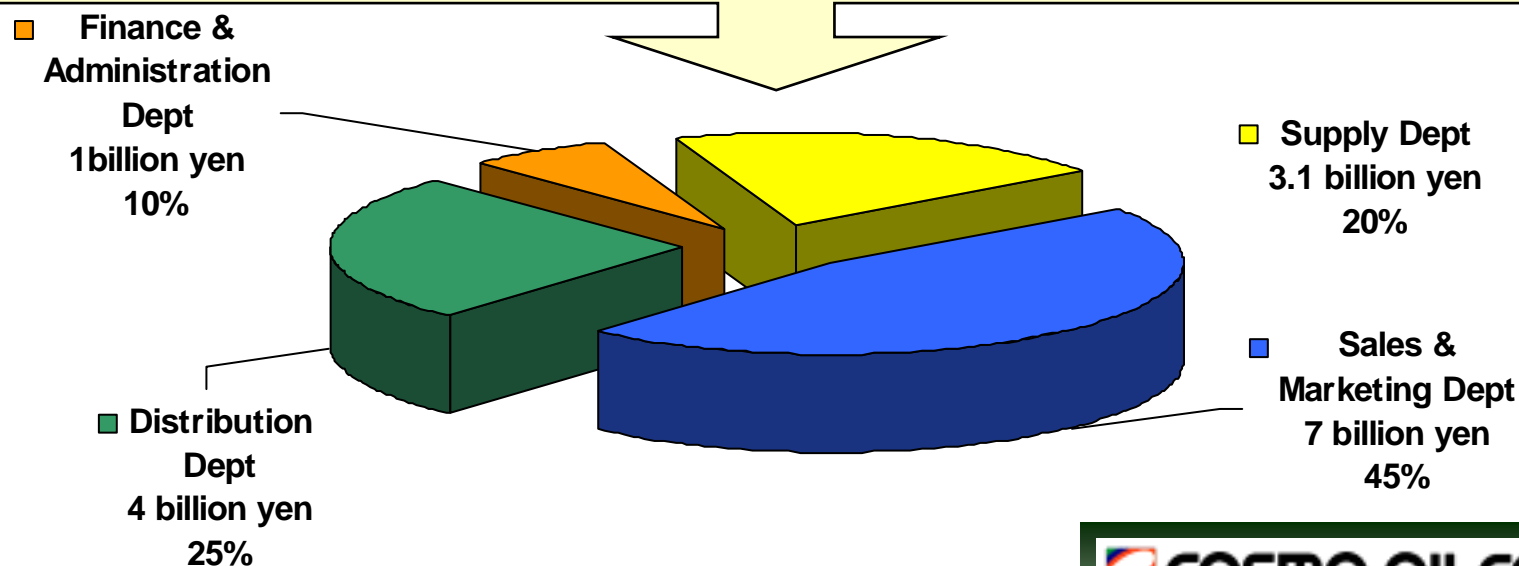


Non-Consolidated (Cosmo Alone) Results –

Analysis of Key Factors for A Decrease of 16.8 Billion Yen in Operating Income -

Breakdown of A Total Benefit of ¥15.1 Billion from “Value Creation 21” – Contribution by Department

Values creation:	¥8.1 bn	Rationalization efforts: ¥7.0 bn
Supply Department:	¥2.1 bn	¥1.0 bn (including benefits from partnership with Nippon Mitsubishi Oil Corp. accounting for ¥0.3 bn)
Sales & Marketing Department:	¥6.0 bn	¥1.0 bn
Distribution Dept:	-	¥ 4.0 bn (including benefits from partnership with Nippon Mitsubishi Oil Corp. accounting for ¥1.2 bn)
Finance & Administration Dept:	-	¥1.0 bn



Non-Consolidated (Cosmo Alone) Results –
Analysis of Key Factors for A Decrease of 16.8 Billion Yen in Operating Income -

Breakdown of negative impact of ¥7.0 billion brought by market conditions

Aggravated market centering on gasoline and kerosene (¥8.0 billion)

Improved timing difference in sales of oil products for industry use ¥1.0 billion

Decreased sales of volume products due to decreased demand, etc.(¥2.1 billion)

	% change from FY2000		% change from FY2000
Gasoline	100.9%	Domestic fuel oil sales	96.9%
Kerosene	91.3%		
Diesel fuel	97.4%		
Heavy fuel oil A	96.1%		
Combined sales of 4 volume products above	97.1%		

Factors 1 to 3 above improved 6 billion yen in crude oil and product purchases

Impact on inventory evaluation for the year under the weighted average method (¥9.0 billion)

Factor for a profit increase through an inventory evaluation method change in FY2000 (¥13.8 billion)

Factors 1 to 5 above reduced operating income by 16.8 billion yen

Non-Consolidated (Cosmo Alone)

Outlook of FY2002 (April 2002 – March 2003) - 1

(Unit: ¥100 million)

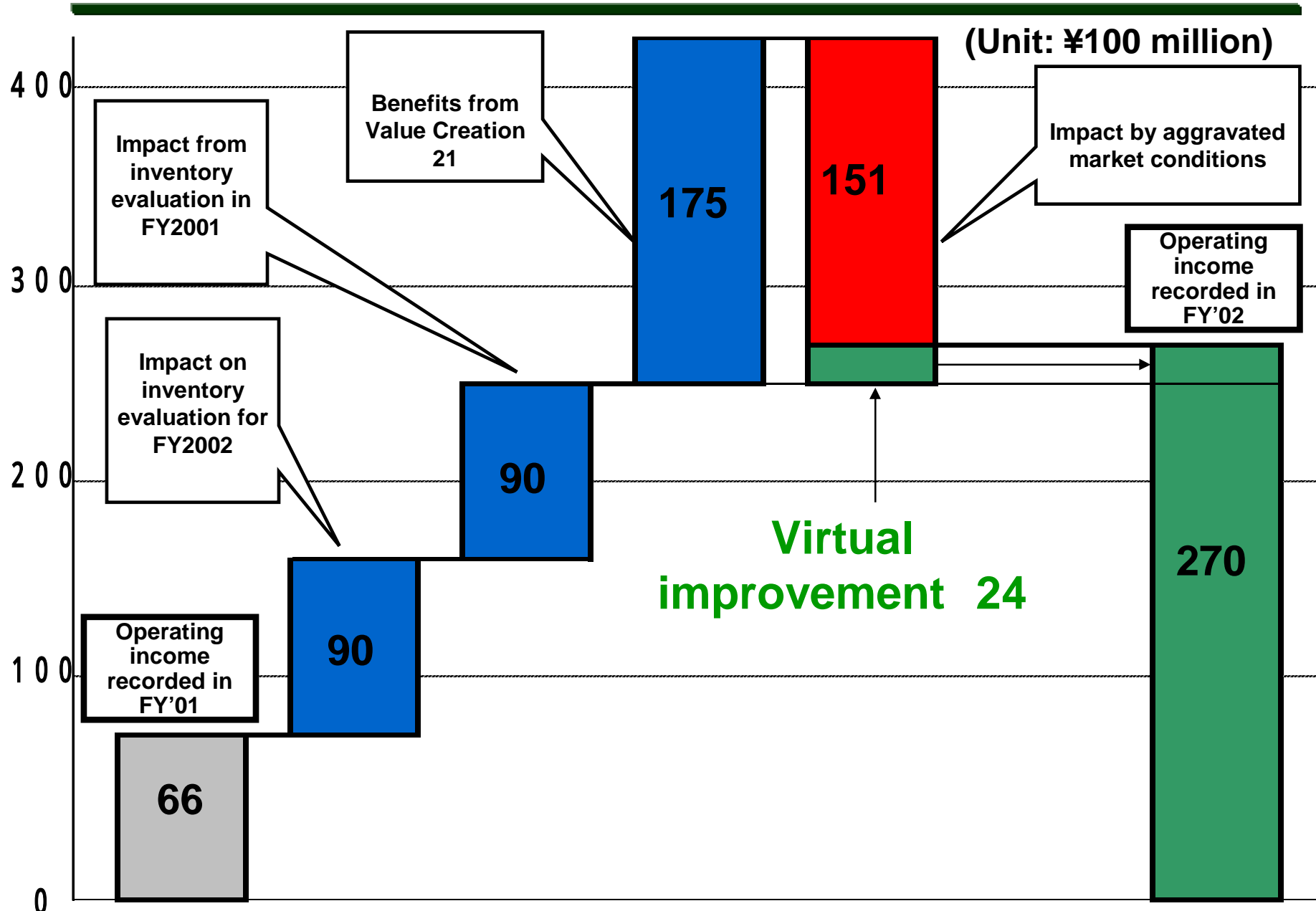
	1st half year (Apr.-Sept. '02)	FY 2002
Net Sales	7,800	16,300
Operating Income	90	270
Ordinary Income	50	200
Net Income	30	110

Assump-
tions for
the above
forecast:

- Crude oil price (DB FOB) : \$24 /BBL**
- Yen/ dollar exchange rate : ¥130/USD**
- Sales volume (of fuel oil in Japan) : 97.6%(Full year)**
- Benefits from Value Creation 21 : ¥17.5 billion per year**

Goals for FY2002 (April '02 – March '03)

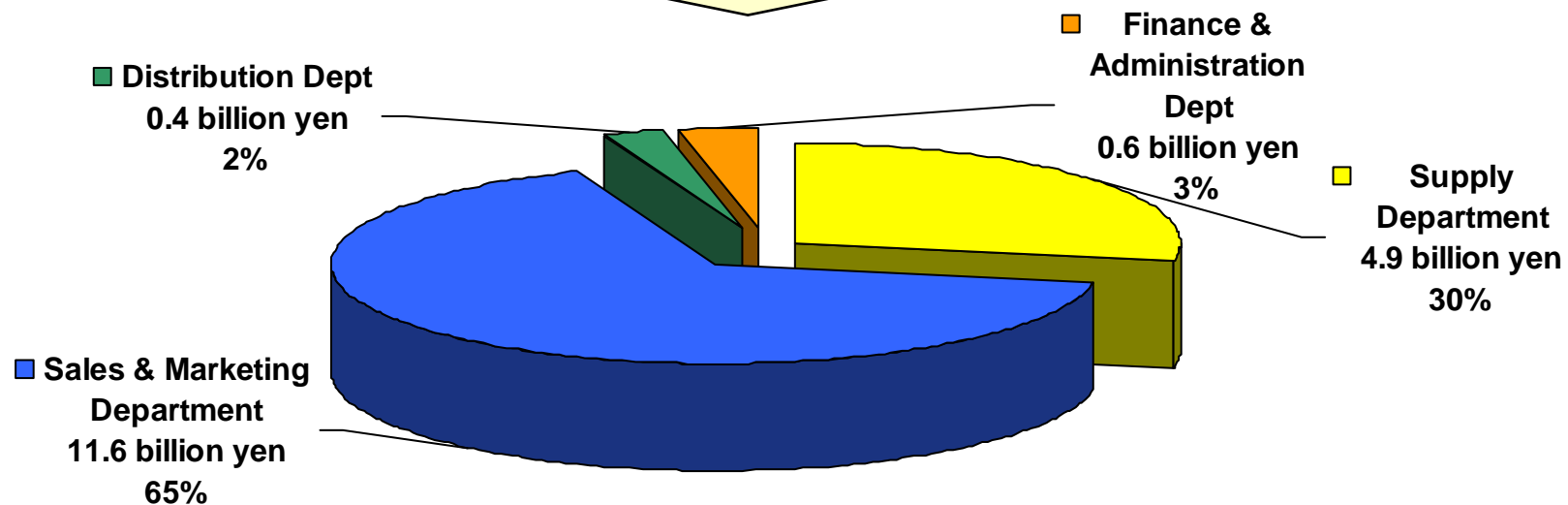
Dividend: 6 yen
Earnings per share: 17.41 yen



Non-Consolidated (Cosmo Alone)
Outlook of FY2002 (April 2002 – March 2003) - 3

**Breakdown of estimated benefit of ¥17.5 billion from “Value Creation 21” –
 Estimated contribution by department**

Values creation:	¥13.3 bn	Rationalization efforts	¥4.2 bn
Supply Department:	¥2.6 bn		¥2.3 bn
Sales & Marketing Department:	¥10.7 bn		¥0.9 bn
Distribution Dept:	-		¥0.4 bn
Finance & Administration Dept:	-		¥0.6 bn



Consolidated Outlook of FY2002 (April 2002 – March 2003)

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(Unit: ¥100 million)

	1st half year (Apr.-Sept.'02)	FY2002 (Apr.02-Mar.'03)
Net Sales	9,200	18,800
Operating Income	130	390
Ordinary Income	70	300
Net Income	30	140

Supplementary Information – 1.

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Review of Sales and Crude Oil Business

Sales			
	FY2001	Change from FY2000	% Change
Total sales volume (1,000 KL)	43,446	-878	98.0%
Fuel oil sales in Japan (1,000 KL)	29,582	-951	96.9%
Incl. volume product sales (1,000 KL)	18,841	-566	97.1%
High-octane ratio	19.7%	0.1%	-
Crude Oil Processing, Crude Oil Prices and Currency Exchange			
	FY2001	Change from FY2000	% Change
Purchased price of crude oil (FOB) USD/BBL	22.22	-4.35	-
Yen/dollar exchange rate	124.06	14.47	-
Purchased price of crude oil (tax inclusive) ¥/KL	20,563	-1,020	-
Processed crude oil volume (1,000 KL)	27,251	-763	99.7%
Share of yields of four middle distillates	48.0%	0.6%	-

Supplementary Information – 2. Capital Expenditures and Depreciation

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(Unit: ¥100 million)

Capital expenditures and depreciation (on a consolidated basis)		
	FY2001	FY2000
Retained earnings	-89	48
Depreciation expenses	234	247
Capital expenditures	255	171
Free cash flow	-110	124
Capital expenditures and depreciation (on a non-consolidated basis)		
	FY2001	FY2000
Retained earnings	-135	14
Depreciation expenses	184	189
Capital expenditures	212	102
Free cash flow	-163	101

Note: The forecast of depreciation and capital expenditures for FY2002 – Please refer to page 5 for the consolidated forecast and page 12 for the non-consolidated forecast of the Data Book.

Capital expenditures include intangible fixed assets and long-term prepaid expenses starting from FY2001.

Supplementary Information – 3.
Changes in Workforce and Oil Storage Depots

Workforce size (No. of persons)						Actual
	Mar 31, '97	Mar 31, '98	Mar 31, '99	Mar 31, '00	Mar 31, '01	Mar 31, '02
Oil business segment	3,395	3,109	2,677	2,048	1,970	1,892
CosmoOil Group	6,103	5,678	5,256	4,600	4,416	3,978
No. of oil storage depots (DTs)						Actual
	Mar 31, '97	Mar 31, '98	Mar 31, '99	Mar 31, '00	Mar 31, '01	Mar 31, '02
No. of DTs	61	57	52	45	41	39

Supplementary Information – 4. Changes in No. of Service Stations

No. of Cosmo-affiliated SSs						Actual
	Mar 31, '97	Mar 31, '98	Mar 31, '99	Mar 31, '00	Mar 31, '01	Mar 31, '02
Cosmo-owned	1,193	1,172	1,105	1,065	1,010	977
Individually-owned	5,855	5,614	5,376	5,040	4,769	4,564
Total	7,048	6,786	6,481	6,105	5,779	5,541

No. of self-service SSs out of the above total:

	Mar 31, '97	Mar 31, '98	Mar 31, '99	Mar 31, '00	Mar 31, '01	Mar 31, '02
Cosmo-owned	0	0	3	6	16	77
Individually-owned	0	0	2	2	7	32
Total	0	0	5	8	23	109