

**Cosmo Oil Co., Ltd.**  
**Financial Results for the First**  
**Quarter of Fiscal Year 2005**

**August 22, 2005**  
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**Managing Director**

## Consolidated Statement of Income – Operating Highlights

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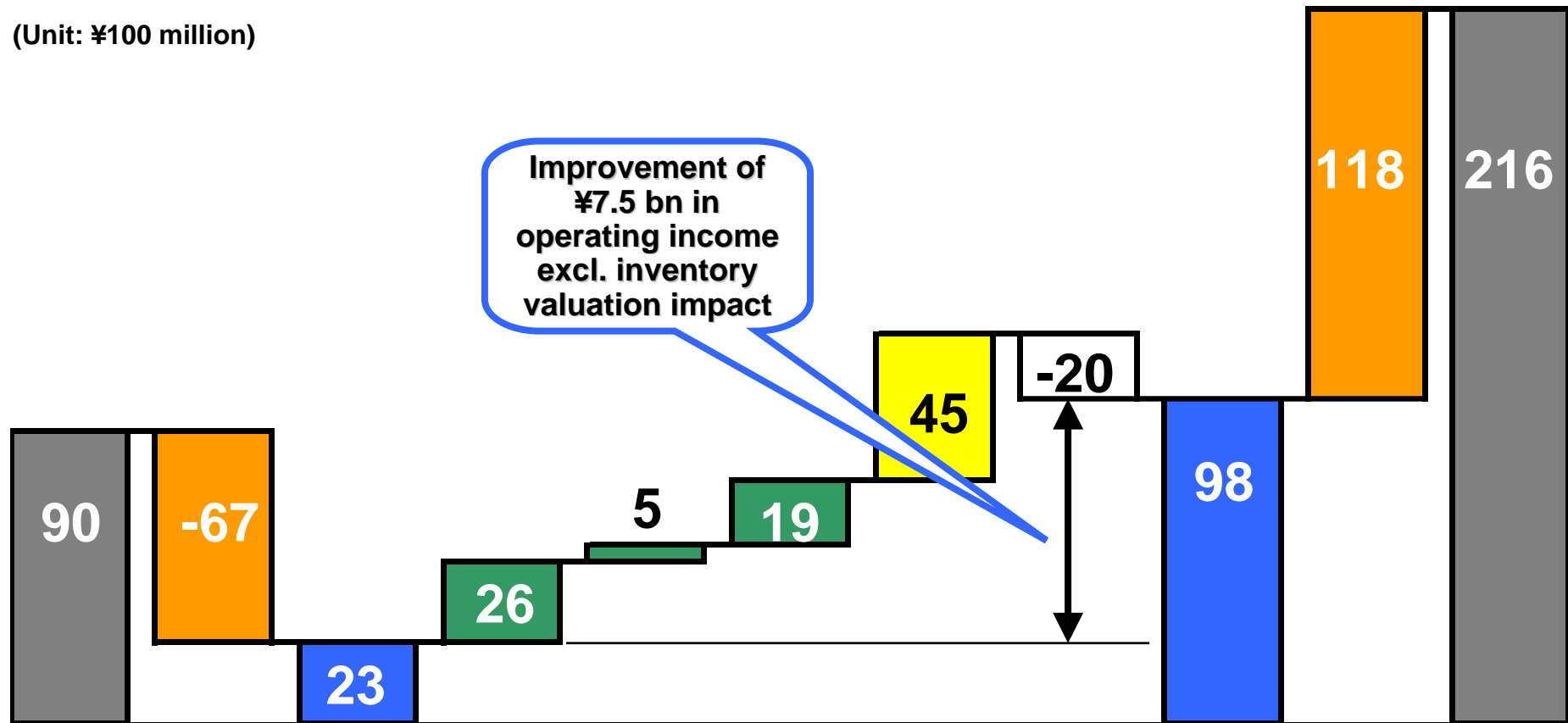
(Unit: ¥100 million)

	Q1 FY2005	Breakdown Q1 FY2005		Change from Q1 FY2004	Breakdown Q1 FY2004	
		Cosmo Oil alone	Subsidiaries consolidated		Cosmo Oil alone	Subsidiaries consolidated
Net Sales	5,772	5,206	566	978	1,052	-74
Operating Income	216	162	54	126	101	25
Impact of inventory valuation	118	118	0	51	51	0
Excluding inventory valuation impact	98	44	54	75	50	25
Ordinary Income	232	156	76	156	111	45
Net Income	128	93	35	87	64	23

\* Please refer to Supplementary Statement Page 7 for crude oil prices, selling volume and growth, and selling prices, etc.

# Consolidated Statement of Income – Analysis of Key Factors for ¥12.6 billion Increase in Operating Income

(Unit: ¥100 million)



Q1 FY2004			Q1 FY2005							
Operating income	Inventory valuation impact on results	Operating income excluding inventory valuation impact	Cosmo Oil alone			Subsidiaries consolidated		Operating income excluding inventory valuation impact	Inventory valuation impact on results	Operating income
			Rationalization/Value creation	Four oil products* sold in Japan Increased sale volumes	Impact by market condition, etc.	Abu Dhabi Oil Co., Ltd./Mubarraz Oil Co., Ltd.	Addition and removal of subsidiaries to/from consolidated accounting, etc.			

\* Four oil products are gasoline, kerosene, diesel fuel and heavy fuel oil A

**Consolidated Statement of Income – Major Consolidated Subsidiaries**  
 (Operating Income and Gains (Losses) from Investments under the Equity Method)

<Operating income> (Unit: ¥100 million)

		Q1 FY2005	Change from Q1FY2004	Description for key factors affecting results
Major crude oil exploration and production subsidiaries	Abu Dhabi Oil Co., Ltd.	45	25	1. Crude oil price hike (31.7 → 44.0 \$/BBL) 2. Negative impact of USD-JPY exchange rate (107.0 → 103.9¥\$, Appreciation of yen value)Other
	Mubarraz Oil Co., Ltd.	20	20	1. Crude oil price hike (31.7 → 44.0 \$/BBL) 2. Negative impact of USD-JPY exchange rate (107.0 → 103.9¥\$, Appreciation of yen value)Other
	<b>Total</b>	<b>65</b>	<b>45</b>	
Marketing subsidiaries		12	10	Improved market conditions, etc.
Other major consolidated subsidiaries		6	3	Due to improvements in operating rationalization and efficiency, etc.

\* Please refer to Supplementary Information Page 9 to get information about sales, operating income, ordinary income and net income by major subsidiary and by Cosmo Oil business segment.

<Gains (losses) from investments in subsidiaries and affiliates accounted for under the equity method>

	Q1 FY2005	Change from Q1FY2004
Gains (losses) from investments	24	15

## Consolidated Cash Flows and Balance Sheet

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(Unit: ¥100 million)

	Q1 FY2005	Change from Q1 FY2004
Cash flow from operating activities	-366	-
Cash flow from investing activities	-221	-
Cash flow from financing activities	837	-
Cash and cash equivalents at end of the period	633	252

	Q1 FY2005	Change from Q1 FY2004	(Ref.) Full-year goal for FY2005
Total Assets	14,009	777	13,171
Shareholders' Equity	2,377	98	2,548
Interest-Bearing Debts	5,852	874	4,662
Shareholders' Equity Ratio	17.0%	- 0.2%	19.3%
Debt dependence ratio	41.8%	4.2%	35%
Debt Equity Ratio	2.5 times	0.3	1.8 times

**Consolidated Statement of Income –  
Revised Forecast for the First Half-Year Results of FY2005 - 1**

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(Unit: ¥100 million)

	Revised Forecast for H1 FY2005	Revised Forecast - Breakdown		Change from Previous Forecast	Change from Previous Forecast – Breakdown	
		Cosmo Oil alone	Subsidiaries consolidated		Cosmo Oil alone	Subsidiaries consolidated
Net Sales	11,900	10,900	1,000	1,600	1,600	0
Operating Income	360	225	135	130	155	-25
Impact of inventory valuation	190	190	0	230	230	0
Excluding inventory valuation impact	170	35	135	-100	-75	-25
Ordinary Income	410	240	170	150	155	-5
Net Income	195	135	60	85	95	-10

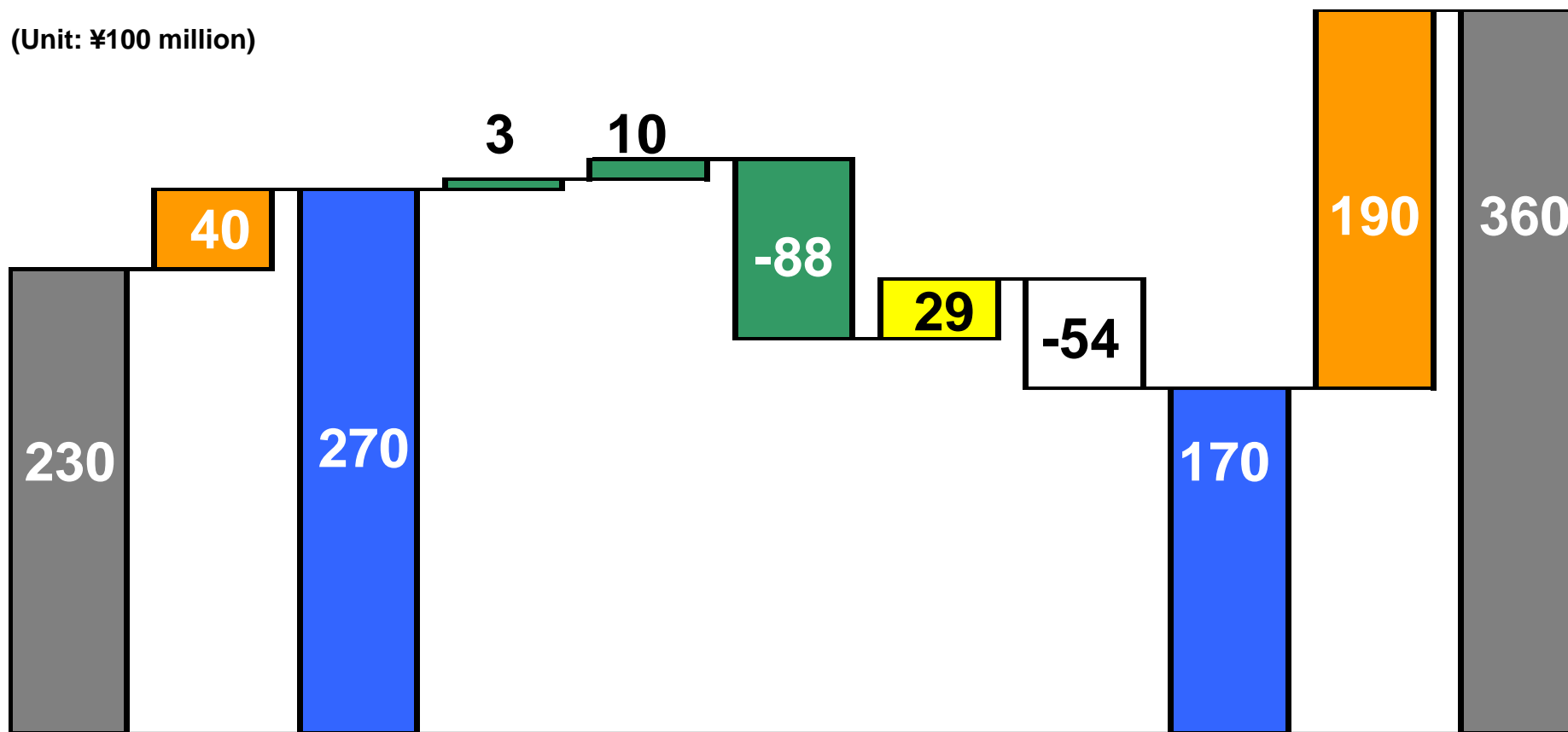
**<Assumptions of Forecast Above>**

	July-Sept
Purchased price of crude oil: FOB (USD/BBL)	51.00
Exchange rate (JPY/USD)	110.00

- \* 1. Please refer to Supplementary Information Page 7 to get detailed information about assumptions for the revised forecast for results of FY2005.
- \* 2. Please refer to Supplementary Information Page 10 to get information about the revised forecast by major consolidated subsidiary and by Cosmo Oil business segment.

**Consolidated Statement of Income** — Revised Forecast for the First Half-Year Results of FY2005 – 2:  
 Analysis of Key Factors Affecting Latest Forecast in Comparison with the Previously Announced Forecast on May 17, 2005

(Unit: ¥100 million)



Previous forecast ( May 17 )			Revised forecast for H1 of FY2005							
Operating income	Inventory valuation impact on results	Operating income excluding inventory valuation impact	Cosmo Oil alone			Subsidiaries consolidated		Operating income excluding inventory valuation impact	Inventory valuation impact on results	Operating income
			Rationalization/ Value creation	Four oil products* sold in Japan Increased sale volumes	Impact by market condition, etc.	Abu Dhabi Oil Co., Ltd./ Mubarraz Oil Co., Ltd.	Addition and removal of subsidiaries to/from consolidated accounting, etc.			

\* Four oil products are gasoline, kerosene, diesel fuel and heavy fuel oil A

## Supplementary Information – 1. Crude Oil Procurement and Refining Costs and Oil Product Selling Price and Volume and Growth (Actual and H1 Assumptions)

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		Q1 FY2005	Change from Q1FY2004	H1 FY'05 Assumption
<b>Purchased price of crude oil</b>	Crude oil (FOB) USD/BBL	48.30	14.72	51.00
	JPY/USD exchange rate	106.87	Up 2.89 yen against USD	110.00 yen
	Purchased price of crude oil (tax inclusive) yen/KL	35,787	9,439	-
<b>Crude oil refining</b>	Refined crude oil volume (1,000 KL)	7,228	374	-
	% change		105.5%	-
	Atmospheric distillation operating ratio (Calendar Day)	84.0%	4.4%	-
	Atmospheric distillation operating ratio (Streaming Day*)	95.7%	4.5%	-
<b>Selling price</b>	Selling price (yen/KL)	37,860	8,680	-
<b>Sales volume</b>	Total sales volume (1,000 KL)	10,497	491	21,200
	Fuel oil product sales in Japan (1,000 KL)	6,815	144	-
	Gasoline, kerosene, diesel fuel, heavy fuel oil A (1,000 KL)	4,311	74	-
	High-octane gasoline ratio	17.7%	- 0.3%	-
<b>Change in selling volume</b>	Total sales volume		104.9%	101.2%
	Fuel oil sales in Japan		102.2%	100.6%
	Gasoline		97.7%	98.8%
	Kerosene		113.7%	108.6%
	Diesel fuel		101.5%	99.1%
	Heavy fuel oil A		103.5%	100.9%
	Combined sales of 4 volume products above		101.7%	100.3%
	Naphtha		113.7%	108.6%
	Jet fuel		69.9%	85.4%
	Heavy fuel oil C		85.9%	89.1%

FOB crude oil prices and exchange rates are assumed for the July to September 2005 period.

\* Streaming day indicates operating ratio excluding impact of suspended operations due to regular repairs and maintenance, etc.



## Supplementary Information – 2. New Consolidated Mid-Term Management Plan – Progress Report

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Item	Department	First Half						Full Year
		Planned	Q1 FY2005 - Actual	Achievement	Balance	Outlook	Achievement	Planned
		(100 million yen)	(100 million yen)	(%)	(100 million yen)	(100 million yen)	(%)	(100 million yen)
Rationalization	Supply Department	8	4	50%	4	8	107%	17
	Administrative, etc.	2	2	96%	0	2	105%	3
	<b>Subtotal</b>	<b>10</b>	<b>6</b>	<b>60%</b>	<b>4</b>	<b>10</b>	<b>106%</b>	<b>20</b>
Value creation	Supply Department	8	8	97%	0	12	151%	27
	Sales & Marketing Department	25	12	49%	13	25	99%	40
	Other	1	0	0%	1	0	17%	1
	<b>Subtotal</b>	<b>34</b>	<b>20</b>	<b>60%</b>	<b>14</b>	<b>37</b>	<b>113%</b>	<b>68</b>
<b>Grand total</b>		<b>44</b>	<b>26</b>	<b>60%</b>	<b>18</b>	<b>47</b>	<b>108%</b>	<b>88</b>

Supplementary Information – 3.  
**Consolidated Statement of Income** – Operating Highlights for Q1 FY2005

<Operating highlights by major consolidated subsidiary>

(Unit: ¥100 million)

	Net Sales	Operating Income	Ordinary Income	Net Income*
Abu Dhabi Oil Co., Ltd.	115	45	45	10
Mubarraz Oil Co., Ltd.	39	20	21	6
Marketing subsidiaries	886	12	11	5
Cosmo Oil Lubricants Co., Ltd.	79	3	3	2
Cosmo Matsuyama Oil Co., Ltd.	53	3	5	3
Cosmo Petroleum Gas Co., Ltd.	220	0	0	0

Note: \* Net income for Q1 FY2005 for each subsidiary above is accounted for under the equity method

<Gains (losses) from investments in subsidiaries and affiliates accounted for under the equity method>

	Q1 FY2005	Change from Q1FY2004
Gains (losses) from investments	24	15

<Capital investment and depreciation>

	Q1 FY2005	Change from Q1FY2004
Capital investment	70	22
Depreciation expense amount	71	9

<Operating highlights by business segment >

	Net Sales	Operating Income
Petroleum business	5,648	184
Oil Resource Development business	113	66
Other business	146	0
Elimination or corporate	-135	-34
Total	5,772	216

## Supplementary Information – 4.

### Consolidated Statement of Income – Forecast for Results for First Half of Fiscal Year 2005

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#### <Operating income> (Unit: ¥100 million)

	Revised Forecast	Previous Forecast (May 17)	Change from Previous Forecast	Change from H1 FY2004
<b>Consolidated operating income</b>	<b>360</b>	<b>230</b>	<b>130</b>	<b>142</b>
Cosmo Oil alone	225	70	155	57
Abu Dhabi Oil Co., Ltd.	97	81	16	40
Mubarraz Oil Co., Ltd.	49	36	13	49
Marketing subsidiaries	12	13	-1	21
Cosmo Oil Lubricants Co., Ltd.	7	8	-1	1
Cosmo Matsuyama Oil Co., Ltd.	3	5	-2	-5
Cosmo Petroleum Gas Co., Ltd.	-1	12	-13	3

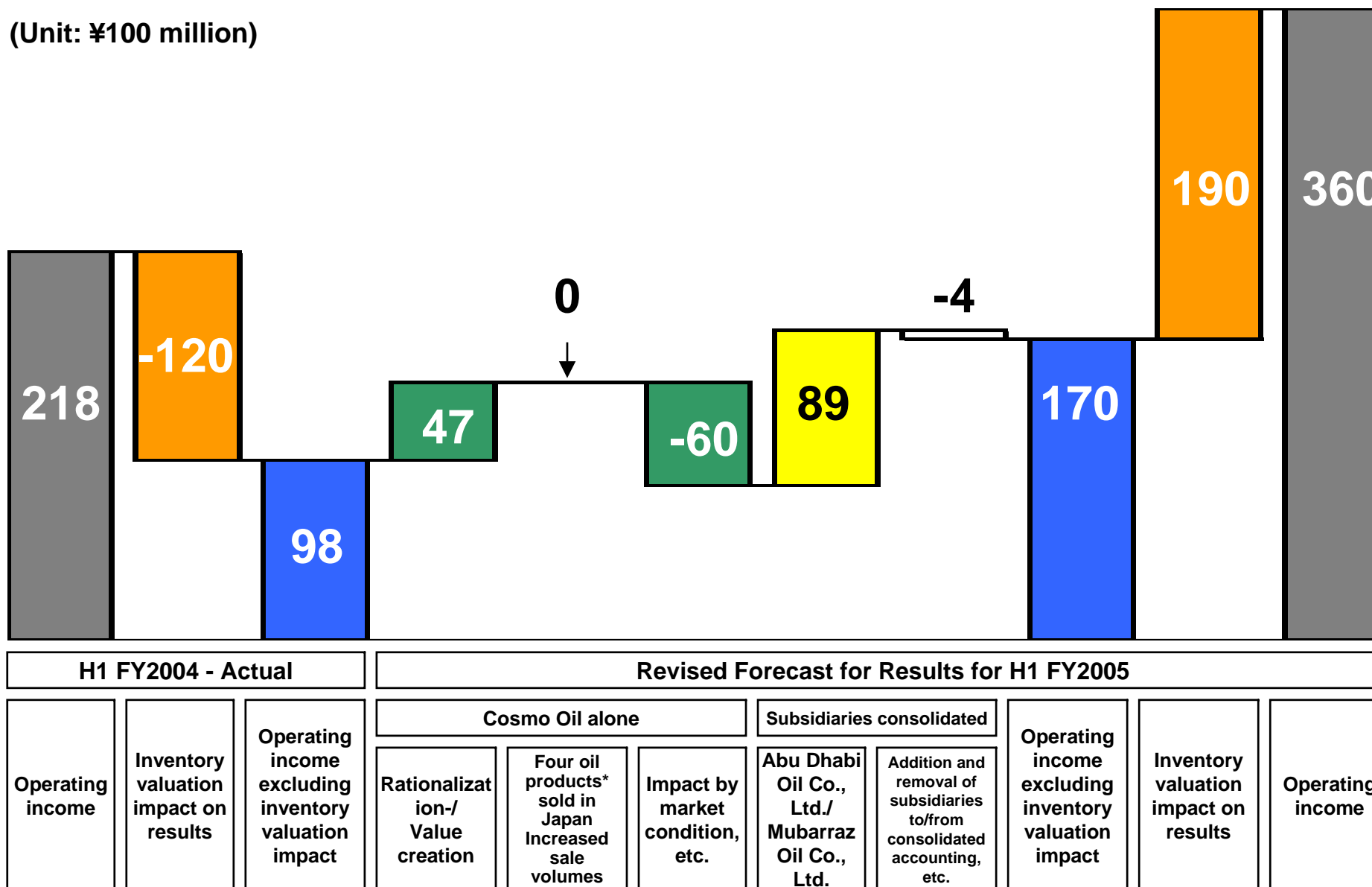
#### <Gains (losses) from investments in subsidiaries and affiliates accounted for under the equity method>

	Revised Forecast	Change from Previous
Gains (losses) from investments	45	9

#### <Operating highlights by business segment >

	Net Sales	Operating Income
Petroleum business	11,650	250
Oil Resource Development business	250	140
Other business	300	0
Elimination or Corporate	-300	-30
<b>Total</b>	<b>11,900</b>	<b>360</b>

(Unit: ¥100 million)



\* Four oil products are gasoline, kerosene, diesel fuel and heavy fuel oil A.

## Supplementary Information – 6. Changes in the Number of Employees, Oil Storage Depots and SSs

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### Workforce size (No. of persons)

	Mar 31, '98	Mar 31, '99	Mar 31, '00	Mar 31, '01	Mar 31, '02	Mar 31, '03	Mar 31, '04	Mar 31, '05	Jun 30, '05
Cosmo Oil alone	3,109	2,677	2,048	1,970	1,892	1,837	1,764	1,729	1,681
Cosmo Oil Group	5,678	5,256	4,600	4,416	3,978	3,736	3,565	3,480	3,441

\* Cosmo Oil Group = No. of employees at Cosmo Oil alone + Transfers from Cosmo Oil

### No. of oil storage depots (DTs)

	Mar 31, '98	Mar 31, '99	Mar 31, '00	Mar 31, '01	Mar 31, '02	Mar 31, '03	Mar 31, '04	Mar 31, '05	Jun 30, '05
No. of DTs	57	52	45	41	39	39	38	38	38

### No. of Cosmo Oil-affiliated SSs (including mobile stations)

	Mar 31, '98	Mar 31, '99	Mar 31, '00	Mar 31, '01	Mar 31, '02	Mar 31, '03	Mar 31, '04	Mar 31, '05	Jun 30, '05
Cosmo Oil-owned	1,172	1,105	1,065	1,010	977	959	930	899	903
Individually-owned	5,614	5,376	5,040	4,769	4,564	4,313	4,112	3,912	3,861
Total	6,786	6,481	6,105	5,779	5,541	5,272	5,042	4,811	4,764

### No. of Self-Service SSs and Auto B-cle SSs

	Mar 31, '99	Mar 31, '00	Mar 31, '01	Mar 31, '02	Mar 31, '03	Mar 31, '04	Mar 31, '05	Jun 30, '05
Self-Service SSs	5	8	23	109	285	398	483	513
Auto B-Cle SSs	-	-	-	217	428	652	652	455*

\* The adoption of the more rigorous definition of Auto B-cle SSs reduced the number of such SSs, while the number of Auto B-cle SS networks (59) remained unchanged.

### Cosmo The Card – No. of cards issued (10,000 cards)

	Mar 31, '99	Mar 31, '00	Mar 31, '01	Mar 31, '02	Mar 31, '03	Mar 31, '04	Mar 31, '05	Jun 30, '05
No. of cards in force	135	146	162	185	213	239	242	244

## Cautionary Statement Regarding Forward-Looking Scenarios

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**This presentation contains statements that constitute forward-looking scenarios. While such forward-looking scenarios may include statements based on a variety of assumptions and relating to our plans, objectives or goals for the future, they do not reflect our commitment or assurance of the realization of such plans, objectives or goals.**