

Cosmo Oil Co., Ltd.
Presentation of the Results for the
First Quarter of Fiscal Year 2006
(Ended June 30, 2006)

August 7, 2006

Satoshi Miyamoto, Managing Director

[Q1FY2006 Results] Consolidated Income Statement - Highlights

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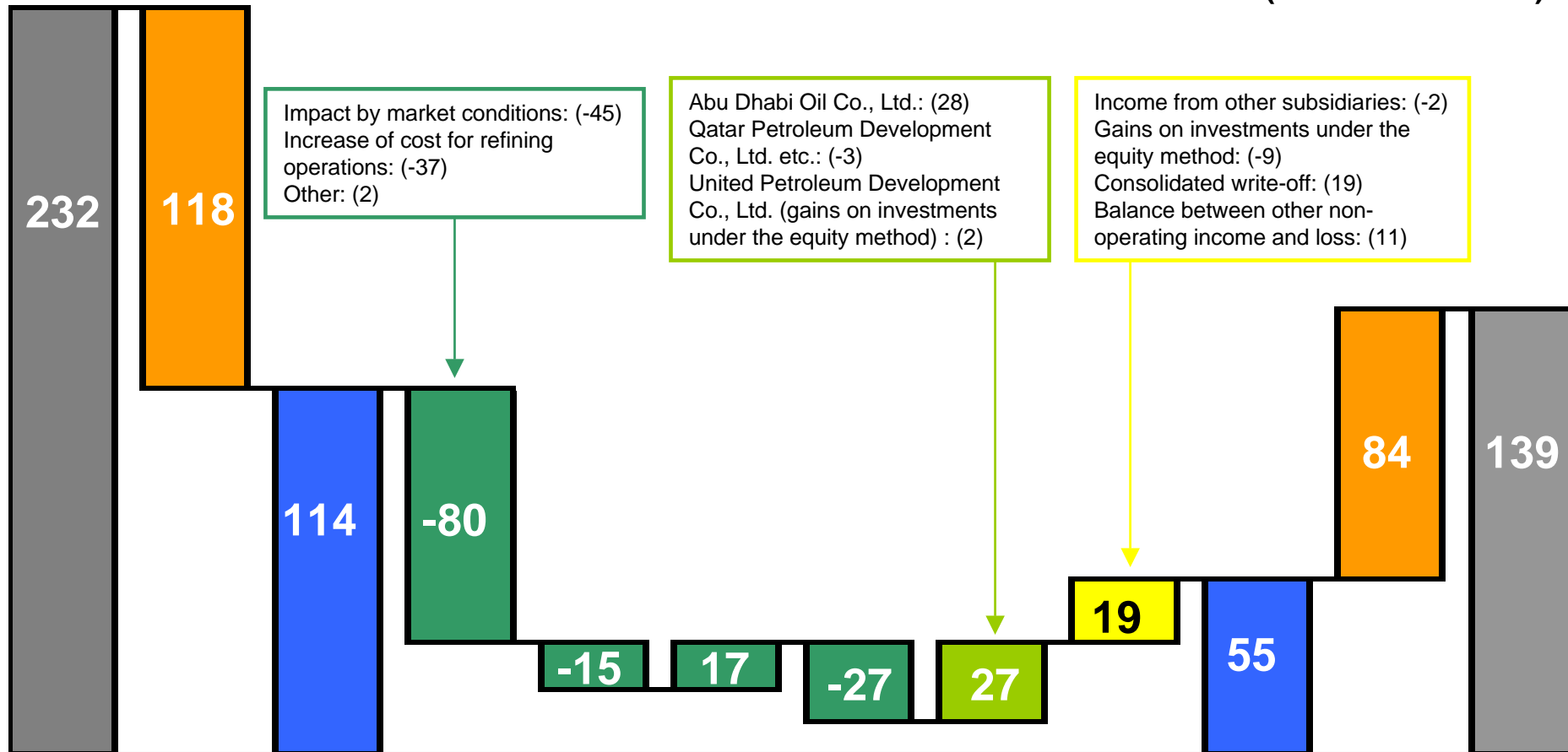
(Unit: ¥100 million)

	Q1FY06		Change from Q1FY05	
		Cosmo Oil alone		Cosmo Oil alone
Net sales	6,918	6,226	1,146	1,020
Operating Income	127	23	-89	-139
Ordinary Income	139	28	-93	-128
(Inventory valuation impact)	84	84	-34	-34
(Excluding inventory valuation impact)	55	-56	-59	-94
Net Income	48	19	-80	-74

* For information about crude oil prices, selling volumes and their growth, selling prices, etc. please refer to Supplementary Information – 1

[Q1FY2006 Results] Consolidated – Analysis of A Change in Ordinary Income from Q1FY2005

(Unit: ¥100 million)



Impact by market conditions: (-45)
Increase of cost for refining operations: (-37)
Other: (2)

Abu Dhabi Oil Co., Ltd.: (28)
Qatar Petroleum Development Co., Ltd. etc.: (-3)
United Petroleum Development Co., Ltd. (gains on investments under the equity method) : (2)

Income from other subsidiaries: (-2)
Gains on investments under the equity method: (-9)
Consolidated write-off: (19)
Balance between other non-operating income and loss: (11)

Actual results in Q1FY2005			Actual results in Q1FY2006								
Ordinary Income	Inventory valuation impact	Ordinary income excluding inventory valuation impact	Cosmo Oil alone				Oil exploring and producing subsidiaries	Other	Ordinary income excluding inventory valuation impact	Inventory valuation impact	Ordinary Income
			Impact by market condition, etc.	Decrease in sales volume	Benefit from the MTMP* Plan	Accident impact					

*MTMP: Medium-Term Management Plan (FY2005-2007)

[Q1FY2006 Results] Consolidated Subsidiaries – Results of Major Consolidated Subsidiaries and Affiliated Companies Owned Under the Equity Method

(Unit: ¥100 million)

<Major Consolidated Subsidiaries – Ordinary Income>

		Q1FY2006	Change from Q1FY05	Description of key factors affecting results
Oil exploring and producing subsidiaries	Abu Dhabi Oil Co., Ltd.	94	28	1. Crude oil price hike (43.99 → 61.08\$/BBL) 2. Yen's depreciation (103.88 → 117.17¥/\$)
	Qatar Petroleum Development Co., Ltd. etc.	-1	-3	An increase in interests payable, etc.
	United Petroleum Development Co., Ltd. (owned by the Cosmo Oil Group on the equity method)	8	2	1. Crude oil price hike (45.26 → 61.42\$/BBL) 2. Yen's depreciation (104.51 → 116.94¥/\$)
	Total	101	27	
Marketing subsidiaries		-2	-13	Increases in sales promotion costs and depreciation expenses due to opening of new self-service SSs, and decreases in margins
Other consolidated subsidiaries		21	11	

* Please refer to Supplementary Information -3 for information on actual results by major consolidated subsidiary and by business segment

<Affiliated companies accounted for under the equity method>

	Q1FY2006	Change from Q1FY05
Gains (losses) from investments	17	-7

[Q1FY2006 Results] Outline of Consolidated Cash Flows and Balance Sheets

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(Unit: ¥100 million)

	Q1FY2006	Change from March 31, 2006	Key factors affecting results
Cash flow from operating activities	-124	-	Increases in accounts receivable and inventories due to increases of crude oil prices, and tax payments
Cash flow from investing activities	-57	-	
Cash flow from financing activities	132	-	
Cash and cash equivalents at end of the period	518	-49	

	As of June 30, 2006	As of March 31, 2006	Change
Total Assets	15,395	14,636	759
Net Assets	3,409	—	—
Shareholders' Equity (conventional)	—	3,125	—
Shareholders' Equity (new)*	3,233	3,125	108
Shareholders' Equity Ratio*	21.0%	21.4%	Down 0.4% points
Interest-bearing debts (including zero coupon corporate bonds)	5,409	5,224	185
Debt dependence ratio	35.1%	35.7%	Improved by 0.6% points
Debt Equity Ratio*	1.7	1.7	0
Net interest-bearing debt (including zero coupon corporate bonds)	4,891	4,658	233
Debt dependence ratio	31.8%	31.8%	0
Debt Equity Ratio*	1.5	1.5	0

Note: * "Shareholders' equity" as of June 30, 2006 (Q1FY2006-end) above uses the new definition of "net assets excluding minority interests," while the conventional definition of shareholders' equity was applied as of March 31, 2006 (FY2006-end).

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[H1FY2006 Outlook] Consolidated – Revised Forecast for First-Half -Year Results - 1

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(Unit: ¥100 million)

	Forecast for H1FY06 results		Change from the previously announced forecast	
		Cosmo Oil alone		Cosmo Oil alone
Net sales	14,200	13,400	1,900	1,900
Operating Income	295	45	75	75
Ordinary Income	290	40	90	90
(Inventory valuation impact)	90	90	160	160
(Excluding inventory valuation impact)	200	-50	-70	-70
Net Income	80	30	50	60

<Assumptions for business forecast>

	Jul-Sep
Purchased price of crude oil: FOB (USD/BBL)	65.00
Exchange rate (JPY/USD)	115.00

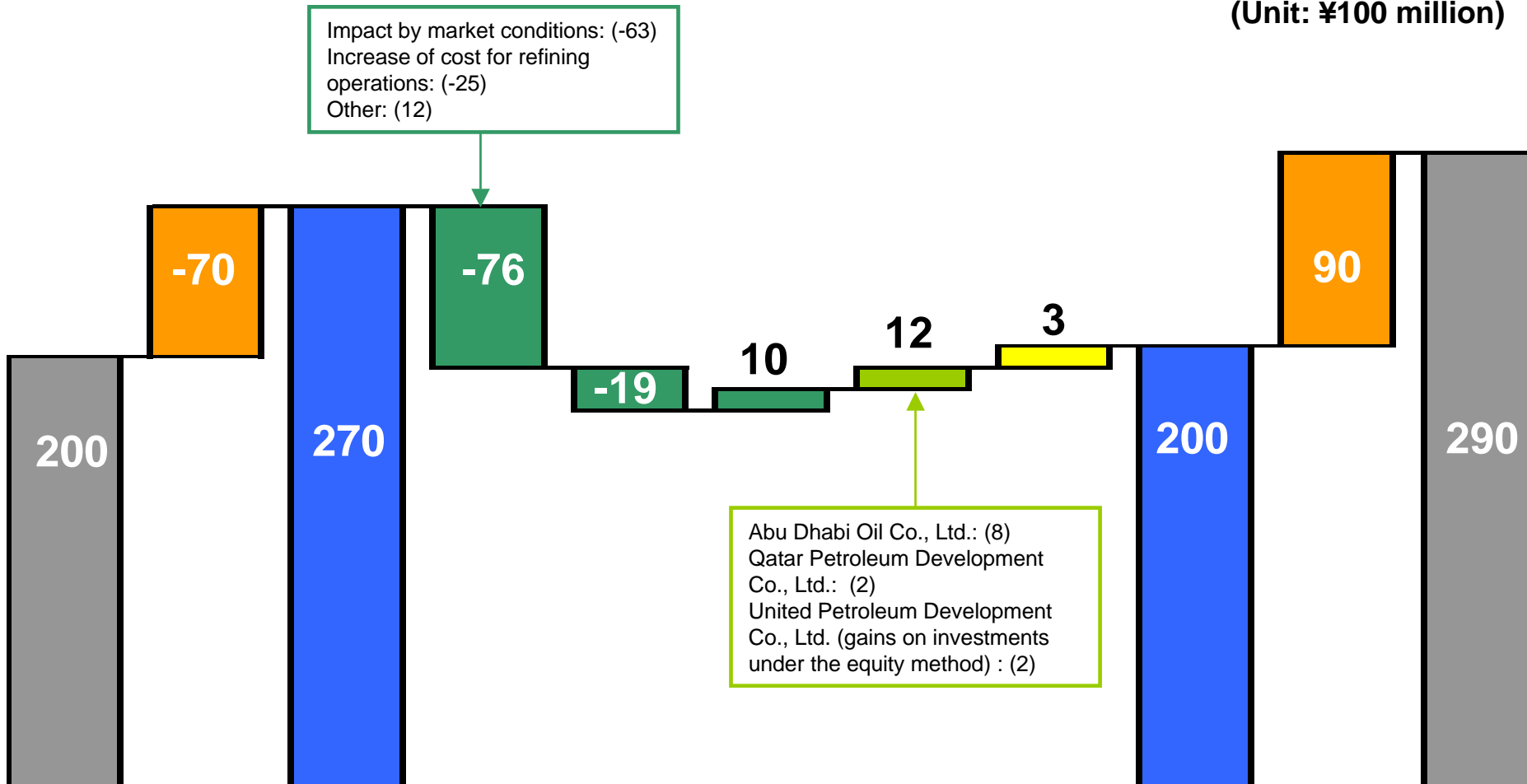
* 1: For information about detailed assumptions for forecast results, please refer to Supplementary Information – 1

* 2: For information about the analysis of major changes from ordinary income in H1FY2005 that are likely to affect ordinary income forecast for H1FY2006, please refer to Supplementary Information - 5.

* 3: For information about forecast results by major consolidated subsidiary and business segment, please refer to Supplementary Information 4 and 6

[H1FY2006 Outlook] **Consolidated – Revised Forecast for First-Half -Year Results – 2.** 6
Ordinary Income – Major Changes from the Previously Announced Forecast

(Unit: ¥100 million)



Impact by market conditions: (-63)
 Increase of cost for refining operations: (-25)
 Other: (12)

Abu Dhabi Oil Co., Ltd.: (8)
 Qatar Petroleum Development Co., Ltd.: (2)
 United Petroleum Development Co., Ltd. (gains on investments under the equity method) : (2)

Previously announced forecast for H1FY2006			Revised forecast for H1FY2006							
Ordinary Income	Inventory valuation impact	Ordinary income excluding inventory valuation impact	Cosmo Oil alone			Oil exploring and producing subsidiaries	Other	Ordinary income excluding inventory valuation impact	Inventory valuation impact	Ordinary Income
			Impact by market condition, etc.	Decrease in sales volume	Reduced accident impact					
200	-70	270	-76	-19	10	12	3	200	90	290

Supplementary Information

1. [Q1FY2006 Results and H1FY2006 Assumptions] Crude Oil Procurement and Processing Volume, Product Sales Prices and Volume, Crude Oil Production Volume
2. [Q1FY2006 Results and H1FY2006 Forecast] Overall Review of Progress Made by Oil Business (on A Non-Consolidated Basis) in the Medium-Term Management Plan (MTMP)
3. [Q1FY2006 Results] Q1 Results by Major Consolidated Subsidiary and Business Segment vs. [Q1FY2005 Results](#)
4. [H1FY2006 Outlook] Outlook for First Half-Year Results by Major Consolidated Subsidiary and Business Segment vs. [Original Plan](#)
5. [H1FY2006 Outlook] Consolidated Ordinary Income –Analysis of Changes from H1FY2005
6. [H1FY2006 Outlook] Outlook for First Half -Year Results by Major Consolidated Subsidiary and Business Segment vs. [H1FY2005 Results](#)
7. [Q1FY2006 Results] Historical Changes in the Number of Employees, Oil Storage Depots, SSs and Cards in Force

[Q1FY2006 Results and H1FY2006 Assumptions] Crude Oil Procurement and Processing Volume, Product Sales Prices and Volume, Crude Oil Production Volume

Supplementary Information – 1

		Q1FY2006	Change	% change	Assumption of outlook H1 FY2006
Purchased price of crude oil	Crude oil (FOB) USD/BBL	63.41	15.11	—	65.0 (Jul-Sep)
	JPY/USD exchange rate	115.47	8.6 (Yen's depreciation)	—	115 (Jul-Sep)
	Purchased price of crude oil (tax inclusive) yen/KL	49,385	13,598	—	—
Crude oil refining	Refined crude oil volume (1,000 KL)	7,287	59	100.8%	—
	Atmospheric distillation operating ratio (Calendar Day)	84.6%	0.6%	—	—
	Atmospheric distillation operating ratio (Streaming Day ^{*1})	96.7%	1.0%	—	—
Selling price	Selling price (yen/KL)	48,510	10,650	—	—
Sales volume	Gasoline	1,622	-53	96.6%	97.4%
	Kerosene	513	-18	96.5%	91.2%
	Diesel fuel	1,143	-47	96.1%	96.5%
	Heavy fuel oil A	809	-106	88.4%	91.1%
	Combined sales of 4 volume products above (1,000 KL)	4,087	-224	94.8%	95.2%
	Naphtha	1,571	-185	89.4%	94.0%
	Jet fuel	87	23	135.3%	114.1%
	Heavy fuel oil C	690	6	100.9%	97.1%
	Total sales volume in Japan (1,000 KL)	6,435	-380	94.4%	95.3%
	Total sales volume (1,000 KL)	10,324	-173	98.4%	21,680
	High-octane gasoline ratio (%)	15.8%	-1.9%	—	—
Crude oil exploration and production subsidiary production volume ^{*2}	Abu Dhabi Oil Co., Ltd. (B/D)	23,800	(Invested by Cosmo Oil at 62.6%)		
	Qatar Petroleum Development Co., Ltd. (B/D)	0	(Invested by Cosmo Oil at 85.8%)		
	United Petroleum Development Co., Ltd. (B/D)	18,400	(Invested by Cosmo Oil at 35.0%)		

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

*2. Each figure represents the average crude oil production volume at a project company during the year. Cosmo Oil undertakes the volume equivalent to its investment ratio in the company.

[Q1FY2006 Results and H1FY2006 Forecast] Overall Review of Progress Made by Oil Business (on A Non-Consolidated Basis) in the Medium-Term Management Plan (MTMP))

Supplementary Information – 2

Item	Department	Original plan for H1FY06 results (a)	Revised plan for H1FY06 results					
			Q1 (Apr- Jun) results (b)		Q2 (Jul- Sept) forecast (c)	H1 outlook (d) (b)+(c)		
			(100 million yen)	Achievement* (%) (b)÷(a)		(100 million yen)	(100 million yen)	Change from original plan (d)-(a)
Rationalization	Supply Department	6	2	35%	2	4	-2	72%
	Sales & Marketing Department	5	0	0%	5	5	0	100%
	Administrative	2	2	77%	1	3	0	114%
	Subtotal	13	4	29%	8	11	-1	89%
Value creation	Supply Department	12	9	75%	5	14	2	116%
	Sales & Marketing Department	11	4	37%	5	9	-2	82%
	Other	1	0	6%	1	1	0	125%
	Subtotal	24	13	55%	11	24	0	101%
Grand total	36	17	46%	18	35	-1	96%	

* A standard achievement rate of 50%

[Q1FY2006 Results] Q1 Results by Major Consolidated Subsidiary and Business Segment vs. Q1FY2005 Results

Supplementary Information – 3

<Operating highlights by major consolidated subsidiary>

(Unit: ¥100 million)

	Net Sales		Operating Income		Ordinary Income		Net Income	
		Change from Q1FY05		Change from Q1FY05		Change from Q1FY05		Change from Q1FY05
Cosmo Oil Co., Ltd.	6,226	1,020	23	-139	28	-128	19	-74
Abu Dhabi Oil Co., Ltd.	159	44	94	29	94	28	17	0
Qatar Petroleum Development Co., Ltd.	0	0	0	0	-1	-2	-1	-2
Cosmo Oil Lubricants Co., Ltd.	95	16	6	3	6	3	4	2
Cosmo Matsuyama Oil Co., Ltd.	67	14	4	1	5	0	3	0
CM Aromatics Co., Ltd.	40	40	0	0	1	1	0	0

Note: * Net income above is an amount equivalent to the ratio of investment by Cosmo Oil in each business entity

<Gains on investments under the equity method>

	Q1FY2006	Change from Q1FY05
Gains (losses) from investments	17	-7

<Capital investment and depreciation>

	Q1FY2006	Change from Q1FY05
Capital investment	69	-1
Depreciation expense amount	74	3

<Operating highlights by business segment>

	Net Sales	Operating Income	
			Change from Q1FY05
Petroleum business	6,772	46	-138
Oil exploration and production business	159	91	25
Other business	175	2	2
Write-off	-188	-12	22

[H1FY2006 Outlook] Outlook for First Half-Year Results by Major Consolidated Subsidiary and Business Segment vs. **Original Plan**

Supplementary Information – 4

<Operating highlights by major consolidated subsidiary>

(Unit: ¥100 million)

	Net Sales		Operating Income		Ordinary Income		Net Income	
		Change from original plan		Change from original plan		Change from original plan		Change from original plan
Cosmo Oil Co., Ltd.	13,400	1,900	45	75	40	90	30	60
Abu Dhabi Oil Co., Ltd.	348	20	215	6	212	8	39	-1
Qatar Petroleum Development Co., Ltd.	43	5	10	2	7	2	0	1
Cosmo Oil Lubricants Co., Ltd.	189	7	11	4	11	4	6	2
Cosmo Matsuyama Oil Co., Ltd.	130	0	2	0	3	0	0	0
CM Aromatics Co., Ltd.	200	32	6	0	6	0	2	0

* Net income above is an amount equivalent to the ratio of investment by Cosmo Oil in each business entity

<Gains on investments under the equity method>

	Plan - H1FY06	Change from original plan
Gains (losses) from investments	32	4

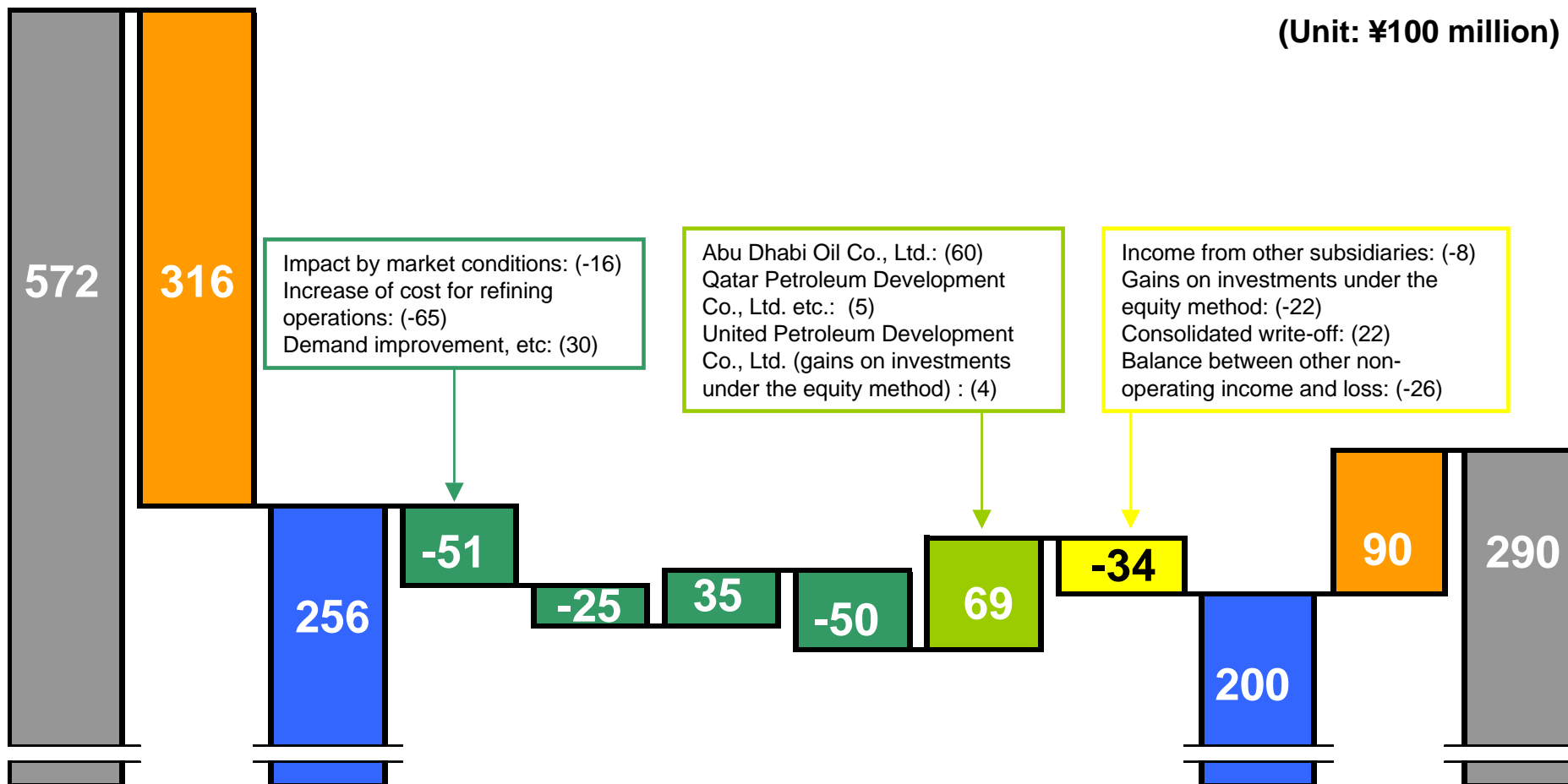
<Operating highlights by business segment>

	Net Sales	Operating Income	
			Change from original plan
Petroleum business	13,880	70	65
Oil exploration and production business	390	220	10
Other business	330	5	0
Write-off	-400	0	0

[H1FY2006 Outlook] Consolidated Ordinary Income – Analysis of Changes from H1FY2005

Supplementary Information – 5

(Unit: ¥100 million)



Impact by market conditions: (-16)
Increase of cost for refining operations: (-65)
Demand improvement, etc: (30)

Abu Dhabi Oil Co., Ltd.: (60)
Qatar Petroleum Development Co., Ltd. etc.: (5)
United Petroleum Development Co., Ltd. (gains on investments under the equity method) : (4)

Income from other subsidiaries: (-8)
Gains on investments under the equity method: (-22)
Consolidated write-off: (22)
Balance between other non-operating income and loss: (-26)

H1FY2005 results			H1FY2006 forecast								
Ordinary Income	Inventory valuation impact	Ordinary income excluding inventory valuation impact	Cosmo Oil alone				Oil exploring and producing subsidiaries	Other	Ordinary income excluding inventory valuation impact	Inventory valuation impact	Ordinary Income
			Impact by market condition, etc.	Decrease in sales volume	Benefit from the MTMP* Plan	Accident impact					

*MTMP: Medium-Term Management Plan (FY2005-2007)

[H1FY2006 Outlook] Outlook for First Half -Year Results by Major Consolidated Subsidiary and Business Segment vs. H1FY2005 Results

Supplementary Information – 6

<Operating highlights by major consolidated subsidiary>

(Unit: ¥100 million)

	Net Sales		Operating Income		Ordinary Income		Net Income*	
		Change from H1FY05		Change from H1FY05		Change from H1FY05		Change from H1FY05
Cosmo Oil Co., Ltd.	13,400	2,159	45	-317	40	-343	30	-199
Abu Dhabi Oil Co., Ltd.	348	95	215	69	212	60	39	6
Qatar Petroleum Development Co., Ltd.	43	43	10	10	7	5	0	-2
Cosmo Oil Lubricants Co., Ltd.	189	28	11	5	11	5	6	2
Cosmo Matsuyama Oil Co., Ltd.	130	16	2	-5	3	-5	0	-5
CM Aromatics Co., Ltd.	200	148	6	5	6	5	2	2

* Net income above is an amount equivalent to the ratio of investment by Cosmo Oil in each business entity

<Gains on investments under the equity method>

	Plan	Change from H1FY05
Gains (losses) from investments	32	-18

<Operating highlights by business segment>

	Net Sales	Operating Income	
			Change from H1FY05
Petroleum business	13,880	70	-322
Oil exploration and production business	390	220	76
Other business	330	5	6
Write-off	-400	0	28

[Q1FY2006 Results] Historical Changes in the Number of Employees, Oil Storage Depots, SSs and Cards in Force

Supplementary
Information – 7

Workforce size (No. of persons)

	Mar 31, '00	Mar 31, '01	Mar 31, '02	Mar 31, '03	Mar 31, '04	Mar 31, '05	Mar 31, '06	Jun 30, '06
Cosmo Oil alone	2,048	1,970	1,892	1,837	1,764	1,729	1,718	1,703
Cosmo Oil Group	4,600	4,416	3,978	3,736	3,565	3,480	3,451	3,382

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

No. of oil storage depots (DTs)

	Mar 31, '00	Mar 31, '01	Mar 31, '02	Mar 31, '03	Mar 31, '04	Mar 31, '05	Mar 31, '06	Jun 30, '06
No. of DTs	45	41	39	39	38	38	38	38

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

	Mar 31, '00	Mar 31, '01	Mar 31, '02	Mar 31, '03	Mar 31, '04	Mar 31, '05	Mar 31, '06	Jun 30, '06
Cosmo Oil-owned	1,065	1,010	977	959	930	899	886	890
Individually-owned	5,040	4,769	4,564	4,313	4,112	3,912	3,760	3,703
Total	6,105	5,779	5,541	5,272	5,042	4,811	4,646	4,593

Number of Self-Service SSs and Auto B-cle SSs

	Mar 31, '00	Mar 31, '01	Mar 31, '02	Mar 31, '03	Mar 31, '04	Mar 31, '05	Mar 31, '06	Jun 30, '06
Cosmo Oil-owned	6	16	77	198	279	327	346	430
Individually-owned	2	7	32	87	119	156	167	239
Self-Service SSs	8	23	109	285	398	483	626	669
Auto B-Cle SSs	-	-	217	428	652	652	469 ※	475

* 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 – Number of cards issued (10,000 cards)

	Mar 31, '00	Mar 31, '01	Mar 31, '02	Mar 31, '03	Mar 31, '04	Mar 31, '05	Mar 31, '06	Jun 30, '06
No. of cards in force	146	162	185	213	239	242	255	261

Cautionary Statement Regarding Forward-Looking Scenarios

Cautionary Statement Regarding Forward-Looking Scenarios

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.