

**Cosmo Oil Co., Ltd.  
Presentation for  
Results of the Third Quarter of  
Fiscal Year 2006**

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**February 7, 2007**

**Satoshi Miyamoto  
Managing Director**

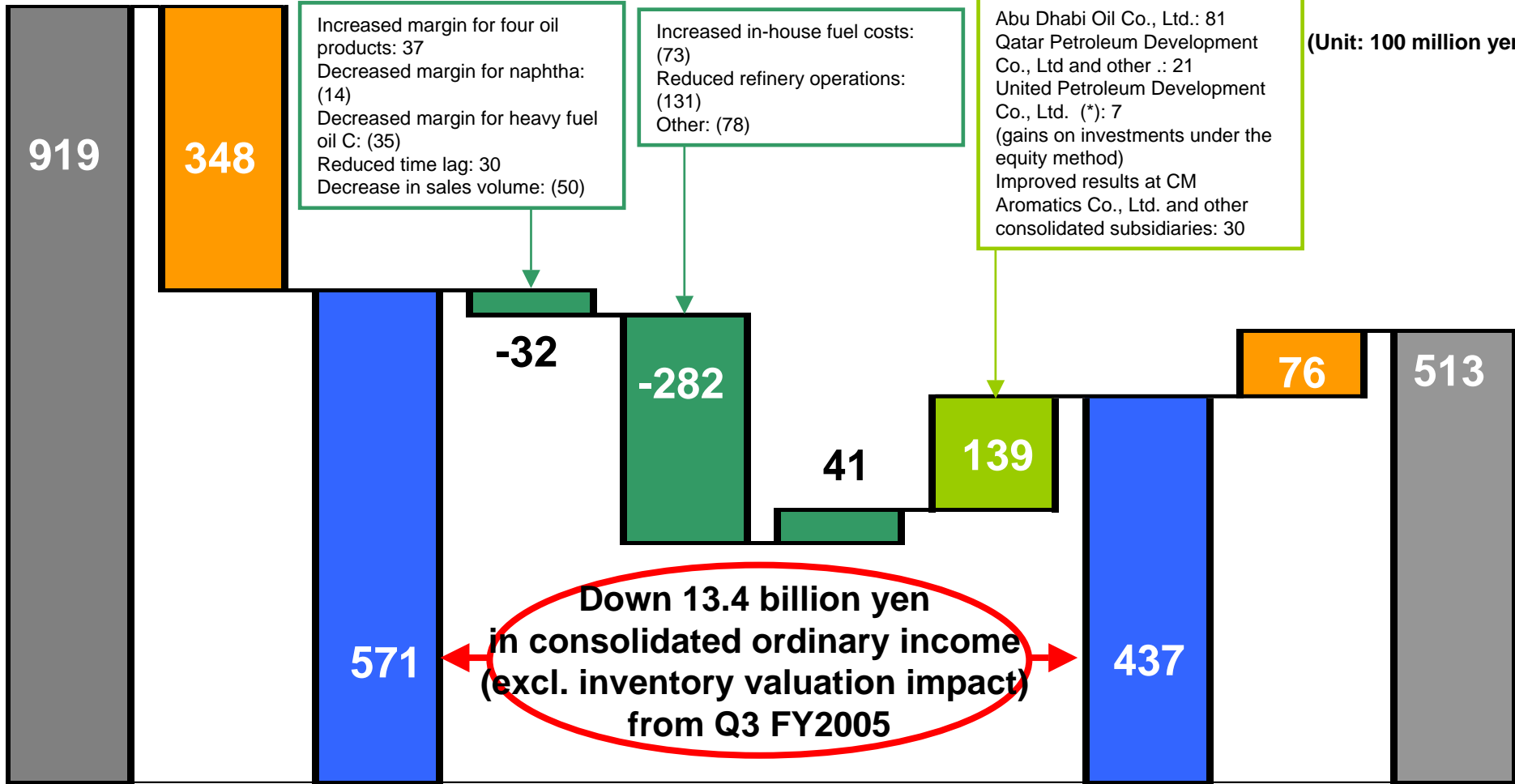
# [Q3 FY2006 Results] Consolidated Operating Highlights

	Q3 FY2006 results	Change from Q3 FY2005
Consolidated ordinary income	51.3 billion yen	-40.6 billion yen
Inventory valuation impact	7.6 billion yen	-27.2 billion yen
Consolidated ordinary income (Excluding inventory valuation impact)	43.7 billion yen	-13.4 billion yen

## Key factors for a reduction of 13.4 billion yen in consolidated ordinary income (excluding the inventory valuation impact) from Q3 FY2005

Positive factors	Improved margins, benefits brought by MTMP execution
	Contribution from improved results of consolidated subsidiaries engaged in crude oil exploration & production and petrochemical, etc.
Negative factors	Increased in-house fuel costs, reduced sales volume
	Impact from reduced refinery operations (13.1 bn yen)

# [Q3FY2006 Results] Consolidated Ordinary Income - Analysis of Changes from Q3 FY2005



Q3 FY2005 results			Q3 FY2006 results						
Ordinary Income	Inventory valuation impact	Ordinary income excluding inventory valuation impact	Cosmo Oil alone			Consolidated subsidiary profits, etc.	Ordinary income excluding inventory valuation impact	Inventory valuation impact	Ordinary Income
			Market conditions and sales volume impact	Increased supply costs, etc.	Benefit from the MTMP Plan				

# [Q3 FY2006 Results] Consolidated Subsidiaries - Results of Major Consolidated Subsidiaries and Affiliated Companies Accounted Under the Equity Method

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## <Major Consolidated Subsidiaries – Ordinary Income>

(Unit: 100 million yen)

		Q3 FY2006 results	Change from Q3 FY2005	Description for key factors affecting results
Major crude Oil Exploration And Production subsidiaries	Abu Dhabi Oil Co., Ltd.	312	81	1. Crude oil price hike (51.6 → 66.0USD/ BRL) 2. Yen's depreciation (107.1→116.1 yen/USD), etc.
	Qatar Petroleum Development Co., Ltd.	24	21	1. Crude oil production started in March 2006 2. Crude oil price at USD 65.3/brl and foreign exchange of 116 yen/USD
	United Petroleum Development Co., Ltd. (owned by the Cosmo Group on the equity method)	31	7	1. Crude oil price hike (52.3 → 66.7USD/ BRL) 2. Yen's depreciation (107.8→115.9 yen/USD), etc.
	<b>Total</b>	<b>367</b>	<b>109</b>	
<b>Marketing subsidiaries</b>		<b>-15</b>	<b>-28</b>	Reduced margins and increased expenses due to self-service SS promotion
Cosmo Matsuyama Oil Co., Ltd.		13	-1	1. Increased spread owing to brisk market conditions 2. Increased in-house fuel costs
CM Aromatics Co., Ltd.		35	29	1. Production volume increased to 270,000 tons a year in July 2006 2. Increased spread owing to brisk market conditions
Cosmo Oil Lubricants Co., Ltd.		24	14	Good progress in shifting more costs to market
Cosmo Petroleum Gas Co., Ltd.		16	12	Negative time lag elimination
<b>Other consolidated subsidiaries</b>		<b>15</b>	<b>6</b>	

<Gains (losses) from investments in affiliated companies accounted for under the equity method>

\* Please refer to Supplementary Information -4 for information on actual results by major consolidated subsidiary and by business segment

	Q3 FY2006 results	Change from Q3 FY2005
Gains (losses) from investments	72	0

# [Q3 FY2006 Results]

## Outline of Consolidated Cash Flows and Balance Sheets

(Unit: 100 million yen)

	As of Dec. 31, 2006	Change from Mar. 31, 2006	Major factor
Cash flow from operating activities	-422	-	Increased accounts receivable and inventories, etc.
Cash flow from investing activities	-268	-	
Cash flow from financing activities	739	-	
Cash and cash equivalents at end of the period	615	49	

	As of Dec. 31, 2006	Change from Mar. 31, 2006	Change
Total Assets	15,961	14,636	1,325
Net assets	3,524	-	-
Shareholders' Equity	-	3,125	-
Shareholders' equity	3,331	-	-
Net worth ratio*	20.9%	21.4%	Down 0.5 % points
Interest-bearing debts (including zero coupon corporate bonds)	6,036	5,224	812
Debt dependence ratio	37.8%	35.7%	Up 2.1% points
Debt Equity Ratio	1.8	1.7	Up 0.1% points
Net interest-bearing debt (including zero coupon corporate bonds)	5,471	4,658	813
Debt dependence ratio	34.3%	31.8%	Up 2.5% points
Debt Equity Ratio*	1.6	1.5	UP 0.1% points

Note: "Shareholders' equity" as of the end of the third quarter of FY2006 (Dec. 31, 2006) is defined as "net assets less minority interests," while that as of the end of FY2005 (March 31, 2006) is based on the former definition of "shareholders' equity" before the new Corporation Law became effective in May 2006.

# [Full FY2006 Outlook] 1. Highlights of Business Outlook vs. Previously Announced Forecast on Nov. 7, 2006

	Updated full-year forecast of FY2006	Change from previously announced forecast
Consolidated ordinary income	61.0 billion yen	-18.0 billion yen
Inventory valuation impact	-5.0 billion yen	-17.0 billion yen
Consolidated ordinary income (Excluding inventory valuation impact)	66.0 billion yen	-1.0 billion yen

**Key factors for a forecasted reduction of 1.0 billion yen in consolidated ordinary income (excluding inventory valuation impact) from the previously announced forecast**

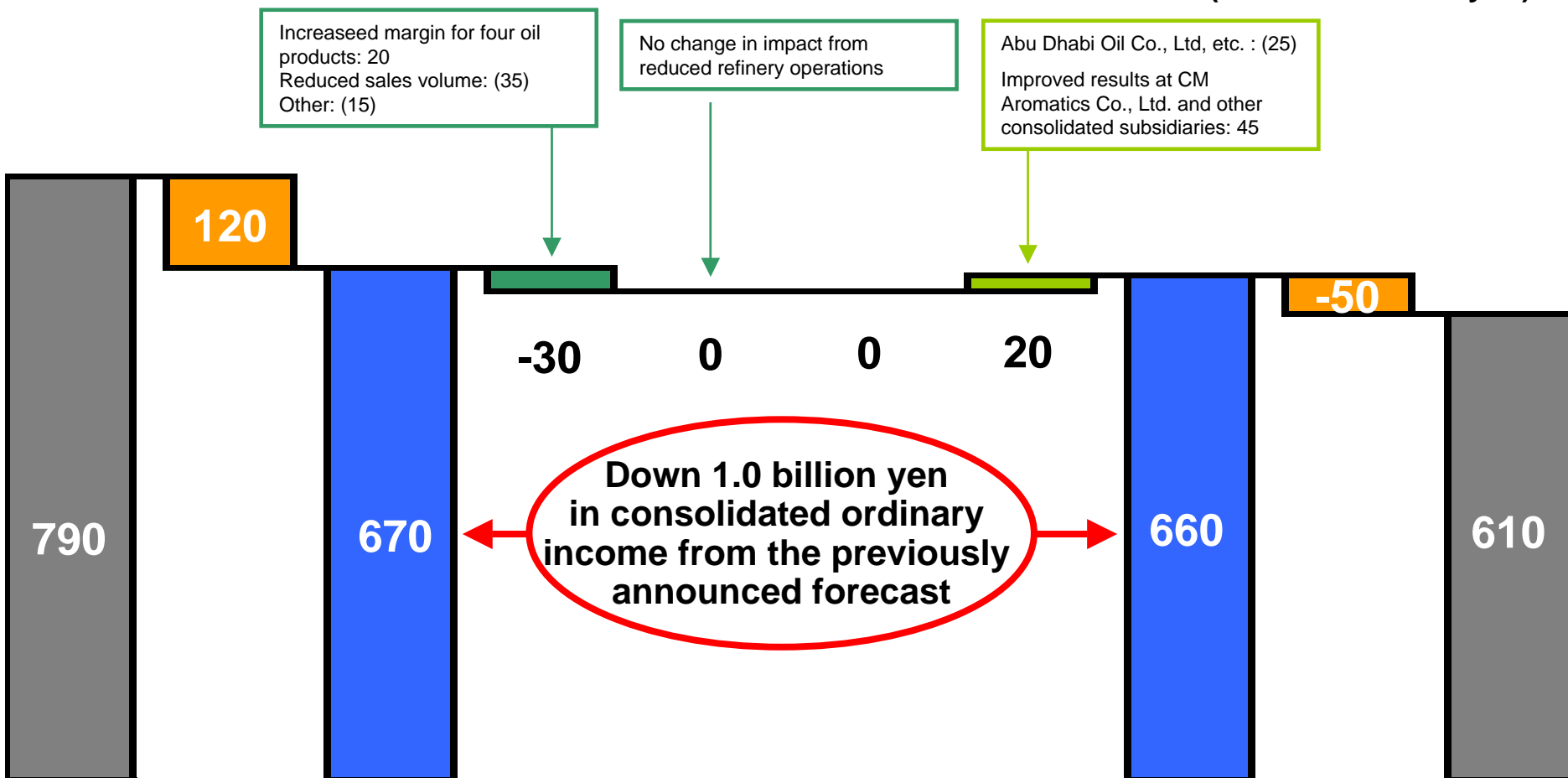
<b>Positive factors</b>	<b>Improved margins</b>
<b>Negative factors</b>	<b>Reduced sales volume, reduced profit in crude oil exploration and production subsidiaries</b>

\*Notes: 1. For source data, please refer to Supplementary Information 1 and 2.

\*Notes: 2. For information about forecast results by major consolidated subsidiary and business segment, please refer to Supplementary Information – 5,6

# [Full FY2006 Outlook] Consolidated Ordinary Income - Analysis of Changes from **Previously Announced Forecast** on Nov. 7, 2006

(Unit: 100 million yen)



Previously announced forecast for full FY2006

Updated forecast for full FY2006

Ordinary Income	Inventory valuation impact	Ordinary income excluding inventory valuation impact	Cosmo Oil alone			Consolidated subsidiary profits, etc.	Ordinary income excluding inventory valuation impact	Inventory valuation impact	Ordinary Income
			Market conditions and sales volume impact	Supply costs	Benefit from the MTMP Plan				

## Supplementary Information

1. **[Q3 FY2006 Results & Full FY2006 Assumptions] Crude Oil Procurement Cost and Processing Volume, Topper Operating Ratios, Crude Oil Production Volume**
2. **[Q3 FY2006 Results & Full FY2006 Assumptions] Product-Specific Sales Value and Volume**
3. **[Q3 FY2006 Results & Full FY2006 Forecast] Overall Review of Progress Made by Oil Business (on a Non-Consolidated Basis) in the Medium-Term Management Plan (MTMP)**
4. **[Q3 FY2006 Results] Q3 FY2006 Results by Major Consolidated Subsidiary and Business Segment vs. Q3 FY2005 Results**
5. **[Full FY2006 Outlook] Full-Year Forecast by Major Consolidated Subsidiary and Business Segment vs. Previous Forecast (on Nov. 7, 2006)**
6. **[Full FY2006 Outlook] Full-Year Forecast by Major Consolidated Subsidiary and Business Segment vs. FY2005 Results**
7. **[FY1996 to Full FY2006 Outlook] Historical Changes in Consolidated EBITDA Excluding Inventory Valuation Impact**
8. **[Results Up to the End of Q3 FY2006] Historical Changes in the Number of Employees, Oil Storage Depots, SSSs and Cards in Force**



<Crude oil procurement cost and processing volume and topper operating ratios>

		Apr - Dec 2006 results	Change	% change	Jan - Mar 2007 assumption
Purchased price of crude oil	Crude oil (FOB) USD/BRL	63.94	10.97	—	52.00
	JPY/USD exchange rate	116.20	5.05 <small>(Yen depreciation)</small>	—	120.0
	Purchased price of crude oil (tax inclusive) yen/KL	50,081	9,696	—	—
Crude oil refining	Refined crude oil volume (1,000 KL)	20,110	-2,211	90.1%	—
	Atmospheric distillation operating ratio (Calendar Day)	76.7%	-9.2%	—	—
	Atmospheric distillation operating ratio (Streaming Day <sup>*1</sup> )	90.7%	-3.3%	—	—

<Crude oil production volume>

		Jan-Sept. 2006 results	Investment ratio
Crude oil exploration and production subsidiary production volume <sup>*2</sup>	Abu Dhabi Oil Co., Ltd. (BRL/Day)	24,369	63.0%
	Qatar Petroleum Development Co., Ltd. (BRL/Day)	6,442	85.8%
	United Petroleum Development Co., Ltd. (BRL/Day)	18,372	35.0%

\*1. Streaming day indicates operating ratio excluding the 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.

# [Q3 FY2006 Results & Full FY2006 Assumptions] Product-Specific Sales Value and Volume

Supplementary  
Information – 2

## <Sales value and volume>

		Apr- Dec 2006 results	Change	% change	Full FY2006 assumption
<b>Selling price</b>	<b>Selling price (yen/KL)</b>	<b>52,470</b>	<b>10,840</b>	<b>—</b>	<b>—</b>
<b>Sales volume in Japan</b>	<b>Gasoline</b>	<b>5,179</b>	<b>-118</b>	<b>97.8%</b>	<b>98.3%</b>
	<b>Kerosene</b>	<b>1,748</b>	<b>-256</b>	<b>87.2%</b>	<b>86.4%</b>
	<b>Diesel fuel</b>	<b>3,606</b>	<b>-41</b>	<b>98.9%</b>	<b>99.1%</b>
	<b>Heavy fuel oil A</b>	<b>2,374</b>	<b>-332</b>	<b>87.7%</b>	<b>85.5%</b>
	<b>Combined sales of 4 volume products above (1,000 KL)</b>	<b>12,907</b>	<b>-748</b>	<b>94.5%</b>	<b>93.8%</b>
	<b>Naphtha</b>	<b>5,135</b>	<b>-340</b>	<b>93.8%</b>	<b>96.4%</b>
	<b>Jet fuel</b>	<b>313</b>	<b>85</b>	<b>137.3%</b>	<b>138.9%</b>
	<b>Heavy fuel oil C</b>	<b>2,019</b>	<b>-237</b>	<b>89.5%</b>	<b>87.1%</b>
	<b>Total sales volume in Japan (1,000 KL)</b>	<b>20,374</b>	<b>-1,239</b>	<b>94.3%</b>	<b>94.2%</b>
	<b>High-octane gasoline ratio (%)</b>	<b>15.53%</b>	<b>-0.95%</b>	<b>—</b>	<b>—</b>
<b>Export volume</b>	<b>Jet fuel</b>	<b>68</b>	<b>68</b>	<b>—</b>	<b>—</b>
	<b>Diesel fuel</b>	<b>693</b>	<b>45</b>	<b>106.9%</b>	<b>—</b>
	<b>Heavy fuel oil C</b>	<b>137</b>	<b>45</b>	<b>148.7%</b>	<b>—</b>
	<b>Asphalt</b>	<b>65</b>	<b>20</b>	<b>145.9%</b>	<b>—</b>
	<b>Total export volume (1,000 KL)</b>	<b>963</b>	<b>178</b>	<b>122.7%</b>	<b>—</b>
<b>Total sales volume</b>	<b>Total sales volume (1,000 KL)</b>	<b>32,688</b>	<b>-952</b>	<b>97.2%</b>	<b>44,928</b>

[Q3 FY2006 Results & Full FY2006 Forecast] Overall Review of Progress Made by Oil Business (on a Non-Consolidated Basis) in the Medium-Term Management Plan (MTMP)

Supplementary Information – 3

Item	Department	H1 FY2006 results	H2 FY2006						Full FY2006 forecast		
			Plan (announced on Nov. 7)	Oct-Dec 2006 results		Jan-Mar 2007 plan	H2 FY2006 plan		Plan (announced on Nov. 7)	Updated forecast	Achievement ratio against plan
				Achievement ratio*	Achievement ratio against plan						
		(100 million yen)	(100 million yen)	(100 million yen)	(%)	(100 million yen)	(100 million yen)	(100 million yen)	(100 million yen)	(100 million yen)	(%)
Rationalization	Supply Department	3	4	2	51%	2	4	100%	7	7	100%
	Sales Department	5	0	0	-	0	0	-	5	5	100%
	Administrative, Othsr	2	3	1	44%	1	3	88%	5	4	91%
	Subtotal	10	7	3	48%	3	6	95%	16	16	98%
Value creation	Supply Department	13	3	1	45%	1	2	76%	16	15	96%
	Sales Department	7	15	7	49%	10	17	113%	22	24	109%
	Other	0	0	-1	-	0	-1	-	-1	-1	-
	Subtotal	20	18	8	47%	11	19	107%	37	38	103%
Grand total		30	24	11	47%	14	25	103%	54	54	101%

Note: \* Standard achievement ratio is set at 50%.

# [Q3 FY2006 Results] Q3 FY2006 Results by Major Consolidated Subsidiary and Business Segment vs. Q3 FY2005 Results

Supplementary Information – 4

## <Operating highlights by major consolidated subsidiary>

(Unit: 100 million yen)

	Net Sales		Operating Income		Ordinary Income		Net Income	
		Change from Q3 FY2005		Change from Q3 FY2005		Change from Q3 FY2005		Change from Q3 FY2005
Cosmo Oil Co., Ltd.	20,964	3,087	74	-521	60	-545	-5	-366
Abu Dhabi Oil Co., Ltd.	502	-14	314	88	312	81	60	12
Qatar Petroleum Development Co., Ltd.	89	89	28	29	24	22	8	6
Marketing subsidiaries	2,943	348	-14	-30	-15	-28	-33	-37
Cosmo Oil Lubricants Co., Ltd.	301	55	24	14	24	14	14	8
Cosmo Matsuyama Oil Co., Ltd.	226	41	13	-1	13	-1	8	-1
CM Aromatics Co., Ltd.	327	217	34	28	35	29	13	11

Note: \* Net income of each subsidiary above is an amount equivalent to the equity share owned by Cosmo Oil in each business entity

## <Gains on investments under the equity method>

	Actual results	Change from Q3 FY2005
Gains (losses) from investments	72	0

## <Capital investment and depreciation>

	Actual results	Change from Q3 FY2005
Capital investment	246	31
Depreciation expense amount	281	70

## <Operating highlights by business segment>

	Net Sales	Operating Income	
			Change from Q3 FY2005
Petroleum business	22,110	170	-480
Oil exploration and production business	593	334	113
Other business	614	10	5
Write-off	-607	-42	-11

[Full FY2006 Outlook] Full-Year Forecast by Major Consolidated Subsidiary and Business Segment vs. Previous Forecast (on Nov. 7, 2006)

Supplementary Information – 5

<Operating highlights by major consolidated subsidiary>

(Unit: 100 million yen)

	Net Sales		Operating Income		Ordinary Income		Net Income	
		Change from previous		Change from previous		Change from previous		Change from previous
Cosmo Oil Co., Ltd.	28,400	-1,200	-30	-230	-30	-200	-70	-130
Abu Dhabi Oil Co., Ltd.	654	-36	401	-27	404	-26	80	-5
Qatar Petroleum Development Co., Ltd.	126	-2	40	-1	36	1	12	-1
Marketing subsidiaries	4,023	0	-1	0	-3	0	-36	0
Cosmo Oil Lubricants Co., Ltd.	402	2	32	6	32	6	18	3
Cosmo Matsuyama Oil Co., Ltd.	305	0	14	0	13	0	8	0
CM Aromatics Co., Ltd.	449	-56	41	7	41	7	15	2

Note: \* Net income of each subsidiary above is an amount equivalent to the equity share owned by Cosmo Oil in each business entity

<Gains on investments under the equity method>

	Full-year forecast	Change from previous forecast
Gains (losses) from investments	95	5

<Capital investment and depreciation>

	Full-year forecast	Change from previous forecast
Capital investment	428	-12
Depreciation expense amount	383	0

<Operating highlights by business segment>

	Net Sales	Operating Income	
			Change from previous forecast
Petroleum business	29,570	100	-210
Oil exploration and production business	780	430	-30
Other business	860	20	0
Write-off	-810	-10	-10

# [Full FY2006 Outlook] Full-Year Forecast by Major Consolidated Subsidiary and Business Segment vs. FY2005 Results

Supplementary Information – 6

<Operating highlights by major consolidated subsidiary>

(Unit: 100 million yen)

	Net Sales		Operating Income		Ordinary Income		Net Income	
		Change from FY2005		Change from FY2005		Change from FY2005		Change from FY2005
Cosmo Oil Co., Ltd.	24,800	3,446	-30	-781	-30	-786	-70	-535
Abu Dhabi Oil Co., Ltd.	654	-40	401	95	404	84	80	19
Qatar Petroleum Development Co., Ltd.	126	126	40	41	36	36	12	12
Marketing subsidiaries	4,023	444	-1	-23	-3	-20	-36	-32
Cosmo Oil Lubricants Co., Ltd.	402	67	32	20	32	19	18	10
Cosmo Matsuyama Oil Co., Ltd.	305	55	14	-2	13	-3	8	-1
CM Aromatics Co., Ltd.	449	280	41	31	41	31	15	11

Note: \* Net income of each subsidiary above is equivalent to the equity share owned by Cosmo Oil in the subsidiary.

<Gains on investments under the equity method>

	Full-year forecast	Change from FY2005
Gains (losses) from investments	95	-1

<Capital investment and depreciation>

	Full-year forecast	Change from FY2005
Capital investment	428	110
Depreciation expense amount	383	100

<Operating highlights by business segment>

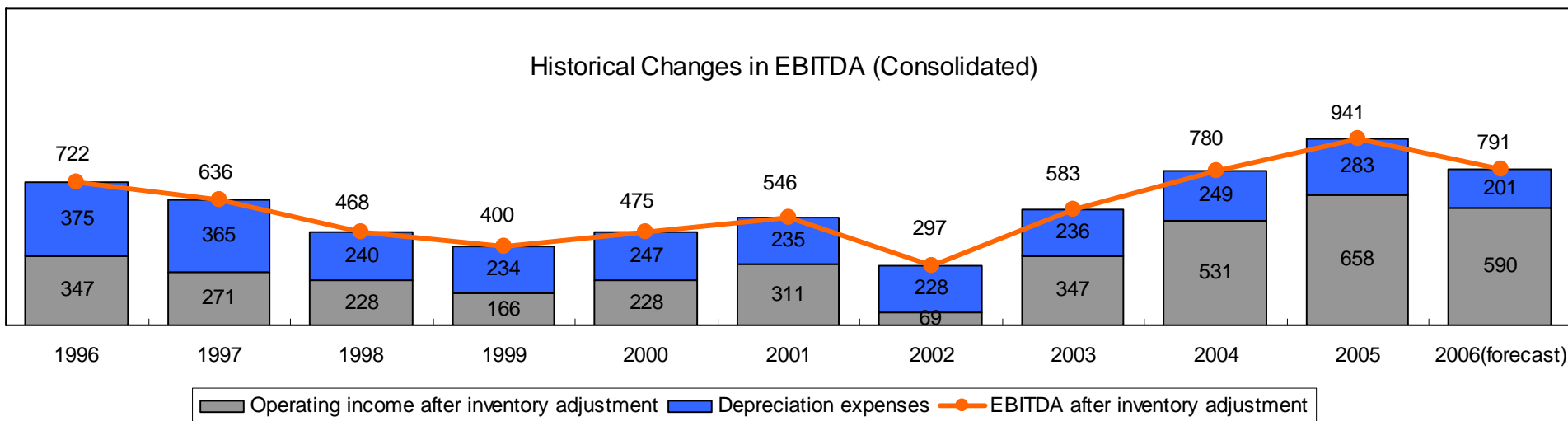
	Net Sales	Operating Income	
			Change from FY2005
Petroleum business	29,570	100	-735
Oil exploration and production business	780	430	136
Other business	860	20	10
Write-off	-810	-10	17

# [FY1996 to Full FY2006 Outlook] Historical Changes in Consolidated EBITDA Excluding Inventory Valuation Impact

Supplementary Information – 7

(Unit: 100 million yen)

Historical Changes in EBITDA (Consolidated)



	2001	2002	2003	2004	2005	2006 (forecast)
Operating income on an accounting basis	221	242	252	657	1,112	540
Impact by inventory valuation on the weighted average method (on operating income)	-90	173	-95	126	454	-50
Operating income after inventory adjustment (accounting operating income net of inventory valuation impact)	311	69	347	531	658	590

# [Results Up to the End of Q3 FY2006] Historical Changes in the Number of Employees, Oil Storage Depots, SSs and Cards in Force

Supplementary Information – 8

## Workforce size (No. of persons)

	Mar 31, '99	Mar 31, '00	Mar 31, '01	Mar 31, '02	Mar 31, '03	Mar 31, '04	Mar 31, '05	Mar 31, '06	Dec 31, '06
Cosmo Oil alone	2,677	2,048	1,970	1,892	1,837	1,764	1,729	1,718	1,891
Cosmo Oil Group	5,256	4,600	4,416	3,978	3,736	3,565	3,480	3,451	3,351

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

## No. of oil storage depots (DTs)

	Mar 31, '99	Mar 31, '00	Mar 31, '01	Mar 31, '02	Mar 31, '03	Mar 31, '04	Mar 31, '05	Mar 31, '06	Dec 31, '06
No. of DTs	52	45	41	39	39	38	38	38	38

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

	Mar 31, '99	Mar 31, '00	Mar 31, '01	Mar 31, '02	Mar 31, '03	Mar 31, '04	Mar 31, '05	Mar 31, '06	Dec 31, '06
Cosmo Oil-owned	1,105	1,065	1,010	977	959	930	899	886	902
Individually-owned	5,376	5,040	4,769	4,564	4,313	4,112	3,912	3,760	3,551
Total	6,481	6,105	5,779	5,541	5,272	5,042	4,811	4,646	4,453

## Number 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	Mar 31, '06	Dec 31, '06
Self-Service SSs	5	8	23	109	285	398	483	626	767
Auto B-Cle SSs	-	-	-	217	428	652	652	469	460*

\* 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 (including the Opus Card, effective end of December 2006)

	Mar 31, '00	Mar 31, '01	Mar 31, '02	Mar 31, '03	Mar 31, '04	Mar 31, '05	Mar 31, '06	Dec 31, '06
No. of cards in force (10,000 cards)	146	162	185	213	239	242	255	271



## **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.**