

November 5, 2008

Overview of Business Results for Second Quarter of Fiscal Year Ending March 2009

Name of the Company: Cosmo Oil Co., Ltd. URL <http://www.cosmo-oil.co.jp> Shares traded: TSE, OSE, and NSE first sections
 Company Code: 5007
 Name of Representative: Yaichi Kimura (Title) President
 Name of Person to contact: Seiko Arai (Title) Manager of IR Office, Corporate Communication Dept. Phone: 03-3798-3180
 Scheduled date to file quarterly report: November 14, 2008 Dividend payment is to be started on: December 9, 2008

Note: Figures less than 1 million are rounded down.

1. Consolidated Financial Results for Second Quarter of Fiscal Year Ending March 2009 (For the period from April 1, 2008 to September 30, 2008)

(1) Consolidated operating results

(Figures in % refer to changes from the same quarter a year earlier)

| | Net sales | | Operating income | | Ordinary income | | Net income for the first quarter | |
|------------------------|-------------|-----|------------------|-------|-----------------|------|----------------------------------|------|
| | million yen | % | million yen | % | million yen | % | million yen | % |
| Second Quarter, FY2008 | 2,014,517 | — | 65,868 | — | 64,188 | — | 30,511 | — |
| Second Quarter, FY2007 | 1,601,132 | 9.0 | 43,474 | -10.5 | 48,847 | -3.4 | 23,234 | 10.4 |

| | Net income per share for the first quarter | | Diluted net income per share for the first quarter | |
|------------------------|--|-----|--|-----|
| | yen | sen | yen | sen |
| Second Quarter, FY2008 | 36.02 | | 34.82 | |
| Second Quarter, FY2007 | 34.62 | | 33.19 | |

(2) Consolidated Financial Position

| | Total assets | Net assets | Net Worth ratio | Net assets per share |
|------------------------|--------------|-------------|-----------------|----------------------|
| | million yen | million yen | % | yen sen |
| Second Quarter, FY2008 | 1,806,015 | 493,280 | 25.8 | 549.63 |
| FY2007 | 1,627,903 | 469,726 | 27.2 | 522.84 |

[Reference] Net worth Second Quarter, FY2008 465,599 million yen FY2007 442,912 million yen

2. Dividend Payment Results and Outlook

| (Period for dividend payment) | Dividend per share | | | | |
|-------------------------------|--------------------|--------------|--------------|-----------------------|-----------|
| | As of Q1-end | As of Q2-end | As of Q3-end | As of Fiscal Year-end | Full Year |
| | yen sen | yen sen | yen sen | yen sen | yen sen |
| FY2007 | — | 3.00 | — | 5.00 | 8.00 |
| FY2008 | — | 3.00 | — | — | 8.00 |
| FY2008 (outlook) | — | — | — | 5.00 | |

Note: Revision made in the forecast dividend as of the end of the current quarter: None.

3. Consolidated Business Outlook for FY2008 (April 1, 2008 to March 31, 2009)

(% indicates change from the corresponding period of FY 2007)

| | Net sales | | Operating income | | Ordinary income | | Net income | | Net income per share |
|--------|-------------|------|------------------|------|-----------------|-------|-------------|-------|----------------------|
| | million yen | % | million yen | % | million yen | % | million yen | % | yen sen |
| FY2008 | 4,030,000 | 14.4 | 78,000 | -6.9 | 75,000 | -20.5 | 19,000 | -46.0 | 22.43 |

Note: Change made in figures of the consolidated business outlook as of the end of the current quarter from the previous announcement: Yes.

4. Others

(1) Change in significant subsidiaries during the first quarter (change in specific subsidiaries resulting in change in scope of consolidation) : None

Note: For detailed information, please refer to "4. Other" of the "Qualitative Information / Financial Statements" on Page 3.

(2) Adoption of convenient method in accounting and of accounting method uniquely adopted to prepare consolidated financial statements for the current quarter : Adopted

Note: For detailed information, please refer to "4. Other" of the "Qualitative Information / Financial Statements" on Page 3.

(3) Changes in accounting policies and processing and representation methods adopted to prepare the consolidated financial statements for the current quarter (significant changes in the basis of presenting the consolidated financial statements for the current quarter):

(1) Changes due to revised accounting standards: Yes

(2) Changes other than the reason described above: None

Note: For detailed information, please refer to "4. Other" of the "Qualitative Information / Financial Statements" on Page 3.

(4) Total Number of Outstanding Shares (Common Stock)

(1) Number of outstanding shares as of end of the period (including treasury stock):

The Second Quarter of FY2008 847,705,087 shares / FY2007 847,705,087 shares

(2) Number of shares of treasury stock as of end of the period:

The Second Quarter of FY2008 584,643 shares / FY2007 575,168 shares

(3) Average Number of shares outstanding during the period (or the cumulative consolidated accounting period as the end of the current quarter):

The Second Quarter of FY2008 847,124,838 shares / Second Quarter FY2007 671,142,997 shares

Note: Request for appropriate use of the business outlook and other special remarks:

1. The consolidated business outlook for the first six months of FY2008 is updated from the previous announcement made on May 9, 2008.

The forward-looking statements including the business outlook are based on information available as of the published date of this release and actual results may materially differ from the forecast subject to variable factors that may arise in the future. For more detailed information about the business outlook, please refer to "3. Qualitative Information regarding Consolidated Business Outlook" of the "Qualitative Information regarding Operating Results" on page 2 of this release.

2. The Company has adopted the "Accounting Standard for Quarterly Financial Statements" (Corporate Accounting Standard No. 12) and the "Implementation Guidance for the Accounting Standard for Quarterly Financial Statements" (Corporate Accounting Standard Implementation Guidance No. 14), effective from the beginning of FY 2008. The Company also develops consolidated financial statements for each quarter by following the "Rules for Quarterly Consolidated Financial Statements."

[Qualitative Information regarding Operating Results]

1. Qualitative Information regarding Consolidated Operating Results

Consolidated sales for the first six months of FY2008 (from April 1, 2008 to September 30, 2008) were ¥2,014.5 billion (up ¥413.4 billion from the same period of FY2007), operating income, ¥65.9 billion (up ¥22.4 billion), ordinary income, ¥64.2 billion (up ¥15.4 billion) and net income for the term, ¥30.5 billion (up ¥7.3 billion).

The operating results for the first six months by business segment are as follows:

1) The petroleum business, affected by crude oil price hikes, endeavored to maintain appropriate market conditions. But in-house fuel cost has also increased due to crude oil price hikes. The domestic sales volume reduced, centering on that of gasoline, mainly reflecting restrained consumption and industrial fuel conversion due to soaring prices of fuels. The crude oil price, on the other hand, began to drop in August but still hovered high; this generated positive factors, such as inventory valuation impact reducing costs of sales, leading to increased profit.

The petrochemical business reported reduced profit mainly reflecting lower margins from FY2007 due to raw material price increases.

As a result, the petroleum business segment reported sales of ¥1,967.7 billion for the first six months of FY2008 (up ¥403.1 billion from the same period of FY2007), operating income of ¥36.2 billion (up ¥8.1 billion) and ordinary income of ¥35.2 billion (up ¥5.3 billion).

2) In the oil exploration and production business segment, a lower sales volume and foreign exchange losses and other negative factors were offset by a positive factor of crude oil price hikes. The segment reported sales of ¥47.9 billion for the first six months of FY2008 (up ¥12.1 billion from the same period of FY2007), operating income of ¥29.6 billion (up ¥11.4 billion) and ordinary income of ¥29.5 billion (up ¥7.6 billion).

3) As a result of continued efforts for operating rationalization and management efficiency, the other business segment reported sales of ¥45.0 billion for the first six months of FY2008 (up ¥6.0 billion from the same period of FY2007), operating income of ¥900 million (up ¥100 million) and ordinary income of ¥1.0 billion (up ¥0 million).

2. Qualitative Information regarding Consolidated Financial Position

1) Total assets as of the end of the second quarter of FY2008 (or September 30, 2008) amounted to ¥1,806.0 billion, up ¥178.1 billion from the end of FY2007 (or March 31, 2008), mainly reflecting increased inventories due to crude oil price hikes. Net assets as of September 30, 2008 were ¥493.3 billion, up ¥23.6 billion from March 31, 2008, with a net worth ratio of 25.8%.

2) As for consolidated cash flows as of the first six months of FY2008, net cash used in operating activities stood at ¥64.9 billion mainly reflecting an increase in inventories due to crude oil price hikes. Net cash used in investing activities stood at ¥29.7 billion mainly reflecting payments for the acquisitions of fixed assets. Net cash provided by financial activities stood at ¥110.2 billion mainly reflecting the borrowing of operating funds. As a result, cash and cash equivalents as of September 30, 2008 were ¥97.0 billion, up ¥14.3 billion from those as of March 31, 2008.

3. Qualitative Information regarding Consolidated Business Outlook

As for the consolidated business outlook for the full year of FY2008, it is expected that the updated business outlook for the full year of FY2008 includes, under the influence of soaring crude oil prices, consolidated sales of ¥4,030.0 billion (up ¥330.0 billion), operating income of ¥78.0 billion (up ¥3.0 billion), ordinary income of ¥75.0 billion (up ¥2.0 billion) and net income of ¥19.0 billion (down ¥5.0 billion), compared with the previous announcement for the business outlook (made on May 9, 2008).

This latest business outlook is made based on the assumptions of an average crude oil price at US\$102.5 per barrel and an exchange rate of ¥105.2 per US\$ for the full year of FY2008.

4. Other

(1) Change in significant subsidiaries (or change in certain subsidiaries affecting the range of consolidated accounts of the Cosmo Oil Group) during the current accounting period: None

(2) Adoption of convenient method in accounting and of accounting method uniquely adopted to prepare consolidated financial statements for the current quarter:

1. Adoption of convenient method in accounting:

The Company adopts convenient accounting methods with respect to the “method to calculate amounts for elimination of unrealized gains/losses included in inventories,” the “method for inventory valuation” and the “method to calculate income taxes and deferred tax assets/liabilities.”

2. Adoption of accounting method uniquely adopted to prepare consolidated financial statements for the current quarter:

The Company calculates tax expenses for the Company and some of its consolidated subsidiaries by multiplying a reasonably estimated effective tax rate by net income before taxes for the first six-month period.

Income tax adjustments are included in the “income taxes” account stated in the Consolidated Statements of Income.

(3) Changes in accounting principles and processing and representation methods adopted to prepare consolidated financial statements for the current quarter:

•Change in Accounting Standard

1. The Company has adopted the “Accounting Standard for Quarterly Financial Statements” (Corporate Accounting Standard No. 12) and the “Implementation Guidance for the Accounting Standard for Quarterly Financial Statements” (Corporate Accounting Standard Implementation Guidance No. 14), effective from the beginning of FY 2008. The Company also develops consolidated financial statements for each quarter by following the “Rules for Quarterly Consolidated Financial Statements.”

2. The Company conventionally processed transactions of finance leases under which the ownership of the leased assets is not transferred to lessees by following the accounting policies applicable to lease transactions, but the Company, effective from the first quarter of FY2008 for consolidated accounting, made the early adoption of the “Accounting Standard for Lease Transactions” (the Corporate Accounting Standard No. 13) and the “Implementation Guidance for the Accounting Standard for Lease Transactions” (the Corporate Accounting Standard Implementation Guidance No. 16) to process such lease transactions by following the accounting policies for ordinary business transactions.

The impact of this change on consolidated operating income, ordinary income and net income before taxes for the second quarter of FY2008 is negligible.

3. The Company has adopted the “Accounting Standard for the Valuation of Inventories” (the Corporate Accounting Standard No. 9), effective from the beginning of FY2008.

This change reduced consolidated operating income, ordinary income and net income before taxes for the second quarter of FY2008 by ¥32,051 million, respectively.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: million yen)

| | 2Q FY2008 As of Sep. 30, 2008 | FY2007 As of Mar. 31, 2008 |
|--|----------------------------------|-------------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 86,985 | 72,193 |
| Notes and accounts receivable-trade | 310,219 | 293,549 |
| Short-term investment securities | 11,492 | 10,992 |
| Merchandise and finished goods | 192,249 | 117,060 |
| Semi-finished goods | 121,737 | 86,254 |
| Raw materials | 110,570 | 93,530 |
| Raw materials in transit | 112,949 | 125,177 |
| Work in process | 3,315 | 2,425 |
| Other inventories | 33,608 | 15,644 |
| Other | 126,411 | 117,247 |
| Allowance for doubtful accounts | -408 | -352 |
| Total current assets | 1,109,131 | 933,721 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Land | 306,550 | 308,277 |
| Other, net | 229,132 | 220,746 |
| Total property, plant and equipment | 535,682 | 529,023 |
| Intangible assets | 8,866 | 9,779 |
| Investments and other assets | | |
| Other | 153,457 | 156,603 |
| Allowance for doubtful accounts | -1,122 | -1,224 |
| Total investments and other assets | 152,334 | 155,378 |
| Total noncurrent assets | 696,883 | 694,182 |
| Total assets | 1,806,015 | 1,627,903 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 351,054 | 312,656 |
| Short-term loans payable | 354,576 | 257,100 |
| Current portion of bonds | 1,000 | 2,500 |
| Accounts payable-other | 162,189 | 163,493 |
| Income taxes payable | 27,854 | 21,688 |
| Other | 53,698 | 54,589 |
| Total current liabilities | 950,373 | 812,027 |
| Noncurrent liabilities | | |
| Bonds with subscription rights to shares | 18,000 | 18,000 |
| Long-term loans payable | 262,814 | 244,004 |
| Provision for special repairs | 6,978 | 7,367 |
| Provision for retirement benefits | 6,191 | 6,300 |
| Other | 68,377 | 70,476 |
| Total noncurrent liabilities | 362,361 | 346,149 |
| Total liabilities | 1,312,734 | 1,158,176 |

(Unit: million yen)

| | 2Q FY2008 As of Sep. 30, 2008 | FY2007 As of Mar. 31, 2008 |
|---|----------------------------------|-------------------------------|
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 107,246 | 107,246 |
| Capital surplus | 89,441 | 89,442 |
| Retained earnings | 241,633 | 215,388 |
| Treasury stock | -128 | -125 |
| Total shareholders' equity | 438,193 | 411,952 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 4,980 | 5,909 |
| Deferred gains or losses on hedges | 12,047 | 14,603 |
| Revaluation reserve for land | 11,106 | 11,084 |
| Foreign currency translation adjustment | -729 | -638 |
| Total valuation and translation adjustments | 27,405 | 30,960 |
| Minority interests | 27,681 | 26,814 |
| Total net assets | 493,280 | 469,726 |
| Total liabilities and net assets | 1,806,015 | 1,627,903 |

(2) Consolidated Statements of Income

| | (Unit: million yen) |
|---|---|
| | 2Q FY2008 |
| | From April 1, 2008 to September 30, 2008 |
| Net sales | 2,014,517 |
| Cost of sales | 1,874,488 |
| Gross profit | 140,028 |
| Selling, general and administrative expenses | 74,160 |
| Operating income | 65,868 |
| Non-operating income | |
| Interest income | 875 |
| Dividends income | 638 |
| Equity in earnings of affiliates | 3,455 |
| Other | 3,441 |
| Total non-operating income | 8,410 |
| Non-operating expenses | |
| Interest expenses | 5,406 |
| Foreign exchange losses | 2,559 |
| Other | 2,125 |
| Total non-operating expenses | 10,091 |
| Ordinary income | 64,188 |
| Extraordinary income | |
| Gain on sales of noncurrent assets | 6,455 |
| Gain on sales of investment securities | 129 |
| Total extraordinary income | 6,585 |
| Extraordinary loss | |
| Loss on disposal of noncurrent assets | 1,367 |
| Impairment loss | 635 |
| Total extraordinary losses | 2,002 |
| Income before income taxes and minority interests | 68,770 |
| Income taxes | 36,853 |
| Minority interests in income (loss) | 1,404 |
| Net income | 30,511 |

(3) Consolidated Statement of Cash Flows

| Item | (Unit: million yen) |
|--|--|
| | 2Q FY2008 From April 1, 2008 to September 30, 2008 |
| Net cash provided by (used in) operating activities | |
| Income before income taxes and minority interests | 68,770 |
| Depreciation and amortization | 17,074 |
| Amortization of goodwill | 29 |
| Loss (gain) on disposal of noncurrent assets | 1,367 |
| Impairment loss | 635 |
| Increase (decrease) in provision | -506 |
| Interest and dividends income | -1,513 |
| Interest expenses | 5,406 |
| Foreign exchange losses (gains) | 1,300 |
| Equity in (earnings) losses of affiliates | -3,455 |
| Loss (gain) on sales of noncurrent assets | -6,455 |
| Recovery of recoverable accounts under production sharing | 6,164 |
| Decrease (increase) in notes and accounts receivable-trade | -17,125 |
| Decrease (increase) in inventories | -134,686 |
| Increase (decrease) in notes and accounts payable-trade | 38,841 |
| Decrease (increase) in other current assets | -8,254 |
| Increase (decrease) in other current liabilities | 1,174 |
| Other, net | -1,348 |
| Subtotal | -32,581 |
| Interest and dividends income received | 4,022 |
| Interest expenses paid | -5,176 |
| Income taxes paid | -31,199 |
| Net cash provided by (used in) operating activities | -64,934 |
| Net cash provided by (used in) investment activities | |
| Purchase of property, plant and equipment | -31,371 |
| Proceeds from sales of property, plant and equipment | 9,445 |
| Purchase of investment securities | -1,174 |
| Payments for purchases of intangible fixed assets and long-term prepaid expenses | -5,341 |
| Decrease (increase) in short-term loans receivable | -929 |
| Other, net | -370 |
| Net cash provided by (used in) investment activities | -29,742 |
| Net cash provided by (used in) financing activities | |
| Net increase (decrease) in short-term loans payable | 120,112 |
| Proceeds from long-term loans payable | 46,130 |
| Repayment of long-term loans payable | -49,396 |
| Redemption of bonds | -1,500 |
| Cash dividends paid | -4,237 |
| Cash dividends paid to minority shareholders | -914 |
| Other, net | -12 |
| Net cash provided by (used in) financing activities | 110,182 |
| Effect of exchange rate change on cash and cash equivalents | -1,211 |
| Net increase (decrease) in cash and cash equivalents | 14,294 |
| Cash and cash equivalents at beginning of period | 82,674 |
| Cash and cash equivalents at end of period | 96,968 |

The Company has adopted the “Accounting Standard for Quarterly Financial Statements” (Corporate Accounting Standard No. 12) and the “Implementation Guidance for the Accounting Standard for Quarterly Financial Statements” (Corporate Accounting Standard Implementation Guidance No. 14), effective from the beginning of FY 2008.

The Company also develops consolidated financial statements for each quarter by following the “Rules for Quarterly Consolidated Financial Statements.”

(4)Notes to going concern

None

(5) Segment information

1. Business segment information

2Q FY2008 (From April 1, 2008 to September 30, 2008)

| | Petroleum (million yen) | Oil exploration and production (million yen) | Other (million yen) | Total (million yen) | Elimination or corporate (million yen) | Consolidated (million yen) |
|----------------------|----------------------------|--|------------------------|------------------------|--|-------------------------------|
| Net sales | | | | | | |
| (1)Outside customers | 1,967,339 | 24,410 | 22,766 | 2,014,517 | - | 2,014,517 |
| (2)Inter-segment | 409 | 23,523 | 22,226 | 46,160 | (46,160) | - |
| Total | 1,967,749 | 47,934 | 44,993 | 2,060,677 | (46,160) | 2,014,517 |
| Operating income | 36,190 | 29,588 | 900 | 66,679 | (810) | 65,868 |

- Note 1 The business segments are determined in accordance with the Company's internal business management policy.
- 2 Major products or details of each segment
- (1) Petroleum : gasoline, naphtha, kerosene, diesel fuel, heavy fuel oil, crude oil, lubricating oil, LP gas, asphalt, and various petrochemical products
- (2) Oil exploration & production: production, drilling and exploration of crude oil
- (3) Other: construction works, insurance agency, leasing, travel agency, etc.

2. Geographic segment information

2Q FY2008 (From April 1, 2008 to September 30, 2008)

| | Japan (million yen) | Other (million yen) | Total (million yen) | Elimination or corporate (million yen) | Consolidated (million yen) |
|----------------------|------------------------|------------------------|------------------------|--|-------------------------------|
| Net sales | | | | | |
| (1)Outside customers | 1,912,513 | 102,003 | 2,014,517 | - | 2,014,517 |
| (2)Inter-segment | 67,932 | 195,942 | 263,874 | (263,874) | - |
| Total | 1,980,445 | 297,946 | 2,278,391 | (263,874) | 2,014,517 |
| Operating income | 36,541 | 30,158 | 66,700 | (831) | 65,868 |

- Note 1 The method of division of countries or regions and major countries included
- (1) The method of division of countries or regions: geographic proximity
- (2) Countries included in the other area: Singapore, the US, UK, UAE, Qatar, and Australia

3. Overseas Sales

2Q FY2008 (From April 1, 2008 to September 30, 2008)

| | |
|--|-----------|
| I Overseas net sales (million yen) | 278,778 |
| II Consolidated net sales (million yen) | 2,014,517 |
| III Overseas net sales share of consolidated net sales (%) | 13.8 |

- Note 1 Countries and regions are segmented by geographical proximity but sales from each country/region are so small that such sales are combined together to be represented as "overseas net sales"
- 2 Major country and region from which sales are earned: Asia and North America
- 3 Overseas net sales refer to net sales from countries and regions where the Company and its subsidiaries do business apart from Japan.

(6) Notes to remarkable changes in Shareholders' Equity

2Q FY2008 (From April 1, 2008 to September 30, 2008)

None

[Reference]

Financial Statements for First Half FY2007

(1) Consolidated Statements of Income

(Unit: million yen)

| Item | 1H FY2007 From April 1, 2007 to September 30, 2007 |
|---|--|
| I Sales | 1,601,132 |
| II Cost of sales | 1,486,315 |
| Gross profit | 114,816 |
| III Selling, general and administrative expenses | 71,342 |
| Operating income | 43,474 |
| IV Non-operating income | (13,848) |
| Interest income | 886 |
| Dividends income | 1,328 |
| Rental income on fixed assets | 458 |
| Foreign currency exchange gains | 3,271 |
| Equity in earnings of affiliates | 4,906 |
| Other | 2,997 |
| V Non-operating expenses | (8,476) |
| Interest expenses | 5,919 |
| Other | 2,556 |
| Ordinary income | 48,847 |
| VI Extraordinary income | (6,531) |
| Gain on sale of property, plant and equipment | 3,252 |
| Gain on sale of investments in securities | 60 |
| Benefits from reversal of allowance for doubtful accounts | 184 |
| Gain on abolishment of retirement benefit plan | 3,007 |
| Other | 26 |
| VII Extraordinary loss | (3,037) |
| Loss on sale of property, plant and equipment | 73 |
| Loss on disposal of property, plant and equipment | 1,059 |
| Impairment loss | 1,893 |
| Other | 11 |
| Income before income taxes and minority interests | 52,341 |
| Income taxes-current | 21,447 |
| Income tax adjustments | 5,473 |
| Minority interests in income | 2,185 |
| Net income | 23,234 |

(2) Consolidated Statements of Cash Flows (First Half FY2007)

(Unit: million yen)

| Item | 1H FY2007 From April 1, 2007 to September 30, 2007 |
|--|--|
| I Cash flows from operating activities | |
| Income before income taxes and minority interests | 52,341 |
| Depreciation and amortization | 16,571 |
| Amortization of goodwill | 27 |
| Loss on disposal of fixed assets | 1,059 |
| Impairment loss | 1,893 |
| Interest and dividend income | -2,214 |
| Interest expenses | 5,919 |
| Loss (gain) on investments under equity method | -4,906 |
| Increase (decrease) in allowance for doubtful accounts | -644 |
| Increase (decrease) in other provision | 1,751 |
| Decrease(increase) in notes and accounts receivable | -28,509 |
| Recovery of recoverable accounts under production sharing | 4,450 |
| Decrease(increase) in inventories | -72,225 |
| Increase (decrease) in notes and accounts payable | 2,801 |
| Decrease(increase) in other current assets | -4,947 |
| Decrease(increase) in prepaid pension cost | -5,393 |
| Increase (decrease) in other current liabilities | 9,269 |
| Others | -3,753 |
| Subtotal | -26,511 |
| Interest and dividend income received | 2,895 |
| Interest expenses paid | -5,963 |
| Income taxes paid | -11,378 |
| Total | -40,957 |
| II Cash flows from investing activities | |
| Payments for purchases of marketable securities and investments in securities | -1,398 |
| Proceeds from sale of marketable securities and investments in securities | 543 |
| Payments for acquisition of property, plant & equipment | -15,787 |
| Payments for disposal of property, plant & equipment | -529 |
| Proceeds from sales of property, plant & equipment | 5,744 |
| Payment for acquisition of investment securities | -2,174 |
| Proceeds from sales of investment securities | 109 |
| Payments for purchases of intangible fixed assets and long-term prepaid expenses | -2,751 |
| Decrease (increase) of short-term loans receivable | 727 |
| Payments for long-term loans receivable | -322 |
| Proceeds from long-term loans receivable | 459 |
| Others | -3 |
| Total | -15,381 |
| III Cash flows from financing activities | |
| Increase (decrease) of short-term loans payable | 54,305 |
| Increase (decrease) of commercial papers | 17,000 |
| Repayments for long-term loans payable | -29,865 |
| Redemptions of bonds | -28,800 |
| Cash dividends paid | -3,357 |
| Others | -666 |
| Total | 8,615 |
| IV Effect of exchange rate change on cash and cash equivalents | 504 |
| V Net increase (decrease) in cash and cash equivalents | -47,219 |
| VI Cash and cash equivalents at beginning of period | 126,105 |
| VII Cash and cash equivalents from newly consolidated subsidiaries | 10 |
| VIII Cash and cash equivalents at end of period | 78,896 |

(3) Segment information

1. Business segment information

1H FY2007 (From April 1, 2007 to September 30, 2007)

| | Petroleum (million yen) | Oil exploration and production (million yen) | Other (million yen) | Total (million yen) | Elimination or corporate (million yen) | Consolidated (million yen) |
|----------------------|----------------------------|--|------------------------|------------------------|--|-------------------------------|
| Net sales | | | | | | |
| (1)Outside customers | 1,564,332 | 15,819 | 20,979 | 1,601,132 | - | 1,601,132 |
| (2)Inter-segment | 287 | 19,945 | 18,014 | 38,247 | (38,247) | - |
| Total | 1,564,620 | 35,765 | 38,993 | 1,639,379 | (38,247) | 1,601,132 |
| Operating expenses | 1,536,480 | 17,574 | 38,150 | 1,592,206 | (34,548) | 1,557,657 |
| Operating income | 28,139 | 18,191 | 843 | 47,173 | (3,698) | 43,474 |

- Note 1 The business segments are determined in accordance with the Company's internal business management policy.
- 2 Major products or details of each segment
- (1) Petroleum : gasoline, naphtha, kerosene, diesel fuel, heavy fuel oil, crude oil, lubricating oil, LP gas, asphalt, and various petrochemical products
- (2) Oil exploration & production: production, drilling and exploration of crude oil
- (3) Other: construction works, insurance agency, leasing, travel agency, etc.

2. Geographic segment information

1H FY2007 (From April 1, 2007 to September 30, 2007)

| | Japan (million yen) | Other (million yen) | Total (million yen) | Elimination or corporate (million yen) | Consolidated (million yen) |
|----------------------|------------------------|------------------------|------------------------|--|-------------------------------|
| Net sales | | | | | |
| (1)Outside customers | 1,548,953 | 52,178 | 1,601,132 | - | 1,601,132 |
| (2)Inter-segment | 46,483 | 176,205 | 222,688 | (222,688) | - |
| Total | 1,595,437 | 228,383 | 1,823,821 | (222,688) | 1,601,132 |
| Operating expenses | 1,566,406 | 210,336 | 1,776,743 | (219,086) | 1,557,657 |
| Operating income | 29,030 | 18,047 | 47,077 | (3,602) | 43,474 |

- Note 1 The method of division of countries or regions and major countries included
- (1) The method of division of countries or regions: geographic proximity
- (2) Countries included in the other area: Singapore, the US, UK, UAE, Qatar, and Australia

3. Overseas Sales

Overseas net sales of 1H FY2007 (From April 1, 2007 to September 30, 2007) accounted for less than 10% of consolidated net sales of the Group. Therefore, the amount of the overseas net sales and its share of consolidated net sales are not disclosed.