



November 5, 2013

## Overview of Business Results for the Second Quarter of Fiscal Year Ending March 2014 [Japanese Standard Form] (Consolidated)

Name of the Company: Cosmo Oil Co., Ltd. Shares traded: TSE and NSE  
 Company Code: 5007 URL <http://www.cosmo-oil.co.jp/>  
 Name of Representative: Keizo Morikawa (Title) President  
 Name of Person to contact: Masamichi Hamaguchi (Title) General Manager of Corporate Communication Dept. Phone: 03-3798-3180  
 Corporate Planning Unit  
 Scheduled date to file quarterly report: November 5, 2013 Dividend payment is to be started on: —  
 Availability of the Quarterly Financial Result Supplementary Information: Yes  
 Execution of the Quarterly Financial Result Presentation Meeting: Yes (for analysts and institutional investors)

Note: Figures less than 1 million are rounded down.

### 1. Consolidated Financial Results for the Second Quarter of Fiscal Year Ending March 2014 (For the period from April 1, 2013 to September 30, 2013)

#### (1) Consolidated operating results (cumulative total)

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

	Net sales		Operating income		Ordinary income		Net income for the second quarter	
	million yen	%	million yen	%	million yen	%	million yen	%
Second Quarter, FY2013	1,653,516	14.1	15,651	-	18,377	-	1,199	-
Second Quarter, FY2012	1,449,206	-0.3	-18,652	-	-21,660	-	-79,072	-

Note: Comprehensive income Second Quarter, FY2013: 8,053 million yen (-%) Second Quarter, FY2012: -79,774 million yen (-%)

	Net income per share for the second quarter	Diluted net income per share for the second quarter
	yen sen	yen sen
Second Quarter, FY2013	1.42	-
Second Quarter, FY2012	-93.35	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Net Worth ratio	Net assets per share
	million yen	million yen	%	yen sen
Second Quarter, FY2013	1,647,731	264,987	14.3	278.77
FY2012	1,743,492	256,932	13.2	272.07

[Reference] Net worth Second Quarter, FY2013: 236,131 million yen FY2012: 230,456 million yen

#### 2. Dividend Payment Results and Outlook

	Annual dividend per share total				
	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
FY2012	-	0.00	-	0.00	0.00
FY2013	-	0.00	-	-	-
FY2013 (outlook)	-	-	-	-	-

Note: Revision made in the forecast dividend as of the end of the current quarter from the previous announcement: No

#### 3. Consolidated Business Outlook for FY2013 (April 1, 2013 to March 31, 2014)

(% indicates change from the corresponding period of FY 2012)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
FY2013	3,560,000	12.4	52,000	-0.8	54,000	11.5	14,000	-	16.53

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

Notes to Consolidated Financial Statements

(1) Change in significant subsidiaries during the second quarter : No  
 Newly — (Name of Company) — Exception — (Name of Company) —

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

(3) Changes in Accounting Policies, Accounting Estimates and Restatements :  
 1. Changes in accounting policies due to revisions of accounting standards, etc. : No  
 2. Changes in accounting policies for reasons other than the Item 1 : No  
 3. Changes in accounting estimates : Yes  
 4. Restatements : No

(4) Total Number of Outstanding Shares (Ordinary shares)

1. Number of outstanding shares as of end of the period (including treasury stock)	Second Quarter, FY2013	847,705,087 shares	FY2012	847,705,087 shares
2. Number of shares of treasury stock as of end of the period	Second Quarter, FY2013	647,142 shares	FY2012	644,157 shares
3. Average Number of shares outstanding during the period (or the cumulative consolidated accounting period as the end of the current quarter)	Second Quarter, FY2013	847,059,418 shares	Second Quarter, FY2012	847,066,411 shares

Note: Information about quarterly review procedure execution :

This release on the overview of quarterly business results is outside the scope of the quarterly report review procedures under the Financial Instruments and Exchange Act in Japan but as of the day of the disclosure of this release, the quarterly report review procedures under the Financial Instruments and Exchange Act have been completed.

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

The consolidated business outlook, etc. for the full year of FY2013 is updated from the previous announcement made on May 14, 2013.

The forward-looking statements including the business outlook, etc. 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. As for details, please refer to the “(3)Explanation Concerning Information regarding Consolidated Business Outlook ”of the “1.Qualitative information about results for and at the end of the current quarter” on Page 2 of the Supporting data.

Supplementary information will be uploaded on the COSMO OIL website on November 5, 2013.



1. Qualitative information about results for and at the end of the current quarter

(1) Explanation Concerning Information regarding Consolidated Operating Results

Consolidated net sales for the first half of FY2013 were ¥1,653.5 billion (up ¥204.3 billion from the same period of FY2012), operating income ¥15.7 billion (operating loss ¥18.7 billion in the same period of FY2012), ordinary income ¥18.4 billion (ordinary loss ¥21.7 billion in the same period of FY2012) and net income for the period ¥1.2 billion (net loss ¥79.1 billion in the same period of FY2012).

The operating results for the first half of FY2013 by business segment are as follows:

- 1) In the petroleum business segment, higher crude oil prices increased net sales in value, while market conditions remained weak.  
As a result, the segment reported net sales of ¥1,625.1 billion for the first half of FY2013 (up ¥200.8 billion from the same period of FY2012) and segment loss of ¥10.6 billion (segment loss ¥37.7 billion in the same period of FY2012).
- 2) In the petrochemical business segment, an increase in the petrochemical product selling volume and a market recovery resulted in net sales of ¥14.9 billion for the first half of FY2013 (up ¥1.6 billion from the same period FY2012) and segment income of ¥2.6 billion (segment loss ¥2.2 billion billion in the same period of FY2012).
- 3) In the oil exploration and production business segment, a reduction in the selling volume resulted in net sales of ¥32.0 billion for the first half of FY2013 (down ¥2.1 billion from the same period of FY2012) and segment income of ¥22.8 billion (down ¥1.4 billion from the same period of FY2012).

(2) Explanation Concerning Information regarding Consolidated Financial Position

As for the Company's financial position on a consolidated basis as of the end of the first half of FY2013, total assets as of September 30, 2013 amounted to ¥1,647.7 billion, down ¥95.8 billion from March 31, 2013, the end of FY2012, mainly reflecting decreased accounts receivable-trade for a reduction selling volume and inventories.

Net assets as of September 30, 2013 amounted to ¥265.0 billion, up ¥8.1 billion from March 31, 2013, with a net worth ratio of 14.3%.

(3) Explanation Concerning Information regarding Consolidated Business Outlook

(Amendment to Business Outlook)

The consolidated business outlook for the full-year period of FY2013 is updated from the previous announcement on May 14, 2013 (with the assumptions including a crude oil price of US\$100/bbl. and an exchange rate of ¥100/US\$), as the full-year outlook is anticipated to be adversely impacted by weak product market conditions in the petroleum business and the reduced selling volume in the oil exploration and production business for the first half of FY2013. Therefore, the revised outlook includes net sales of ¥3,560.0 billion (up ¥10.0 billion from the previous announcement), operating income of ¥52.0 billion (down ¥12.0 billion), ordinary income of ¥54.0 billion (down ¥7.0 billion) and net income of ¥14.0 billion (down ¥2.0 billion). This business outlook is based on the assumptions of a crude oil price at US\$104.9/bbl and an exchange rate at ¥98.9/US\$ for the full year of FY2013 (from April 1, 2013 to March 31, 2014).

2. Information about the summary of business results (Notes to Consolidated Financial Statements)

(1) Change in significant subsidiaries during the current accounting period:

None

(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 current quarter.

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

(3) Changes in Accounting Policies, Accounting Estimates and Restatements:

Changes in Accounting Estimates

(Change of the Number of Years of Useful Life)

Out of the property, plant and equipment of the oil refineries owned by the Company, the number of years for useful life of the machinery and equipment, structures and oil storage depots were conventionally calculated based on the criteria defined under the Corporation Tax Law of Japan. However, by taking the opportunity of the Company’s decision made in August 2012 to close the Sakaide Refinery in July 2013 in order to rebuild its supply system, and as a result of a precise review on how the existing refineries have been used, the Company changed the number of years for useful life of each of these assets to the number of years for an economic usable life that better reflects the actual status of its use, effective from the beginning of the first quarter of FY2013 and beyond.

This change reduced depreciation expenses for the first half of FY2013 by ¥4,990 million as compared with the conventional method, operating income, ordinary income and income before taxes were increased by ¥4,393 million.

The impact brought by this change to the segment information is stated in relevant sections.

## 3. Consolidated Financial Statements

## (1) Consolidated Balance Sheet

(Unit: million yen)

	FY2012 (As of March 31, 2013)	2Q FY2013 (As of September 30, 2013)
<b>Assets</b>		
Current assets		
Cash and deposits	130,264	147,258
Notes and accounts receivable-trade	282,889	192,137
Short-term investment securities	512	1,521
Merchandise and finished goods	248,524	280,576
Work in process	998	1,241
Raw materials and supplies	242,378	170,341
Other	61,915	73,762
Allowance for doubtful accounts	-334	-220
Total current assets	967,148	866,619
Noncurrent assets		
Property, plant and equipment		
Land	304,495	304,120
Other, net	278,214	275,916
Total property, plant and equipment	582,709	580,036
Intangible assets	51,518	50,742
Investments and other assets		
Other	142,200	150,146
Allowance for doubtful accounts	-613	-441
Total investments and other assets	141,586	149,704
Total noncurrent assets	775,814	780,483
Deferred assets		
Bond issuance cost	529	629
Total deferred assets	529	629
Total assets	1,743,492	1,647,731
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	277,934	248,659
Short-term loans payable	277,429	258,421
Current portion of bonds	1,680	1,680
Accounts payable-other	221,700	150,653
Income taxes payable	10,175	3,918
Provision	8,417	5,896
Other	19,273	19,511
Total current liabilities	816,611	688,741
Noncurrent liabilities		
Bonds payable	74,480	83,640
Long-term loans payable	489,299	502,951
Provision	25,526	24,314
Other	80,642	83,097
Total noncurrent liabilities	669,948	694,003
Total liabilities	1,486,559	1,382,744

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(Unit: million yen)

	FY2012 (As of March 31, 2013)	2Q FY2013 (As of September 30, 2013)
Net assets		
Shareholders' equity		
Capital stock	107,246	107,246
Capital surplus	89,440	16,967
Retained earnings	10,531	84,206
Treasury stock	-140	-141
Total shareholders' equity	207,078	208,279
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,770	6,157
Deferred gains or losses on hedges	1,422	1,169
Revaluation reserve for land	19,037	19,034
Foreign currency translation adjustment	-851	1,490
Total accumulated other comprehensive income	23,378	27,852
Minority interests	26,475	28,855
Total net assets	256,932	264,987
Total liabilities and net assets	1,743,492	1,647,731

(2) Consolidated Statements of Income and Comprehensive Income  
 (Consolidated Statements of Income)  
 (Consolidated the first half of FY2013 statements of income)

(Unit: million yen)

	2Q FY2012 (From April 1, 2012 to September 30, 2012)	2Q FY2013 (From April 1, 2013 to September 30, 2013)
Net sales	1,449,206	1,653,516
Cost of sales	1,408,868	1,577,182
Gross profit	40,337	76,333
Selling, general and administrative expenses	58,990	60,681
Operating income(loss)	-18,652	15,651
Non-operating income		
Interest income	109	105
Dividends income	507	532
Foreign exchange gains	2,044	1,246
Equity in earnings of affiliates	174	5,887
Other	2,819	2,858
Total non-operating income	5,655	10,630
Non-operating expenses		
Interest expenses	6,164	6,479
Other	2,499	1,425
Total non-operating expenses	8,664	7,905
Ordinary income(loss)	-21,660	18,377
Extraordinary income		
Gain on sales of noncurrent assets	801	94
Insurance income	360	1,158
Total extraordinary income	1,162	1,252
Extraordinary loss		
Loss on sales of noncurrent assets	64	18
Loss on disposal of noncurrent assets	1,222	1,104
Impairment loss	540	288
Loss on valuation of investment securities	1,110	—
Loss on accident of asphalt leakage	7,594	—
Business structure improvement expenses	2,013	—
Loss on recoverable accounts under production sharing	1,144	—
Total extraordinary losses	13,689	1,411
Income (loss) before income taxes and minority interests	-34,188	18,219
Income taxes	42,522	14,662
Income (loss) before minority interests	-76,710	3,557
Minority interests in income	2,362	2,357
Net income (loss)	-79,072	1,199



(Consolidated Statements of Comprehensive Income)

(Consolidated the first half of FY2013 statements of Comprehensive Income)

(Unit: million yen)

	2Q FY2012 (From April 1, 2012 to September 30, 2012)	2Q FY2013 (From April 1, 2013 to September 30, 2013)
Income (loss) before minority interests	-76,710	3,557
Other comprehensive income		
Valuation difference on available-for-sale securities	-1,033	2,159
Deferred gains or losses on hedges	-1,550	-306
Foreign currency translation adjustment	-426	957
Share of other comprehensive income of associates accounted for using equity method	-53	1,686
Total other comprehensive income	-3,064	4,496
Comprehensive income	-79,774	8,053
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	-82,138	5,675
Comprehensive income attributable to minority interests	2,363	2,377

## (3) Consolidated Statement of Cash Flows

(Unit: million yen)

	2Q FY2012 From April 1, 2012 to September 30, 2012	2Q FY2013 From April 1, 2013 to September 30, 2013
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	-34,188	18,219
Depreciation and amortization	18,430	14,866
Amortization of goodwill	—	365
Amortization of negative goodwill	-649	-628
Loss (gain) on disposal of noncurrent assets	1,222	1,104
Impairment loss	540	288
Loss on recoverable accounts under production sharing	1,144	—
Business structure improvement expenses	2,013	—
Loss on accident of asphalt leakage	7,594	—
Insurance income	-360	-1,158
Loss (gain) on valuation of investment securities	1,110	—
Increase (decrease) in provision	258	192
Interest and dividends income	-616	-637
Interest expenses	6,164	6,479
Foreign exchange losses (gains)	-769	-628
Equity in (earnings) losses of affiliates	-174	-5,887
Loss (gain) on sales of noncurrent assets	-737	-76
Recovery of recoverable accounts under production sharing	3,421	3,431
Decrease (increase) in notes and accounts receivable-trade	72,181	90,751
Decrease (increase) in inventories	26,191	41,526
Increase (decrease) in notes and accounts payable-trade	-87,090	-29,274
Decrease (increase) in other current assets	-4,701	-12,496
Increase (decrease) in other current liabilities	-11,009	-62,903
Other, net	911	-133
Subtotal	887	63,398
Interest and dividends income received	936	917
Interest expenses paid	-6,452	-6,472
Payments for loss on disaster	-4,379	-93
Payments for loss on accident of asphalt leakage	-4,627	—
Payments for business structure improvement expenses	—	-1,311
Proceeds from insurance income	1,687	1,181
Income taxes (paid) refund	-16,322	-18,085
Net cash provided by (used in) operating activities	-28,270	39,533
Net cash provided by (used in) investing activities		
Purchase of investment securities	-185	-119
Proceeds from sales and redemption of investment securities	580	20
Purchase of stocks of subsidiaries and affiliates	-3,807	-0
Proceeds from sales of stocks of subsidiaries and affiliates	48	—
Purchase of property, plant and equipment	-15,565	-12,719
Payments for disposal of property, plant and equipment	-806	-956
Proceeds from sales of property, plant and equipment	2,129	317
Payments for purchases of intangible fixed assets and long-term prepaid expenses	-2,578	-14,039
Decrease (increase) in short-term loans receivable	-170	-305
Proceeds from withdrawal of time deposits	—	1,096
Payments into time deposits	-14,489	-7,637
Other, net	97	23
Net cash provided by (used in) investing activities	-34,747	-34,321

(Unit: million yen)

	2Q FY2012 From April 1, 2012 to September 30, 2012	2Q FY2013 From April 1, 2013 to September 30, 2013
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	58,678	-9,362
Proceeds from long-term loans payable	18,000	23,710
Repayment of long-term loans payable	-26,327	-21,253
Proceeds from issuance of bonds	19,631	9,843
Redemption of bonds	—	-840
Cash dividends paid	-6,779	—
Cash dividends paid to minority shareholders	-8	-9
Proceeds from stock issuance to minority shareholders	—	13
Other, net	-68	-95
Net cash provided by (used in) financing activities	63,125	2,005
Effect of exchange rate change on cash and cash equivalents	1,321	4,042
Net increase (decrease) in cash and cash equivalents	1,428	11,260
Cash and cash equivalents at beginning of period	122,431	129,699
Cash and cash equivalents at end of period	123,859	140,959

## (4)Notes to Quarterly Consolidated Financial Statements

(Notes to going concern)

None

## (Notes to remarkable changes in Shareholders' Equity)

Based on the resolution adopted at the 107th Ordinary General Meeting of Shareholders held on June 25, 2013, the Company reduced legal capital surplus by ¥72,472 million and legal retained earnings by ¥7,407 million to get transferred to other capital surplus and retained earnings brought forward, respectively, while the amount of ¥72,472 million was transferred from other capital surplus to retained earnings brought forward to compensate a deficit in retained earnings brought forward.

As a result, capital surplus were reduced by ¥72,472 million and retained earnings were increased by ¥72,472 million on a consolidated basis during the first quarter of FY2013.

## (Segment Information)

2Q FY2012 (From April 1, 2012 to September 30, 2012)

Information about net sales and income or loss amounts by segment reported

(Unit: million yen)

	Petroleum	Petrochemical	Oil exploration and production	Other Note : 1	Adjustments Note : 2	Consolidated Note : 3
Net sales						
Outside customers	1,413,141	5,254	21,635	9,174	—	1,449,206
Inter-segment	11,146	8,016	12,457	24,170	-55,790	—
Total	1,424,287	13,271	34,092	33,345	-55,790	1,449,206
Segment Income (Loss)	-37,661	-2,217	24,209	842	-6,833	-21,660

Note 1 "Other" is segment of non-classified, including construction works, insurance agency, leasing, travel agency and wind power generation, etc.

2 Segment Income (Loss) in "Adjustments" -6,833 million yen includes -1,177 million yen for internal eliminations, -5,559 million yen for inventory adjustments and -94 million yen for adjustment of fixed assets.

3 Segment Income (Loss) is adjusted to ordinary loss of Consolidated quarterly statements of income.

2Q FY2013 (From April 1, 2013 to September 30, 2013)

1 Information about net sales and income or loss amounts by segment reported

(Unit: million yen)

	Petroleum	Petrochemical	Oil exploration and production	Other Note : 1	Adjustments Note : 2	Consolidated Note : 3
Net sales						
Outside customers	1,611,093	6,766	25,585	10,070	—	1,653,516
Inter-segment	13,982	8,157	6,428	23,300	-51,868	—
Total	1,625,076	14,923	32,014	33,370	-51,868	1,653,516
Segment Income (Loss)	-10,573	2,582	22,791	2,401	1,175	18,377

Note 1 "Other" is segment of non-classified, including construction works, insurance agency, leasing, travel agency and wind power generation, etc.

2 Segment Income (Loss) in "Adjustments" 1,175 million yen includes -39 million yen for internal eliminations, 2,078 million yen for inventory adjustments and -854 million yen for adjustment of fixed assets.

3 Segment Income (Loss) is adjusted to ordinary income of Consolidated quarterly statements of income.

2 Matters related to changes in segment reported, etc.

(Change of the Number of Years of Useful Life)

As described in "Changes in Accounting Estimates", Out of the property, plant and equipment of the oil refineries owned by the Company, the number of years for useful life of the machinery and equipment, structures and oil storage depots were conventionally calculated based on the criteria defined under the Corporation Tax Law of Japan. However, by taking the opportunity of the Company's decision made in August 2012 to close the Sakaide Refinery in July 2013 in order to rebuild its supply system, and as a result of a precise review on how the existing refineries have been used, the Company changed the number of years for useful life of each of these assets to the number of years for an economic usable life that better reflects the actual status of its use, effective from the beginning of the first quarter of FY2013 and beyond.

This change reduced Petroleum business segment loss for the first half of FY2013 by ¥4,681 million as compared with the conventional method.