



Overview of Business Results for First Quarter of Fiscal Year Ending March 2006 (Consolidated)

Name of the Company: Cosmo Oil Co., Ltd.

(Company Code Number: 5007 Share traded: TSE, OSE, and NSE)

(URL <http://www.cosmo-oil.co.jp>)

Phone: 03-3798-3101

Name of Representative: Yaichi Kimura, President

Name of Person to contact: Kuniharu Akamatsu, General Manager of Corporate
Communication Dept.

1. Important basis of presenting the consolidated quarterly report
 - 1) Adoption of convenient method in accounting: Adopted
Details: Some parts of calculation of income taxes are based on the convenient method.
 - 2) Change in accounting method since the latest fiscal year: None
 - 3) Change in numbers of consolidated subsidiaries and equity method applied companies: Adopted
Details: Consolidation (newly included): 1
2. Summary of consolidated financial results for First Quarter of FY2005 (For the period from April 1, 2005 to June 30, 2005)

(1) Consolidated operating results

Note: Figures less than 1 million are rounded off.

	Net sales		Operating income		Ordinary income		Net income for the first quarter	
	million yen	%	million yen	%	million yen	%	million yen	%
First Quarter, FY2005	577,240	20.4	21,606	141.0	23,225	205.0	12,751	213.3
First Quarter, FY2004	479,445	2.5	8,965	–	7,614	–	4,070	–
FY2004(For reference)	2,154,558		65,698		63,175		26,414	

	Net income for the quarter per share		Net income for the quarter per share, fully diluted	
	yen	sen	yen	sen
First quarter, FY2005	20.20		–	
First quarter, FY2004	6.45		6.30	
FY2004 (For reference)	41.73		–	

Note: Figures in percentage in net sales and operating income indicate percentage of changes on year-to-year basis. In addition, as for data for the first quarter of FY2004, changes from the preceding year are not indicated except net sales.

[Qualitative Information regarding Consolidated Operating Business]

Japanese economy during the first quarter (ended June 30, 2005) steadily grew, assisted by brisk exports bound to East Asia and the U.S., and the recovery trend in domestic corporate performance. Under such circumstances, domestic demand for oil products rose, due partly to increasing demand for naphtha and three middle distillates such as kerosene, diesel oil and heavy fuel oil A. Cosmo Oil's non-consolidated sales volume during the first quarter were 10.5 million KL, an increase of 104.9% compared with the same term of the preceding year. Market prices of oil products, amidst skyrocketing crude oil price against globally tightened supply-demand conditions, could not form reasonable market prices in parallel with higher crude oil price, in spite of efforts to shift higher costs to consumer prices.

On the other hand, the Company's non-consolidated net sales for the first quarter were 520.6 billion yen. Non-consolidated ordinary income and net income for the first quarter were 15.6 billion yen and 9.3 billion yen respectively, assisted by reduced cost of sales due to effect from inventory valuation under the gross average method. Each consolidated subsidiaries' business performance generally showed steady growth. As a result, consolidated net sales for the first quarter of fiscal 2005 were 577.2 billion yen. Ordinary income and net income for three months ended June 2005 were 23.2 billion and 12.8 billion yen respectively.

(2) Consolidated financial position

	Total assets	Shareholders' equity	Shareholders' Equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen sen
First Quarter, FY2005	1,400,886	237,653	17.0	376.51
First Quarter, FY2004	1,229,493	207,327	16.9	328.43
FY2004 (For reference)	1,323,149	227,896	17.2	360.93

Consolidated Cash Flows

	CF from operating activities	CF from investment activities	CF from financing activities	Cash and cash equivalents at end of first quarter
	million yen	million yen	million yen	million yen
First Quarter, FY2005	-36,620	-22,114	83,686	63,265
First Quarter, FY2004	-73,269	-4,914	25,796	52,047
FY2004 (For reference)	40,493	-36,577	-70,163	38,061

[Qualitative Information regarding Consolidated Financial Position]

Total assets as of the end of the first quarter of the fiscal year 2005 increased by 77.7 billion yen compared to the end of the previous fiscal year to 1,400.9 billion yen. This was due mainly to 1) increased inventories caused by hiked crude oil price, and 2) increase of cash and deposits caused mainly because amounts of gasoline excise and petroleum tax were not paid at the first quarter closing day (due date) as the day fell on a holiday (those amounts were paid at the beginning of this second quarter).

Total liabilities as of the end of the first quarter were 1,145.3 billion yen, a increase of 68.0 billion yen from the end of the preceding year. This increase was caused by a increase of long and short-term debt and increase of accounts payable including gasoline excise payable and petroleum tax payable for the same reason as for the case of cash and deposits.

Shareholders' equity stood at 237.7 billion yen, an increase of 9.8 billion yen from the end of the previous fiscal year and shareholders' equity ratio was 17.0%. As for consolidated cash flow, net cash from operating activities resulted in an outflow of cash of 36.6 billion yen, due to the increased inventories caused by higher crude oil price. Net cash used in investing activities resulted in an outflow of 22.1 billion yen due to acquisition of securities etc. Net cash from financing activities resulted in an inflow of 83.7 billion yen due to increase of debts. In summary, total cash balance as of the end of the first quarter were 63.3 billion yen, a increase of 25.2 billion yen from the end of the preceding year.

[Reference 1]

Non-consolidated Business Results for First Quarter, FY2005 (For the period from April 1, 2005 to June 30, 2005)

(1) Non-consolidated Operating Results

Note: Figures less than 1 million are rounded off.

	Net sales		Operating income		Ordinary income		Net income for the first quarter	
	million yen	%	million yen	%	million yen	%	million yen	%
First Quarter, FY2005	520,573	25.3	16,232	163.5	15,574	244.1	9,292	224.6
First Quarter, FY2004	415,389	—	6,159	—	4,526	—	2,862	—
FY2004 (For reference)	1,964,962		47,369		41,736		13,705	

	Net income for first quarter per share		Net income for first quarter per share, fully diluted	
	yen	sen	yen	sen
First Quarter, FY2005		14.71		—
First Quarter, FY2004		4.53		4.44
FY2004 (For reference)		21.59		

(2) Non-consolidated Financial Position

	Total assets	Shareholders' equity	Shareholders' Equity ratio	Shareholders' equity per share	
	million yen	million yen	%	yen	sen
First Quarter, FY2005	1,239,165	187,166	15.1	296.36	
First Quarter, FY2004	1,080,427	171,446	15.9	271.45	
FY2004 (For reference)	1,163,543	181,268	15.6	286.91	

3. Business Outlook for FY2005 ending March 2006

(1) Consolidated Interim Business Outlook (For the period from April 1, 2005 to September 30, 2005)

	Estimated Net sales	Estimated Ordinary income	Estimated Net income for the first half
	million yen	million yen	million yen
Latest outlook (A)	1,190,000	41,000	19,500
Previously publicized outlook (B)	1,030,000	26,000	11,000
Change (A-B)	160,000	15,000	8,500
Rate of change (%)	15.5%	57.7%	77.3%

[Qualitative Information regarding Business Outlook]

With substantial hike of crude oil price from that in the previous business outlook publicized on May 17, 2005, the Company revised the consolidated and non-consolidated interim business outlook. Major factors for the latest revision of the interim forecasts are estimated reduced cost of sales due to effect from inventory valuation and the prospects for improving operating results of the consolidated subsidiaries including oil resource development subsidiaries. In addition, this latest business outlook are based on the following assumptions:

1) Crude oil price during the second quarter, FY2005: \$51.0 per 1 bbl, on FOB basis, and 2) Foreign exchange rate during the 2nd quarter: ¥110.0 per \$1. As for the consolidated and non-consolidated business outlook for FY2005, the Company is reviewing them closely, taking consideration of variable factors including supply-demand movement, and fluctuation in crude oil price and foreign exchange rate in the future. However, at present, there are no changes in the forecast and business outlook for FY2005 (publicized on May 17, 2005). The dividends plan for FY2005, ¥3 per share for the interim dividend and ¥5 per share for year-end dividend, is also left unchanged from those initially publicized on May 17, 2005.

[Reference 2]

Business Outlook for FY2005 ending March 2006

(1) Non-consolidated Interim Business Outlook (For the period from April 1, 2005 to September 30, 2005)

	Estimated Net sales	Estimated Ordinary income	Estimated Net income for the first half
	million yen	million yen	million yen
Latest outlook (A)	1,090,000	24,000	13,500
Previously publicized outlook (B)	930,000	8,500	4,000
Change (A-B)	160,000	15,500	9,500
Rate of change (%)	17.2%	182.4%	237.5%

Notes: The forecast and business outlook for FY2005 are based on data and information available as of the date of publication. However, actual results may differ materially from the forecasts due to effects from various factors.

Appendix

1. Consolidated Balance Sheet

(Unit: million yen)

Item	First Quarter, FY2005 (As of June 30, 2005)	FY2004 (As of March 31, 2005)	Change	First Quarter, FY2004 (As of June 30, 2004)
Assets:				
I. Current assets	(668,125)	(611,213)	(56,912)	(530,673)
Cash and deposits	59,242	28,987	30,255	47,478
Notes and accounts receivable, trade	196,848	192,295	4,553	178,338
Marketable securities	2,026	5,896	-3,870	8,486
Inventories	277,225	233,076	44,149	202,454
Others	132,782	150,957	-18,175	93,914
II. Fixed Assets	(732,760)	(711,935)	(20,825)	(698,820)
Tangible fixed assets	555,013	557,233	-2,220	559,695
Intangible fixed assets	13,633	14,419	-786	12,473
Investment and other assets	164,112	140,282	23,830	126,651
Total assets	1,400,886	1,323,149	77,737	1,229,493
Liabilities:				
I. Current liabilities	(739,340)	(692,620)	(46,720)	(600,355)
Notes and accounts payable, trade	237,912	279,154	-41,242	186,903
Short-term loans	222,401	150,113	72,288	227,650
Current maturities of bonds to be redeemed	20,200	21,500	-1,300	2,800
Current maturities of convertible bonds to be redeemed	—	—	—	16,523
Accrued payable	193,410	165,135	28,275	131,520
Others	65,416	76,716	-11,300	34,958
II. Long-term liabilities	(406,008)	(384,687)	(21,321)	(397,013)
Bonds	34,300	35,800	-1,500	54,500
Long-term debt	308,248	290,390	17,858	286,042
Others	63,460	58,496	4,964	56,470
Total Liabilities	1,145,349	1,077,307	68,042	997,368
Minority interests	17,883	17,944	-61	24,796
Shareholders' equity:				
I. Common stocks	51,886	51,886	—	51,886
II. Capital surplus	34,093	34,093	—	34,092
III. Retained earnings	124,426	115,161	9,265	99,386
IV. Revaluation reserve for land	20,334	20,076	258	16,112
V. Net unrealized holding gains (losses) on securities	8,009	7,862	147	7,026
VI. Foreign currency translation adjustments	-1,014	-1,104	90	-1,111
VII. Less treasury stock	-83	-78	-5	-66
Total shareholders' equity	237,653	227,896	9,757	207,327
Total liabilities, minority interest in consolidated companies and shareholders' equity	1,400,886	1,323,149	77,737	1,229,493

2. Consolidated Statements of Operations

(Unit: million yen)

Item	First Quarter, FY2005 (For the period from April 1, 2005 to June 30, 2005)	First Quarter, FY2004 (For the period from April 1, 2004 to June 30,2004)	Change	FY2004 (For the period from April 1, 2004 to March 31, 2005)
I. Net sales	577,240	479,445	97,795	2,154,558
II. Cost of sales	522,990	436,909	86,081	1,956,159
Gross profit	54,250	42,536	11,714	198,399
III. Selling, general and administrative expenses	32,644	33,570	-926	132,701
Operating income	21,606	8,965	12,641	65,698
IV. Non-operating income	5,002	3,092	1,910	14,937
Interest and dividends income	(801)	(1,080)	(-279)	(2,333)
Foreign currency exchange gains	(446)	(-)	(446)	(-)
Equity in earnings of affiliates	(2,445)	(867)	(1,578)	(5,508)
Others	(1,308)	(1,144)	(164)	(7,095)
V. Non-operating expenses	3,383	4,443	-1,060	17,459
Interest expenses	(2,736)	(2,873)	(-137)	(11,483)
Foreign currency exchange losses	(-)	(970)	(-970)	(648)
Others	(647)	(600)	(47)	(5,326)
Ordinary income	23,225	7,614	15,611	63,175
VI. Extraordinary income	118	156	-38	3,437
VII. Extraordinary losses	480	719	-239	19,080
Net income before income taxes for the first quarter	22,863	7,050	15,813	47,532
Income taxes	9,700	2,587	7,113	20,792
Minority interests	411	393	18	325
Net income for the first quarter	12,751	4,070	8,681	26,414

3. Consolidated Statements of Cash Flows

(Unit: million yen)

Item	First Quarter, FY2005 (For the period from April 1, 2005 to June 30, 2005)	First Quarter, FY2004 (For the period from April 1, 2004 to June 30,2004)	FY2004 (For the period from April 1, 2004 to March 31, 2005)
I. Cash flows from operating activities			
Income before income taxes for the first quarter	22,863	7,050	47,532
Depreciation and amortization	7,059	6,215	24,927
Interest and dividends income	-801	-1,080	-2,333
Interest expenses	2,736	2,873	11,483
Decrease (increase) in notes and accounts receivable-trade	-4,553	2,348	-9,374
Decrease (increase) in inventories	-44,148	-25,565	-55,233
Increase (decrease) in notes and accounts payable-trade	-41,241	334	92,504
Others	43,660	-58,707	-47,576
Sub-total	-14,424	-66,529	61,930
Balance between interest received and interest paid, and dividends received	-751	-1,412	-8,341
Income taxes paid	-21,444	-5,327	-13,095
Net cash provided by (used in) operating activities	-36,620	-73,269	40,493
II. Cash flows from investing activities			
Payment or proceeds for sale or acquisition of fixed assets	-2,806	-3,733	-21,406
Payment or proceeds for loan	805	-693	-4,115
Payment or proceeds for sale or acquisition of marketable securities	-20,113	-487	-11,054
Net cash used in investing activities	-22,114	-4,914	-36,577
III. Cash flows from financing activities			
Increase of short-term loans and long-term debts	90,190	28,245	-49,206
Increase (decrease) of bonds and convertible bonds	-2,800	-	-16,523
Cash dividends paid	-3,157	-1,894	-3,789
Others	-545	-553	-644
Net cash provided by (used in) financing activities	83,686	25,796	-70,163
IV. Effect of exchange rate changes on cash and cash equivalents	152	-84	-211
V. Net increase (decrease) in cash and cash equivalents (I+ II + III + IV)	25,104	-52,472	-66,458
VI. Cash and cash equivalents at beginning of the first quarter (the financial year)	38,061	104,520	104,520
VII. Cash and cash equivalents from newly consolidated subsidiaries	100	-	-
VIII. Cash and cash equivalents at end of the first quarter (the financial year)	63,265	52,047	38,061

Segment Information

1. Business segment information

First Quarter, FY2005 (For the period from April 1, 2005 to June 30, 2005)

(Unit: million yen)

	Petroleum	Oil resource development	Others	Total	Elimination or corporate	Consolidated
Net sales						
(1) Outside customers	564,691	4,348	8,200	577,240	–	577,240
(2) Inter-segment	141	6,966	6,391	13,500	(13,500)	–
Total	564,833	11,315	14,592	590,741	(13,500)	577,240
Operating expenses	546,474	4,702	14,617	565,794	(10,159)	555,634
Operating income (loss)	18,359	6,612	-25	24,946	(3,340)	21,606

FY2004 (For the period from April 1, 2004 to March 31, 2005)

(Unit: million yen)

	Petroleum	Oil resource development	Others	Total	Elimination or corporate	Consolidated
Net sales						
(1) Outside customers	2,104,736	11,543	38,278	2,154,558	–	2,154,558
(2) Inter-segment	520	25,359	44,727	70,606	(70,606)	–
Total	2,105,256	36,902	83,006	2,225,165	(70,606)	2,154,558
Operating expenses	2,050,523	24,941	83,062	2,158,527	(69,666)	2,088,860
Operating income (loss)	54,733	11,961	-56	66,638	(940)	65,698

Notes: 1. Business segments are those adopted in interior management.

2. Major products or details of each segment

(1) Petroleum business: gasoline, naphtha, kerosene, diesel oil, heavy fuel oil, crude oil, lubricant, LG gas, asphalt, and various petrochemical products

(2) Oil resource development business: production, drilling and exploration of crude oil

(3) Others business: construction works, insurance agency, leasing, travel agency, etc.

2. Geographic segment information

First Quarter, FY2005 (For the period from April 1, 2005 to June 30, 2005)

(Unit: million yen)

	Japan	Other	Total	Elimination or corporate	Consolidated
Net sales					
(1) Outside customers	569,517	7,723	577,240	–	577,240
(2) Inter-segment	2,605	58,974	61,580	(61,580)	–
Total	572,122	66,698	638,821	(61,580)	577,240
Operating expenses	553,774	60,031	613,805	(58,170)	555,634
Operating income (loss)	18,348	6,667	25,015	(3,409)	21,606

FY2004 (For the period from April 1, 2004 to March 31, 2005)

(Unit: million yen)

	Japan	Other	Total	Elimination or corporate	Consolidated
Net sales					
(1) Outside customers	2,121,279	33,279	2,154,558	–	2,154,558
(2) Inter-segment	12,266	203,122	215,389	(215,389)	–
Total	2,133,545	236,402	2,369,947	(215,389)	2,154,558
Operating expenses	2,079,013	224,421	2,303,434	(214,573)	2,088,860
Operating income (loss)	54,532	11,980	66,513	(815)	65,698

Note: 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 region: Singapore, the U.S., UK, UAE, Qatar, and Australia

Appendix

4. Non-consolidated Balance Sheet

(Unit: million yen)

Item	First Quarter, FY2005 (As of June 30, 2005)	FY2004 (As of March 31, 2005)	Change	First Quarter, FY2004 (As of June 30, 2004)
Assets:				
I. Current assets	(612,338)	(554,122)	(58,216)	(467,455)
Cash and deposits	35,973	11,463	24,510	24,417
Notes and accounts receivable, trade	155,983	159,410	-3,427	139,606
Marketable securities	11	11	-	11
Inventories	255,160	210,571	44,589	177,097
Others	165,209	172,665	-7,456	126,321
II. Fixed Assets	(626,826)	(609,421)	(17,405)	(612,972)
Tangible fixed assets	460,170	462,457	-2,287	471,574
Intangible fixed assets	5,860	6,310	-450	6,556
Investment and other assets	160,795	140,653	20,142	134,842
Total assets	1,239,165	1,163,543	75,622	1,080,427
Liabilities:				
I. Current liabilities	(680,200)	(625,595)	(54,605)	(534,284)
Accounts payable, trade	220,629	242,168	-21,539	174,178
Short-term loans	181,914	119,834	62,080	169,502
Current maturities of bonds to be redeemed	20,200	21,500	-1,300	2,800
Current maturities of convertible bonds to be redeemed	-	-	-	16,523
Accrued payable	201,392	169,050	32,342	137,176
Others	56,063	73,041	-16,978	34,103
II. Long-term liabilities	(371,799)	(356,680)	(15,119)	(374,697)
Bonds	34,300	35,800	-1,500	54,500
Long-term debts	300,865	283,625	17,240	282,429
Others	36,633	37,254	-621	37,767
Total liabilities	1,051,999	982,275	69,724	908,981
Shareholders' equity:				
I. Common stocks	51,886	51,886	-	51,886
II. Capital surplus	34,093	34,093	-	34,092
III. Retained earnings	77,901	72,092	5,809	67,184
IV. Revaluation reserve for land	17,220	16,963	257	12,923
V. Net unrealized holding gains (losses) on securities	6,098	6,265	-167	5,378
VI. Less treasury stock	-35	-32	-3	-19
Total shareholders' equity	187,166	181,268	5,898	171,446
Total liabilities and shareholders' equity	1,236,165	1,163,543	75,622	1,080,427

5. Non-consolidated Statements of Operations

(Unit: million yen)

Item	First Quarter, FY2005 (For the period from April 1, 2005 to June 30, 2005)	First Quarter, FY2004 (For the period from April 1, 2004 to June 30,2004)	change	FY2004 (For reference) (for the period from April 1, 2004 to March 31, 2005)
I. Net sales	520,573	415,389	105,184	1,964,962
II. Cost of sales	484,250	387,329	96,921	1,831,759
Gross profit	36,323	28,060	8,263	133,203
III. Selling, general and administrative expenses	20,090	21,900	-1,810	85,833
Operating income	16,232	6,159	10,073	47,369
IV. Non-operating income	2,603	2,540	63	10,643
Interest and dividends income	(1,545)	(1,680)	(-135)	(4,387)
Foreign currency exchange gains	(145)	(-)	(145)	(-)
Others	(913)	(860)	(53)	(6,256)
V. Non-operating expenses	3,262	4,174	-912	16,276
Interest expenses	(2,671)	(2,737)	(-66)	(11,073)
Foreign currency exchange losses	(-)	(939)	(-939)	(283)
Others	(591)	(497)	(94)	(4,919)
Ordinary income	15,574	4,526	11,048	41,736
VI. Extraordinary income	25	30	-5	3,140
VII. Extraordinary losses	381	461	-80	18,377
Net income before income taxes for the first quarter (the period)	15,218	4,095	11,123	26,500
Income taxes	5,926	1,232	44,694	12,795
Net income for the first quarter (the period)	9,292	2,862	6,430	13,705
Balance brought forward	42,293	36,698	5,595	36,698
Interim dividends paid	-	-	-	1,894
Reversal of revaluation reserve for Land	-257	-616	359	-4,656
Undivided profits of the first quarter (the period)	51,327	38,944	12,383	43,852

6. Breakdown of Net Sales by Product (Non-consolidated)

	First Quarter, FY2005 (For the period from April 1, 2005 to June 30, 2005)		First Quarter, FY2004 (For the period from April 1, 2004 to June 30,2004)		change	
	Sales volume	Amounts	Sales volume	Amounts	Sales volume	Amounts
	thousand KL.t	million yen	thousand KL.t	million yen	thousand KL.t	million yen
Gasoline, Naphtha	4,320	286,490	4,037	249,337	283	37,153
Kerosene and diesel fuel	3,178	130,023	2,948	88,521	230	41,502
Heavy fuel oil	2,322	79,807	2,370	61,015	-48	18,789
Others	676	24,252	650	16,514	26	7,738
Total	10,497	520,573	10,006	415,389	491	105,184