



August 1, 2013

**Overview of Business Results  
for the First 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: August 1, 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 First Quarter of Fiscal Year Ending March 2014 (For the period from April 1, 2013 to June 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 First Quarter	
	million yen	%	million yen	%	million yen	%	million yen	%
First Quarter, FY2013	822,287	8.8	1,140	-	3,874	-	-4,665	-
First Quarter, FY2012	755,691	5.6	-21,353	-	-21,882	-	-66,733	-

Note: Comprehensive income First Quarter, FY2013: -62 million yen (-%) First Quarter, FY2012: -65,695 million yen (-%)

	Net income per share for the First Quarter	Diluted net income per share for the First Quarter
	yen sen	yen sen
First Quarter, FY2013	-5.51	-
First Quarter, FY2012	-78.78	-

(2) Consolidated Financial Position

	Total assets	Net assets	Net Worth ratio	Net assets per share
	million yen	million yen	%	yen sen
First Quarter, FY2013	1,669,893	256,871	13.7	270.50
FY2012	1,743,492	256,932	13.2	272.07

[Reference] Net worth First Quarter, FY2013: 229,128 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	-	-	-	-	-
FY2013 (outlook)	-	0.00	-	-	-

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 for FY2013 change from the corresponding period of FY 2012, while for 1H FY2013 change from 1H FY2012)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
1H FY2013	1,684,000	16.2	34,000	-	31,500	-	9,000	-	10.62
FY2013	3,550,000	12.1	64,000	22.1	61,000	25.9	16,000	-	18.89

Note: Change made in figures of the consolidated business outlook as of the end of the current quarter from the previous announcement: No

Notes to Consolidated Financial Statements

(1) Change in significant subsidiaries during the first 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)
- 2. Number of shares of treasury stock as of end of the period
- 3. Average Number of shares outstanding during the period (or the cumulative consolidated accounting period as the end of the current quarter)

First Quarter , FY2013	847,705,087 shares	FY2012	847,705,087 shares
First Quarter , FY2013	645,732 shares	FY2012	644,157 shares
First Quarter , FY2013	847,059,942 shares	First Quarter , FY2012	847,066,383 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 for the first half of FY2013 and FY2013 is not updated from the previous announcement made on May 14, 2013.

It is based on information available as of the published date of this release and actual results may differ from the forecast subject to various 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 August 1, 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 quarter of FY2013 were ¥822.3 billion (up ¥66.6 billion from the same period of FY2012), operating income ¥1.1 billion (operating loss ¥21.4 billion in the same period of FY2012), ordinary income ¥3.9 billion (ordinary loss ¥21.9 billion in the same period of FY2012) and net loss for the period ¥4.7 billion (net loss ¥66.7 billion in the same period of FY2012).

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

- 1) In the petroleum business segment, an increase in the oil product selling volume increased net sales in value, while market conditions remained weak. As a result, the segment reported net sales of ¥808.4 billion for the first quarter FY2013 (up ¥72.1 billion from the same period FY2012) and segment loss of ¥12.9 billion (segment loss ¥38.8 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 ¥6.8 billion for the first quarter FY2013 (down ¥0.3 billion from the same period FY2012) and segment income of ¥1.9 billion (segment loss ¥1.1 billion in the same period of FY2012).
- 3) In the oil exploration and production business segment, a reduction in crude oil production volume and selling volume resulted in net sales of ¥16.2 billion for the first quarter FY2013 (down ¥6.0 billion from the same period FY2012) and segment income of ¥12.0 billion (down ¥5.7 billion from the same period 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 quarter FY2013, total assets as of June 30, 2013 amounted to ¥1,669.9 billion, down ¥73.6 billion from March 31, 2013, the end of FY2012, mainly reflecting decreased inventories and accounts receivable-trade for a reduction selling volume.

Net assets as of June 30, 2013 amounted to ¥256.9 billion, with a net worth ratio of 13.7%.

(3) Explanation Concerning Information regarding Consolidated Business Outlook

The consolidated business outlook for the first half of FY2013 and FY2013 is not updated from the previous announcement made on May 14, 2013.

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 quarter FY2013 by ¥2,495 million as compared with the conventional method, operating income, ordinary income and income before taxes were increased by ¥2,255 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)	1Q FY2013 (As of June 30, 2013)
<b>Assets</b>		
Current assets		
Cash and deposits	130,264	133,507
Notes and accounts receivable-trade	282,889	226,257
Short-term investment securities	512	1,012
Merchandise and finished goods	248,524	249,220
Work in process	998	1,199
Raw materials and supplies	242,378	204,469
Other	61,915	73,708
Allowance for doubtful accounts	-334	-243
Total current assets	967,148	889,130
Noncurrent assets		
Property, plant and equipment		
Land	304,495	304,385
Other, net	278,214	277,436
Total property, plant and equipment	582,709	581,821
Intangible assets	51,518	51,083
Investments and other assets		
Other	142,200	147,799
Allowance for doubtful accounts	-613	-443
Total investments and other assets	141,586	147,355
Total noncurrent assets	775,814	780,261
Deferred assets		
Bond issuance cost	529	500
Total deferred assets	529	500
Total assets	1,743,492	1,669,893
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	277,934	242,826
Short-term loans payable	277,429	255,749
Current portion of bonds	1,680	1,680
Accounts payable-other	221,700	200,537
Income taxes payable	10,175	2,843
Provision	8,417	7,466
Other	19,273	24,879
Total current liabilities	816,611	735,982
Noncurrent liabilities		
Bonds payable	74,480	74,480
Long-term loans payable	489,299	494,741
Provision	25,526	25,322
Other	80,642	82,494
Total noncurrent liabilities	669,948	677,038
Total liabilities	1,486,559	1,413,021

## Cosmo Oil Co.,Ltd(5007)-Overview of Business Results for the First Quarter of Fiscal Year Ending March 2014

(Unit: million yen)

	FY2012 (As of March 31, 2013)	1Q FY2013 (As of June 30, 2013)
Net assets		
Shareholders' equity		
Capital stock	107,246	107,246
Capital surplus	89,440	16,967
Retained earnings	10,531	78,339
Treasury stock	-140	-141
Total shareholders' equity	207,078	202,412
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,770	4,979
Deferred gains or losses on hedges	1,422	1,610
Revaluation reserve for land	19,037	19,037
Foreign currency translation adjustment	-851	1,088
Total accumulated other comprehensive income	23,378	26,716
Minority interests	26,475	27,742
Total net assets	256,932	256,871
Total liabilities and net assets	1,743,492	1,669,893

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

(Unit: million yen)

	1Q FY2012 (From April 1, 2012 to June 30, 2012)	1Q FY2013 (From April 1, 2013 to June 30, 2013)
Net sales	755,691	822,287
Cost of sales	747,060	791,766
Gross profit	8,630	30,520
Selling, general and administrative expenses	29,984	29,380
Operating income(loss)	-21,353	1,140
Non-operating income		
Interest income	44	70
Dividends income	450	488
Equity in earnings of affiliates	548	4,297
Other	3,615	1,803
Total non-operating income	4,659	6,660
Non-operating expenses		
Interest expenses	3,024	3,259
Loss on valuation of derivatives	1,196	—
Other	967	666
Total non-operating expenses	5,188	3,926
Ordinary income(loss)	-21,882	3,874
Extraordinary income		
Gain on sales of noncurrent assets	680	17
Insurance income	360	1,079
Total extraordinary income	1,041	1,096
Extraordinary loss		
Loss on sales of noncurrent assets	37	0
Loss on disposal of noncurrent assets	552	416
Impairment loss	76	88
Loss on valuation of investment securities	288	—
Total extraordinary losses	954	505
Income (loss) before income taxes and minority interests	-21,795	4,465
Income taxes	42,603	7,876
Loss before minority interests	-64,398	-3,411
Minority interests in income	2,334	1,253
Net loss	-66,733	-4,665

Cosmo Oil Co.,Ltd(5007)-Overview of Business Results for the First Quarter of Fiscal Year Ending March 2014

(Consolidated Statements of Comprehensive Income)

(Consolidated the first three month of FY2013 statements of Comprehensive Income)

(Unit: million yen)

	IQ FY2012 (From April 1, 2012 to June 30, 2012)	IQ FY2013 (From April 1, 2013 to June 30, 2013)
Loss before minority interests	-64,398	-3,411
Other comprehensive income		
Valuation difference on available-for-sale securities	-1,062	1,064
Deferred gains or losses on hedges	-1,337	143
Foreign currency translation adjustment	-127	931
Share of other comprehensive income of associates accounted for using equity method	1,230	1,209
Total other comprehensive income	-1,296	3,349
Comprehensive income	-65,695	-62
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	-68,036	-1,327
Comprehensive income attributable to minority interests	2,341	1,265



## (3)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 FY2013.

## (Segment Information)

1Q FY2012 (From April 1, 2012 to June 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	730,949	2,826	17,552	4,363	—	755,691
Inter-segment	5,338	4,265	4,599	10,781	-24,984	—
Total	736,288	7,091	22,151	15,145	-24,984	755,691
Segment Income (Loss)	-38,795	-1,091	17,717	166	120	-21,882

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" 120 million yen includes -578 million yen for internal eliminations, 731 million yen for inventory adjustments and -29 million yen for adjustment of fixed assets.

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

1Q FY2013 (From April 1, 2013 to June 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	804,031	3,200	9,780	5,275	—	822,287
Inter-segment	4,388	3,623	6,428	9,995	-24,435	—
Total	808,420	6,823	16,208	15,270	-24,435	822,287
Segment Income (Loss)	-12,917	1,932	11,971	1,289	1,598	3,874

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" 1,598million yen includes -85 million yen for internal eliminations, 2,027 million yen for inventory adjustments and -332 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 quarter FY2013 by ¥2,394 million, as compared with the conventional method.