



November 6, 2007

Overview of Business Results for First Half of Fiscal Year Ending March 2008

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

(Company Code: 5007 Shares traded: TSE, OSE, and NSE first sections)

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1 Consolidated Financial Results for First Half of FY2007 (For the period from April 1, 2007 to September 30, 2007)

1-1 Consolidated Income Statement (Operating Highlights)

	1H FY2007 (Apr-Sept '07)	1H FY2006 (Apr-Sept '06)	Change	(% change)
	billion yen	billion yen	billion yen	
Net sales	1,601.1	1,469.5	131.6	(9.0%)
Cost of sales	1,486.3	1,351.1	135.2	
Selling general and administrative expenses	71.3	69.8	1.5	
Operating income	43.5	48.6	-5.1	(-10.5%)
Non-operating income/expenses, net	5.3	2.0	3.3	
Ordinary income	48.8	50.6	-1.8	(-3.4%)
Extraordinary income/losses, net	3.5	-2.5	6.0	
Income taxes	26.9	24.9	2.0	
Minority interests	2.2	2.2	0	
Net income	23.2	21.0	2.2	(10.4%)
Inventory valuation impact	23.0	25.2	-2.2	
Ordinary income excl. inventory valuation impact	25.8	25.4	0.4	

1-2 Consolidated Balance Sheet (Financial Position)

	1H FY'07 (As of Sept. 30, 2007)	End of FY'06 (As of Mar. 31, 2007)	Change
	billion yen	billion yen	billion yen
Total assets	1,634.1	1,579.2	54.9
Net assets	374.8	361.6	13.2
Net worth ratio	21.5%	21.5%	0.0%
Interest-bearing debt	622.5	609.9	12.6
Interest-bearing debt to total assets ratio	38.1%	38.6%	-0.5%
Net interest-bearing debt	543.6	483.8	59.8
Net interest-bearing debt ratio	33.3%	30.6%	2.7%

Note:

Net interest-bearing debt is the total interest-bearing debt amount after the deduction of cash and cash equivalents and a short-term working fund balance as of the term-end

1-3 Consolidated Statement of Cash Flows

	1H FY'07 (Apr- Sept 2007)	1H FY'06 (Apr-Sept 2006)
	billion yen	billion yen
Operating activities	-41.0	-55.1
Investment activities	-15.4	-14.6
Financing activities	8.6	80.3
Cash and cash equivalents at the end of the First half fiscal year	78.9	67.2

1-4 Consolidated Operating Highlights [by Segment]

	Petroleum	Oil resource development	Other	Elimination or corporate	Consolidated
	billion yen	Billion yen	billion yen	billion yen	billion yen
Net sales	1,564.6	35.8	39.0	-38.3	1,601.1
(From 1H FY'06)	(+130.3)	(-3.4)	(+0.4)	(+4.3)	(+131.6)
Operating income	28.1	18.2	0.8	-3.6	43.5
(From 1H FY'06)	(-2.2)	(-4.4)	(+0.4)	(+1.1)	(-5.1)
[Reference]					
Ordinary income	29.9	21.9	1.0	-4.0	48.8
(From 1H FY'06)	(-0.9)	(-2.4)	(+0.3)	(+1.2)	(-1.8)

1-5 Segment-Specific Ordinary Income - Factors for Decrease of 1.8 billion yen from 1H FY2006

		(billion yen)
I. Petroleum Business Segment		
1. Adverse impact by market conditions		-1.6
2. Selling volume		2.4
3. Refining facility safety and security enhancement expenses		-5.4
4. Benefits from the “New Consolidated Medium-Term Management Plan”		2.4
5. Petrochemical business		0.3
6. Non-operating income/expenses, etc.		3.2
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Petroleum business (6.9 bn yen excl. inventory valuation impact (1H FY’07)		1.3
	← 5.6 bn yen (1H FY’06)	
7. Inventory valuation impact		
- Impact in 1H FY’07 - positive 23.0 bn yen		
- Impact in 1H FY’06 – positive 25.2 bn yen		-2.2
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Petroleum business – total (ordinary income of 29.9 bn yen (1H FY’07) ← 30.8 bn yen (1H FY’06)		-0.9
II. Oil resource development Business Segment (ordinary income of 21.9 bn yen (1H FY’07) ← 24.3 bn yen (1H FY’06)		
		-2.4
III. Other (Other Businesses etc) ordinary loss of 3.0 bn yen (1H FY’07) ← ordinary loss of 4.5 bn yen (1H FY’06)		
		1.5
Change in Ordinary Income – Total (I+II+III)		-1.8

1-6 Capital Expenditures and Depreciation Expenses

				(billion yen)
	1H FY’07 (As of Sept. 30, 2007)	1H FY’06 (As of Sept. 30, 2006)	Change	
Petroleum businesses	12.5	12.8	-0.3	
(Refining and marketing & sales)	11.7	11.2	0.5	
(Petrochemical business)	0.2	1.5	-1.3	
(Other)	0.6	0.1	0.5	
Oil resource development businesses	4.8	3.5	1.3	
Other businesses	0.1	0.1	0.0	
Total (consolidated)	17.4	16.4	1.0	
Depreciation expenses	21.0	17.6	3.4	

2. Non-consolidated Financial Results for Half of FY2007 (For the period from April 1, 2007 to September 30, 2007)

2-1 Non-consolidated Income Statement [Operating Highlights]

	1H FY2007 (Apr-Sept '07)	1H FY2006 (Apr-Sept '06)	Change	(% change)
	billion yen	billion yen	billion yen	
Net sales* ⁽¹⁾	1,506.7	1,366.9	139.8	(10.2%)
Cost of sales* ⁽²⁾	1,445.1	1,300.3	144.8	
Selling, general and administrative expenses* ⁽³⁾	43.2	42.0	1.2	
Operating income	18.4	24.6	-6.2	(-25.3%)
Non-operating income/expenses, net* ⁽⁴⁾	1.7	-0.3	2.0	
Ordinary income	20.1	24.3	-4.2	(-17.2%)
Extraordinary income/losses, net	4.3	-5.1	9.4	
Income taxes	11.4	8.5	2.9	
Net income	13.0	10.7	2.3	(20.7%)
Inventory valuation impact	23.0	25.2	-2.2	
Ordinary loss excl. inventory valuation impact	-2.9	-0.9	-2.0	
	1,000 kl	1,000 kl	1,000 kl	
Total selling volume	21,328	21,292	36	
Interim dividend paid (1H FY'07)	3 yen/share	3 yen/share	-	

2-2 Factors for Changes by Account Item (from 1H FY2006)

Change from 1H FY2006

* (1) Net sales 139.8 billion yen

- Increase in selling prices: 58,600 yen/kl (6,460 yen/kl)
 • Changes in Fuel Oil Selling Volumes in 1H FY2007 in Japan
 (by Product, based on 1H FY2006 level as 100%)

Gasoline	102.6%	Naphtha	103.6%
Kerosene	88.0%	Jet fuel	112.3%
Diesel fuel	102.2%	Heavy fuel oil C	122.3%
Heavy fuel oil A	77.3%		
4 Products-Total	96.1%	Total fuel oil selling volume in Japan	101.0%

Middle distillate export volume (change from 1H FY'06 (based on its level as 100%))	145.4%
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* (2) Cost of Sales 144.8 billion yen

- Increase in crude oil prices, etc.: 55,800 yen/kl (6,790 yen/kl)
 • Average Crude Oil Price in 1H FY2007

FOB	US\$66.73/B	US\$0.80/B
Yen-USD exchange rate	119.81yen/US\$	4.11yen/US\$
Price including tax	53,713 yen/kl	2,388 yen/kl

Yen depreciation

* (3) Increase in selling, general and administrative expenses 1.2 billion yen

* (4) Balance between non-operating income and expenses 2.0 billion yen

Ordinary income (20.1 bn yen (1H FY' 07) ← 24.3 bn yen (1H FY'06)) -4.2 billion yen

2-3 Ordinary Income - Factors for Decrease of 4.2 billion yen from 1H FY2006

	(billion yen)
1. Adverse impact by market conditions	-4.5
2. Selling volume	2.4
3. Refining facility safety and security enhancement expenses	-5.4
4. Benefits from the "New Consolidated Medium-Term Management Plan"	2.4*
5. Non-operating income/expenses, etc.	3.1
Change in ordinary income/loss (loss of 2.9 bn yen excl. inventory valuation impact (1H FY'07) ← loss of 0.9 bn yen (1H FY'06))	-2.0
6. Inventory valuation impact	
- Impact in 1H FY'07 - positive 23.0 bn yen	
- Impact in 1H FY'06 - positive 25.2 bn yen	-2.2
Change in Ordinary Income (20.1 bn yen (1H FY'07) ← 24.3 bn yen (1H FY'06))	-4.2

*Rationalization and Added-Value Creation Improvement (million yen)

	Rationalization	Added-value creation improvement	Total
Supply	0	300	300
Marketing & Sales	500	1,500	2,000
Other	100	0	100
Total	600	1,800	2,400

2-4 Non-consolidated Balance Sheet (Financial Position)

	End of 1H FY'07 (As of Sept. 30, 2007)	End of FY'06 (As of Mar. 31, 2007)	Change
	billion yen	billion yen	billion yen
Total assets	1,501.0	1,434.2	66.8
Net assets	256.3	254.9	1.4
Net worth ratio	17.1%	17.8%	-0.7%
Interest-bearing debt	577.1	572.7	4.4
Interest-bearing debt to total assets ratio	38.4%	39.9%	-1.5%
Net interest-bearing debt	550.1	492.5	57.6
Net interest-bearing debt ratio	36.7%	34.3%	2.4%

Note:

Net interest-bearing debt is the total interest-bearing debt amount after the deduction of cash and cash equivalents and a short-term working fund balance as of the term-end

2-5 Key Indicators

Number of self-service SSs out of the total number of SSs operational is shown in parenthesis

No. of SSs	As of Sept. 30, 2007	As of Mar 31, 2007	Change
Cosmo Oil-owned	888(517)	901(500)	-13(17)
Individually-owned	3,404(321)	3,515(289)	-111(32)
Total	4,292(838)	4,416(789)	-124(49)

	1H FY'07	1H FY'06	Change
	billion yen	billion yen	billion yen
Capital expenditures	11.0	10.9	0.1
Depreciation expenses	11.4	10.1	1.3

3. Consolidated Business Outlook for FY2007

3-1 Consolidated Business Outlook (Forecast)

	FY2007	FY2006	Change
	billion yen	billion yen	billion yen
Net sales	3,470.0	3,062.7	407.3
Operating income	85.0	69.6	15.4
Ordinary income	88.0	74.8	13.2
Net income	37.0	26.5	10.5
Inventory valuation impact	25.0	2.8	22.2
Ordinary income excl. inventory valuation impact	63.0	72.0	-9.0

3-2 Segment-Specific Forecast

	Petroleum	Oil resource development	Other	Elimination or corporate	Consolidated
	billion yen	billion yen	billion yen	billion yen	billion yen
Net sales	3,387.0	79.0	88.0	-84.0	3,470.0
Operating income	44.0	42.0	2.0	-3.0	85.0
(From FY'06)	(+18.3)	(-1.5)	(+0.4)	(-1.8)	(+15.4)
[Reference]					
Ordinary income	44.0	45.0	2.0	-3.0	88.0
(From FY'06)	(+17.0)	(-3.6)	(+0.3)	(-0.5)	(+13.2)

(-5.2) *Change in ordinary income excluding inventory valuation impact for the petroleum business from FY2006

3-3 Forecast Ordinary Income – Factors for Increase of 13.2 billion yen from FY2006

	(billion yen)
(1)Petroleum Business Segment	17.0
Adverse impact by market conditions	-1.6
Selling volume	5.4
Refining facility safety and security enhancement expenses	-9.6
Benefits from the “New Consolidated Medium-Term Management Plan”	4.1
Petrochemical business	-1.6
Other	-1.9
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Petroleum business (excl. inventory valuation impact)	-5.2
Inventory valuation impact	22.2
- Impact in FY'07 - positive 25.0 bn yen	
- Impact in FY'06 - positive 2.8 bn yen	
(2)Oil resource development Business	-3.6
(3)Other (Other Businesses ets)	-0.2
Change in Ordinary Income (88.0 bn yen (FY'07) ←74.8 bn yen (FY'06))	13.2

3-4 Capital Expenditures and Depreciation Expenses

(billion yen)

	Current forecast for FY'07	FY'06	Change
Petroleum businesses	47.0	27.8	19.2
(Refining and marketing & sales)	42.5	25.7	16.8
(Petrochemical business)	1.3	1.7	-0.4
(Other)	3.2	0.4	2.8
Oil resource development businesses	16.7	8.2	8.5
Other businesses	0.2	0.1	0.1
Total (consolidated)	63.9	36.1	27.8
Depreciation expenses	42.9	37.8	5.1

4. Non-Consolidated Business Outlook for FY2007

4-1 Non-consolidated Business Outlook (Forecast)

	FY2007	FY2006	Change
	billion yen	billion yen	billion yen
Net sales	3,220.0	2,831.2	388.8
Operating income	27.0	8.3	18.7
Ordinary income	25.0	7.6	17.4
Net income	15.0	1.3	13.7
Inventory valuation impact	25.0	2.8	22.2
Ordinary income excl. inventory valuation impact	0	4.8	-4.8
Dividend (full-year)	8 yen/share	8 yen/share	-

4-2 Forecast Ordinary Income – Factors for Increase of 17.4 yen Billion from FY2006

	(billion yen)
(1) Adverse impact by market conditions	-3.2
(2) Selling volume	5.4
(3) Refining facility safety and security enhancement expenses	-9.6
(4) Benefits from the “New Consolidated Medium-Term Management Plan”	4.1
(5) Other	-1.5
Ordinary Income (0 bn yen excl. inventory valuation impact (1H FY’07) ← 4.8 bn yen (1H FY’06))	-4.8
(6) Inventory valuation impact	22.2
- Impact in FY’07 - positive 25.0 bn yen	
- Impact in FY’06 - positive 2.8 bn yen	
Change in Ordinary Income (25.0 bn yen (FY’07) ← 7.6bn yen(FY’06))	17.4

4-3 Assumptions

- (1)Crude oil price (FOB): US\$70/B (for 2H FY2007)
 (2)Yen-US\$ exchange rate: 120.0 yen/US\$ (for 2H FY2007)
 (3)Selling volume: Total fuel oil selling volume in Japan: 101.3% (for full FY2007, up 1.3% from FY2006)
 Total selling volume: 45,232,000 kl (up 1.4% from FY2006)

- Changes in Fuel Oil Selling Volumes in FY2007 in Japan
 (by Product, based on FY2006 level as 100%)

Gasoline	102.4%	Naphtha	98.6%
Kerosene	100.6%	Jet fuel	99.8%
Diesel fuel	101.1%	Heavy fuel oil C	129.9%
Heavy fuel oil A	82.1%		
4 Products-Total	98.1%	Total fuel oil selling volume in Japan	101.3%

Middle distillate export volume change from FY'06 (based on its level as 100%)	142.9%
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4-4 Forecast Benefits from the New Consolidated Medium-Term Management Plan: 4.1 billion yen

*Rationalization and Added-Value Creation Improvement (million yen)

	Rationalization	Added-value creation improvement	Total
Department	0	600	600
Supply	700	2,800	3,500
Marketing & Sales	200	-200	0
Total	900	3,200	4,100

Key Indicators

Number of self-service SSs out of the total number of SSs operational is shown in parenthesis

No. of SSs	Forecast for Mar. end '08	Results as of Sept. 30, '07	Change
Cosmo Oil-owned	883(569)	888(517)	-5(52)
Individually-owned	3,415(347)	3,404(321)	11(26)
Total	4,298(916)	4,292(838)	6(78)

	Current forecast for FY'07	FY2006	Change
	billion yen	billion yen	billion yen
Capital expenditures	39.7	24.9	14.8
Depreciation expenses	22.7	19.9	2.8

Note: Request for appropriate use of the outlook for future results and other special remarks:
 Both consolidated the and non-consolidated business outlook as mentioned above 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.