



February 4, 2013

## Overview of Business Results for the Third Quarter of Fiscal Year Ending March 2013 [Japanese Standard Form] (Consolidated)

Name of the Company: Cosmo Oil Co., Ltd. Shares traded: TSE, OSE, and NSE  
 Company Code: 5007 URL <http://www.cosmo-oil.co.jp/>  
 Name of Representative: Keizo Morikawa (Title) President  
 Name of Person to contact: Akihiko Tobinaga (Title) General Manager of Corporate Communication Dept. Phone: 03-3798-3180  
 Scheduled date to file quarterly report: February 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 Third Quarter of Fiscal Year Ending March 2013 (For the period from April 1, 2012 to December 31, 2012)

#### (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 Third Quarter	
	million yen	%	million yen	%	million yen	%	million yen	%
Third Quarter, FY2012	2,278,456	2.2	11,240	-60.6	4,082	-83.1	-81,511	-
Third Quarter, FY2011	2,229,502	11.7	28,527	-49.8	24,208	-52.8	-16,390	-

Note: Comprehensive income Third Quarter, FY2012: -77,272 million yen (—%) Third Quarter, FY2011: -14,711 million yen (—%)

	Net income per share for the Third Quarter	Diluted net income per share for the Third Quarter
Third Quarter, FY2012	yen sen -96.23	yen sen -
Third Quarter, FY2011	-19.35	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Net Worth ratio	Net assets per share
Third Quarter, FY2012	million yen 1,606,609	million yen 253,366	% 14.2	yen sen 269.47
FY2011	1,675,070	337,437	18.9	374.15

[Reference] Net worth Third Quarter, FY2012: 228,258 million yen FY2011: 316,931 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
FY2011	yen sen -	yen sen 0.00	yen sen -	yen sen 8.00	yen sen 8.00
FY2012	-	0.00	-		
FY2012 (outlook)				0.00	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 FY2012 (April 1, 2012 to March 31, 2013)

(% indicates change from the corresponding period of FY 2011)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
FY2012	3,040,000	-2.2	28,000	-56.0	25,000	-59.3	-74,000	-	-87.36

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 third 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)

Third Quarter , FY2012	847,705,087 shares	FY2011	847,705,087 shares
Third Quarter , FY2012	642,047 shares	FY2011	639,196 shares
Third Quarter , FY2012	847,066,121 shares	Third Quarter , FY2011	847,071,547 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 not been completed.

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

The consolidated business outlook for the FY2012 is not updated from the previous announcement made on November 1, 2012.

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) Qualitative 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 February 4, 2013.



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

(1) Qualitative Information regarding Consolidated Operating Results

Consolidated net sales for the first nine month of FY2012 were ¥2,278.5 billion (up ¥49.0 billion from the same period of FY2011), operating income ¥11.2 billion (down ¥17.3 billion from the same period of FY2011), ordinary income ¥4.1 billion (down ¥20.1 billion from the same period of FY2011) and net loss for the period ¥81.5 billion (net loss ¥16.4 billion in the same period of FY2011).

The operating results for the first nine month of FY2012 by business segment are as follows:

- 1) In the petroleum business segment, the oil demand continued to reduce during the first nine month of FY2012 period as it did in FY2011 and oil product market conditions also remained inactive during the quarter until the arrival of the winter demand season, when net sales were up primarily led by increased sales of kerosene and of heavy oil fuel C for power generation. Crude oil prices during the quarter almost remained unchanged from the previous year's level; however, as the crude oil prices once dropped at the beginning of FY2012 and then went back onto the track of a recovery trend, resulting in that inventory valuation brought negative impact to the profit.  
As a result, the segment reported net sales at ¥2,241.2 billion for the third quarter of FY2012 (up ¥53.9 billion from the same period of FY2011) and segment loss at ¥37.7 billion (segment loss ¥6.1 billion in the same period of FY2011).
- 2) The petrochemical business segment saw the decreased sales volume and aggravated product market conditions during the first nine month of FY2012.  
As a result, the segment reported net sales at ¥21.7 billion for the first nine month of FY2012 (down ¥0.1 billion from the same period of FY2011) and segment income at ¥0.2 billion (down ¥1.1 billion from the same period of FY2011).
- 3) The oil exploration and production business segment had an increased volume of crude oil production during the quarter.  
As a result, the segment reported net sales at ¥62.2 billion for the first nine month of FY2012 (up ¥1.2 billion from the same period of FY2011) and segment income at ¥42.3 billion (up ¥6.2 billion from the same period of FY2011).

(2) Qualitative Information regarding Consolidated Financial Position

As for the Company's financial position on a consolidated basis as of the end of the third quarter of FY2012, total assets as of December 31, 2012 amounted to ¥1,606.6 billion, down ¥68.5 billion from March 31, 2012, the end of the full-year FY2011, mainly reflecting decreased current assets, such as raw materials and supplies, due to decreased crude oil prices.

Net assets as of December 31, 2012 amounted to ¥253.4 billion, down ¥84.0 billion from March 31, 2012, mainly reflecting decreased retained earnings due to a review of realizability of deferred tax assets, with a net worth ratio of 14.2 %.

At the end of the first half of FY2012 (as of September 30, 2012), the Company failed to comply with restrictive financial covenants in some of syndicate loans contracts the Company has executed with a plural number of financial institutions. The Company has discussed with and obtained approval from the related financial institutions of the waiver of the covenants and the continuation of the existing loans.

(3) Qualitative Information regarding Consolidated Business Outlook

The consolidated business outlook for the FY2012 is not updated from the previous announcement made on November 1, 2012.

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.

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)

Abu Dhabi Oil Co., Ltd., a consolidated subsidiary of the Company, conventionally calculated depreciation by using the number of years of useful life for the oil wells currently operational, as defined by the concession agreements, among buildings and structures included in the account item of property, plant and equipment. However, by taking the opportunity of the recent execution of the new concession agreement, a review was conducted about the durability and other conditions of these assets currently owned. As a result, it was revealed that they can be used for longer years. Therefore, the number of years of useful life of the oil wells is changed to 30 years, and said change will be effective from the first quarter of consolidated fiscal year 2012 and be adopted over the years to come.

This change decreased depreciation expenses for the first nine month of FY2012 by ¥1,510 million as compared with the conventional method. And operating income and ordinary income for the first nine month of FY2012 were increased by ¥1,199 million, net loss before income taxes was reduced by the same amount.

## 3. Consolidated Financial Statements

## (1) Consolidated Balance Sheet

(Unit: million yen)

	FY2011 (As of March 31, 2012)	3Q FY2012 (As of December 31, 2012)
<b>Assets</b>		
Current assets		
Cash and deposits	122,031	133,489
Notes and accounts receivable-trade	261,067	262,013
Merchandise and finished goods	232,505	235,644
Work in process	1,051	1,730
Raw materials and supplies	210,004	184,086
Other	94,043	69,850
Allowance for doubtful accounts	-292	-253
Total current assets	920,412	886,561
Noncurrent assets		
Property, plant and equipment		
Land	299,772	300,428
Other, net	280,473	273,072
Total property, plant and equipment	580,246	573,500
Intangible assets	9,517	9,112
Investments and other assets		
Other	165,499	137,553
Allowance for doubtful accounts	-863	-675
Total investments and other assets	164,635	136,878
Total noncurrent assets	754,400	719,491
Deferred assets		
Bond issuance cost	257	557
Total deferred assets	257	557
Total assets	1,675,070	1,606,609
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	294,906	225,355
Short-term loans payable	207,447	259,383
Current portion of bonds	840	1,680
Accounts payable-other	199,970	202,925
Income taxes payable	12,181	11,353
Provision for loss on disaster	3,512	1,964
Other	25,417	22,634
Total current liabilities	744,275	725,295
Noncurrent liabilities		
Bonds payable	56,160	75,320
Long-term loans payable	456,755	467,713
Provision for special repairs	7,984	8,466
Provision for retirement benefits	6,795	7,259
Other	65,661	69,188
Total noncurrent liabilities	593,357	627,948
Total liabilities	1,337,632	1,353,243

(Unit: million yen)

	FY2011 (As of March 31, 2012)	3Q FY2012 (As of December 31, 2012)
Net assets		
Shareholders' equity		
Capital stock	107,246	107,246
Capital surplus	89,440	89,440
Retained earnings	103,454	15,275
Treasury stock	-140	-140
Total shareholders' equity	300,001	211,822
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,540	1,839
Deferred gains or losses on hedges	2,579	763
Revaluation reserve for land	18,776	18,663
Foreign currency translation adjustment	-5,965	-4,830
Total accumulated other comprehensive income	16,930	16,436
Minority interests	20,506	25,107
Total net assets	337,437	253,366
Total liabilities and net assets	1,675,070	1,606,609

(2) Consolidated Statements of Income and Comprehensive Income  
 (Consolidated Statements of Income)  
 (Consolidated the first nine month of FY2012 statements of income)

(Unit: million yen)

	3Q FY2011 (From April 1, 2011 to December 31, 2011)	3Q FY2012 (From April 1, 2012 to December 31, 2012)
Net sales	2,229,502	2,278,456
Cost of sales	2,106,986	2,176,840
Gross profit	122,515	101,616
Selling, general and administrative expenses	93,988	90,375
Operating income	28,527	11,240
Non-operating income		
Interest income	87	150
Dividends income	910	710
Equity in earnings of affiliates	1,657	2,497
Other	4,619	3,892
Total non-operating income	7,274	7,251
Non-operating expenses		
Interest expenses	9,225	9,328
Other	2,367	5,081
Total non-operating expenses	11,593	14,409
Ordinary income	24,208	4,082
Extraordinary income		
Gain on sales of noncurrent assets	494	881
Gain on sales of investment securities	65	—
Gain on sales of subsidiaries and affiliates' stocks	78	—
Insurance income	—	360
Compensation income	186	—
Total extraordinary income	825	1,242
Extraordinary loss		
Loss on sales of noncurrent assets	65	63
Loss on disposal of noncurrent assets	1,522	1,829
Impairment loss	1,604	540
Loss on valuation of investment securities	2,233	325
Loss on valuation of stocks of subsidiaries and affiliates	19	—
Loss on disaster	14,393	—
Loss on accident of asphalt leakage	—	12,947
Business structure improvement expenses	—	4,808
Loss on recoverable accounts under production sharing	—	1,900
Other	92	—
Total extraordinary losses	19,931	22,415
Income (loss) before income taxes and minority interests	5,102	-17,090
Income taxes	18,738	59,787
Loss before minority interests	-13,636	-76,877
Minority interests in income	2,754	4,633
Net loss	-16,390	-81,511



(Consolidated Statements of Comprehensive Income)

(Consolidated the first nine month of FY2012 statements of Comprehensive Income)

(Unit: million yen)

	3Q FY2011 (From April 1, 2011 to December 31, 2011)	3Q FY2012 (From April 1, 2012 to December 31, 2012)
Loss before minority interests	-13,636	-76,877
Other comprehensive income		
Valuation difference on available-for-sale securities	23	442
Deferred gains or losses on hedges	-3,234	-1,669
Revaluation reserve for land	4,142	—
Foreign currency translation adjustment	-1,064	544
Share of other comprehensive income of associates accounted for using equity method	-941	287
Total other comprehensive income	-1,074	-394
Comprehensive income	-14,711	-77,272
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	-17,460	-81,893
Comprehensive income attributable to minority interests	2,749	4,620

## (3) Notes to going concern

None

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

None

## (5) Segment Information

(Segment Information)

3Q FY2011 (From April 1, 2011 to December 31, 2011)

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	2,169,408	9,810	34,276	16,006	—	2,229,502
Inter-segment	17,903	12,011	26,766	35,551	-92,232	—
Total	2,187,312	21,821	61,043	51,557	-92,232	2,229,502
Segment Income (Loss)	-6,106	1,303	36,070	1,335	-8,395	24,208

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" -8,395 million yen includes -665 million yen for internal eliminations, -7,709 million yen for inventory adjustments and -15 million yen for adjustment of fixed assets.

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

3Q FY2012 (From April 1, 2012 to December 31, 2012)

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	2,223,944	9,069	29,093	16,348	—	2,278,456
Inter-segment	17,277	12,594	33,124	42,436	-105,432	—
Total	2,241,222	21,663	62,218	58,784	-105,432	2,278,456
Segment Income (Loss)	-37,697	210	42,309	2,628	-3,367	4,082

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" -3,367 million yen includes -1,118 million yen for internal eliminations, -2,066 million yen for inventory adjustments and -181 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", Abu Dhabi Oil Co., Ltd., a consolidated subsidiary of the Company, conventionally calculated depreciation by using the number of years of useful life for the oil wells currently operational, as defined by the concession agreements, among buildings and structures included in the account item of property, plant and equipment. However, by taking the opportunity of the recent execution of the new concession agreement, a review was conducted about the durability and other conditions of these assets currently owned. As a result, it was revealed that they can be used for longer years. Therefore, the number of years of useful life of the oil wells is changed to 30 years, and said change will be effective from the first quarter of consolidated fiscal year 2012 and be adopted over the years to come.

This change increased oil exploration and production business segment income for the first nine month of FY2012 by 1,199 million yen as compared with the conventional method.