



February 6, 2014

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

Name of the Company: Cosmo Oil Co., Ltd. Shares traded: TSE  
 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: February 6, 2014 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 2014 (For the period from April 1, 2013 to December 31, 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 third quarter	
	million yen	%	million yen	%	million yen	%	million yen	%
Third Quarter, FY2013	2,571,754	12.9	33,688	199.7	34,298	740.1	4,527	-
Third Quarter, FY2012	2,278,456	2.2	11,240	-60.6	4,082	-83.1	-81,511	-

Note: Comprehensive income Third Quarter, FY2013: 14,235 million yen (—%) Third Quarter, FY2012: -77,272 million yen (—%)

	Net income per share for the third quarter	Diluted net income per share for the third quarter
	yen sen	yen sen
Third Quarter, FY2013	5.35	-
Third Quarter, FY2012	-96.23	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Net Worth ratio	Net assets per share
	million yen	million yen	%	yen sen
Third Quarter, FY2013	1,774,959	271,168	13.5	283.50
FY2012	1,743,492	256,932	13.2	272.07

[Reference] Net worth Third Quarter, FY2013: 240,139 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: 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, FY2013	847,705,087 shares	FY2012	847,705,087 shares
Third Quarter, FY2013	653,897 shares	FY2012	644,157 shares
Third Quarter, FY2013	847,057,998 shares	Third Quarter, FY2012	847,066,121 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 full year of FY2013 is not updated from the previous announcement made on November 5, 2013.

It is 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 February 6, 2014.



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 nine month of FY2013 were ¥2,571.8 billion (up ¥293.3 billion from the same period of FY2012), operating income ¥33.7 billion (up ¥22.5 billion from the same period of FY2012), ordinary income ¥34.3 billion (up ¥30.2 billion from the same period of FY2012) and net income for the period ¥4.5 billion (net loss ¥81.5 billion in the same period of FY2012).

The operating results for the first nine month 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 ¥2,513.5 billion for the first nine month of FY2013 (up ¥272.3 billion from the same period of FY2012) and segment loss of ¥14.4 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 improvement resulted in net sales of ¥32.2 billion for the first nine month of FY2013 (up ¥10.5 billion from the same period FY2012) and segment income of ¥4.4 billion (up ¥4.2 billion from the same period of FY2012).
- 3) In the oil exploration and production business segment, crude oil price hikes increased net sales but selling volume reduced, resulting in net sales of ¥62.5 billion for the first nine month of FY2013 (up ¥0.3 billion from the same period of FY2012) and segment income of ¥40.5 billion (down ¥1.8 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 third quarter of FY2013, total assets as of December 31, 2013 amounted to ¥1,775.0 billion, up ¥31.5 billion from March 31, 2013, the end of FY2012, mainly reflecting increased inventories, etc. primarily due to crude oil price increases.

Net assets as of December 31, 2013 amounted to ¥271.2 billion, up ¥14.3 billion from March 31, 2013, with a net worth ratio of 13.5%.

(3) Explanation Concerning Information regarding Consolidated Business Outlook

The consolidated business outlook for the full-year period of FY2013 is not updated from the previous announcement made on November 5, 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.

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 nine month of FY2013 by ¥7,468 million as compared with the conventional method, operating income, ordinary income and income before taxes were increased by ¥6,670 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)	3Q FY2013 (As of December 31, 2013)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	130,264	102,030
Notes and accounts receivable-trade	282,889	275,976
Short-term investment securities	512	712
Merchandise and finished goods	248,524	264,366
Work in process	998	1,452
Raw materials and supplies	242,378	236,752
Other	61,915	110,239
Allowance for doubtful accounts	-334	-245
<b>Total current assets</b>	<b>967,148</b>	<b>991,284</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Land	304,495	309,384
Other, net	278,214	276,388
<b>Total property, plant and equipment</b>	<b>582,709</b>	<b>585,773</b>
Intangible assets	51,518	50,853
<b>Investments and other assets</b>		
Other	142,200	146,926
Allowance for doubtful accounts	-613	-473
<b>Total investments and other assets</b>	<b>141,586</b>	<b>146,452</b>
<b>Total noncurrent assets</b>	<b>775,814</b>	<b>783,079</b>
<b>Deferred assets</b>		
Bond issuance cost	529	596
<b>Total deferred assets</b>	<b>529</b>	<b>596</b>
<b>Total assets</b>	<b>1,743,492</b>	<b>1,774,959</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	277,934	322,742
Short-term loans payable	277,429	250,206
Current portion of bonds	1,680	11,680
Accounts payable-other	221,700	195,150
Income taxes payable	10,175	9,526
Provision	8,417	3,741
Other	19,273	29,859
<b>Total current liabilities</b>	<b>816,611</b>	<b>822,905</b>
<b>Noncurrent liabilities</b>		
Bonds payable	74,480	73,640
Long-term loans payable	489,299	501,408
Provision	25,526	20,656
Other	80,642	85,180
<b>Total noncurrent liabilities</b>	<b>669,948</b>	<b>680,885</b>
<b>Total liabilities</b>	<b>1,486,559</b>	<b>1,503,791</b>

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

(Unit : million yen)

	FY2012 (As of March 31, 2013)	3Q FY2013 (As of December 31, 2013)
Net assets		
Shareholders' equity		
Capital stock	107,246	107,246
Capital surplus	89,440	16,967
Retained earnings	10,531	87,528
Treasury stock	-140	-142
Total shareholders' equity	207,078	211,599
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,770	5,191
Deferred gains or losses on hedges	1,422	798
Revaluation reserve for land	19,037	19,041
Foreign currency translation adjustment	-851	3,507
Total accumulated other comprehensive income	23,378	28,539
Minority interests	26,475	31,028
Total net assets	256,932	271,168
Total liabilities and net assets	1,743,492	1,774,959

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

(Unit : million yen)

	3Q FY2012 (From April 1, 2012 to December 31, 2012)	3Q FY2013 (From April 1, 2013 to December 31, 2013)
Net sales	2,278,456	2,571,754
Cost of sales	2,176,840	2,443,843
Gross profit	101,616	127,911
Selling, general and administrative expenses	90,375	94,222
Operating income	11,240	33,688
Non-operating income		
Interest income	150	160
Dividends income	710	855
Equity in earnings of affiliates	2,497	6,667
Other	3,892	4,658
Total non-operating income	7,251	12,342
Non-operating expenses		
Interest expenses	9,328	9,737
Other	5,081	1,995
Total non-operating expenses	14,409	11,732
Ordinary income	4,082	34,298
Extraordinary income		
Gain on sales of noncurrent assets	881	237
Gain on sales of investment securities	—	1,299
Insurance income	360	1,158
Gain on contribution of securities to retirement benefit trust	—	2,509
Total extraordinary income	1,242	5,204
Extraordinary loss		
Loss on sales of noncurrent assets	63	25
Loss on disposal of noncurrent assets	1,829	2,259
Impairment loss	540	294
Loss on valuation of investment securities	325	—
Loss on accident of asphalt leakage	12,947	—
Business structure improvement expenses	4,808	—
Loss on recoverable accounts under production sharing	1,900	—
Total extraordinary losses	22,415	2,579
Income (loss) before income taxes and minority interests	-17,090	36,923
Income taxes	59,787	27,863
Income (loss) before minority interests	-76,877	9,059
Minority interests in income	4,633	4,531
Net income (loss)	-81,511	4,527



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

(Consolidated Statements of Comprehensive Income)

(Consolidated the first nine month of FY2013 statements of comprehensive income)

(Unit : million yen)

	3Q FY2012 (From April 1, 2012 to December 31, 2012)	3Q FY2013 (From April 1, 2013 to December 31, 2013)
Income (loss) before minority interests	-76,877	9,059
Other comprehensive income		
Valuation difference on available-for-sale securities	442	1,018
Deferred gains or losses on hedges	-1,669	-782
Foreign currency translation adjustment	544	1,758
Share of other comprehensive income of associates accounted for using equity method	287	3,181
Total other comprehensive income	-394	5,176
Comprehensive income	-77,272	14,235
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	-81,893	9,684
Comprehensive income attributable to minority interests	4,620	4,550

## (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 of FY2013.

## (Segment Information)

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

3Q FY2013 (From April 1, 2013 to December 31, 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	2,484,792	13,696	56,107	17,158	—	2,571,754
Inter-segment	28,720	18,546	6,428	41,043	-94,738	—
Total	2,513,513	32,243	62,535	58,201	-94,738	2,571,754
Segment Income (Loss)	-14,417	4,440	40,481	3,916	-122	34,298

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" -122 million yen includes -159 million yen for internal eliminations, 1,145 million yen for inventory adjustments and -1,099 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 nine month of FY2013 by ¥7,121 million as compared with the conventional method.