



## Overview of Business Results for First Quarter of Fiscal Year Ending March 2005 (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>)

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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: None
2. Summary of consolidated financial results for First Quarter of FY2004 (For the period from April 1, 2004 to June 30, 2004)

(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, FY2004	479,445	2.5	8,965	-	7,614	-	4,070	-
First Quarter, FY2003	467,964	-	-	-	-	-	-	-
FY2003 (For reference)	1,916,277		25,245		19,472		8,178	

	Net income for the quarter per share		Net income for the quarter per share, fully diluted	
	yen	sen	yen	sen
First quarter, FY2004	6.45		6.30	
First quarter, FY2003	-		-	
FY2003 (For reference)	12.95		12.74	

Note: Figures in percentage in net sales and operating income indicate percentage of changes on year-to-year basis. In addition, data for the quarter other than net sales are disclosed for the first time in this quarter. Data for the first quarter of FY2003 are not available, and changes from the preceding year are not indicated except for net sales.

[Qualitative Information regarding Consolidated Operating Business]

Japanese economy during the first quarter ended June 30, 2004 saw many signs of economic recovery including improving corporate profits and increase of capital investment, helped by brisk exports mainly to East Asia and the US. Under such circumstances, domestic demand for oil products increased, due partly to steady demand for gasoline, despite fall of kerosene and heavy fuel oil C. Cosmo Oil's non-consolidated sales volumes during the first quarter were 10 million KL, an increase of 0.1% compared with the same term of the preceding year. Market prices of oil products, amidst the upward-trend of crude oil price due to the tense situation in the Middle East, 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 415.4 billion yen. Non-consolidated ordinary income and net income for the first quarter were 4.5 billion yen and 2.9 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 on non-consolidated basis. As a result, consolidated net sales for the first quarter of fiscal 2004 were 479.4 billion yen. Ordinary income and net income for three months ended June, 2004 were 7.6 billion and 4.1 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, FY2004	1,229,493	207,327	16.9	328.43
First Quarter, FY2003	–	–	–	–
FY2003 (For reference)	1,260,092	204,806	16.3	324.43

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, FY2004	△ 73,269	△ 4,914	25,796	52,047
First Quarter, FY2003	–	–	–	–
FY2003 (For reference)	101,826	△ 32,709	△ 7,679	104,520

[Qualitative Information regarding Consolidated Financial Position]

Total assets as of the end of the first quarter of the Fiscal Year 2004 decreased by 30.6 billion yen compared to the end of the previous fiscal year to 1,229.5 billion yen, due mainly to fall of cash and deposits, despite increased inventories caused by hiked crude oil price. The decrease of cash and deposits was caused mainly because amounts of gasoline excise and petroleum tax were not paid at the term's closing day (due date) in the preceding fiscal year as the day fell on a holiday, but those amounts were paid at the beginning of this first quarter. Total liabilities as of the end of the first quarter were 997.4 billion yen, a decrease of 33.0 billion yen from the end of the preceding year. This decrease was caused by a decrease 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 207.3

billion yen, an increase of 2.5 billion yen from the end of the previous fiscal year and shareholders' equity ratio was 16.9%. As for consolidated cash flow, net cash from operating activities resulted in an outflow of cash of 73.3 billion yen, due to the same reason as mentioned for cash and deposits above and increased inventories caused by higher crude oil price. Net cash used in investing activities resulted in an outflow of 4.9 billion yen due to acquisition of tangible fixed assets. Net cash from financing activities resulted in an inflow of 25.8 billion yen due to increase of debts. In summary, total cash balance as of the end of the first quarter were 52.0 billion yen, a decrease of 52.5 billion yen from the end of the preceding year.

[Reference 1]

Non-consolidated Business Results for First Quarter, FY2004 (For the period from April 1, 2004 to June 30, 2004)

(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, FY2004	415,389	–	6,159	–	4,526	–	2,862	–
First Quarter, FY2003	–	–	–	–	–	–	–	–
FY2003 (For reference)	1,678,736		12,965		7,056		3,109	

	Net income for first quarter per share		Net income for first quarter per share, fully diluted	
	yen	sen	yen	sen
First Quarter, FY2004		4.53		4.44
First Quarter, FY2003		–		–
FY2003 (For reference)		4.92		–

(2) Non-consolidated Financial Position

	Total assets	Shareholders' equity	Shareholders' Equity ratio	Shareholders' equity per share	
	million yen	million yen	%	yen	sen
First Quarter, FY2004	1,080,427	171,446	15.9	271.45	
First Quarter, FY2003	–	–	–	–	–
FY2003 (For reference)	1,109,494	170,248	15.3	269.55	

[Reference 2]

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

[Qualitative Information regarding business outlook]

Consolidated and non-consolidated interim forecast and business outlook for FY2004 which were publicized on May 18, 2004 are not changed, because variable factors such as movement of demand, foreign exchange rate and market prices of oil may affect the business operation materially.

## 1. Consolidated Balance Sheet

(Unit: million yen)

Item	First Quarter, FY2004 (As of June 30, 2004)	FY2003 (As of March 31, 2004)	Change
<b>Assets:</b>			
I. Current assets	( 530,673)	( 560,842)	( △ 30,169)
Cash and deposits	47,478	99,450	△ 51,972
Notes and accounts receivable, trade	178,338	180,687	△ 2,349
Marketable securities	8,486	8,412	74
Inventories	202,454	176,888	25,566
Others	93,914	95,403	△ 1,489
II. Fixed Assets	( 698,820)	( 699,249)	( △ 429)
Tangible fixed assets	559,695	561,454	△ 1,759
Intangible fixed assets	12,473	13,056	△ 583
Investment and other assets	126,651	124,737	1,914
<b>Total assets</b>	<b>1,229,493</b>	<b>1,260,092</b>	<b>△ 30,599</b>
<b>Liabilities:</b>			
I. Current liabilities	( 600,355)	( 659,402)	( △ 59,047)
Notes and accounts payable, trade	186,903	186,568	335
Short-term loans	227,650	227,766	△ 116
Current maturities of bonds to be redeemed	2,800	–	2,800
Current maturities of convertible bonds to be redeemed	16,523	16,523	–
Accrued payable	131,520	188,719	△ 57,199
Others	34,958	39,824	△ 4,866
II. Long-term liabilities	( 397,013)	( 370,996)	( 26,017)
Bonds	54,500	57,300	△ 2,800
Long-term debt	286,042	257,669	28,373
Others	56,470	56,026	444
<b>Total Liabilities</b>	<b>997,368</b>	<b>1,030,398</b>	<b>△ 33,030</b>
Minority interests	24,796	24,886	△ 90
<b>Shareholders' equity:</b>			
I. Common stocks	51,886	51,886	–
II. Capital surplus	34,092	34,092	0
III. Retained earnings	99,386	97,883	1,503
IV. Revaluation reserve for land	16,112	15,445	667
V. Net unrealized holding gains (losses) on securities	7,026	6,601	425
VI. Foreign currency translation adjustments	△ 1,111	△ 1,038	△ 73
VII. Less treasury stock	△ 66	△ 64	△ 2
<b>Total shareholders' equity</b>	<b>207,327</b>	<b>204,806</b>	<b>2,521</b>
<b>Total liabilities, minority interest in consolidated companies and shareholders' equity</b>	<b>1,229,493</b>	<b>1,260,092</b>	<b>△ 30,599</b>

## Appendix

## 2. Consolidated Statements of Operations

(Unit: million yen)

Item	First Quarter, FY2004 (For the period from April 1, 2004 to June 30, 2004)	FY2003 (For the period from April 1, 2003 to March 30, 2004)
I. Net sales	479,445	1,916,277
II. Cost of sales	436,909	1,758,857
Gross profit	42,536	157,420
III. Selling, general and administrative expenses	33,570	132,174
Operating income	8,965	25,245
IV. Non-operating income	3,092	10,649
Interest and dividends income	( 1,080 )	( 1,559 )
Equity in earnings of affiliates	( 867 )	( 2,717 )
Others	( 1,144 )	( 6,372 )
V. Non-operating expenses	4,443	16,422
Interest expenses	( 2,873 )	( 11,866 )
Foreign currency exchange losses	( 970 )	( 17 )
Others	( 600 )	( 4,538 )
Ordinary income	7,614	19,472
VI. Extraordinary income	156	1,935
VII. Extraordinary losses	719	3,815
Net income before income taxes for the first quarter	7,050	17,592
Income taxes	2,587	8,734
Minority interests	393	679
Net income for the first quarter	4,070	8,178

### 3. Consolidated Statements of Cash Flows

(Unit: million yen)

Item	First Quarter, FY2004 (For the period from April 1, 2004 to June 30, 2004)	FY2003 (for the period from April 1, 2003 to March 30, 2004)
<b>I. Cash flows from operating activities</b>		
Income before income taxes for the first quarter	7,050	17,592
Depreciation and amortization	6,215	23,632
Interest and dividends income	△ 1,080	△ 1,559
Interest expenses	2,873	11,866
Decrease (increase) in notes and accounts receivable-trade	2,348	28,541
Decrease (increase) in inventories	△ 25,565	8,576
Increase (decrease) in notes and accounts payable-trade	334	△ 35,414
Others	△ 58,707	67,842
Sub-total	△ 66,529	121,077
Balance between interest received and interest paid, and dividends received	△ 1,412	△ 10,234
Income taxes paid	△ 5,327	△ 9,015
Net cash provided by (used in) operating activities	△ 73,269	101,826
<b>II. Cash flows from investing activities</b>		
Payment for acquisition of tangible fixed assets	△ 4,220	△ 27,813
Proceeds from sale of tangible fixed assets	832	2,068
Net increase (decrease) in marketable and investment securities	△ 867	1,704
Others	△ 659	△ 8,669
Net cash used in investing activities	△ 4,914	△ 32,709
<b>III. Cash flows from financing activities</b>		
Increase of short-term loans and long-term debts	28,245	42,692
Increase (decrease) of bonds and convertible bonds	-	△ 46,117
Cash dividends paid	△ 1,894	△ 3,791
Others	△ 553	△ 462
Net cash provided by (used in) financing activities	25,796	△ 7,679
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	△ 84	△ 1,169
<b>V. Net increase (decrease) in cash and cash equivalents (I+ II + III + IV)</b>	△ 52,472	60,267
<b>VI. Cash and cash equivalents at beginning of the first quarter (the financial year)</b>	104,520	43,809
<b>VII. Cash and cash equivalents from newly consolidated subsidiaries</b>	-	248
<b>VIII. Cash and cash equivalents from merger and acquisition</b>	-	193
<b>IX. Cash and cash equivalents at end of the first quarter (the financial year)</b>	52,047	104,520

## 4. Non-consolidated Balance Sheet

(Unit: million yen)

Item	First Quarter, FY2004 (As of June 30, 2004)	FY2003 (As of March 31, 2004)	Change
<b>Assets:</b>			
I. Current assets	( 467,455)	( 495,164)	( △ 27,709)
Cash and deposits	24,417	74,499	△ 50,082
Notes and accounts receivable, trade	139,606	138,549	1,057
Marketable securities	11	11	0
Inventories	177,097	155,564	21,533
Others	126,321	126,539	△ 218
II. Fixed Assets	( 612,972)	( 614,330)	( △ 1,358)
Tangible fixed assets	471,574	473,046	△ 1,472
Intangible fixed assets	6,556	6,933	△ 377
Investment and other assets	134,842	134,350	492
Total assets	1,080,427	1,109,494	△ 29,067
<b>Liabilities:</b>			
I. Current liabilities	( 534,284)	( 590,045)	( △ 55,761)
Accounts payable, trade	174,178	181,217	△ 7,039
Short-term loans	169,502	166,523	2,979
Current maturities of bonds to be redeemed	2,800	–	2,800
Current maturities of convertible bonds to be redeemed	16,523	16,523	–
Accrued payable	137,176	191,628	△ 54,452
Others	34,103	34,152	△ 49
II. Long-term liabilities	( 374,697)	( 349,200)	( 25,497)
Bonds	54,500	57,300	△ 2,800
Long-term debts	282,429	253,952	28,477
Others	37,767	37,947	△ 180
Total liabilities	908,981	939,246	△ 30,265
<b>Shareholders' equity:</b>			
I. Common stocks	51,886	51,886	–
II. Capital surplus	34,092	34,092	0
III. Retained earnings	67,184	66,833	351
IV. Revaluation reserve for land	12,923	12,306	617
V. Net unrealized holding gains (losses) on securities	5,378	5,147	231
VI. Less treasury stock	△ 19	△ 18	△ 1
Total shareholders' equity	171,446	170,248	1,198
Total liabilities and shareholders' equity	1,080,427	1,109,494	△ 29,067

## Appendix

## 5. Non-consolidated Statements of Operations

(Unit: million yen)

Item	First Quarter, FY2004 (For the period from April 1, 2004 to June 30, 2004)	FY2003 (For reference) (for the period from April 1, 2003 to March 30, 2004)
I. Net sales	415,389	1,678,736
II. Cost of sales	387,329	1,576,453
Gross profit	28,060	102,283
III. Selling, general and administrative expenses	21,900	89,317
Operating income	6,159	12,965
IV. Non-operating income	2,540	9,490
Interest and dividends income	( 1,680 )	( 2,753 )
Foreign currency exchange gains	( - )	( 1,248 )
Others	( 860 )	( 5,488 )
V. Non-operating expenses	4,174	15,399
Interest expenses	( 2,737 )	( 11,309 )
Foreign currency exchange losses	( 939 )	( - )
Others	( 497 )	( 4,090 )
Ordinary income	4,526	7,056
VI. Extraordinary income	30	1,584
VII. Extraordinary losses	461	3,056
Net income before income taxes for the first quarter (the period)	4,095	5,584
Income taxes	1,232	2,474
Net income for the first quarter (period)	2,862	3,109



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

	First Quarter, FY2004 (For the period from April 1, 2004 to June 30, 2004)		(For reference) FY2003 (For the period from April 1, 2003 to March 30, 2004)	
	Sales volume	Amounts	Sales volume	Amounts
	thousand KL.t	million yen	thousand KL.t	million yen
Gasoline, Naphtha	4,037	249,337	16,886	948,029
Kerosene and diesel fuel	2,948	88,521	13,910	384,297
Heavy fuel oil	2,370	61,015	10,542	260,865
Others	650	16,514	3,243	85,543
Total	10,006	415,389	44,583	1,678,736