

August 3, 2009

Overview of Business Results for First Quarter of Fiscal Year Ending March 2010

Name of the Company: Cosmo Oil Co., Ltd. Shares traded: TSE, OSE, and NSE first sections
 Company Code: 5007 URL <http://www.cosmo-oil.co.jp>
 Name of Representative: Yaichi Kimura (Title) President
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 Scheduled date to file quarterly report: August 10, 2009

Note: Figures less than 1 million are rounded down.

1. Consolidated Financial Results for First Quarter of Fiscal Year Ending March 2010 (For the period from April 1, 2009 to June 30, 2009)

(1) Consolidated operating results (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, FY2009	548,519	-40.1	10,446	-76.7	13,650	-64.2	5,718	-75.0
First Quarter, FY2008	915,462	—	44,809	—	38,108	—	22,879	—

	Net income per share for the first quarter		Diluted net income per share for the first quarter	
	yen	sen	yen	sen
First Quarter, FY2009	6.75		6.53	
First Quarter, FY2008	27.01		26.11	

(2) Consolidated Financial Position

	Total assets	Net assets	Net Worth ratio	Net assets per share
	million yen	million yen	%	yen sen
First Quarter, FY2009	1,431,192	355,076	23.5	396.27
FY2008	1,440,395	347,449	22.8	387.71

[Reference] Net worth First Quarter, FY2009 335,684 million yen FY2008 328,433 million yen

2. Dividend Payment Results and Outlook

(Period for dividend payment)	Dividend per share				
	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
FY2008	—	3.00	—	5.00	8.00
FY2009	—				
FY2009 (outlook)		0.00	—	8.00	8.00

Note: Revision made in the forecast dividend as of the end of the current quarter: None.

3. Consolidated Business Outlook for FY2009 (April 1, 2009 to March 31, 2010) (% indicates change from the corresponding period of FY 2008)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
1H FY2009	1,100,000	-45.4	45,000	-31.7	43,000	-33.0	19,000	-37.7	22.43
FY2009	2,300,000	-32.9	85,000	—	82,000	—	33,000	—	38.96

Note: Change made in figures of the consolidated business outlook as of the end of the current quarter from the previous announcement: None.

4. Others

(1) Change in significant subsidiaries during the first quarter (change in specific subsidiaries resulting in change in scope of consolidation): None
Note: For detailed information, please refer to "4. Other (1)" of the "Qualitative Information / Financial Statements" on Page 3.(2) Adoption of convenient method in accounting and of accounting method uniquely adopted to prepare consolidated financial statements for the current quarter: Adopted
Note: For detailed information, please refer to "4. Other (2)" of the "Qualitative Information / Financial Statements" on Page 3.

(3) Changes in accounting policies and processing and representation methods adopted to prepare the consolidated financial statements for the current quarter (significant changes in the basis of presenting the consolidated financial statements for the current quarter):

- (1) Changes due to revised accounting standards: Yes
 (2) Changes other than the reason described above: None

Note: For detailed information, please refer to "4. Other (3)" of the "Qualitative Information / Financial Statements" on Page 3.

(4) Total Number of Outstanding Shares (Common Stock)

- (1) Number of outstanding shares as of end of the period (including treasury stock):
 The First Quarter of FY2009 847,705,087 shares / FY2008 847,705,087 shares
 (2) Number of shares of treasury stock as of end of the period:
 The First Quarter of FY2009 596,451 shares / FY2008 593,521 shares
 (3) Average Number of shares outstanding during the period (or the cumulative consolidated accounting period as the end of the current quarter):
 First Quarter FY2009 847,109,797 shares / First Quarter FY2008 847,126,798 shares

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

1. The consolidated business outlook for the first half of FY2009 and FY2009 are not updated from the previous announcement (made on May 7, 2009). They are 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 "Qualitative Information / Financial Statements" on Page 2 of this release.

[Qualitative Information regarding Operating Results]

1. Qualitative Information regarding Consolidated Operating Results

Consolidated net sales for the first quarter of FY2009 were ¥548.5 billion (down ¥367.0 billion from the same period of FY2008), operating income, ¥10.4 billion (down ¥34.4 billion), ordinary income, ¥13.7 billion (down ¥24.4 billion) and net income for the period, ¥5.7 billion (down ¥17.2 billion).

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

1) In the petroleum business, crude oil prices and oil product prices in the market were lower during the first quarter period than the same period last year. The domestic sales volume reduced, mainly in terms of fuel products for the transportation industry, due to the economic recession triggered by the financial crisis starting in and around the summer of 2008. The impact of inventory valuation pushed cost of sales down during the first quarter period but the reduction, which was smaller than for the same period last year, reduced profit of the business segment for the first quarter.

The petrochemical business reported reduced profit mainly reflecting no ratchet being applied to the declining sales volume due to the economic recession.

As a result, the petroleum business segment reported net sales of ¥541.1 billion for the first quarter of FY2009 (down ¥356.9 billion from the same period of FY2008), operating income of ¥9.7 billion (down ¥26.7 billion) and ordinary income of ¥9.8 billion (down ¥24.9 billion).

2) Results of the oil exploration and production business segment were affected mainly by crude oil price reductions during the first quarter. The segment reported net sales of ¥9.4 billion for the first quarter of FY2009 (down ¥8.9 billion from the same period of FY2008), operating income of ¥3.3 billion (down ¥6.5 billion) and ordinary income of ¥6.3 billion (up ¥1.1 billion).

3) The other business segment reported net sales of ¥18.4 billion for the first quarter of FY2009 (down ¥1.6 billion from the same period of FY2008), operating income of ¥100 million (down ¥600 million) and ordinary income of ¥300 million (down ¥400 million).

2. Qualitative Information regarding Consolidated Financial Position

1) Total assets as of the end of the first quarter of FY2009 (June 30, 2009) amounted to ¥1,431.2 billion, down ¥9.2 billion from the end of FY2008 (March 31, 2009), mainly reflecting increased inventories due to crude oil price hikes that were offset by reductions in cash and deposits mainly caused by tax and other payments and reductions in accounts receivable caused by the lower sales volume. Net assets as of June 30, 2009 were ¥355.1 billion, up ¥7.7 billion from the end of FY2008, with a net worth ratio of 23.5%.

2) As for consolidated cash flows of the first quarter of FY2009, net cash used in operating activities stood at ¥16.2 billion mainly reflecting an increase in inventories due to crude oil price hikes and tax and other payments. Net cash used in investing activities stood at ¥28.4 billion mainly reflecting payments for the acquisitions of fixed assets. Net cash used in financial activities stood at ¥15.7 billion mainly reflecting the payment of operating funds.

As a result, cash and cash equivalents as of June 30, 2009 were ¥101.1 billion, down ¥58.8 billion from those as of March 31, 2009.

3. Qualitative Information regarding Consolidated Business Outlook

As for the consolidated business outlook for the first half of FY2009 and the consolidated business outlook for the full year of FY2009, no change in forecast figures are made from the previous announcement (made on May 7, 2009).

The performance forecast is what the Company judged it based on the available information on the announcement day. An actual achievement might be different from the expectation depending on various factors in the future.

4. Other

(1) Change in significant subsidiaries (or change in certain subsidiaries affecting the range of consolidated accounts of the Cosmo Oil Group) during the current accounting period: None

(2) Adoption of convenient method in accounting and of accounting method uniquely adopted to prepare consolidated financial statements for the current quarter:

1. Adoption of convenient method in accounting:

The Company adopts convenient accounting methods with respect to the “method to calculate amounts for elimination of unrealized gains/losses included in inventories,” the “method for inventory valuation” and the “method to calculate income taxes and deferred tax assets/liabilities.”

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 nine-month period.

Income tax adjustments are included in the “income taxes” account stated in the Consolidated Statements of Income.

(3) Changes in accounting principles and processing and representation methods adopted to prepare consolidated financial statements for the current quarter:

•Change in Accounting Standard

Some of the Company’s consolidated subsidiaries had conventionally recognized their construction revenues of long-term and large engineering contracts (whose terms are one year or more and of which the contract amount is ¥100 million or more) by using the percentage of completion method, while in other contracts, construction revenues had been recognized by using the completed contract method. However, the Company, effective from the beginning of the first quarter of the consolidated fiscal year 2009, adopted the “Accounting Standard for Construction Contracts (the Accounting Standard Board of Japan (ASBJ) Statement No. 15 issued on December 27, 2007)” and the “Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No. 18 issued on December 27, 2007)” to recognize construction revenues. Accordingly, with respect to construction contracts whose construction work began during the first quarter of FY2009, the percentage of completion method (the percentage of construction is estimated based on the method of the ratio of actual cost incurred to total estimated cost) is applied to such construction contracts in process in which the outcome of the construction activity is deemed certain by the end of the first quarter, while the completed contract method is applied to other construction contracts.

This change increases consolidated net sales for the first quarter of FY2009 by ¥ 147 million, and consolidated operating income, consolidated ordinary income and consolidated net income before taxes, by ¥ 12 million, respectively.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: million yen)

	1Q FY2009 As of Jun. 30, 2009	FY2008 As of Mar. 31, 2009
Assets		
Current assets		
Cash and deposits	101,096	147,451
Notes and accounts receivable-trade	150,437	189,036
Short-term investment securities	15	13,983
Merchandise and finished goods	127,371	116,732
Work in process	1,781	1,198
Raw materials and supplies	166,022	121,160
Other	102,956	99,149
Allowance for doubtful accounts	-248	-402
Total current assets	649,434	688,310
Noncurrent assets		
Property, plant and equipment		
Land	304,747	305,565
Other, net	254,717	237,850
Total property, plant and equipment	559,465	543,416
Intangible assets	11,783	12,183
Investments and other assets		
Other	211,332	197,363
Allowance for doubtful accounts	-823	-878
Total investments and other assets	210,509	196,485
Total noncurrent assets	781,757	752,085
Total assets	1,431,192	1,440,395
Liabilities		
Current liabilities		
Notes and accounts payable-trade	227,797	191,883
Short-term loans payable	250,250	261,778
Accounts payable-other	140,493	184,187
Income taxes payable	5,046	5,770
Provision for loss on construction contracts	327	327
Other	36,804	39,936
Total current liabilities	660,718	683,883
Noncurrent liabilities		
Bonds with subscription rights to shares	18,000	18,000
Long-term loans payable	318,913	318,830
Provision for special repairs	6,350	6,676
Provision for retirement benefits	6,053	6,096
Other	66,080	59,459
Total noncurrent liabilities	415,397	409,063
Total liabilities	1,076,115	1,092,946

(Unit: million yen)

	1Q FY2009 As of Jun. 30, 2009	FY2008 As of Mar. 31, 2009
Net assets		
Shareholders' equity		
Capital stock	107,246	107,246
Capital surplus	89,440	89,440
Retained earnings	116,265	115,732
Treasury stock	-130	-129
Total shareholders' equity	312,822	312,290
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	844	-2,099
Deferred gains or losses on hedges	10,796	8,084
Revaluation reserve for land	12,473	11,523
Foreign currency translation adjustment	-1,252	-1,365
Total valuation and translation adjustments	22,861	16,142
Minority interests	19,391	19,015
Total net assets	355,076	347,449
Total liabilities and net assets	1,431,192	1,440,395

(2) Consolidated Statements of Income

(Unit: million yen)

	1Q FY2008 From April 1, 2008 to June 30, 2008	1Q FY2009 From April 1, 2009 to June 30, 2009
Net sales	915,462	548,519
Cost of sales	833,303	504,990
Gross profit	82,159	43,528
Selling, general and administrative expenses	37,349	33,082
Operating income	44,809	10,446
Non-operating income		
Interest income	504	267
Dividends income	609	570
Foreign exchange gains	—	2,107
Equity in earnings of affiliates	1,109	2,357
Other	1,278	1,273
Total non-operating income	3,503	6,576
Non-operating expenses		
Interest expenses	2,481	2,351
Foreign exchange losses	6,781	—
Other	942	1,021
Total non-operating expenses	10,204	3,372
Ordinary income	38,108	13,650
Extraordinary income		
Gain on sales of noncurrent assets	6,407	132
Gain on sales of investment securities	108	—
Total extraordinary income	6,515	132
Extraordinary loss		
Loss on disposal of noncurrent assets	523	754
Impairment loss	104	1,107
Total extraordinary losses	628	1,862
Income before income taxes and minority interests	43,996	11,919
Income taxes	21,603	5,816
Minority interests in income (loss)	-486	383
Net income	22,879	5,718

(3) Consolidated Statement of Cash Flows

Item	(Unit: million yen)	
	1Q FY2008	1Q FY2009
	From April 1, 2008 to June 30, 2008	From April 1, 2009 to June 30, 2009
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	43,996	11,919
Depreciation and amortization	8,355	8,996
Amortization of goodwill	15	22
Loss (gain) on disposal of noncurrent assets	523	754
Impairment loss	104	1,107
Increase (decrease) in provision	-39	-571
Interest and dividends income	-1,114	-837
Interest expenses	2,481	2,351
Foreign exchange losses (gains)	3,082	-1,387
Equity in (earnings) losses of affiliates	-1,109	-2,357
Loss (gain) on sales of noncurrent assets	-6,405	-132
Recovery of recoverable accounts under production sharing	2,777	850
Decrease (increase) in notes and accounts receivable-trade	36,962	38,599
Decrease (increase) in inventories	-127,357	-55,927
Increase (decrease) in notes and accounts payable-trade	40,629	35,913
Decrease (increase) in other current assets	-6,302	976
Increase (decrease) in other current liabilities	-11,364	-49,510
Other, net	-1,563	-1,801
Subtotal	-16,329	-11,033
Interest and dividends income received	3,654	2,759
Interest expenses paid	-1,941	-1,627
Income taxes paid	-23,377	-6,339
Net cash provided by (used in) operating activities	-37,994	-16,241
Net cash provided by (used in) investing activities		
Proceeds from sales and redemption of securities	—	1,500
Purchase of investment securities	-924	-6,612
Proceeds from sales and redemption of investment securities	—	3,018
Purchase of property, plant and equipment	-17,373	-24,320
Proceeds from sales of property, plant and equipment	9,224	1,991
Payments for purchases of intangible fixed assets and long-term prepaid expenses	-3,115	-1,811
Decrease (increase) in short-term loans receivable	-1,311	-1,492
Other, net	-167	-648
Net cash provided by (used in) investing activities	-13,667	-28,375
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	76,820	-17,366
Proceeds from long-term loans payable	13,700	13,500
Repayment of long-term loans payable	-13,833	-7,549
Redemption of bonds	-1,500	—
Cash dividends paid	-4,237	-4,237
Cash dividends paid to minority shareholders	-914	-10
Other, net	-4	-8
Net cash provided by (used in) financing activities	70,030	-15,672
Effect of exchange rate change on cash and cash equivalents	-2,993	1,465
Net increase (decrease) in cash and cash equivalents	15,374	-58,822
Cash and cash equivalents at beginning of period	82,674	159,919
Cash and cash equivalents at end of period	98,049	101,096

(4)Notes to going concern

None

(5) Segment information

1. Business segment information

1Q FY2008 (From April 1, 2008 to June 30, 2008)

	Petroleum (million yen)	Oil exploration and production (million yen)	Other (million yen)	Total (million yen)	Elimination or corporate (million yen)	Consolidated (million yen)
Net sales						
(1)Outside customers	897,870	7,822	9,768	915,462	-	915,462
(2)Inter-segment	170	10,516	10,228	20,916	(20,916)	-
Total	898,041	18,339	19,997	936,378	(20,916)	915,462
Operating income	36,438	9,840	695	46,974	(2,164)	44,809

Note 1 The business segments are determined in accordance with the Company's internal business management policy.

2 Major products or details of each segment

- (1) Petroleum : gasoline, naphtha, kerosene, diesel fuel, heavy fuel oil, crude oil, lubricating oil, LP gas, asphalt, and various petrochemical products
- (2) Oil exploration & production: production, drilling and exploration of crude oil
- (3) Other: construction works, insurance agency, leasing, travel agency, etc.

1Q FY2009 (From April 1, 2009 to June 30, 2009)

	Petroleum (million yen)	Oil exploration and production (million yen)	Other (million yen)	Total (million yen)	Elimination or corporate (million yen)	Consolidated (million yen)
Net sales						
(1)Outside customers	540,964	3,726	3,827	548,519	-	548,519
(2)Inter-segment	125	5,629	14,592	20,348	(20,348)	-
Total	541,090	9,355	18,420	568,867	(20,348)	548,519
Operating income	9,672	3,270	102	13,046	(2,599)	10,446

Note 1 The business segments are determined in accordance with the Company's internal business management policy.

2 Major products or details of each segment

- (1) Petroleum : gasoline, naphtha, kerosene, diesel fuel, heavy fuel oil, crude oil, lubricating oil, LP gas, asphalt, and various petrochemical products
- (2) Oil exploration & production: production, drilling and exploration of crude oil
- (3) Other: construction works, insurance agency, leasing, travel agency, etc.

2. Geographic segment information

1Q FY2008 (From April 1, 2008 to June 30, 2008)

	Japan (million yen)	Other (million yen)	Total (million yen)	Elimination or corporate (million yen)	Consolidated (million yen)
Net sales					
(1)Outside customers	874,004	41,457	915,462	-	915,462
(2)Inter-segment	40,010	86,385	126,396	(126,396)	-
Total	914,015	127,843	1,041,858	(126,396)	915,462
Operating income	36,788	10,173	46,961	(2,151)	44,809

Note 1 The method of division of countries or regions and major countries included

(1) The method of division of countries or regions: geographic proximity

(2) Countries included in the other area: Singapore, the US, UK, UAE, Qatar, and Australia

1Q FY2009 (From April 1, 2009 to June 30, 2009)

	Japan (million yen)	Other (million yen)	Total (million yen)	Elimination or corporate (million yen)	Consolidated (million yen)
Net sales					
(1)Outside customers	535,703	12,815	548,519	-	548,519
(2)Inter-segment	8,830	38,439	47,270	(47,270)	-
Total	544,534	51,254	595,789	(47,270)	548,519
Operating income	8,845	3,269	12,115	(1,668)	10,446

Note 1 The method of division of countries or regions and major countries included

(1) The method of division of countries or regions: geographic proximity

(2) Countries included in the other area: Singapore, China, the US, UK, UAE, Qatar, and Australia

3. Overseas Sales

1Q FY2008 (From April 1, 2008 to June 30, 2008)

I Overseas net sales (million yen)	121,921
II Consolidated net sales (million yen)	915,462
III Overseas net sales share of consolidated net sales (%)	13.3

Note 1 Countries and regions are segmented by geographical proximity but sales from each country/region are so small that such sales are combined together to be represented as "overseas net sales"

2 Major country and region from which sales are earned: Asia and North America

3 Overseas net sales refer to net sales from countries and regions where the Company and its subsidiaries do business apart from Japan.

1Q FY2009 (From April 1, 2009 to June 30, 2009)

I Overseas net sales (million yen)	46,804
II Consolidated net sales (million yen)	548,519
III Overseas net sales share of consolidated net sales (%)	8.5

Note 1 Countries and regions are segmented by geographical proximity but sales from each country/region are so small that such sales are combined together to be represented as "overseas net sales"

2 Major country and region from which sales are earned: Asia and North America

3 Overseas net sales refer to net sales from countries and regions where the Company and its subsidiaries do business apart from Japan.

(6) Notes to remarkable changes in Shareholders' Equity

1Q FY 2009 (from April 1, 2009 to June 30, 2009)

None