



August 3, 2010

Overview of Business Results for First Quarter of Fiscal Year Ending March 2011 [Japanese Standard Form] (Consolidated)

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
 Name of Person to contact: Kunihiko Shoda (Title) General Manager of Corporate Communication Dept. Phone: 03-3798-3180
 Scheduled date to file quarterly report: August 3, 2010
 Availability of the Quarterly Financial Result Supplementary Information: Yes / No Dividend payment is to be started on: —
 Execution of the Quarterly Financial Result Presentation Meeting: Yes / No (for analysts and institutional investors)

Note: Figures less than 1 million are rounded down.

1. Consolidated Financial Results for First Quarter of Fiscal Year Ending March 2011 (For the period from April 1, 2010 to June 30, 2010)

(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 first quarter	
	million yen	%	million yen	%	million yen	%	million yen	%
First Quarter, FY2010	626,983	14.3	14,953	43.1	15,184	11.2	3,438	-39.9
First Quarter, FY2009	548,519	-40.1	10,446	-76.7	13,650	-64.2	5,718	-75.0

	Net income per share for the first quarter		Diluted net income per share for the first quarter	
	yen	sen	yen	sen
First Quarter, FY2010	4	06	3	92
First Quarter, FY2009	6	75	6	53

(2) Consolidated Financial Position

	Total assets		Net assets		Net Worth ratio		Net assets per share	
	million yen		million yen		%		yen	sen
First Quarter, FY2010	1,483,906		324,869		20.8		364	47
FY2009	1,645,048		331,579		19.2		372	74

[Reference] Net worth First Quarter, FY2010 308,741 million yen FY2009 315,746 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
FY2009	—	—	0	00	—	—	8	00	8	00
FY2010	—	—								
FY2010 (outlook)			0	00	—	—	8	00	8	00

Note: Revision made in the forecast dividend as of the end of the current quarter: Yes / No

3. Consolidated Business Outlook for FY2010 (April 1, 2010 to March 31, 2011)

(% indicates change from the corresponding period of FY 2009)

	Net sales		Operating income		Ordinary income		Net income		Net income per share	
	million yen	%	million yen	%	million yen	%	million yen	%	yen	sen
1H FY2010	1,220,000	6.8	26,000	66.4	24,000	18.0	6,000	15.9	7	08
FY2010	2,550,000	-2.4	63,000	84.2	58,000	59.3	18,000	—	21	25

Note: Change made in figures of the consolidated business outlook as of the end of the current quarter from the previous announcement: Yes / No

4. Others (As for details, please refer to "Other Informationon" Page 2 and 3 of the Supporting data

(1) Change in significant subsidiaries during the first quarter : Yes / No

Newly — (Name of Company) — Exception — (Name of Company) —

Note: This refers to whether or not a change was made in specific subsidiaries resulting in a change made in the scope of consolidation during the first quarter.

(2) Adoption of convenient method in accounting and of accounting method uniquely adopted to prepare consolidated financial statements for the current quarter Yes / No

Note: This refers to whether or not there was the adoption of a convenient method or methods in accounting and of an accounting method or methods uniquely to prepare the consolidated financial statements for the current quarter.

(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 / No

(2) Changes other than the reason described above Yes / No

Note: This refers to whether or not changes were made in accounting principles and processing and representation methods adopted to prepare the consolidated financial statements for the current quarter, as described in the "Significant Changes in the Basis of Presenting the Consolidated Financial Statements for the Current Quarter."

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

(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):

First Quarter of FY2010	847,705,087 shares	FY2009	847,705,087 shares
First Quarter of FY2010	615,907 shares	FY2009	613,457 shares
First Quarter of FY2010	847,090,517 shares	First Quarter of FY2009	847,109,797 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 had been completed.

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

1. The consolidated business outlook for the first half of FY2010 and FY2010 are not updated from the previous announcement (made on May 10, 2010).

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 the Supporting data

【Supporting data】

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[1. Qualitative Information]

(1) Qualitative Information regarding Consolidated Operating Results

Consolidated net sales for the first quarter of FY2010 were ¥627 billion (up ¥78.5 billion from the same period of FY2009), operating income, ¥15 billion, (up from ¥4.6 billion), ordinary income, ¥15.2 billion (up ¥1.5 billion) and net income for the period, ¥3.4 billion (down ¥2.3 billion).

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

(1) Results of the petroleum business segment indicate that sales remained solid owing to the underlying tone of restoration of petroleum product market conditions in Japan. The segment also made efforts to reduce costs by executing a variety of rationalization programs.

As a result, the petroleum business segment reported net sales of ¥616.9 billion and segment income of ¥9.2 billion.

(2) Results of the petrochemical business segment remained weak during the quarter due to aggravated market conditions, but as a result of its executing rationalization programs and making other efforts, the segment reported net sales of ¥7.9 billion and segment income of ¥0.2 billion.

(3) Results of the oil exploration and production business segment were benefited by a solid level of crude oil prices that maintained during the quarter.

As a result, the segment reported net sales of ¥16.4 billion and segment income of ¥8.8 billion.

(2) Qualitative Information regarding Consolidated Financial Position

(1) Total assets as of the end of the first quarter of FY2010 (June 30, 2010) amounted to ¥1,483.9 billion, down ¥161.1 billion from the end of FY2009 (March 31, 2010), mainly reflecting a reduction in cash and cash equivalents due to interest-bearing debt and tax payments. Net assets as of June 30, 2010 were ¥324.9 (down ¥6.7 billion from the end of FY2009), with a net worth ratio of 20.8%.

(2) As for consolidated cash flows of the first quarter of FY2010, net cash used in operating activities stood at ¥52.7 billion mainly reflecting increased inventories and tax and other payments. Net cash used in investing activities stood at ¥24.8 billion mainly reflecting payments for the acquisitions of fixed assets. Net cash used by financial activities stood at ¥89.7 billion mainly reflecting the payment of operating funds.

As a result, cash and cash equivalents as of June 30, 2010 were ¥61.3 billion, down ¥167.6 billion from those as of March 31, 2010.

(3) Qualitative Information regarding Consolidated Business Outlook

As for the consolidated business outlook for the first half of FY2010 and the consolidated business outlook for the full year of FY2010, no change in forecast figures are made from the previous announcement (made on May 10, 2010).

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.

[2. Other Information]

(1) Change in significant subsidiaries 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 the consolidated financial statements for the current quarter:

(Changes in Accounting Standards)

(1) Adoption of the Accounting Standard for Asset Retirement Obligations:

The Company, effective from the beginning of the first quarter of the consolidated fiscal year ending March 31, 2011, adopted the “Accounting Standard for Asset Retirement Obligations” (the Accounting Standards Board of Japan (ASBJ) Statement No. 18 issued on March 31, 2008)” and the “Guidance on Accounting Standard for Asset Retirement Obligations” (the ASBJ Guidance No. 21 issued on March 31, 2008)”.

This change reduced consolidated operating income and ordinary income by ¥55 million, respectively, and reduced consolidated net income before taxes and other adjustments by ¥1,715 million, for the first quarter of FY2010.

(2) Adoption of the “Accounting Standard for Equity Method of Accounting for Investments” and the “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method”:

The Company, effective from the beginning of the first quarter of the consolidated fiscal year ending March 31, 2011, adopted the “Accounting Standard for Equity Method of Accounting for Investments” (the ASBJ Statement No. 16 issued on March 10, 2008) and the “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (the ASBJ Practical Issues Task Force (PITF) No. 24 issued on March 10, 2008), making necessary adjustments for consolidated financial reporting.

This change were not important to consolidated ordinary income and consolidated net income before taxes and other adjustments.

(3) Adoption of the “Accounting Standard for Measurement of Inventories”:

Some consolidated subsidiaries of the Company, effective from the beginning of the first quarter of the consolidated fiscal year ending March 31, 2011, adopted the “Accounting Standard for Measurement of Inventories” (the ASBJ Statement No. 9 issued on September 26, 2008) and changed inventory valuation methods from the LIFO method to the weighted average method.

This change increased consolidated operating income, ordinary income and net income before taxes and other adjustments for the first quarter of FY2010 by ¥3,320 million, respectively.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: million yen)

	1Q FY2010 As of Jun. 30, 2010	FY2009 As of Mar. 31, 2010
Assets		
Current assets		
Cash and deposits	61,348	226,608
Notes and accounts receivable-trade	194,987	206,168
Merchandise and finished goods	180,355	145,720
Work in process	596	469
Raw materials and supplies	161,162	165,351
Other	78,838	101,239
Allowance for doubtful accounts	-194	-222
Total current assets	677,094	845,336
Noncurrent assets		
Property, plant and equipment		
Land	302,458	303,104
Other, net	306,972	294,588
Total property, plant and equipment	609,430	597,693
Intangible assets	12,204	12,563
Investments and other assets		
Other	185,987	190,189
Allowance for doubtful accounts	-947	-876
Total investments and other assets	185,039	189,312
Total noncurrent assets	806,675	799,569
Deferred assets		
Bond issuance cost	137	142
Total deferred assets	137	142
Total assets	1,483,906	1,645,048
Liabilities		
Current liabilities		
Notes and accounts payable-trade	188,273	216,111
Short-term loans payable	200,131	269,514
Current portion of bonds with subscription rights to shares	18,000	18,000
Accounts payable-other	150,266	202,794
Income taxes payable	7,140	9,194
Other	36,494	28,560
Total current liabilities	600,306	744,174
Noncurrent liabilities		
Bonds payable	15,000	15,000
Long-term loans payable	461,761	475,225
Provision for special repairs	5,998	6,333
Provision for retirement benefits	5,865	5,899
Other	70,104	66,834
Total noncurrent liabilities	558,730	569,293
Total liabilities	1,159,036	1,313,468

(Unit: million yen)

	1Q FY2010 As of Jun. 30, 2010	FY2009 As of Mar. 31, 2010
Net assets		
Shareholders' equity		
Capital stock	107,246	107,246
Capital surplus	89,440	89,440
Retained earnings	95,986	99,685
Treasury stock	-134	-134
Total shareholders' equity	292,538	296,239
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-2,196	-529
Deferred gains or losses on hedges	6,776	8,761
Revaluation reserve for land	12,952	12,593
Foreign currency translation adjustment	-1,328	-1,318
Total valuation and translation adjustments	16,203	19,507
Minority interests	16,127	15,832
Total net assets	324,869	331,579
Total liabilities and net assets	1,483,906	1,645,048

(2) Consolidated Statements of Income

(Consolidated first quarterly statements of income)

(Unit: million yen)

	1Q FY2009 From April 1, 2009 to June 30, 2009	1Q FY2010 From April 1, 2010 to June 30, 2010
Net sales	548,519	626,983
Cost of sales	504,990	580,666
Gross profit	43,528	46,317
Selling, general and administrative expenses	33,082	31,363
Operating income	10,446	14,953
Non-operating income		
Interest income	267	68
Dividends income	570	561
Foreign exchange gains	2,107	654
Equity in earnings of affiliates	2,357	1,232
Other	1,273	1,427
Total non-operating income	6,576	3,944
Non-operating expenses		
Interest expenses	2,351	3,013
Other	1,021	698
Total non-operating expenses	3,372	3,712
Ordinary income	13,650	15,184
Extraordinary income		
Gain on sales of noncurrent assets	132	192
Gain on allotment of investment securities	—	151
Total extraordinary income	132	344
Extraordinary loss		
Loss on sales of noncurrent assets	—	23
Loss on disposal of noncurrent assets	754	368
Impairment loss	1,107	176
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	1,660
Loss on disposal of recoverable accounts under production sharing	—	3,523
Total extraordinary losses	1,862	5,753
Income before income taxes and minority interests	11,919	9,775
Income taxes	5,816	6,037
Income before minority interests	—	3,737
Minority interests in income	383	299
Net income	5,718	3,438

(3) Consolidated Statement of Cash Flows

	(Unit: million yen)	
	1Q FY2009	1Q FY2010
	From April 1, 2009 to June 30, 2009	From April 1, 2010 to June 30, 2010
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	11,919	9,775
Depreciation and amortization	8,996	10,475
Amortization of goodwill	22	—
Amortization of negative goodwill	—	-312
Loss (gain) on disposal of noncurrent assets	754	368
Impairment loss	1,107	176
Loss on disposal of recoverable accounts under production sharing	—	3,523
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	1,660
Gain on allotment of investment securities	—	-151
Increase (decrease) in provision	-571	-326
Interest and dividends income	-837	-629
Interest expenses	2,351	3,013
Foreign exchange losses (gains)	-1,387	371
Equity in (earnings) losses of affiliates	-2,357	-1,232
Loss (gain) on sales of noncurrent assets	-132	-169
Recovery of recoverable accounts under production sharing	850	1,572
Decrease (increase) in notes and accounts receivable-trade	38,599	11,180
Decrease (increase) in inventories	-55,927	-30,525
Increase (decrease) in notes and accounts payable-trade	35,913	-27,837
Decrease (increase) in other current assets	976	10,404
Increase (decrease) in other current liabilities	-49,510	-38,874
Other, net	-1,801	550
Subtotal	-11,033	-46,985
Interest and dividends income received	2,759	1,706
Interest expenses paid	-1,627	-2,202
Income taxes paid	-6,339	-5,232
Net cash provided by (used in) operating activities	-16,241	-52,713
Net cash provided by (used in) investing activities		
Proceeds from sales and redemption of securities	1,500	—
Purchase of investment securities	-6,612	-144
Proceeds from sales and redemption of investment securities	3,018	4
Purchase of property, plant and equipment	-24,320	-25,827
Proceeds from sales of property, plant and equipment	1,991	4,011
Payments for purchases of intangible fixed assets and long-term prepaid expenses	-1,811	-3,784
Decrease (increase) in short-term loans receivable	-1,492	857
Other, net	-648	88
Net cash provided by (used in) investing activities	-28,375	-24,794
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-17,366	-68,277
Proceeds from long-term loans payable	13,500	—
Repayment of long-term loans payable	-7,549	-14,558
Cash dividends paid	-4,237	-6,779
Cash dividends paid to minority shareholders	-10	-9
Other, net	-8	-27
Net cash provided by (used in) financing activities	-15,672	-89,652
Effect of exchange rate change on cash and cash equivalents	1,465	-399
Net increase (decrease) in cash and cash equivalents	-58,822	-167,559
Cash and cash equivalents at beginning of period	159,919	228,907
Cash and cash equivalents at end of period	101,096	61,348

(4)Notes to going concern

None

(5) Segment information

1. Business segment information

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 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 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.

4. Segment Information

(1) Overview of Reporting Segments

The reporting segments of the Cosmo Group are comprised of those entities where obtaining separate financial reports are possible and those which the board members regularly review and decide distribution of management resources.

Cosmo Group conducts "Petroleum Business", "Petrochemicals Business" and "Petroleum Exploration and Production Business" and Cosmo Oil or its affiliate companies operate these businesses independently depending on the type of services or products handled.

Therefore the 3 reporting segments by Cosmo Group are, "Petroleum Business", "Petrochemicals Business" and Petroleum Exploration and Production Business, based on the services and/or the products handled.

In further detail, "Petroleum Business" produces and markets gasoline, naphtha, kerosene, diesel, fuel oil, crude oil, lubricants, LPG, asphalt, etc. "Petrochemicals Business" produces and markets mixed xylene, benzene, toluene, solvents, etc. Petroleum Exploration and Production Business explores and produces crude oil.

(2) Information about net sales and income or loss amounts by segment reported

1Q FY2010 (From April 1, 2010 to June 30, 2010)

(unit: million yen)

	Petroleum	Petrochemical	Oil exploration and production	Other Note:1	Adjustments Note:2	Consolidated Note:3
Net sales						
(1)Outside customers	609,191	3,435	8,334	6,022	—	626,983
(2)Inter-segment	7,702	4,423	8,078	10,165	(30,369)	—
Total	616,894	7,858	16,412	16,188	(30,369)	626,983
Segment Income	9,196	174	8,799	292	(3,277)	15,184

Note 1 "Other" is segment of non-classified, and including construction works, insurance agency, leasing, travel agency wind power generation, etc.

2 Segment Income in "Adjustments"(3,277 million yen) are included in -40 million yen internal eliminations and -3,051 million yen Inventory adjustments and -183 million yen adjustment of fixed assets

3 Segment income is adjusted to ordinary income of Consolidated quarterly statements of income

(Additional Information)

Effective from the beginning of the first quarter of the consolidated fiscal year ending March 31, 2011, the Company adopted the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (the ASBJ Statement No. 17 issued on March 27, 2009)" and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (the ASBJ Guidance No. 20 issued on March 21, 2008)."

(6) Notes to remarkable changes in Shareholders' Equity

None