



November 1, 2012

## Overview of Business Results for the Second 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: November 1, 2012  
 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 Second Quarter of Fiscal Year Ending March 2013 (For the period from April 1, 2012 to September 30, 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 second quarter |       |
|------------------------|-------------|------|------------------|------|-----------------|-----|-----------------------------------|-------|
|                        | million yen | %    | million yen      | %    | million yen     | %   | million yen                       | %     |
| Second Quarter, FY2012 | 1,449,206   | -0.3 | -18,652          | -    | -21,660         | -   | -79,072                           | -     |
| Second Quarter, FY2011 | 1,453,549   | 12.0 | 27,466           | -7.5 | 27,612          | 3.4 | 2,831                             | 123.7 |

[Reference] Comprehensive income Second Quarter, FY2012: -79,774 million yen (-%) Second Quarter, FY2011: 242 million yen (-%)

|                        | Net income per share<br>for the second quarter | Diluted net income per share<br>for the second quarter |
|------------------------|--|--|
|                        | yen sen  | yen sen  |
| Second Quarter, FY2012 | -93.35   | -  |
| Second Quarter, FY2011 | 3.34   | -  |

#### (2) Consolidated Financial Position

|                        | Total assets | Net assets  | Net Worth ratio | Net assets per share |
|------------------------|--------------|-------------|-----------------|----------------------|
|                        | million yen  | million yen | %               | yen sen              |
| Second Quarter, FY2012 | 1,550,954    | 250,850     | 14.7            | 269.18               |
| FY2011                 | 1,675,070    | 337,437     | 18.9            | 374.15               |

[Reference] Net worth Second Quarter, FY2012: 228,014 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 |
|                  | yen sen                         | yen sen      | yen sen      | yen sen               | yen sen   |
| FY2011           | -                               | 0.00         | -            | 8.00                  | 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: Yes

### 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: Yes

Notes to Consolidated Financial Statements

(1) Change in significant subsidiaries during the second quarter : No

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

(2) Adoption of convenient method in accounting and 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 (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)

|                        |                    |                        |                    |
|------------------------|--------------------|------------------------|--------------------|
| Second Quarter, FY2012 | 847,705,087 shares | FY2011                 | 847,705,087 shares |
| Second Quarter, FY2012 | 638,191 shares     | FY2011                 | 639,196 shares     |
| Second Quarter, FY2012 | 847,066,411 shares | Second Quarter, FY2011 | 847,072,126 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:

The consolidated business outlook, etc. for the full year of FY2012 is updated from the previous announcement made on May 8, 2012.

The forward-looking statements including the business outlook, etc. are 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). Qualitative Information regarding Consolidated Business Outlook, etc.” of the “1. Qualitative information about results for and at the end of the current quarter” on Page 3 of the Supporting data.

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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 half of FY2012 were ¥1,449.2 billion (down ¥4.3 billion from the same period of FY2011), operating loss ¥18.7 billion (operating income ¥27.5 billion for the same period of FY2011), ordinary loss ¥21.7 billion (ordinary income ¥27.6 billion for the same period of FY2011) and net loss for the period ¥79.1 billion (net income ¥2.8 billion for the same period of FY2011).

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

- 1) In the petroleum business segment, FY2012 started with a moderate recovery of individual consumption mainly backed by the demand for reconstruction after the Great East Japan Earthquake, followed by a decreasing demand and a continued sluggish product market conditions, reducing profit for the first half of FY2012 on a year-on-year basis. A decrease in crude oil prices had significant adverse impact on inventory valuation.  
As a result, the segment reported net sales at ¥1,424.3 billion for the first half of FY2012 (down ¥1.5 billion from the same period of FY2011) and segment loss at ¥37.7 billion (segment income at ¥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 half of FY2012.  
As a result, the segment reported net sales at ¥13.3 billion for the first half of FY2012 (down ¥1.2 billion from the same period of FY2011) and segment loss at ¥2.2 billion (segment income at ¥1.6 billion in the same period of FY2011).
- 3) In the petroleum exploration and production business segment, crude oil prices were up from the same period of FY2011, while the sales volume was down.  
As a result, the segment reported net sales at ¥34.1 billion for the first half of FY2012 (down ¥6.0 billion from the same period of FY2011) and segment income at ¥24.2 billion (down ¥1.0 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 first half of FY2012, total assets as of September 30, 2012 amounted to ¥1,551.0 billion, down ¥124.1 billion from March 31, 2012, the end of the full-year FY2011, mainly reflecting decreased inventory assets due to decreased crude oil prices, and decreased current assets, such as accounts receivable and accrued income.

Net assets as of September 30, 2012 amounted to ¥250.9 billion, down ¥86.5 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 14.7%.

This has resulted in the infringement of covenants to some, out of the numerous, syndicate loan contracts which Cosmo has. The company is in discussion with the related financial institutes for the waiver to the covenants, and to continue the current existing loan. In addition, the company confirms that it has sufficient cash reserves, and is capable of securing stable financing for the foreseeable future.

## (3)Qualitative Information regarding Consolidated Business Outlook, etc.

## (Amendment to Business Outlook)

As for consolidated business outlook for full-year of FY2012, it is anticipated to reduce net income for the year to be lower than previous forecast due to the following reasons: the suspended operations of the Chiba Refinery impacted on the petroleum business segment reducing operating income and ordinary income as compared with the previous forecast (announced on May 8, 2012 on the assumption of crude oil price of US\$115.0 per bbl and an exchange rate of ¥80.0 per US\$), a reduction of deferred tax assets by taking into account the immediate financial situation of the Company, and a loss arising out of an asphalt leakage accident. Therefore, the previous business outlook is updated to include consolidated net income of ¥3,040.0 billion (down ¥310.0 billion from the previous announcement), operating income of ¥28.0 billion (down ¥68.0 billion), ordinary income of ¥25.0 billion (down ¥69.0 billion) and net loss for the year of ¥74.0 billion (down ¥109.0 billion). This business outlook is based on the assumptions of a crude oil price at US\$108.2 per bbl and an exchange rate at ¥78.7 per US\$ for the full year of FY2012 (from April 1, 2012 to March 31, 2013).

In addition, the business outlook for full-year of FY2012 on a non-consolidated basis is also revised, using the same assumptions.

(Amendment to Non-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 | 2,700,000   | -2.1 | -32,000          | - | -37,000         | - | -93,000     | - | -109.75              |

## (Amendment to Dividend Forecast)

Stable dividend payment has long been a priority policy for the company.

However, after a careful and comprehensive consideration including the recent revision to the business outlook, we regret but announce zero dividend for this fiscal year.

The company will take all actions, including stable re-start of Chiba Refinery, for recovery in profits and dividends next term and asks all shareholders for their continuous support and understanding.

The above business outlook 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.

## 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 half of FY2012 by ¥1,033 million as compared with the conventional method. And operating, ordinary loss and net loss before income taxes for the first half of FY2012 were decreased by ¥505 million, respectively.

## 3. Consolidated Financial Statements

## (1) Consolidated Balance Sheet

|                                     | (Unit: million yen)    |                            |
|-------------------------------------|------------------------|----------------------------|
|                                     | FY2011                 | 2Q FY2012                  |
|                                     | (As of March 31, 2012) | (As of September 30, 2012) |
| <b>Assets</b>                       |                        |                            |
| Current assets                      |                        |                            |
| Cash and deposits                   | 122,031                | 137,850                    |
| Notes and accounts receivable-trade | 261,067                | 188,886                    |
| Merchandise and finished goods      | 232,505                | 259,114                    |
| Work in process                     | 1,051                  | 1,367                      |
| Raw materials and supplies          | 210,004                | 157,078                    |
| Other                               | 94,043                 | 91,737                     |
| Allowance for doubtful accounts     | -292                   | -225                       |
| Total current assets                | 920,412                | 835,807                    |
| Noncurrent assets                   |                        |                            |
| Property, plant and equipment       |                        |                            |
| Land                                | 299,772                | 298,106                    |
| Other, net                          | 280,473                | 274,627                    |
| Total property, plant and equipment | 580,246                | 572,734                    |
| Intangible assets                   | 9,517                  | 9,084                      |
| Investments and other assets        |                        |                            |
| Other                               | 165,499                | 133,557                    |
| Allowance for doubtful accounts     | -863                   | -815                       |
| Total investments and other assets  | 164,635                | 132,742                    |
| Total noncurrent assets             | 754,400                | 714,561                    |
| Deferred assets                     |                        |                            |
| Bond issuance cost                  | 257                    | 585                        |
| Total deferred assets               | 257                    | 585                        |
| Total assets                        | 1,675,070              | 1,550,954                  |
| <b>Liabilities</b>                  |                        |                            |
| Current liabilities                 |                        |                            |
| Notes and accounts payable-trade    | 294,906                | 207,815                    |
| Short-term loans payable            | 207,447                | 258,439                    |
| Current portion of bonds            | 840                    | 1,680                      |
| Accounts payable-other              | 199,970                | 194,190                    |
| Income taxes payable                | 12,181                 | 1,939                      |
| Provision for loss on disaster      | 3,512                  | 2,473                      |
| Other                               | 25,417                 | 20,285                     |
| Total current liabilities           | 744,275                | 686,823                    |
| Noncurrent liabilities              |                        |                            |
| Bonds payable                       | 56,160                 | 75,320                     |
| Long-term loans payable             | 456,755                | 456,115                    |
| Provision for special repairs       | 7,984                  | 8,104                      |
| Provision for retirement benefits   | 6,795                  | 7,048                      |
| Other                               | 65,661                 | 66,691                     |
| Total noncurrent liabilities        | 593,357                | 613,279                    |
| Total liabilities                   | 1,337,632              | 1,300,103                  |

(Unit: million yen)

|   | FY2011<br>(As of March 31, 2012) | 2Q FY2012<br>(As of September 30, 2012) |
|---|----------------------------------|---|
| Net assets  |                                  |   |
| Shareholders' equity                                  |                                  |   |
| Capital stock   | 107,246                          | 107,246                                 |
| Capital surplus                                       | 89,440                           | 89,440                                  |
| Retained earnings                                     | 103,454                          | 17,680                                  |
| Treasury stock  | -140                             | -139                                    |
| Total shareholders' equity                            | 300,001                          | 214,228                                 |
| Accumulated other comprehensive income                |                                  |   |
| Valuation difference on available-for-sale securities | 1,540                            | 235                                     |
| Deferred gains or losses on hedges                    | 2,579                            | 925                                     |
| Revaluation reserve for land                          | 18,776                           | 18,697                                  |
| Foreign currency translation adjustment               | -5,965                           | -6,072                                  |
| Total accumulated other comprehensive income          | 16,930                           | 13,786                                  |
| Minority interests                                    | 20,506                           | 22,836                                  |
| Total net assets                                      | 337,437                          | 250,850                                 |
| Total liabilities and net assets                      | 1,675,070                        | 1,550,954                               |

## (2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Consolidated the first half of FY2012 statements of income)

(Unit: million yen)

|  | 2Q FY2011<br>(From April 1, 2011<br>to September 30, 2011) | 2Q FY2012<br>(From April 1, 2012<br>to September 30, 2012) |
|--|--|--|
| Net sales  | 1,453,549  | 1,449,206  |
| Cost of sales  | 1,363,587  | 1,408,868  |
| Gross profit   | 89,961   | 40,337   |
| Selling, general and administrative expenses               | 62,495   | 58,990   |
| Operating income (loss)                                    | 27,466   | -18,652  |
| Non-operating income                                       |  |  |
| Interest income  | 65   | 109  |
| Dividends income   | 584  | 507  |
| Foreign exchange gains                                     | 1,761  | 2,044  |
| Equity in earnings of affiliates                           | 2,474  | 174  |
| Other  | 3,213  | 2,819  |
| Total non-operating income                                 | 8,100  | 5,655  |
| Non-operating expenses                                     |  |  |
| Interest expenses  | 6,179  | 6,164  |
| Other  | 1,775  | 2,499  |
| Total non-operating expenses                               | 7,954  | 8,664  |
| Ordinary income (loss)                                     | 27,612   | -21,660  |
| Extraordinary income                                       |  |  |
| Gain on sales of noncurrent assets                         | 199  | 801  |
| Gain on sales of investment securities                     | 49   | —  |
| Gain on sales of subsidiaries and affiliates' stocks       | 78   | —  |
| Insurance income   | —  | 360  |
| Compensation income  | 186  | —  |
| Total extraordinary income                                 | 513  | 1,162  |
| Extraordinary loss   |  |  |
| Loss on sales of noncurrent assets                         | 41   | 64   |
| Loss on disposal of noncurrent assets                      | 881  | 1,222  |
| Impairment loss  | 1,486  | 540  |
| Loss on valuation of investment securities                 | 1,401  | 1,110  |
| Loss on valuation of stocks of subsidiaries and affiliates | 19   | —  |
| Loss on disaster   | 8,620  | —  |
| Loss on accident of asphalt leakage                        | —  | 7,594  |
| Business structure improvement expenses                    | —  | 2,013  |
| Loss on recoverable accounts under production sharing      | —  | 1,144  |
| Total extraordinary losses                                 | 12,451   | 13,689   |
| Income (loss) before income taxes and minority interests   | 15,674   | -34,188  |
| Income taxes   | 10,981   | 42,522   |
| Income (loss) before minority interests                    | 4,693  | -76,710  |
| Minority interests in income                               | 1,862  | 2,362  |
| Net income (loss)  | 2,831  | -79,072  |



(Consolidated Statements of Comprehensive Income)

(Consolidated the first half of FY2012 statements of Comprehensive Income)

(Unit: million yen)

|  | 2Q FY2011<br>(From April 1, 2011<br>to September 30, 2011) | 2Q FY2012<br>(From April 1, 2012<br>to September 30, 2012) |
|--|--|--|
| Income (loss) before minority interests  | 4,693  | -76,710  |
| Other comprehensive income   |  |  |
| Valuation difference on available-for-sale securities                                  | -458   | -1,033   |
| Deferred gains or losses on hedges   | -3,438   | -1,550   |
| Foreign currency translation adjustment  | -1,051   | -426   |
| Share of other comprehensive income of associates<br>accounted for using equity method | 497  | -53  |
| Total other comprehensive income   | -4,450   | -3,064   |
| Comprehensive income   | 242  | -79,774  |
| Comprehensive income attributable to   |  |  |
| Comprehensive income attributable to owners of the parent                              | -1,620   | -82,138  |
| Comprehensive income attributable to minority interests                                | 1,863  | 2,363  |

## (3) Consolidated Statement of Cash Flows

|  | (Unit: million yen)                         |   |
|--|---|---|
|  | 2Q FY2011                                   | 2Q FY2012                                   |
|  | From April 1, 2011<br>to September 30, 2011 | From April 1, 2012<br>to September 30, 2012 |
| Net cash provided by (used in) operating activities                              |   |   |
| Income (loss) before income taxes and minority interests                         | 15,674                                      | -34,188                                     |
| Depreciation and amortization  | 19,963                                      | 18,430                                      |
| Amortization of negative goodwill  | -625  | -649  |
| Loss (gain) on disposal of noncurrent assets                                     | 881   | 1,222                                       |
| Impairment loss  | 1,486                                       | 540   |
| Loss on recoverable accounts under production sharing                            | —   | 1,144                                       |
| Loss on disaster   | 8,620                                       | —   |
| Business structure improvement expenses  | —   | 2,013                                       |
| Loss on accident of asphalt leakage  | —   | 7,594                                       |
| Insurance income   | —   | -360  |
| Loss (gain) on sales of stocks of subsidiaries and affiliates                    | -78   | —   |
| Loss (gain) on valuation of investment securities                                | 1,401                                       | 1,110                                       |
| Increase (decrease) in provision   | 164   | 258   |
| Interest and dividends income  | -650  | -616  |
| Interest expenses  | 6,179                                       | 6,164                                       |
| Foreign exchange losses (gains)  | 251   | -769  |
| Equity in (earnings) losses of affiliates  | -2,474                                      | -174  |
| Loss (gain) on sales of noncurrent assets  | -158  | -737  |
| Recovery of recoverable accounts under production sharing                        | 3,674                                       | 3,421                                       |
| Decrease (increase) in notes and accounts receivable-trade                       | 11,470                                      | 72,181                                      |
| Decrease (increase) in inventories   | -14,984                                     | 26,191                                      |
| Increase (decrease) in notes and accounts payable-trade                          | 10,488                                      | -87,090                                     |
| Decrease (increase) in other current assets                                      | -21,199                                     | -4,701                                      |
| Increase (decrease) in other current liabilities                                 | 11,001                                      | -11,009                                     |
| Other, net   | 2,445                                       | 911   |
| Subtotal   | 53,532                                      | 887   |
| Interest and dividends income received   | 924   | 936   |
| Interest expenses paid   | -6,340                                      | -6,452                                      |
| Payments for loss on disaster  | -7,676                                      | -4,379                                      |
| Payments for loss on litigation  | -2,259                                      | —   |
| The amount of the money deposit paid   | -3,225                                      | —   |
| Payments for loss on accident of asphalt leakage                                 | —   | -4,627                                      |
| Proceeds from insurance income   | 113   | 1,687                                       |
| Income taxes (paid) refund   | -14,946                                     | -16,322                                     |
| Net cash provided by (used in) operating activities                              | 20,122                                      | -28,270                                     |
| Net cash provided by (used in) investing activities                              |   |   |
| Purchase of investment securities  | -73   | -185  |
| Proceeds from sales and redemption of investment securities                      | 121   | 580   |
| Purchase of stocks of subsidiaries and affiliates                                | —   | -3,807                                      |
| Proceeds from sales of stocks of subsidiaries and affiliates                     | 300   | 48  |
| Purchase of property, plant and equipment  | -10,243                                     | -15,565                                     |
| Payments for disposal of property, plant and equipment                           | -559  | -806  |
| Proceeds from sales of property, plant and equipment                             | 606   | 2,129                                       |
| Payments for purchases of intangible fixed assets and long-term prepaid expenses | -4,194                                      | -2,578                                      |
| Decrease (increase) in short-term loans receivable                               | -827  | -170  |
| Payments into time deposits  | —   | -14,489                                     |
| Other, net   | 124   | 97  |
| Net cash provided by (used in) investing activities                              | -14,745                                     | -34,747                                     |

|   | (Unit: million yen)   |                       |
|---|-----------------------|-----------------------|
|   | 2Q FY2011             | 2Q FY2012             |
|   | From April 1, 2011    | From April 1, 2012    |
|   | to September 30, 2011 | to September 30, 2012 |
| Net cash provided by (used in) financing activities         |                       |                       |
| Net increase (decrease) in short-term loans payable         | 21,712                | 58,678                |
| Proceeds from long-term loans payable                       | 13,760                | 18,000                |
| Repayment of long-term loans payable                        | -16,812               | -26,327               |
| Proceeds from issuance of bonds                             | —                     | 19,631                |
| Cash dividends paid   | -6,779                | -6,779                |
| Cash dividends paid to minority shareholders                | -8                    | -8                    |
| Proceeds from stock issuance to minority shareholders       | 28                    | —                     |
| Other, net  | -62                   | -68                   |
| Net cash provided by (used in) financing activities         | 11,836                | 63,125                |
| Effect of exchange rate change on cash and cash equivalents | -651                  | 1,321                 |
| Net increase (decrease) in cash and cash equivalents        | 16,562                | 1,428                 |
| Cash and cash equivalents at beginning of period            | 94,343                | 122,431               |
| Cash and cash equivalents at end of period                  | 110,905               | 123,859               |

## (4) Notes to going concern

None

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

None

## (6) Segment Information

(Segment Information)

2Q FY2011 (From April 1, 2011 to September 30, 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 | 1,413,560 | 6,677         | 24,911                         | 8,399        | —                  | 1,453,549           |
| Inter-segment     | 12,244    | 7,781         | 15,186                         | 17,437       | -52,649            | —                   |
| Total             | 1,425,805 | 14,458        | 40,097                         | 25,836       | -52,649            | 1,453,549           |
| Segment Income    | 6,145     | 1,610         | 25,235                         | 221          | -5,601             | 27,612              |

- Note 1 "Other" is segment of non-classified, including construction works, insurance agency, leasing, travel agency and wind power generation, etc.
- 2 Segment Income in "Adjustments" -5,601 million yen includes -453 million yen for internal eliminations, -5,303 million yen for inventory adjustments and 157 million yen for adjustment of fixed assets.
- 3 Segment Income is adjusted to ordinary income of Consolidated quarterly statements of income.

2Q FY2012 (From April 1, 2012 to September 30, 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    | 1,413,141 | 5,254         | 21,635                         | 9,174        | —                  | 1,449,206           |
| Inter-segment        | 11,146    | 8,016         | 12,457                         | 24,170       | -55,790            | —                   |
| Total                | 1,424,287 | 13,271        | 34,092                         | 33,345       | -55,790            | 1,449,206           |
| Segment Income(Loss) | -37,661   | -2,217        | 24,209                         | 842          | -6,833             | -21,660             |

- 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" -6,833 million yen includes -1,177 million yen for internal eliminations, -5,559 million yen for inventory adjustments and -94 million yen for adjustment of fixed assets.
- 3 Segment Income(Loss) is adjusted to ordinary loss 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 half of FY2012 by 505 million yen as compared with the conventional method.

# Supplementary information for the results of 2Q of Fiscal Year 2012

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**Cosmo Oil Co., Ltd.**

Unit: billion yen

|  | 2Q FY2012<br>(Apr.-Sep.2012) | 2Q FY2011<br>(Apr.-Sep.2011) | Changes      |
|--|------------------------------|------------------------------|--------------|
| Net sales                                    | 1,449.2                      | 1,453.5                      | -4.3         |
| Cost of sales                                | 1,408.9                      | 1,363.5                      | 45.4         |
| Selling, general and administrative expenses | 59.0                         | 62.5                         | -3.5         |
| <b>Operating income</b>                      | <b>-18.7</b>                 | <b>27.5</b>                  | <b>-46.2</b> |
| Non-operating income/expenses, net           | -3.0                         | 0.1                          | -3.1         |
| <b>Ordinary income</b>                       | <b>-21.7</b>                 | <b>27.6</b>                  | <b>-49.3</b> |
| Extraordinary income/losses, net             | -12.5                        | -11.9                        | -0.6         |
| Income taxes                                 | 42.5                         | 11.0                         | 31.5         |
| Minority interests                           | 2.4                          | 1.9                          | 0.5          |
| <b>Net income</b>                            | <b>-79.1</b>                 | <b>2.8</b>                   | <b>-81.9</b> |

## 【Reference】

|  |             |             |              |
|--|-------------|-------------|--------------|
| Impact of inventory valuation                                  | -17.2       | 13.1        | -30.3        |
| Operating income excluding impact of inventory valuation       | -1.5        | 14.4        | -15.9        |
| <b>Ordinary income excluding impact of inventory valuation</b> | <b>-4.5</b> | <b>14.5</b> | <b>-19.0</b> |

|   | Unit: billion yen             |                               |                              |
|---|-------------------------------|-------------------------------|------------------------------|
|   | 2Q FY2012                     | 2Q FY2011                     | Changes                      |
| Consolidated ordinary income (loss)                     | -21.7                         | 27.6                          | -49.3                        |
| Impact of inventory valuation                           | -17.2                         | 13.1                          | -30.3                        |
| NET Consolidated ordinary income (loss)                 | -4.5                          | 14.5                          | -19.0                        |
| Net income (loss)                                       | -79.1                         | 2.8                           | -81.9                        |
| ①Purchased price of crude oil<br>②JPY/USD exchange rate | ①109.40USD/B<br>②80.38yen/USD | ①110.38USD/B<br>②80.60yen/USD | ①-0.98USD/B<br>②-0.22yen/USD |

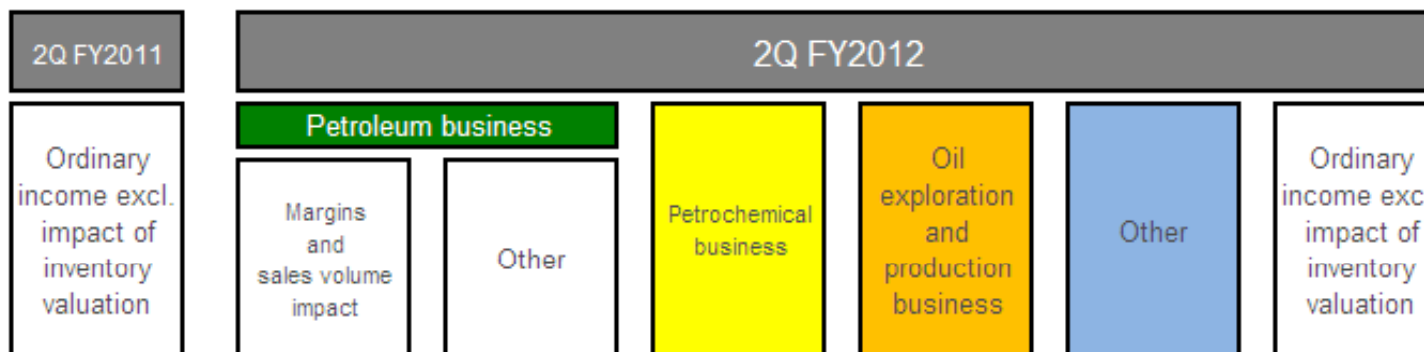
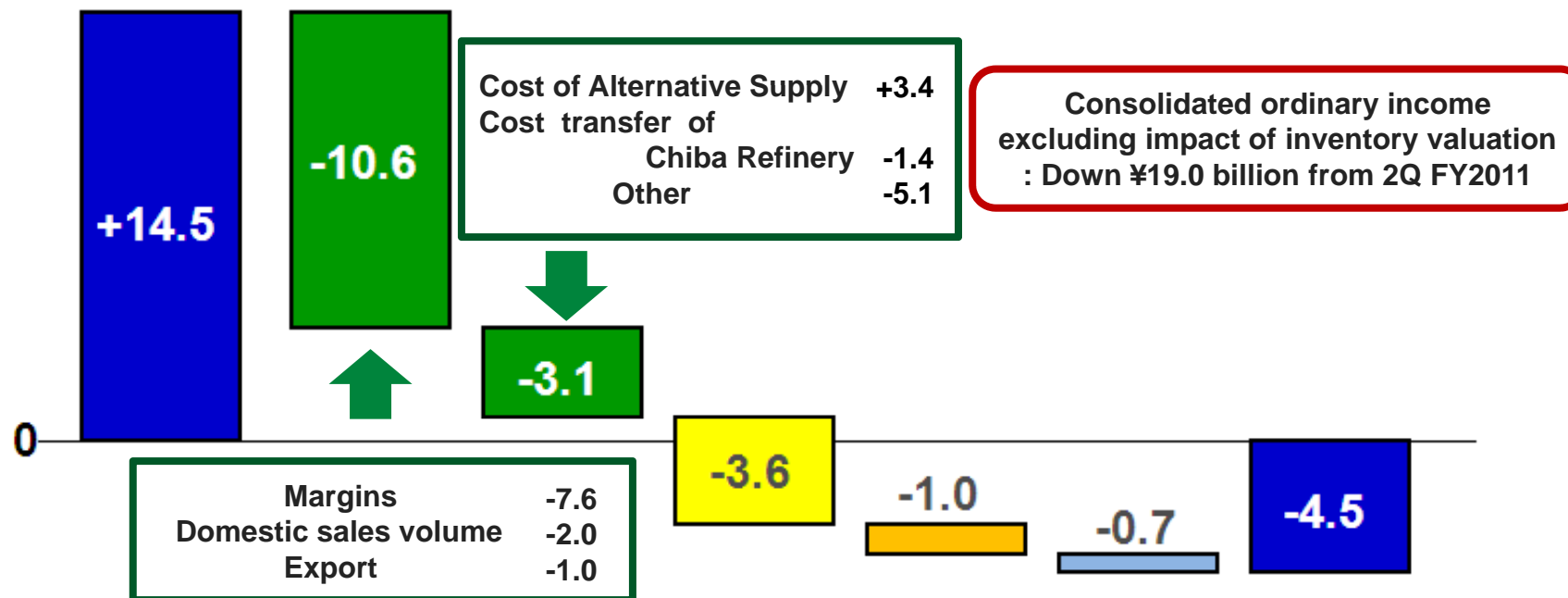
Unit: billion yen

| Consolidated Ordinary Income (loss) by Business Segment |           |           |         |
|---|-----------|-----------|---------|
|   | 2Q FY2012 | 2Q FY2011 | Changes |
| Petroleum business                                      | -37.7*    | 6.1*      | -43.8   |
| NET Petroleum business                                  | -20.7     | -7.0      | -13.7   |
| Petrochemical business                                  | -2.2*     | 1.6       | -3.8    |
| NET Petrochemical business                              | -2.0      | 1.6       | -3.6    |
| Oil E & P business                                      | 24.2      | 25.2      | -1.0    |
| Other   | -6.0      | -5.3      | -0.7    |

Notes: • impact of inventory valuation Petroleum business : 2Q FY2012 -17.0 billion , 2QFY2011 13.1billion  
Petrochemical business : 2Q FY2012 -0.2 billion

[2Q FY2012 Results] Consolidated Ordinary Income  
 (Excluding impact of inventory valuation) – Analysis of Changes from 2Q FY2011

Unit: billion yen





|  | Results<br>(As of Sep. 30, '12) | Change from FY11<br>(As of Mar. 31, '12) | Unit: billion yen |
|--|---------------------------------|--|-------------------|
| Cash flows from operating activities           | -28.3                           | –  |                   |
| Cash flows from investing activities           | -34.7                           | –  |                   |
| Cash flows from financing activities           | 63.1                            | –  |                   |
| Cash and cash equivalents at end of the period | 123.9                           | 1.5                                      |                   |

|                             | Results<br>(As of Sep. 30, '12) | FY2011<br>(As of Mar. 31, '12) | Changes         |
|-----------------------------|---------------------------------|--------------------------------|-----------------|
| Total Assets                | 1,551.0                         | 1,675.1                        | -124.1          |
| Net assets                  | 250.9                           | 337.4                          | -86.6           |
| Net worth                   | 228.0                           | 316.9                          | -88.9           |
| Net worth ratio             | 14.7%                           | 18.9%                          | Down 4.2 points |
| Interest-bearing debts      | 791.6                           | 721.2                          | 70.4            |
| Debt dependence ratio       | 51.0%                           | 43.1%                          | Down 7.9 points |
| Debt Equity Ratio           | 3.5                             | 2.3                            | Down 1.2 points |
| Net interest-bearing debt * | 653.7                           | 598.8                          | 54.9            |
| Debt dependence ratio       | 42.1%                           | 35.7%                          | Down 6.4 points |
| Debt Equity Ratio           | 2.9                             | 1.9                            | Down 1.0 points |

\* Total interest-bearing debts net of cash and cash equivalents and short-term working fund balance as of the end of the term

[FY2012 Outlook] Highlights of Consolidated Business Outlook  
 - Changes from Previous Announcement

Unit: billion yen

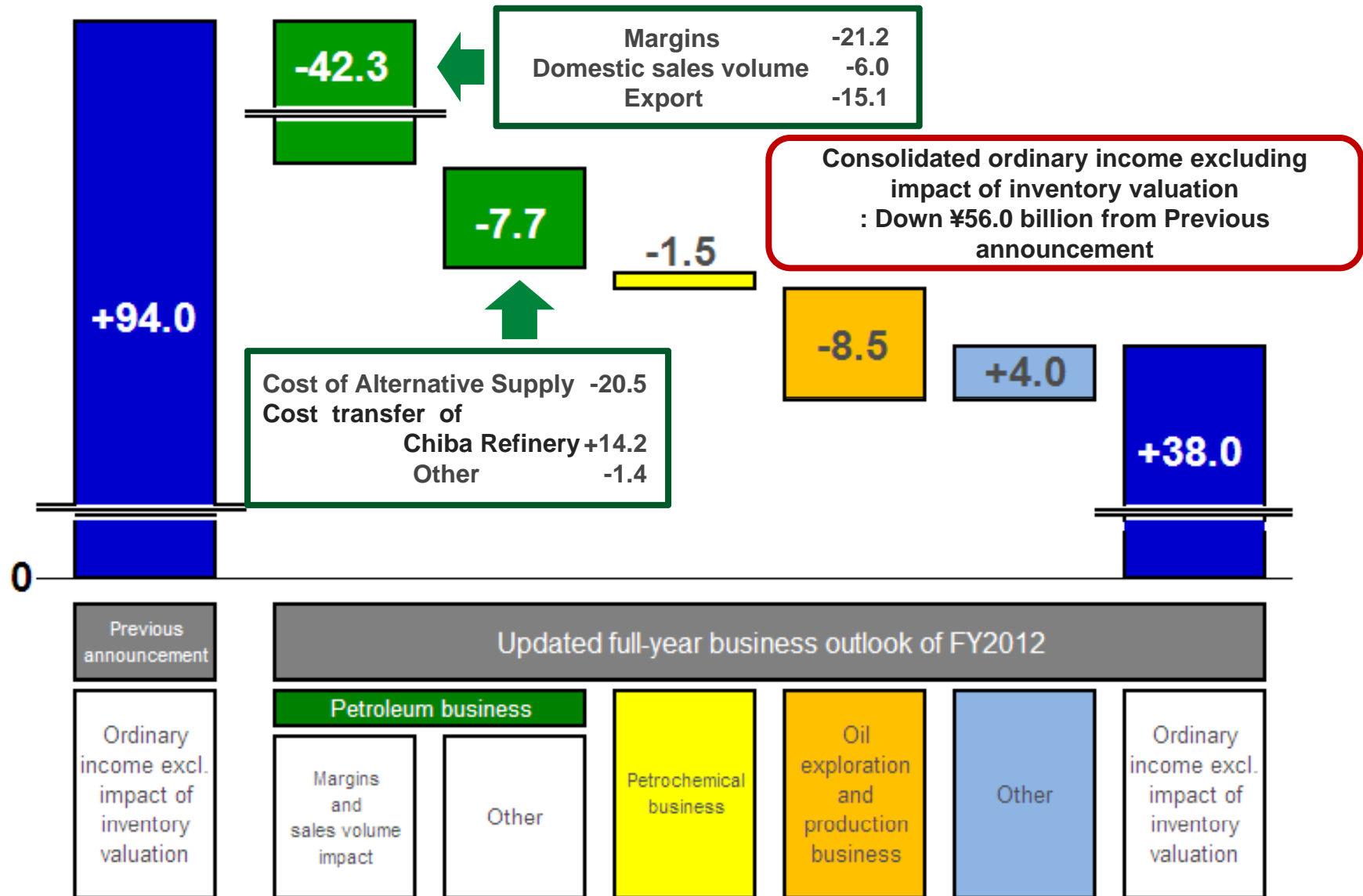
|                                     | FY2012 Outlook | Previous announcement | Changes       |
|-------------------------------------|----------------|-----------------------|---------------|
| Consolidated ordinary income (loss) | 25.0           | 94.0                  | -69.0         |
| Impact of inventory valuation       | -13.0          | 0.0                   | -13.0         |
| NET Consolidated ordinary income    | 38.0           | 94.0                  | -56.0         |
| Net income (loss)                   | -74.0          | 35.0                  | -109.0        |
| ①Purchased price of crude oil       | ①108.20USD/B   | ①115.00USD/B          | ①-6.80USD/B   |
| ②JPY/USD exchange rate              | ②78.70yen/USD  | ②80.00yen/USD         | ②-1.30yen/USD |

Unit: billion yen

| Consolidated Ordinary Income(loss) by Business Segment |                |                       |         |
|--|----------------|-----------------------|---------|
|  | FY2012 Outlook | Previous announcement | Changes |
| Petroleum business                                     | -33.0*         | 30.0                  | -63.0   |
| NET Petroleum business                                 | -20.0          | 30.0                  | -50.0   |
| Petrochemical business                                 | 1.0            | 2.5                   | -1.5    |
| NET Petrochemical business                             | 1.0            | 2.5                   | -1.5    |
| Oil E & P business                                     | 57.5           | 66.0                  | -8.5    |
| Other  | -0.5           | -4.5                  | 4.0     |

Notes: • impact of inventory valuation Petroleum business : FY2012 Outlook -13.0 billion

[FY2012 Outlook] Consolidated Ordinary Income (Excluding impact of inventory valuation) – Analysis of Changes from Previous announcement



Unit: million litre

|                                 |                                    | 2Q FY2012     | 2Q FY2011     | Changes     | Changes      | FY2012 Full Year outlook changes from previous announcement | FY2012 Full Year outlook Changes from FY2011 |
|---------------------------------|------------------------------------|---------------|---------------|-------------|--------------|---|--|
| Selling volume in Japan         | Gasoline                           | 3,042         | 3,120         | -78         | 97.5%        | 96.1%   | 96.6%  |
|                                 | Kerosene                           | 510           | 557           | -47         | 91.7%        | 96.6%   | 94.8%  |
|                                 | Diesel fuel                        | 2,207         | 2,228         | -21         | 99.1%        | 96.0%   | 94.7%  |
|                                 | Heavy fuel oil A                   | 876           | 941           | -65         | 93.0%        | 101.1%  | 91.5%  |
|                                 | Sub-Total                          | 6,635         | 6,846         | -211        | 96.9%        | 96.8%   | 95.0%  |
|                                 | Naphtha                            | 3,012         | 3,247         | -235        | 92.7%        | 93.2%   | 100.1%                                       |
|                                 | Jet fuel                           | 227           | 236           | -9          | 96.1%        | 96.5%   | 99.7%  |
|                                 | Heavy fuel oil C                   | 1,428         | 998           | 430         | 143.1%       | 107.8%  | 121.6%                                       |
|                                 | inc. Heavy fuel oil C for electric | 947           | 412           | 535         | 229.8%       | 117.8%  | 149.8%                                       |
|                                 | Sub-Total                          | 11,302        | 11,327        | -25         | 99.8%        | 97.1%   | 99.1%  |
| Middle distillate export volume | Diesel fuel                        | 45            | 98            | -53         | 46.1%        | 14.3%   | 148.3%                                       |
|                                 | Kerosene/Jet                       | 0             | 64            | -64         | 0.0%         | 0.0%  | 0.0%   |
|                                 | Sub-Total                          | 45            | 162           | -117        | 27.8%        | 10.8%   | 102.8%                                       |
| Bond sales, etc.                | Jet fuel                           | 882           | 807           | 75          | 109.3%       | 105.3%  | 108.9%                                       |
|                                 | Heavy fuel oil C                   | 259           | 278           | -19         | 93.3%        | 103.7%  | 104.4%                                       |
|                                 | Other                              | 542           | 213           | 329         | 254.8%       | 101.4%  | 172.2%                                       |
|                                 | Sub-Total                          | 1,684         | 1,298         | 386         | 129.7%       | 104.1%  | 118.5%                                       |
| Barter deal, etc.               |                                    | 4,140         | 4,602         | -462        | 90.0%        | 93.9%   | 89.5%  |
| <b>Total selling volume</b>     |                                    | <b>17,171</b> | <b>17,389</b> | <b>-218</b> | <b>98.7%</b> | <b>92.5%</b>  | <b>97.9%</b>                                 |

