



August 5, 2014

## Overview of Business Results for the First Quarter of Fiscal Year Ending March 2015 [Japanese Standard Form] (Consolidated)

Name of the Company: Cosmo Oil Co., Ltd. Shares traded: TSE  
 Company Code: 5007 URL <http://www.cosmo-oil.co.jp/>  
 Name of Representative: Keizo Morikawa (Title) President  
 Name of Person to contact: Masamichi Hamaguchi (Title) General Manager of Corporate Communication Dept. Phone: 03-3798-3180  
 Corporate Planning Unit  
 Scheduled date to file quarterly report: August 5, 2014 Dividend payment is to be started on: —  
 Availability of the Quarterly Financial Result Supplementary Information: Yes  
 Execution of the Quarterly Financial Result Presentation Meeting: Yes (for analysts and institutional investors)

Note: Figures less than 1 million are rounded down.

### 1. Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 2015 (For the period from April 1, 2014 to June 30, 2014)

(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, FY2014	744,400	-9.5	4,846	325.0	2,078	-46.4	-6,478	-
First Quarter, FY2013	822,287	8.8	1,140	-	3,874	-	-4,665	-

Note: Comprehensive income First Quarter, FY2014: -5,554 million yen (—%) First Quarter, FY2013: -62 million yen (—%)

	Net income per share for the First Quarter	Diluted net income per share for the First Quarter
	yen sen	yen sen
First Quarter, FY2014	-7.65	-
First Quarter, FY2013	-5.51	-

### (2) Consolidated Financial Position

	Total assets	Net assets	Net Worth ratio
	million yen	million yen	%
First Quarter, FY2014	1,635,679	252,388	13.7
FY2013	1,696,831	261,142	13.7

[Reference] Net worth First Quarter, FY2014: 223,302 million yen FY2013: 231,927 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
FY2013	-	0.00	-	2.00	2.00
FY2014	-				
FY2014 (outlook)		0.00	-	4.00	4.00

Note: Revision made in the forecast dividend as of the end of the current quarter from the previous announcement: No

### 3. Consolidated Business Outlook for FY2014 (April 1, 2014 to March 31, 2015)

(% indicates for FY2014 change from the corresponding period of FY 2013, while for 1H FY2014 change from 1H FY2013)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
1H FY2014	1,625,000	-1.7	15,000	-4.2	12,000	-34.7	-7,000	-	-8.26
FY2014	3,465,000	-2.1	62,000	56.1	57,000	36.2	14,000	222.0	16.53

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

Notes to Consolidated Financial Statements

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

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

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

(3) Changes in Accounting Policies, Accounting Estimates and Restatements:

- |                                                                                   |     |
|-----------------------------------------------------------------------------------|-----|
| 1. Changes in accounting policies due to revisions of accounting standards, etc.: | Yes |
| 2. Changes in accounting policies for reasons other than the Item 1:              | No  |
| 3. Changes in accounting estimates:                                               | No  |
| 4. Restatements:                                                                  | No  |

(4) Total Number of Outstanding Shares (Ordinary shares)

1. Number of outstanding shares as of end of the period (including treasury stock)
2. Number of shares of treasury stock as of end of the period
3. Average Number of shares outstanding during the period (or the cumulative consolidated accounting period as the end of the current quarter)

First Quarter , FY2014	847,705,087 shares	FY2013	847,705,087 shares
First Quarter , FY2014	657,917 shares	FY2013	656,817 shares
First Quarter , FY2014	847,047,720 shares	First Quarter , FY2013	847,059,942 shares

Note: Information about quarterly review procedure execution:

This release on the overview of quarterly business results is outside the scope of the quarterly report review procedures under the Financial Instruments and Exchange Act in Japan but as of the day of the disclosure of this release, the quarterly report review procedures under the Financial Instruments and Exchange Act have been completed.

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

The consolidated business outlook for the first half of FY2014 and FY2014 is not updated from the previous announcement made on May 13, 2014.

It is based on information available as of the published date of this release and actual results may differ from the forecast subject to various factors that may arise in the future. As for details, please refer to the “(3) Explanation Concerning Information regarding Consolidated Business Outlook” of the “1. Qualitative information about results for and at the end of the current quarter” on Page 2 of the Supporting data.

Supplementary information will be uploaded on the COSMO OIL website on August 5, 2014.



1. Qualitative information about results for and at the end of the current quarter

(1) Explanation Concerning Information regarding Consolidated Operating Results

Consolidated net sales for the first quarter of FY2014 were ¥744.4 billion (down ¥77.9 billion from the same period of FY2013), operating income ¥4.8 billion (up ¥3.7 billion from the same period of FY2013), ordinary income ¥2.1 billion (down ¥1.8 billion from the same period of FY2013) and net loss for the period ¥6.5 billion (net loss ¥4.7 billion in the same period of FY2013).

The operating results for the first quarter of FY2014 by business segment are as follows:

- 1) In the petroleum business segment, the net sales decreased for the oil product sales volume decreased. But market conditions were strong, and the earnings were significantly improved. As a result, the segment reported net sales of ¥733.4 billion for the first quarter FY2014 (down ¥75.0 billion from the same period FY2013) and segment loss of ¥6.1 billion (segment loss ¥12.9 billion in the same period of FY2013)
- 2) In the petrochemical business segment, the petrochemical product sales volume increased, while market conditions remained weak. As a result, the segment reported net sales of ¥7.6 billion for the first quarter FY2014 (up ¥0.8 billion from the same period FY2013) and segment loss of ¥1.8 billion (segment income ¥1.9 billion in the same period of FY2013).
- 3) In the oil exploration and production business segment, the crude oil production volume and sales volume increased But the effect of foreign currency and the repair costs increased. As a result, the segment reported net sales of ¥18.5 billion for the first quarter FY2014 (up ¥2.3 billion from the same period FY2013) and segment income of ¥9.6 billion (down ¥2.4 billion from the same period FY2013).

(2) Explanation Concerning Information regarding Consolidated Financial Position

As for the Company's financial position on a consolidated basis as of the end of the first quarter FY2014, total assets as of June 30, 2014 amounted to ¥1,635.7 billion, down ¥61.1 billion from March 31, 2014, the end of FY2013, mainly reflecting decreased accounts receivable-trade and accounts payable-trade due to the reduction of sales volume that was occurred by seasonal factors. Net assets as of June 30, 2014 amounted to ¥252.4 billion, with a net worth ratio of 13.7%.

(3) Explanation Concerning Information regarding Consolidated Business Outlook

The consolidated business outlook for the first half of FY2014 and FY2014 is not updated from the previous announcement made on May 13, 2014.

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 Policies

(Application of Accounting Standard for Retirement Benefits, etc.)

The Company, effective from the first quarter, is applying the provisions set forth in Clause 35 of the Accounting Standard for Retirement Benefits (the Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012, hereinafter referred to as the "Retirement Benefits Accounting Standard") and Clause 67 of the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012, hereinafter referred to as the "Guidance on Retirement Benefits"). With the application of the accounting standard and guidance, the Company has changed the calculation method for projected benefit obligation and service cost and has changed the method for distributing expected retirement benefits to each period from a fixed-amount method to a payment calculation method. The way to decide the discount rate has also been changed.

For the application of the Retirement Benefits Accounting Standard etc., in accordance with the transitional accounting treatments set forth in Clause 37 of the Retirement Benefits Accounting Standard, the Company added the effect of the change in the calculation method for projected benefit obligation and service cost to retained earnings or deducted it from retained earnings at the beginning of the first quarter.

The effect of the application of the accounting standard etc. on Consolidated Financial Statements and Segment information in the first quarter is minor.

## 3. Consolidated Financial Statements

## (1) Consolidated Balance Sheet

(Unit: million yen)

	FY2013 (As of March 31, 2014)	1Q FY2014 (As of June 30, 2014)
<b>Assets</b>		
Current assets		
Cash and deposits	140,423	162,654
Notes and accounts receivable-trade	262,863	199,767
Merchandise and finished goods	225,292	216,141
Work in process	761	1,077
Raw materials and supplies	219,684	221,078
Other	72,955	60,587
Allowance for doubtful accounts	-189	-96
Total current assets	921,790	861,210
Noncurrent assets		
Property, plant and equipment		
Land	308,481	312,285
Other, net	280,600	284,787
Total property, plant and equipment	589,082	597,073
Intangible assets	50,041	49,338
Investments and other assets		
Other	135,686	127,928
Allowance for doubtful accounts	-483	-547
Total investments and other assets	135,202	127,380
Total noncurrent assets	774,326	773,792
Deferred assets		
Bond issuance cost	714	676
Total deferred assets	714	676
<b>Total assets</b>	<b>1,696,831</b>	<b>1,635,679</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	255,521	203,448
Short-term loans payable	323,705	335,146
Current portion of bonds	11,680	11,680
Accounts payable-other	170,390	158,350
Income taxes payable	7,313	3,520
Provision	3,424	2,075
Other	27,164	34,833
Total current liabilities	799,199	749,056
Noncurrent liabilities		
Bonds payable	80,500	80,500
Long-term loans payable	447,794	445,631
Net defined benefit liability	12,993	12,763
Provision	14,556	15,153
Other	80,644	80,186
Total noncurrent liabilities	636,489	634,234
<b>Total liabilities</b>	<b>1,435,688</b>	<b>1,383,290</b>

(Unit: million yen)

	FY2013 (As of March 31, 2014)	1Q FY2014 (As of June 30, 2014)
Net assets		
Shareholders' equity		
Capital stock	107,246	107,246
Capital surplus	16,967	16,967
Retained earnings	87,461	78,903
Treasury shares	-143	-143
Total shareholders' equity	211,531	202,974
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,887	3,712
Deferred gains or losses on hedges	1,372	1,000
Revaluation reserve for land	18,929	19,107
Foreign currency translation adjustment	5,818	4,700
Remeasurements of defined benefit plans	-8,612	-8,192
Total accumulated other comprehensive income	20,395	20,328
Minority interests	29,214	29,085
Total net assets	261,142	252,388
Total liabilities and net assets	1,696,831	1,635,679

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

(Consolidated Statements of Income)

(Consolidated the first three month of FY2014 statements of income)

(Unit: million yen)

	1Q FY2013 (From April 1, 2013 to June 30, 2013)	1Q FY2014 (From April 1, 2014 to June 30, 2014)
Net sales	822,287	744,400
Cost of sales	791,766	708,500
Gross profit	30,520	35,900
Selling, general and administrative expenses	29,380	31,054
Operating income	1,140	4,846
Non-operating income		
Interest income	70	83
Dividends income	488	445
Equity in earnings of associates	4,297	—
Other	1,803	1,473
Total non-operating income	6,660	2,003
Non-operating expenses		
Interest expenses	3,259	3,182
Equity in losses of associates	—	619
Other	666	968
Total non-operating expenses	3,926	4,771
Ordinary income	3,874	2,078
Extraordinary income		
Gain on sales of noncurrent assets	17	184
Insurance income	1,079	—
Total extraordinary income	1,096	184
Extraordinary loss		
Loss on sales of noncurrent assets	0	21
Loss on disposal of noncurrent assets	416	743
Impairment loss	88	16
Loss on valuation of investment securities	—	157
Business structure improvement expenses	—	1,011
Total extraordinary losses	505	1,950
Income before income taxes and minority interests	4,465	311
Income taxes	7,876	5,643
Loss before minority interests	-3,411	-5,331
Minority interests in income	1,253	1,146
Net loss	-4,665	-6,478

## (Consolidated Statements of Comprehensive Income)

(Consolidated the first three month of FY2014 statements of Comprehensive Income)

(Unit: million yen)

	1Q FY2013 (From April 1, 2013 to June 30, 2013)	1Q FY2014 (From April 1, 2014 to June 30, 2014)
Loss before minority interests	-3,411	-5,331
Other comprehensive income		
Valuation difference on available-for-sale securities	1,064	660
Deferred gains or losses on hedges	143	-403
Foreign currency translation adjustment	931	-265
Remeasurements of defined benefit plans	—	463
Share of other comprehensive income of associates accounted for using equity method	1,209	-678
Total other comprehensive income	3,349	-222
Comprehensive income	-62	-5,554
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	-1,327	-6,696
Comprehensive income attributable to minority interests	1,265	1,142



## (3)Notes to Quarterly Consolidated Financial Statements

(Notes to going concern)

None

(Notes to remarkable changes in Shareholders' Equity)

None

(Segment Information)

1Q FY2013 (From April 1, 2013 to June 30, 2013)

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	804,031	3,200	9,780	5,275	—	822,287
Inter-segment	4,388	3,623	6,428	9,995	-24,435	—
Total	808,420	6,823	16,208	15,270	-24,435	822,287
Segment Income (Loss)	-12,917	1,932	11,971	1,289	1,598	3,874

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" 1,598 million yen includes -85 million yen for internal eliminations, 2,027 million yen for inventory adjustments and -332 million yen for adjustment of fixed assets.

3 Segment Income (Loss) is adjusted to ordinary income of Consolidated quarterly statements of income.

1Q FY2014 (From April 1, 2014 to June 30, 2014)

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	723,731	2,887	12,555	5,225	—	744,400
Inter-segment	9,660	4,737	5,928	8,562	-28,889	—
Total	733,392	7,625	18,484	13,787	-28,889	744,400
Segment Income (Loss)	-6,106	-1,758	9,575	500	-132	2,078

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" -132 million yen includes -6 million yen for internal eliminations, -1 million yen for inventory adjustments and -124 million yen for adjustment of fixed assets.

3 Segment Income (Loss) is adjusted to ordinary income of Consolidated quarterly statements of income.