

SEMIANNUAL REPORT 2004

April 2003–September 2003

**“Medium-Term Management Plan” Launched
First Half FY2004 Results and Outlook**

COSMO OIL

Financial and Operating Highlights

Cosmo Oil Co., Ltd. and Its Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars (Note)
	2002/9	2003/9	2003/9
Net Sales	¥ 897,521	¥ 922,526	\$ 8,292,369
Operating Income	2,699	9,631	86,571
Net Income (loss)	(2,293)	2,797	25,142

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2003/3	2003/9	2003/9
Total Shareholders' Equity	¥ 193,595	¥ 197,456	\$ 1,774,885
Total Assets	1,246,730	1,202,645	10,810,292

	Yen		U.S. dollars (Note 1)
	2003/3	2003/9	2003/9
Amounts per share of common stock:			
Net income	¥ 5.42	¥ 4.43	\$ 0.04
Diluted net income	-	4.39	0.04
Cash dividends	6.00	3.00	0.03

Note: U.S. dollar figures are translated from yen, for convenience only, at the rate of ¥111.25 to US\$1, the approximate rate of exchange as of September 30, 2003.

Cautionary Statement with Respect to Forward-Looking Statements

The Group makes projections of future performance based on information currently available. The projections include potential risks and uncertainties. Actual performance and results may differ greatly from the projections if the various assumptions that serve as the basis for these projections prove to be mistaken.

Report on Results of the First Half of Fiscal Year 2004 and Future Management Policy



Keiichiro Okabe
Chairman and
Chief Executive Officer
Cosmo Oil Co., Ltd.

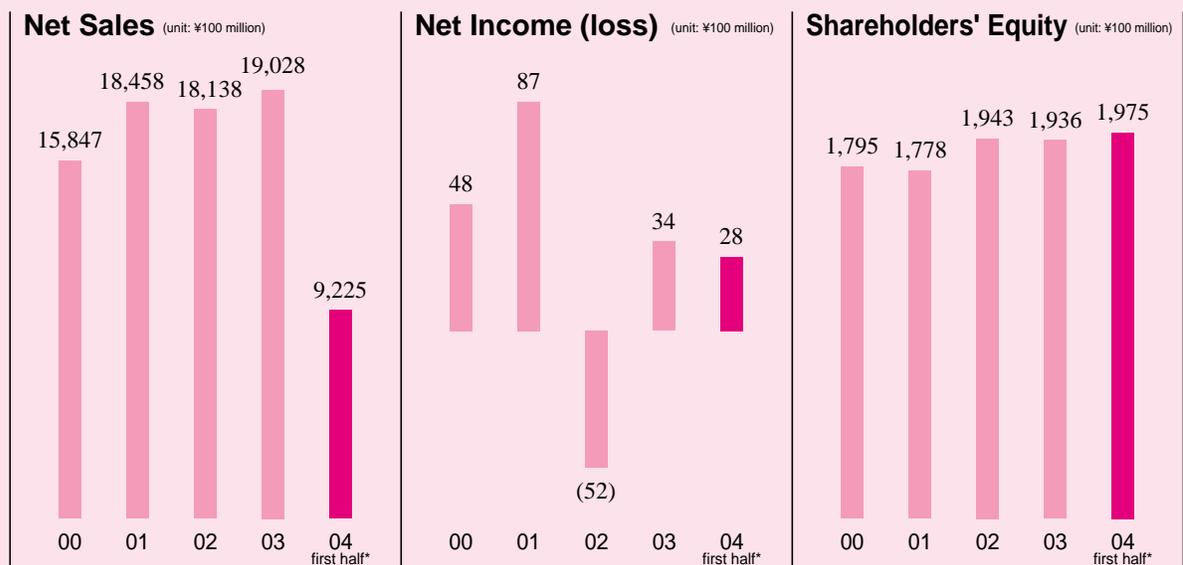
Higher Crude Oil Price Increases Net Sales Value Creation and Rationalization Efforts Increase Earnings

I am pleased to report results of the first half of the fiscal year 2004 (from April 1 to September 30, 2003). By taking this opportunity, I represent the Cosmo Oil Group to express my sincere appreciation for your patronage.

The first half year period began when the Dubai

crude oil price was at \$24 a barrel. It went up to the \$27 mark in August but settled down to the \$25 level in September. The exchange rate for the yen against the US dollar was ¥120 per dollar in April and rose to the ¥112 level in September. The cool summer reduced demand for three oil products of gasoline, kerosene and diesel fuel but suspended operations of nuclear power plants increased demand for Heavy Fuel Oil C for thermal power stations, resulting in a total oil product sales volume of 20.09 million KL at 99.4% of the level of the first half of FY2003. Under these circumstances, we focused on executing a variety of rationalization and value creation programs across all segments of the Cosmo Oil Group during the first half year as part of the Consolidated Medium-Term Management Plan that started in FY2004.

During the first half year, Cosmo Oil alone reported net sales of ¥784.2 billion (up 3.0% from ¥22.8 billion in the first half of FY2003). Rationalization and value creation efforts brought a total benefit of ¥6.1 billion, oil product market improvement and



* First half of FY2004 with the year ending on March 31, 2004. Others indicate each respective fiscal year.

elimination of timing difference in the accounting process created a benefit of ¥15 billion, and Heavy Fuel Oil C for thermal power plants produced a benefit of ¥1.1 billion, which was partly offset by lower sales volume of oil products due to the cool summer. The inventory valuation negatively effects on cost of sales amounted to ¥15.2 billion in total consisting of an effect of pushing it up by ¥6.8 billion in the first half of FY2004 and another effect of pushing it down by ¥8.4 billion in the first half of FY2003. After adjusting for the effects, operating income was recorded at ¥4.0 billion (up 7.0 billion from the first half of FY2003). Ordinary income was recorded at ¥1.0 billion (up ¥5.0 billion from the first half of FY2003) mainly reflecting a loss of ¥700 million in financial items from a year earlier, primarily due to reduced dividend income from equity affiliates, in spite of substantial efforts were made to reduce interest payments.

Extraordinary charges of ¥1.1 billion recorded in the first half year included write-off and dismantling and removal of some service stations (SSs) as part of structural changes in our distribution system. After adjusting for tax charges, a net loss of ¥400 million was recorded for the period. The board decided that the dividend for the first half year should be ¥3,

unchanged from a year earlier. The annual dividend, meanwhile, is planned to be ¥6.

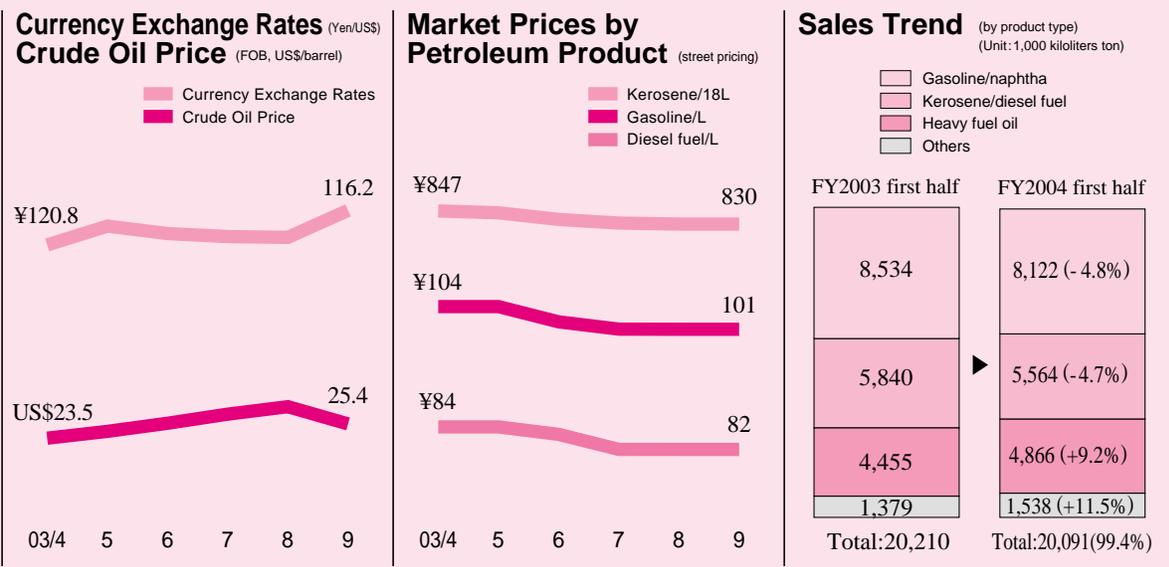
The Cosmo Oil Group reported consolidated net sales of ¥922.5 billion in the first half year (up ¥25 billion, or 2.8% from the first half of FY2003). As a result of efforts to reduce selling, general and administrative expenses and other expenses, operating income for the period was ¥9.6 billion yen (up ¥6.9 billion, or 256.8%); ordinary income, ¥8.1 billion (up ¥8.6 billion); and net income, ¥2.8 billion (up ¥5.1 billion) for the first half year.

Total assets in the first half year were ¥1,202.6 billion (down ¥44.1 billion from March 31, 2003), reflecting reduced accounts receivable and accrued income due to seasonal factors, partly offset by increased inventories ready for the high demand winter season.

The outlook for the whole of FY2004 results on a consolidated basis includes net sales of ¥1,900 billion, operating income of ¥30 billion, ordinary income of ¥25 billion, and net income of ¥10 billion.

Profitability Improving in the Japanese Petroleum Industry

The business environment surrounding the Japanese petroleum industry features ever-intensifying



(Source: The Institute of Energy Economics, Japan Oil Information Center)

competition in service station (SS) sales since the 1996 deregulation. Services customers expect from SSs have on the other hand been diversified, as they are more demanding in pursuit of better convenience and comfort.

Total domestic fuel oil sales volume has been stable at about 240 million KL per year for the past several years, though the demand structure has been changing, including shrinking demand for Heavy Fuel Oil C and diesel fuel and slightly increasing demand for gasoline. Oil has accounted for about 50% of the primary energy out of the total energy supply for more than a decade, which makes oil continue playing the vital role of being an integral part of the economic infrastructure in Japan. The entire industry has been tackling the problem of excess refining and SS facilities. Today, the primary units of atmospheric distillation for crude oil refining are operated at more than 80% capacity and the secondary units for desulfurization and catalytic reforming and cracking used in the production process for source materials for gasoline and other products are operated at nearly 90% capacity. These efforts are paying off, quickly resolving the excess refining facility issues. The number of SS facilities reduced from about 60,000 in FY1996 down to

51,000 in FY2003, improving the efficiency of SS operations. All companies in the petroleum industry are seriously streamlining operations for higher efficiency, resulting in the industry improving profitability since 1999.

102% Level Achieved in First Half of FY2004

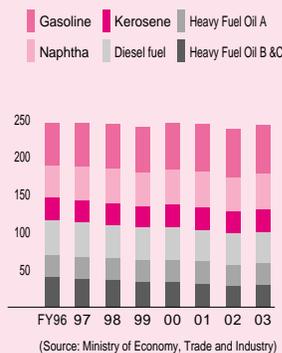
FY2004 is the initial year for the new 3-year Medium-Term Management Plan that will run through FY2006. We are working on a number of programs for streamlining operations and efficiency improvement and for value creation. The overall goal is to improve profitability by ¥48.5 billion at Cosmo Oil alone for three years. Against the goal of ¥6.0 billion for the first half of FY2004, operation rationalization and efficiency efforts created a benefit of ¥3.0 billion and value creation efforts created another benefit of ¥3.1 billion, totaling ¥6.1 billion at an achievement level of 102%. We aim at improving to a total of ¥14.5 billion for the full year.

<Optimize Demand and Supply Management to Make the Supply Department More Competitive>

The Supply Department is working on a project designed to improve cost competitive advantage by ¥820 with a breakdown of ¥390 per KL in refining

Japanese Petroleum Industry's Business Condition

Changes in total fuel oil sales in Japan (Million KL)



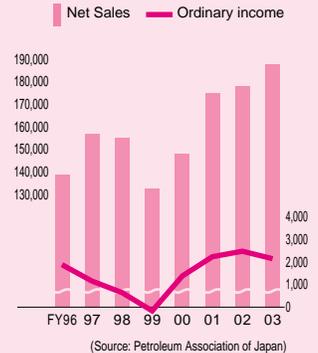
Changes in Crude Oil Refining Volume and Atmospheric Distillation Capacity Utilization ratio in Japan



Changes in Number of SSs in Japan (no. of service stations)



Changes in Net Sales and Ordinary Income in the Petroleum Industry in Japan (Unit: ¥100 million)



cost through rationalization efforts and ¥430 through value creation efforts. In addition to cost reductions through cuts in repair and maintenance expenses and energy saving, higher values added to production by upgrading secondary refining facilities, more petroleum product exports and other efforts will help optimize supply and demand management to keep our supply more competitive.

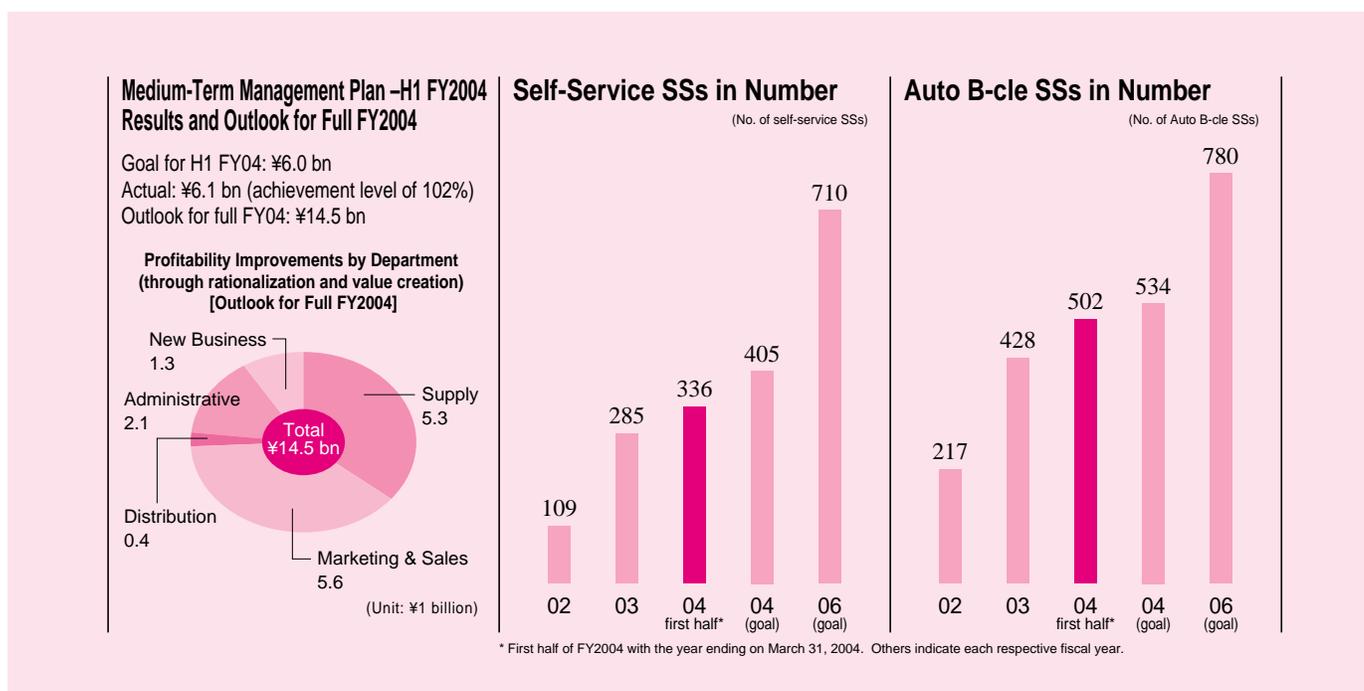
<Make SS Retail Business More Profitable>

As part of structural changes in the Distribution Department, we will enhance profitability of the SS retail business. More specifically, we will improve the way SSs operate by closely looking at customer needs for car care and filling services by geographical area. Since a survey shows that about 50% of individual drivers are interested in self-filling their cars at self-service SSs, we will first open new self-service SSs and convert existing ones into self-service SSs. The number of self-service SSs stood at 336 as of September 30, 2003 and it will be increased to 710 by March 31, 2006. To address car care needs, we are networking key SSs coming with “Auto B-cle” car care convenience stores handling tires, batteries and other car care products and including car inspection garages, with satellite SSs

located around key SSs to provide the same quality of brand experience for customers in broader trade areas. We call it the Auto B-cle network and we will increase the number of SSs on the network from 502 as of September 30, 2003 to 780 by March 31, 2006. On the software side, we will enhance the business of Cosmo The Card, a credit card issued and managed by Cosmo Oil on its own, to build retail sales. There were 2.25 million cards in force as of September 30, 2003 and the number will be increased to 3.72 million cards by March 31, 2006. These marketing programs will be combined to apply to SSs throughout Japan in a horizontal manner to improve profitability in the SS retail business.

<Focus on Electricity Business As A Way to Grow into A Comprehensive Energy Company>

We focus on operating the electricity business as a way to grow into a “comprehensive energy company.” In July 2003, Cosmo Oil launched its independent power producer (IPP) business in Yokkaichi, Mie Prefecture to wholesale 200,000 kW of electric power to Chubu Electric Power Co., Inc. We also operate the power product supplier (PPS) business to retail electric power and heat to supermarkets, factories and other business customers



by installing co-generation facilities within these customers' sites. Current sales amount to more than 10,000 kW. We are also working on a feasibility study about the wind power generation business in Sakata City, Yamagata Prefecture.

<Make Cosmo Oil a Safe Place to Work>

We always promote awareness of safety in the workplace among all employees by implementing risk management campaigns designed to prevent operational and labor accidents and accident recurrence prevention programs by communicating case studies on accidents and preventive measures therefor, while taking all precautions to ensure safety and security across all operations of the company.

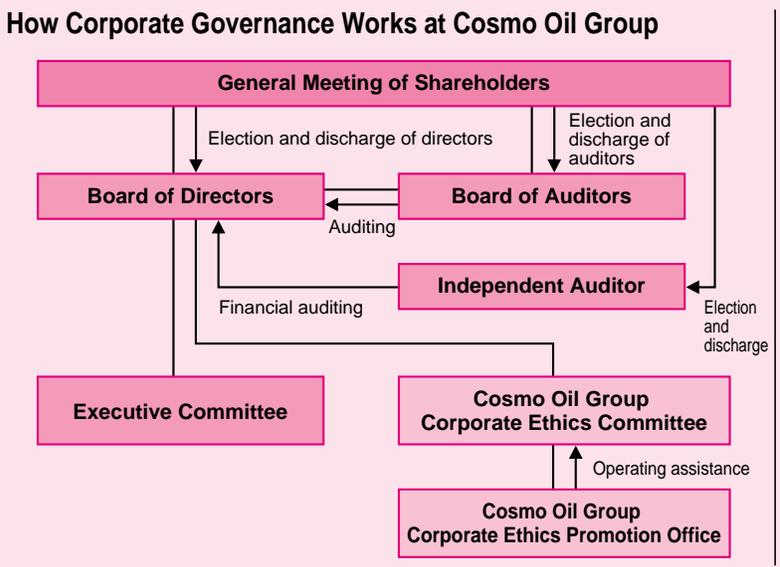
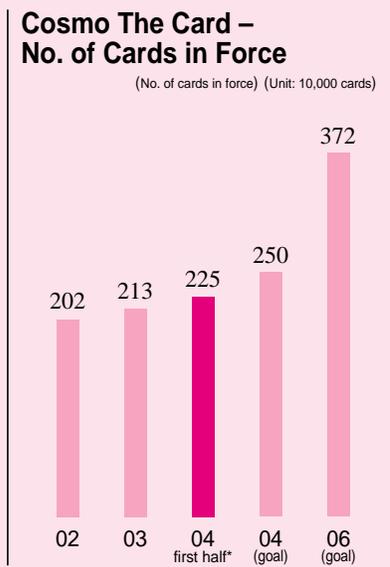
<Enhance Corporate Governance to Make Management More Transparent and Efficient>

We also have our own corporate governance system to keep business management more transparent, to make decisions more quickly to move agilely and to ensure legal compliance among employees. We have five auditors, out of whom two come from outside of the company, to audit the way we conduct business. The Board of Directors is positioned as the highest level of decision-making organization of the

company to have deliberations necessary to make decisions on corporate management and to provide comprehensive supervision for overall business management. To make management more efficient, the Executive Committee is positioned as the subordinate deliberation organization of the Board of Directors. Auditors examine corporate management by attending meetings of the Board of Directors and meetings of executive committee. We have signed an agreement with Asahi & Co. for the independent accounting firm to provide financial auditing services for the company. To ensure legal compliance across the company, the "Cosmo Oil Group Corporate Ethics Committee" is positioned to directly report to the Board of Directors and is responsible for promoting, implementing and auditing the "Corporate Ethics Regulations." The committee has a subordinate organization called the "Cosmo Oil Group Corporate Ethics Promotion Office" that provides operational support for the committee.

We will continue to study how to optimize corporate governance to further improve the transparency and efficiency of our management.

We hope that our shareholders will continue to offer their understanding and support to us in the future.



* First half of FY2004 with the year ending on March 31, 2004. Others indicate each respective fiscal year.

Consolidated Balance Sheets (Unaudited)

As of March 31 and September 30, 2003

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2003/3	2003/9	2003/9
Current assets:			
Cash and deposits	¥ 36,185	¥ 36,613	\$ 329,106
Marketable securities	7,425	7,022	63,119
Notes and accounts receivable, trade	208,858	162,765	1,463,056
Less allowance for doubtful accounts	(528)	(610)	(5,483)
	208,330	162,155	1,457,573
Inventories	185,461	209,918	1,886,903
Other current assets	120,059	95,507	858,490
Total current assets	557,460	511,215	4,595,191
Property, plant and equipment:			
Land	349,958	350,653	3,151,937
Buildings and structures	363,631	367,504	3,303,407
Machinery and equipment	331,376	357,610	3,214,472
Construction in progress	28,779	9,708	87,263
	1,073,744	1,085,475	9,757,079
Less accumulated depreciation	(518,154)	(527,372)	(4,740,423)
Net property, plant and equipment	555,590	558,103	5,016,656
Other assets:			
Investments in securities	73,177	78,050	701,573
Long-term loans receivable	9,874	10,042	90,265
Other	54,325	49,043	440,836
Less allowance for doubtful accounts	(2,800)	(3,010)	(27,056)
Reserve for loss on investments in unconsolidated subsidiaries and affiliates	(896)	(798)	(7,173)
Total other assets	133,680	133,327	1,198,445
Total	¥ 1,246,730	¥ 1,202,645	\$ 10,810,292

The accompanying notes are an integral part of these statements.
Amounts are rounded off to the nearest million yen or thousand U.S. dollars.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen		Thousands of U.S. dollars (Note 1)
	2003/3	2003/9	2003/9
Current liabilities:			
Short-term loans and current maturities of long-term debt	¥ 248,367	¥ 245,441	\$ 2,206,211
Notes and accounts payable, trade	221,791	171,510	1,541,663
Income, excise and other taxes payable	87,499	89,839	807,542
Accrued expenses and other current liabilities	101,566	92,966	835,649
Total current liabilities	659,223	599,756	5,391,065
Long-term debt, less current maturities	314,282	327,800	2,946,517
Deferred tax for revaluation reserve for land	10,272	10,305	92,629
Retirement and severance benefits	4,083	4,510	40,539
Other long-term liabilities	40,502	37,655	338,473
Minority interests	24,773	25,163	226,184
Shareholders' equity:			
Common stock, authorized - 1,700,000,000 shares; issued - 631,705,087 shares	51,887	51,887	466,400
Capital surplus			
Additional paid-in capital	34,092	34,092	306,445
Retained earnings	93,568	94,415	848,674
Revaluation reserve for land	15,528	15,602	140,243
Net unrealized gains (losses) on securities	(658)	2,314	20,800
Foreign currency translation adjustments	(746)	(783)	(7,039)
Less treasury stock, at cost	(76)	(71)	(638)
Total shareholders' equity	193,595	197,456	1,774,885
Total	¥ 1,246,730	¥ 1,202,645	\$ 10,810,292

Consolidated Statements of Income (Unaudited)

For the first six months ended September 30, 2001, 2002 and 2003

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2001/9	2002/9	2003/9	2003/9
Net sales	¥ 915,089	¥ 897,521	¥ 922,526	\$ 8,292,369
Cost of sales	834,053	830,947	853,419	7,671,182
Gross profit	81,036	66,574	69,107	621,187
Selling, general and administrative expenses	68,959	63,875	59,476	534,616
Operating income	12,077	2,699	9,631	86,571
Other incomes (expenses):				
Interest and dividend incomes	1,633	1,312	851	7,649
Interest expense	(7,231)	(6,680)	(5,930)	(53,303)
Foreign currency exchange gains, net	1,901	90	715	6,427
Net gain (loss) on sale and disposal of property, plant and equipment	139	(675)	(710)	(6,382)
Equity in earnings (losses) of affiliates	34	(151)	1,663	14,948
Loss on revaluation of investment securities	(5,141)	(103)	(182)	(1,636)
Net gain on sale of investment securities	896	193	121	1,088
Other, net	389	1,944	522	4,692
	(7,380)	(4,070)	(2,950)	(26,517)
Income (loss) before income taxes and minority interests	4,697	(1,371)	6,681	60,054
Income taxes :				
Current	5,150	3,598	5,765	51,820
Deferred	(1,616)	(3,153)	(2,540)	(22,831)
	3,534	445	3,225	28,989
Income (loss) before minority interests	1,163	(1,816)	3,456	31,065
Minority interests	(1,361)	(477)	(659)	(5,923)
Net income (loss)	¥ (198)	¥ (2,293)	¥ 2,797	\$ 25,142

The accompanying notes are an integral part of these statements.

Amounts are rounded off to the nearest million yen or thousand U.S. dollars.

Consolidated Statements of Cash Flows (Unaudited)

For the first six months ended September 30, 2001, 2002 and 2003

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2001/9	2002/9	2003/9	2003/9
Cash flows from operating activities:				
Income (Loss) before income taxes and minority interests	¥ 4,697	¥ (1,371)	¥ 6,681	\$ 60,054
Adjustments to reconcile incomes (loss) before income taxes and minority interests to net cash provided by (used in) operating activities:				
Depreciation	11,803	11,618	11,098	99,757
Interest and dividend income	(1,633)	(1,312)	(851)	(7,649)
Interest expense	7,231	6,680	5,930	53,303
Decrease in notes and accounts receivable	18,621	23,579	46,594	418,822
Increase in inventories	(1,687)	(14,086)	(24,406)	(219,380)
Increase (decrease) in notes and accounts payable	2,915	(17,455)	(50,492)	(453,861)
Decrease (increase) in other current assets	(26,051)	(7,919)	30,142	270,939
Decrease in other current liabilities	(13,909)	(31,962)	(5,815)	(52,270)
Other, net	4,520	(160)	(891)	(8,007)
Sub total	6,507	(32,388)	17,990	161,708
Interest and dividends received	1,635	1,008	934	8,396
Interest paid	(7,239)	(6,479)	(5,947)	(53,456)
Income taxes paid	(4,070)	(3,266)	(4,217)	(37,906)
Net cash provided by (used in) operating activities	(3,167)	(41,125)	8,760	78,742
Cash flows from investing activities:				
Proceeds from sale of marketable securities	41	1,384	138	1,240
Payments for purchases of property, plant and equipment	(13,167)	(9,187)	(20,578)	(184,971)
Proceeds from sale of property, plant and equipment	1,994	989	331	2,975
Payments for purchases of investment in securities	(10,470)	(2,300)	(391)	(3,515)
Proceeds from sale of investment in securities	10,436	641	1,020	9,169
Other, net	569	1,914	(678)	(6,094)
Net cash used in investing activities	(10,597)	(6,559)	(20,158)	(181,196)
Cash flows from financing activities:				
Increase (decrease) in short-term loans payable	(12,160)	(709)	1,662	14,939
Proceeds from long-term loans payable	10,113	24,654	27,111	243,694
Repayments for long-term loans payable	(18,766)	(15,828)	(1,245)	(11,191)
Proceeds from issuing straight bonds	-	9,951	-	-
Redemption of straight bonds	-	(10,600)	(16,600)	(149,213)
Redemption of convertible bonds	-	(620)	(18)	(162)
Cash dividends paid	(2,297)	(2,303)	(2,391)	(21,492)
Other, net	303	(65)	(71)	(638)
Net cash provided by (used in) financing activities	(22,807)	4,480	8,448	75,937
Effect of exchange rate changes on cash and cash equivalents				
Net decrease in cash and cash equivalents	(36,085)	(44,143)	(3,025)	(27,191)
Cash and cash equivalents at the beginning of the period	97,787	74,000	43,810	393,798
Cash and cash equivalents from newly consolidated subsidiaries	361	247	249	2,238
Cash and cash equivalents from mergers	1	31	194	1,744
Cash and cash equivalents at the end of the period	¥ 62,064	¥ 30,135	¥ 41,228	\$ 370,589

The accompanying notes are an integral part of these statements.
Amounts are rounded off to the nearest million yen or thousand U.S. dollars.

Consolidated Statements of Shareholder's Equity (Unaudited)

For the year ended March 31, 2002, 2003 and the first six months ended September 30, 2003

Millions of yen

	Number of shares of common stock (Thousands)	Common stock	Additional paid-in capital	Retained earnings	Revaluation reserve for land	Net unrealized gains (losses) on securities	Foreign currency translation adjustments	Treasury stock, at cost
Balance at March 31, 2001	631,705	¥51,887	¥34,092	¥92,848	¥ -	¥ -	¥(693)	¥(361)
Net loss for the year	-	-	-	(5,190)	-	-	-	-
Adjustments from translation of foreign currency financial statements . . .	-	-	-	-	-	-	185	-
Cash dividends paid	-	-	-	(3,774)	-	-	-	-
Bonuses to directors and corporate auditors . . .	-	-	-	(9)	-	-	-	-
Increase resulting from increase in consolidated subsidiaries	-	-	-	1,186	-	-	-	(263)
Increase due to adjustment to land as a result of revaluation of land	-	-	-	10,476	12,067	-	-	-
Decrease resulting from mergers	-	-	-	(313)	-	-	-	-
Adoption of new accounting standard for financial instruments	-	-	-	-	-	2,060	-	-
Sales of treasury stock, net	-	-	-	-	-	-	-	105
Balance at March 31, 2002	631,705	51,887	34,092	95,224	12,067	2,060	(508)	(519)
Net income for the year	-	-	-	3,426	-	-	-	-
Adjustments from translation of foreign currency financial statements . . .	-	-	-	-	-	-	(238)	-
Cash dividends paid	-	-	-	(3,777)	-	-	-	-
Bonuses to directors and corporate auditors . . .	-	-	-	(12)	-	-	-	-
Increase resulting from increase in consolidated subsidiaries	-	-	-	202	-	-	-	-
Increase resulting from increase in affiliates on equity method	-	-	-	1,696	-	-	-	-
Increase due to adjustment to land as a result of revaluation of land	-	-	-	(3,116)	3,116	-	-	-
Changes in effective tax rate	-	-	-	-	345	-	-	-
Increase resulting from mergers	-	-	-	0	-	-	-	-
Decrease due to revaluation of available-for-sale securities	-	-	-	-	-	(2,718)	-	-
Loss on retirement of treasury stock	-	-	-	(75)	-	-	-	-
Sales of treasury stock, net	-	-	-	-	-	-	-	443
Balance at March 31, 2003	631,705	¥51,887	¥34,092	¥93,568	¥15,528	¥(658)	¥(746)	¥(76)
Net income for the period	-	-	-	2,797	-	-	-	-
Adjustments from translation of foreign currency financial statements . . .	-	-	-	-	-	-	(37)	-
Cash dividends paid	-	-	-	(1,897)	-	-	-	-
Bonuses to directors and corporate auditors . . .	-	-	-	(13)	-	-	-	-
Increase resulting from increase in consolidated subsidiaries	-	-	-	73	-	-	-	-
Increase due to adjustment to land as a result of revaluation of land . . .	-	-	-	42	(42)	-	-	-
Adjustment to revaluation reserve for land . . .	-	-	-	-	116	-	-	-
Decrease resulting from mergers	-	-	-	(151)	-	-	-	-
Increase due to revaluation of available-for-sale securities	-	-	-	-	-	2,972	-	-
Loss on retirement of treasury stock	-	-	-	(4)	-	-	-	-
Sales of treasury stock, net	-	-	-	-	-	-	-	5
Balance at September 30, 2003	631,705	¥51,887	¥34,092	¥94,415	¥15,602	¥2,314	¥(783)	¥(71)

The accompanying notes are an integral part of these statements.

Amounts are rounded off to the nearest million yen or thousand U.S. dollars.

Thousands of U.S. dollars (Note 1)

	Common stock	Additional paid-in capital	Retained earnings	Revaluation reserve for land	Net unrealized gains(losses) on securities	Foreign currency translation adjustments	Treasury stock, at cost
Balance at March 31, 2003	\$466,400	\$306,445	\$841,061	\$139,578	\$(5,915)	\$(6,706)	\$(683)
Net income for the period	-	-	25,142	-	-	-	-
Adjustments from translation of foreign currency financial statements	-	-	-	-	-	(333)	-
Cash dividends paid	-	-	(17,052)	-	-	-	-
Bonuses to directors and corporate auditors	-	-	(117)	-	-	-	-
Increase resulting from increase in consolidated subsidiaries	-	-	656	-	-	-	-
Increase due to adjustment to land as a result of revaluation of land	-	-	378	(378)	-	-	-
Adjustment to revaluation reserve for land	-	-	-	1,043	-	-	-
Decrease resulting from mergers	-	-	(1,358)	-	-	-	-
Increase due to revaluation of available-for-sale securities	-	-	-	-	26,715	-	-
Loss on retirement of treasury stock	-	-	(36)	-	-	-	-
Sales of treasury stock, net	-	-	-	-	-	-	45
Balance at September 30, 2003	\$466,400	\$306,445	\$848,674	\$140,243	\$20,800	\$(7,039)	\$(638)

The accompanying notes are an integral part of these statements.

Amounts are rounded off to the nearest million yen or thousand U.S. dollars.

Notes to Consolidated Financial Statements (Unaudited)

September 30, 2003

1 Basis of Consolidated Financial Statements

Cosmo Oil Company, Limited (the "Company") and its consolidated domestic subsidiaries maintain their records and prepare their financial statements in Japanese yen in conformity with accounting principles and practices generally accepted in Japan (Japanese GAAP). Foreign subsidiaries' financial statements are prepared in conformity with those of their countries of domicile.

The accompanying consolidated financial statements have been translated from the financial statements that are prepared for Japanese domestic purposes in accordance with the Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required, which may differ in certain material respects from accounting principles and practices generally accepted in countries other than Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made in the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The financial statements are stated in Japanese yen. The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers, using the prevailing exchange rate on September 30, 2003, which was ¥111.25 to U.S.\$1. The convenience translations are not intended to imply that yen amounts have been or could be readily converted, realized or settled in US dollar at that or any other rate.

2 Subsequent Events (appropriation of retained earnings)

On November 18, 2003, the Board of Directors of the Company approved payment of interim cash dividends of ¥3 (US\$ 0.03) per share or a total of ¥1,894 million (US\$ 17,025 thousand) to the shareholders of record at September 30, 2003.

3 Amounts per share

The Company has computed amounts per share of net income, diluted net income, cash dividends and net assets, as shown below, based on the weighted-average number of shares of common stock outstanding during the period and the number of shares of common stock outstanding at the period-end, respectively:

	Yen	U.S.dollars (Note 1)	
	2003/3	2003/9	2003/9
Amounts per share of common stock:			
Net income	¥ 5.42	¥ 4.43	\$ 0.04
Diluted net income	-	4.39	0.04
Cash dividends	6.00	3.00	0.03
Net assets	306.67	312.8	2.81

Investor Information

As of September 30, 2003

Overview

NAME

COSMO OIL CO., LTD.

HEAD OFFICE

1-1, Shibaura 1-chome, Minato-ku, Tokyo 105-8528,
Japan

Phone : 81-3-3798-3101

Fax : 81-3-3798-3841

URL : <http://www.cosmo-oil.co.jp>

ESTABLISHED

April 1,1986

COMMON SHARES

Authorized : 1,700,000,000

Issued : 631,705,087

PAID-IN CAPITAL

¥51,887 million

STOCK LISTINGS

Tokyo, Osaka, Nagoya

NUMBER OF EMPLOYEES

1,799

NUMBER OF DEALERS

354

NUMBER OF SERVICE STATIONS

5,140

NUMBER OF BRANCHES

8

REFINERIES

Chiba, Yokkaichi, Sakai, Sakaide

NUMBER OF SHAREHOLDERS

46,713

MAIN SHAREHOLDERS

Japan Trustee Services Bank, Ltd. (Trust Account)

Mizuho Corporate Bank, Ltd.

The Master Trust Bank of Japan, Ltd. (Trust Account)

UFJ Bank, Ltd.

Mitsui Sumitomo Insurance Co., Inc.

Cosmo Oil Employees' Shareholders Association

TRANSFER AGENT

The Chuo Mitsui Trust & Banking Co.,Ltd.

33-1, Shiba 3-chome, Minato-ku, Tokyo 105-8574, Japan

Overseas Offices

COSMO OIL CO., LTD. ABU DHABI OFFICE

P.O.Box 26811 Abu Dhabi U.A.E. Al Masaood Tower,
Shaikh Hamdan St. 10th Floor, Suite No.101

Phone : 971-2-6334155

COSMO OIL CO., LTD. BEIJING OFFICE

Room No. 719 Beijing Fortune Bldg., No.5 Dong San
Huan Beilu Chao Yang District Beijing 100004. China

Phone : 86-10-6590-8626

Overseas Affiliates

COSMO OIL OF U.S.A., INC.

Head Office : 150 East 52nd Street, 22nd FL., New York
N.Y.10022, U.S.A.

Phone : 1-212-486-3700

Capital : US\$250,000

Line of Business : Business services for Cosmo Oil Co., Ltd.

COSMO OIL (U.K.) PLC.

Head Office : 7 Old Park Lane, London W1K 1QR, U.K.

Phone : 44-20-7629-3031

Capital : US\$4,982,342

Line of Business : Purchase and sales of crude oil and
finished products

COSMO OIL INTERNATIONAL PTE., LTD.

Head Office : 6 Battery Road #26-06 Singapore 049909

Phone : 65-6324-3722

Capital : S\$19,500,000

Line of Business : Purchase and sales of crude oil and
finished products

 **COSMO OIL CO., LTD.**

1-1, Shibaura 1-chome, Minato-ku,
Tokyo 105-8528, Japan

Please visit our internet website at
<http://www.cosmo-oil.co.jp>



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