

Cosmo Oil Co., Ltd.
Presentation on Results for
Second Quarter of Fiscal 2012

November 1, 2012

President: Keizo Morikawa

1 An asphalt leakage accident made the Chiba Refinery suspend its operations. While margins were picking up in July-September, increased alternative energy supply cost and other factors reduced consolidated ordinary income down to ¥-21.7 billion (Consolidated ordinary loss excluding impact of inventory valuation ¥4.5 billion). The Company waived re-recording deferred tax assets as a result of a regular quarterly review, reporting net loss ¥79.1 billion for the first half of FY2012 on a consolidated basis.

2 The plan for the resumption of operations of the Chiba Refinery, which is one of the assumptions on which to revise the forecast for the full-year results of FY2012, will start with resuming operations of a part of the refinery's units in January 2013 onwards, followed by main units which will resume its operations on a phase-in basis. In April 2013, the reconstruction of the burnt LPG tanks is expected to be completed to get the dual-crude distillation unit production system ready. On this assumption, the full-year FY2012 business forecast includes ordinary income of ¥38.0 billion, excluding inventory valuation impact, and net loss of ¥74.0 billion for the full year on a consolidated basis.

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

Outline of Consolidated Operating results - Changes from 2Q FY2011

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	①109.40USD/B	①110.38USD/B	①-0.98USD/B
②JPY/USD exchange rate	②80.38yen/USD	②80.60yen/USD	②-0.22yen/USD

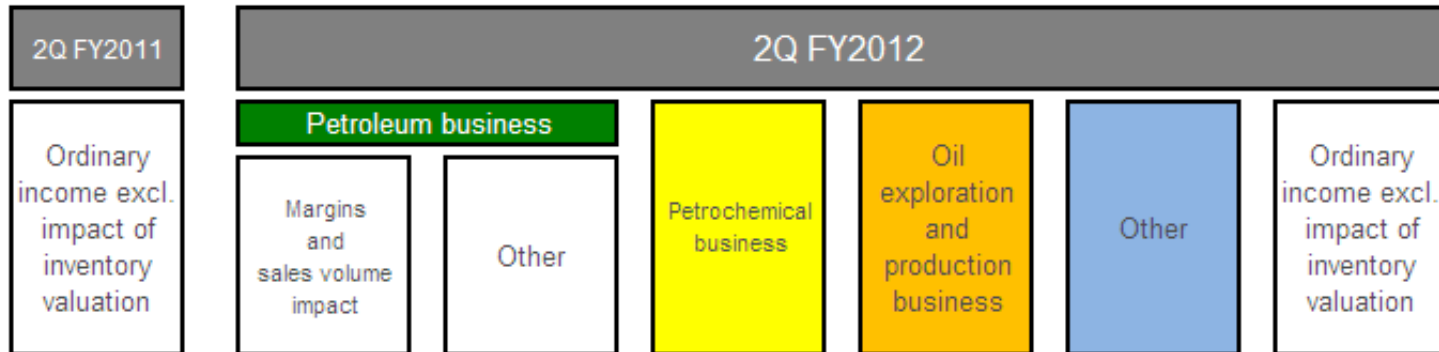
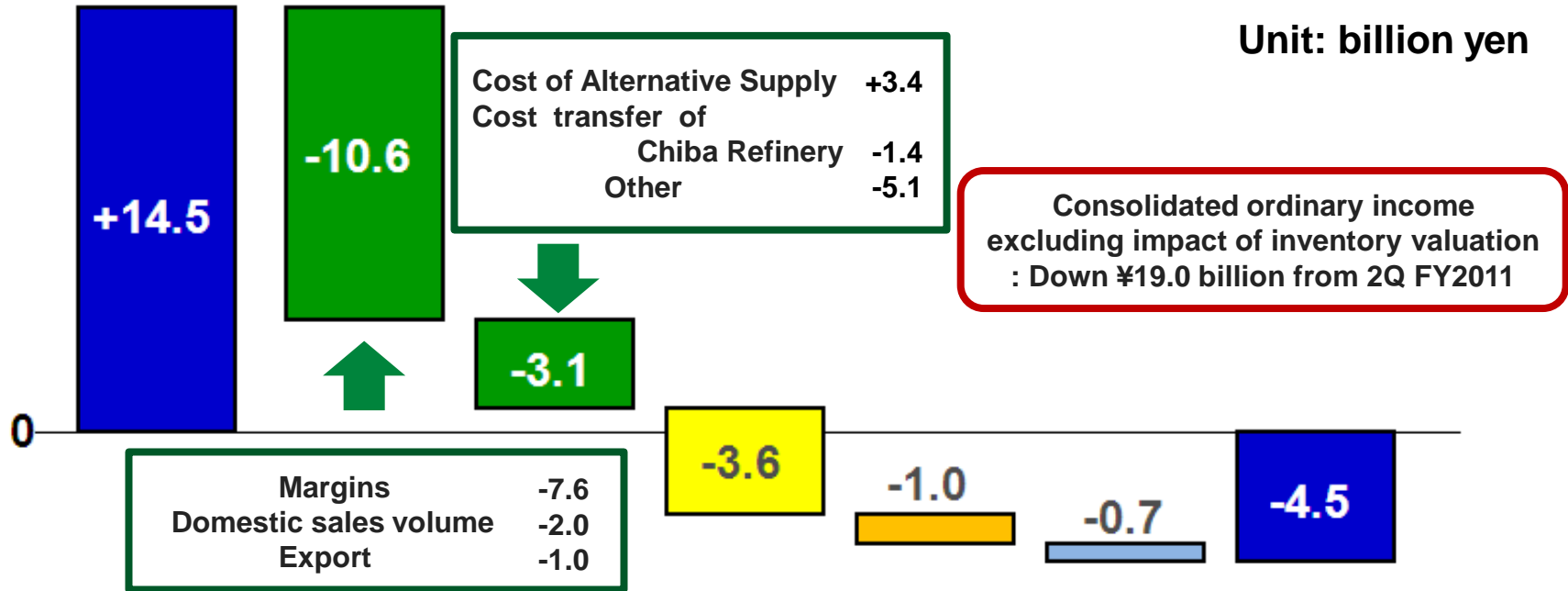
Unit: billion yen

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



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

Unit: billion yen

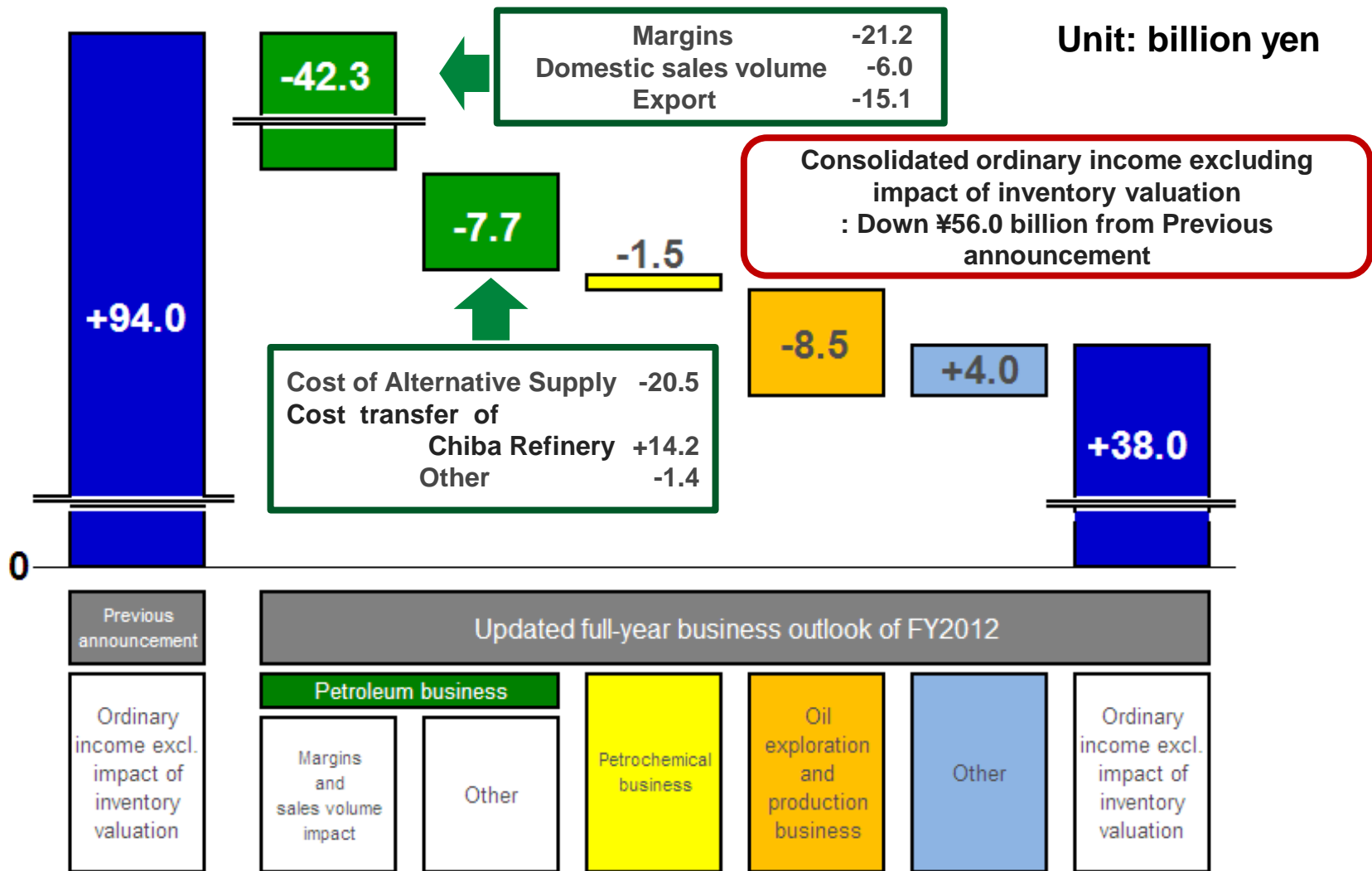
	FY2012 Outlook	Previous announcement	Changes
Consolidated ordinary income (loss)	25.0	94.0	-69.0
Impact of inventory valuation	-13.0	0.0	-13.0
NET Consolidated ordinary income	38.0	94.0	-56.0
Net income (loss)	-74.0	35.0	-109.0
①Purchased price of crude oil	①108.20USD/B	①115.00USD/B	①-6.80USD/B
②JPY/USD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



Main Units Planned to Go Back On Stream on a Gradual Basis Starting in January 2013

1

January 2013

Atmospheric distillation unit (topper),
Direct hydrodesulfurization unit and Hydrodesulfurization unit

2

April 2013

Complete reconstruction and start utilization of LPG tank
(13 tanks)

In the Oil Production and Exploration Business, Petrochemical Business and New Business Segments, good progress is being made in growth investment projects developed in the 4th Medium-Term Management Plan

<p>[Oil Production and Exploration Business] Diversify project portfolio by making effective use of the Company's good relations with oil producing countries</p>	U.A.E	Renewed the concession agreement on existing oil fields and signed an agreement on the new Hail Oil Field
	Qatar	Started operations at the A-South Oil Field
	Australia	Developed the exploratory well drilling plan for the AC/P4 mining lot
<p>[Petrochemical Business] Keep the refinery more competitive by shifting more toward petrochemical production</p>	MX	Started operations of the MX production unit at Yokkaichi Refinery
	PX	The construction of the PX production unit at Hyundai Cosmo Petrochemical Co., Ltd. (HCP) will be completed in November 2012 earlier than the original plan, with the commercial production slated for February 2013.
<p>[New Business] Expand environment and new energy businesses</p>	Wind power	EcoPower Co., Ltd. (Wind power generation business) achieved a turn into profitability, which is here to stay, by enhancing its maintenance capability. Backed by the Feed-in Tariff (FIT) scheme introduced by the Japanese government, the company is working on new site development.

Positioning the next 5 years as “5 years for which to build the base toward sustainable growth,” the Company will enhance profitability and viability and ensure financial stability.

Realize earnings stability at the petroleum business segment

Find solutions to the issues as early as possible, that remain unsolved in the 4th medium-term management plan

1. Ensure stable operations at the refineries
2. Execute rationalization with no sanctuary
3. Reduce fixed costs and improve cash flows by closing the Sakaide Refinery
4. Explore and change the marketing and selling business model in Japan

Harvest “fruits” borne in the oil production and exploration business, petrochemical business and new business segments

Ensure recovery of strategic investments already executed in the 4th medium-term management plan

1. Start production at the Hail Oil Field
2. Start production at the new PX plant of HCP
3. Increase earnings at EcoPower

Enhance viability by taking advantage of the strengths of the Cosmo Oil Group

Create additional values for the Group by diversifying and enhancing its portfolio strategy

1. Seek for joint projects with partnerships with IPIC and HDO

Upon completion of large investment projects in the 4th medium-term management plan, the Company will realize earnings stability in the petroleum business segment and ensure recovery of investments made in the oil production and exploration business, petrochemical and new business segments. We will take all actions for recovery in profits and dividends next fiscal year.

Supplementary Information

- P9 : [2Q FY2012 Results] Consolidated Income Statements - Changes from 2Q FY2011
- P10 : [2Q FY2012 Results] Outline of Consolidated Cash Flows and Consolidated Balance Sheets
- P11 : [2Q FY2012 Results] Crude Oil Procurement Cost and Processing Volume, Topper Operating Ratios, Sensitivity, Crude Oil Production Volume
- P12 : [2Q FY2012 Results] Sales volume
- P13 : [2Q FY2012 Results] Sales volume
- P14 : [2Q FY2012 Results] Highlights of Consolidated Capital Investment
- P15 : [2Q FY2012 Results] Historical Changes in the Number of Employees, Oil Storage Depots , SSs and Cards in Force
- P16 : [FY2012 Outlook] Outlook by Business Segment – Changes from previous announcement and Highlights of Consolidated Capital Investment
- P17 : [FY2012 Outlook] Outlook by Business Segment – Changes from FY2011 , Sensitivity
- P18 : [FY2012 Outlook] Consolidated Ordinary Income (Excluding impact of inventory valuation) – Analysis of Changes from FY2011
- P19 : [Reference] Diesel Fuel Export Results and Margin Environment
- P20 : [Reference] Petrochemical business Aromatic Product Market Conditions 1
- P21 : [Reference] Petrochemical business Aromatic Product Market Conditions 2

Unit: billion yen

	2Q FY2012 (Apr.-Sep.2012)	2Q FY2011 (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
Operating income	-18.7	27.5	-46.2
Non-operating income/expenses, net	-3.0	0.1	-3.1
Ordinary income	-21.7	27.6	-49.3
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
Net income	-79.1	2.8	-81.9

【Reference】

Impact of inventory valuation	-17.2	13.1	-30.3
Operating income excluding impact of inventory valuation	-1.5	14.4	-15.9
Ordinary income excluding impact of inventory valuation	-4.5	14.5	-19.0

	Results (As of Sep. 30, '12)	Change from FY11 (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 (As of Sep. 30, '12)	FY2011 (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

[1] Crude oil procurement cost, processing volume and topper operating ratios

		2Q FY2012	2Q FY2011	Changes from 2Q FY2011	
Purchased price of crude oil	Crude oil (FOB) USD/BBL	109.40	110.38	-0.98	—
	JPY/USD exchange rate	80.38	80.60	-0.22	—
	Purchased price of crude oil (tax inclusive) yen/KL	58,717	59,462	-745	—
Crude oil refining	Refined crude oil volume (1,000 KL)	10,384	9,174	1,210	113.2%
	Atmospheric distillation operating ratio (Calendar Day)	56.2%	49.7%	6.5%	—
	Atmospheric distillation operating ratio (Streaming Day)	82.1%	85.6%	-3.5%	—

* SD: Streaming day indicates operating ratio excluding the impact of suspended operations due to regular repairs and maintenance, etc.

[2] Crude oil production volume

		2Q FY2012	2Q FY2011	Changes	Investment ratio
Oil E & P subsidiary production volume (BBL/D)	Abu Dhabi Oil Co., Ltd.	21,029	22,634	92.9%	63.0%
	Qatar Petroleum Development Co., Ltd.	7,415	6,072	122.1%	75.0%
	United Petroleum Development Co., Ltd.	13,332	9,768	136.5%	45.0%

* Production volume: Average Production volume by a project company during the term. Production volume of January-June, because each company ends its fiscal year in December.

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%
Total selling volume		17,171	17,389	-218	98.7%	92.5%	97.9%

2Q FY2012 Results – Changes from 2Q FY2011

Unit: billion yen

2Q FY2012 Results	Net Sales		Operating Income		Ordinary Income		Ordinary Income (Inventory valuation excluding cost or market method impact)	
		Changes from 2Q FY2011		Changes from 2Q FY2011		Changes from 2Q FY2011		Changes from 2Q FY2011
Petroleum business	1,424.3	-1.5	-33.2	-41.5	-37.7	-43.8	-20.7	-13.7
Petrochemical business	13.3	-1.2	-0.2	-0.8	-2.2	-3.8	-2.0	-3.6
Oil E&P business	34.1	-6.0	21.5	-2.9	24.2	-1.0	24.2	-1.0
Other	33.3	7.5	-0.1	0.2	0.8	0.6	0.8	0.6
Write-off	-55.8	-3.1	-6.7	-1.2	-6.8	-1.3	-6.8	-1.3
Total	1,449.2	-4.3	-18.7	-46.2	-21.7	-49.3	-4.5	-19.0

- Inventory valuation impact on the petroleum business amounted to Δ 17.0 billion yen in 2Q FY2012
- Inventory valuation impact on the petrochemical business amounted to Δ 0.2 billion yen in 2Q FY2012

Cosmo Group of Companies
(by Segment)

Petroleum business	: Cosmo Oil Co., Ltd., Cosmo Oil Sales Corp, Cosmo Petroleum Gas Co., Ltd., Cosmo Oil Lubricants Co., Ltd., etc.
Petrochemical business	: Cosmo Matsuyama Oil Co., Ltd., CM Aromatics Co., Ltd., Maruzen Petrochemical Co., Ltd. (owned by the Cosmo Oil Group on the equity method), Hyundai Cosmo Petrochemical Co., Ltd. (owned by the Cosmo Oil Group on the equity method)
Oil E & P business	: Abu Dhabi Oil Co., Ltd., Qatar Petroleum Development Co., Ltd., United Petroleum Development Co., Ltd. etc. (owned by the Cosmo Oli Group on the equity method), etc.
Other	: Cosmo Engineering Co.,Ltd., Cosmo Trade & Services Co., Ltd.,EcoPower Co.,Ltd, etc.

Capital Expenditures, Depreciation, etc.

[2Q FY2012 Results]

Unit:billion yen

	2Q FY2012 Results	Change from 2Q FY2011
Capital expenditures	15.2	3.5
Depreciation expense amount	22.7	-2.7

Capital expenditures by Business Segment

[2Q FY2012 Results by Segment vs. 2Q FY2011]

Unit:billion yen

	2Q FY2012 Results	2Q FY2011 Results	Changes
Petroleum	10.7	5.9	4.8
Petrochemical	0.3	0.3	0.0
Oil E&P	4.7	5.6	-0.9
Other	0.2	0.2	0.0
adjustment	-0.7	-0.3	-0.4
Total	15.2	11.7	3.5

[2Q FY2012 Results] Historical Changes in the Number of Employees, Oil Storage Depots, SSs and Cards in Force

[1] Workforce size (No. of persons)

	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	2Q FY2012
Cosmo Oil alone	1,718	1,916	1,957	2,064	2,180	2,135	2,025	1,950
Cosmo Oil Group	3,451	3,335	3,299	3,269	3,325	3,268	3,098	2,966

* Data as of the end of March of each fiscal year.

* Group headcounts combine those of non-consolidated Cosmo Oil (up until FY2008), while combining those of non-consolidated Cosmo Oil, with those transferred, probationary employees and with senior employees (in FY2009 onwards).

[2] No. of oil storage depots (DTs)

	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	2Q FY2012
No. of DTs	38	38	38	38	36	35	35	35

[3] Estimated No. of SSs by Operator Type

	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	2Q FY2012
Subsidiary	1,190	1,122	1,104	1,023	1,025	967	939	927
Dealers	3,361	3,237	3,021	2,890	2,743	2,642	2,559	2,463
Total	4,551	4,359	4,125	3,913	3,768	3,609	3,498	3,390
Mobile SSs	95	57	53	47	43	36	34	33

* Data up to FY2005 as of the end of December of each year. Data in FY2006 onwards as of the end of March of the year following each fiscal year

[4] No. of Self-Service SSs out of the Total Estimated No. of SSs Mentioned [3] above.

	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	2Q FY2012
Subsidiary	370	463	507	551	575	548	570	569
Dealers	256	326	360	404	429	455	437	420
Total	626	789	867	955	1,004	1,003	1,007	989
Share of Self-Service SSs	13.8%	18.1%	21.0%	24.4%	26.6%	27.8%	28.8%	29.2%

[5] Cosmo The Card – Number of cards issued (including the number of Opus cards in force from 2006 onwards) (Unit: million cards)

	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	2Q FY2012
No. of cards in force	2.55	2.80	3.05	3.35	3.57	3.67	3.81	3.91

FY2012 Forecast – Changes from Previous announcement

Unit: billion yen

FY2012 Forecast	Net Sales		Operating Income		Ordinary Income		Ordinary Income (Inventory valuation excluding cost or market method impact)	
		Changes from Previous announcement		Changes from Previous announcement		Changes from Previous announcement		Changes from Previous announcement
Petroleum business	2,970.0	-290.0	-24.0	-61.5	-33.0	-63.0	-20.0	-50.0
Petrochemical business	31.0	-17.0	1.0	0.0	1.0	-1.5	1.0	-1.5
Oil E&P business	86.0	-12.0	53.0	-10.0	57.5	-8.5	57.5	-8.5
Other	82.0	-3.0	2.5	0.5	4.0	1.0	4.0	1.0
Write-off	-129.0	12.0	-4.5	3.0	-4.5	3.0	-4.5	3.0
Total	3,040.0	-310.0	28.0	-68.0	25.0	-69.0	38.0	-56.0

Capital Expenditures, Depreciation, etc.

[FY2012 Outlook]

Unit: billion yen

	FY2012 Outlook	Change from previous announcement
Capital expenditures	92.0	-2.7
Depreciation expense amount	46.0	0.7

Capital expenditures by Business Segment

[FY2012 Outlook by Segment vs. Previous announcement]

Unit: billion yen

	FY2012 Outlook	Change from previous announcement	Changes
Petroleum	31.1	27.4	3.7
Petrochemical	1.0	0.9	0.1
Oil E&P	58.6	64.1	-5.5
Other	2.5	3.5	-1.0
adjustment	-1.2	-1.2	0.0
Total	92.0	94.7	-2.7

FY2012 Forecast – Changes from FY2011

Unit: billion yen

FY2012 Forecast	Net Sales		Operating Income		Ordinary Income		Ordinary Income (Inventory valuation excluding cost or market method impact)	
		Changes from FY2011		Changes from FY2011		Changes from FY2011		Changes from FY2011
Petroleum business	2,970.0	-85.6	-24.0	-36.8	-33.0	-41.0	-20.0	-2.8
Petrochemical business	31.0	1.6	1.0	0.1	1.0	-1.1	1.0	-1.1
Oil E&P business	86.0	-1.6	53.0	1.2	57.5	5.5	57.5	5.5
Other	82.0	10.4	2.5	1.0	4.0	1.1	4.0	1.1
Write-off	-129.0	5.5	-4.5	-1.1	-4.5	-0.9	-4.5	-0.9
Total	3,040.0	-69.7	28.0	-35.6	25.0	-36.4	38.0	1.8

Precondition

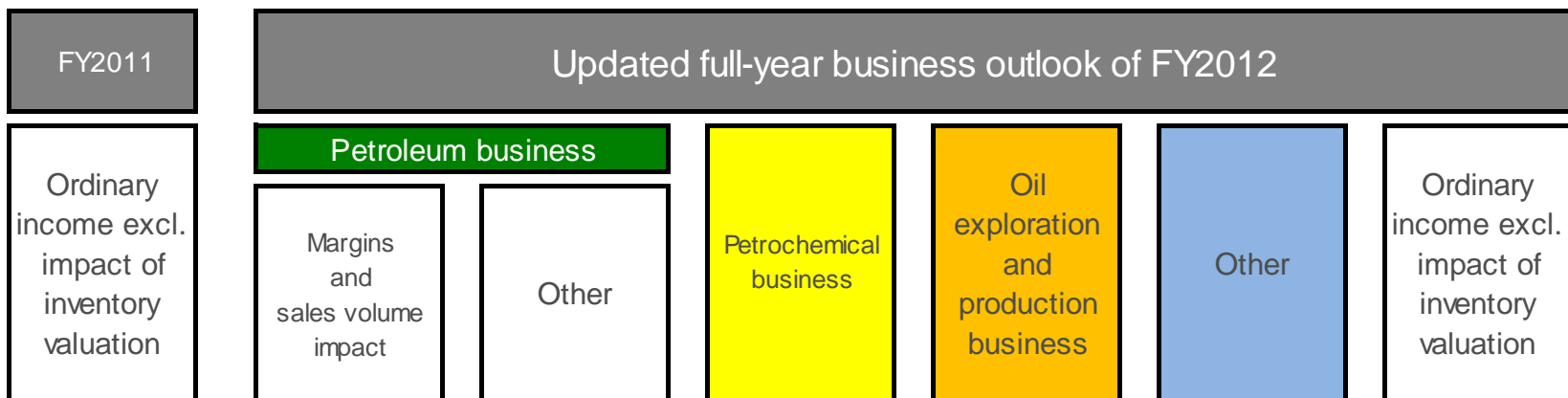
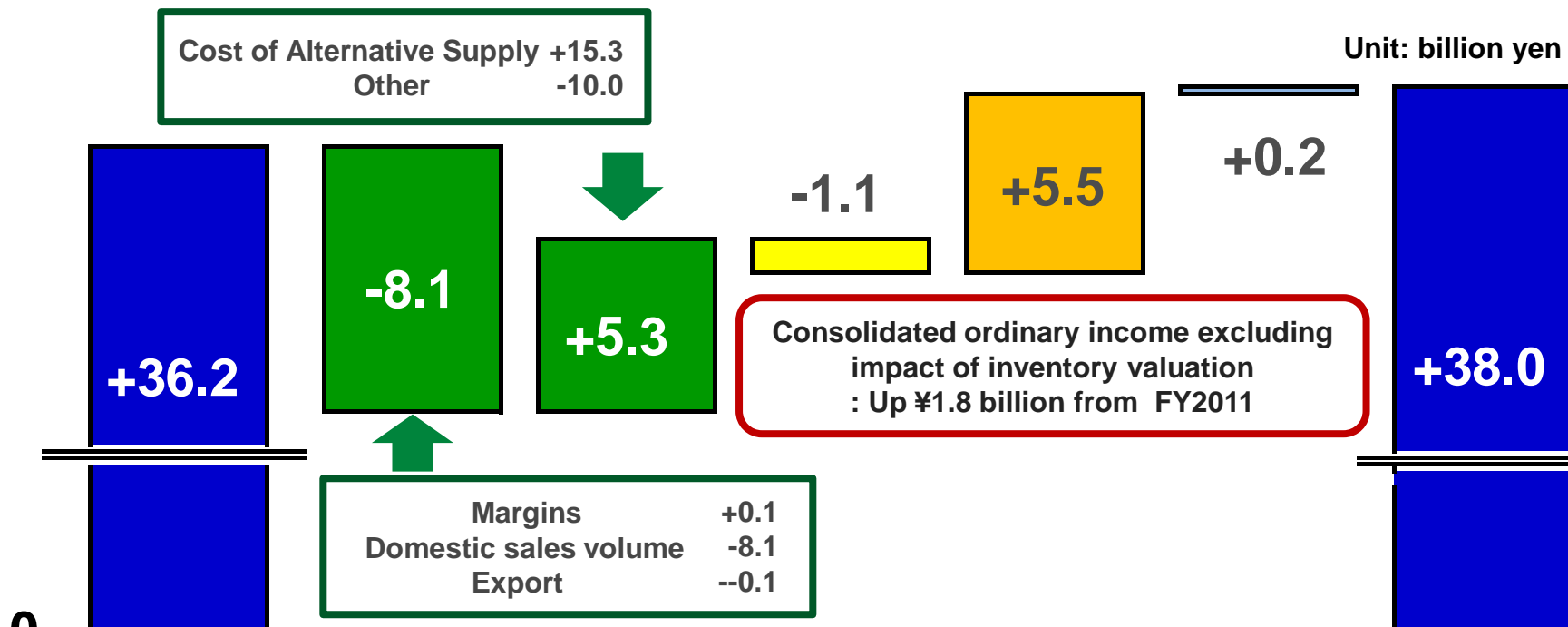
- Purchased price of crude oil 108.20 USD/B
- JPY/USD exchange rate 78.70 yen/USD

Sensitivity

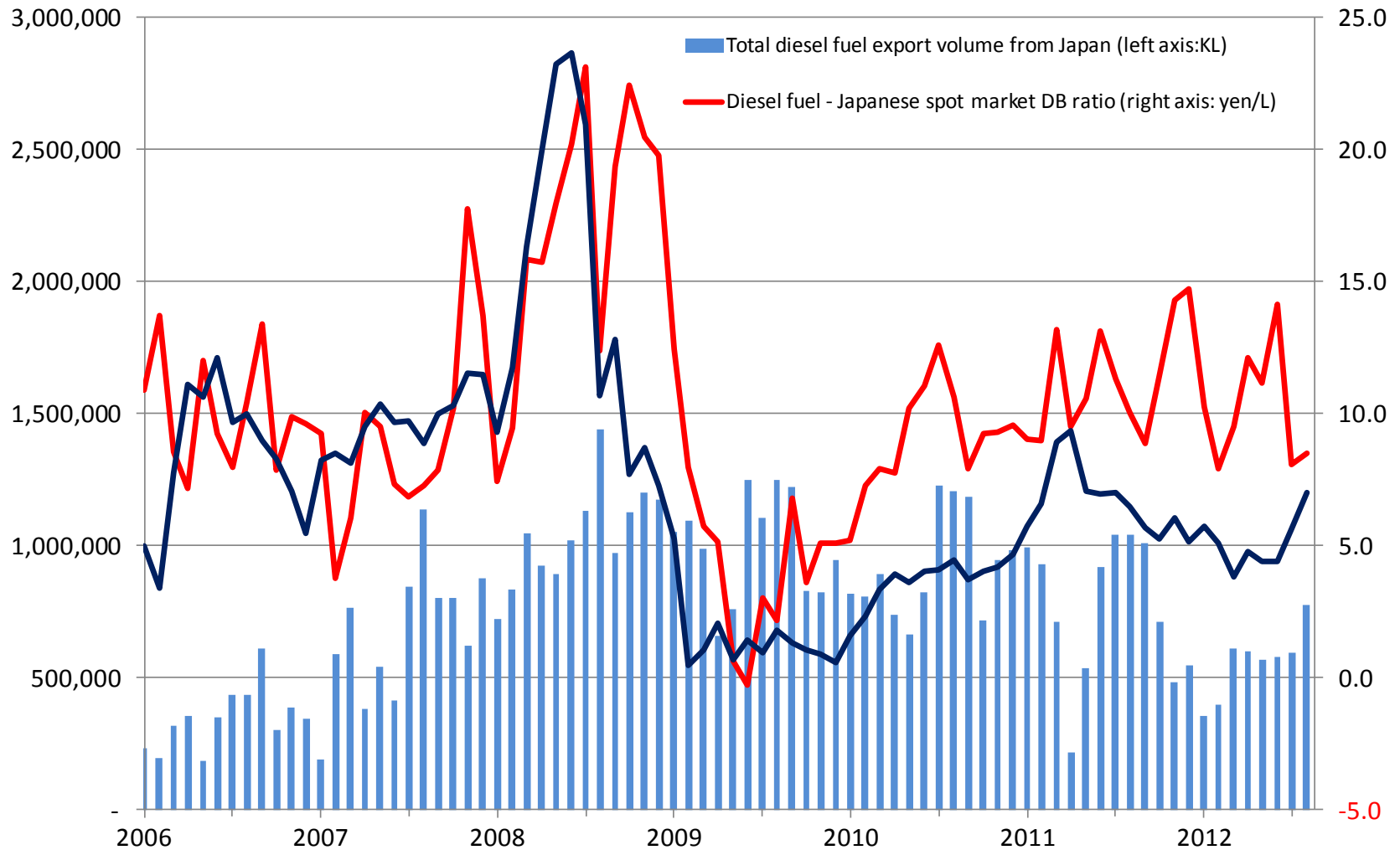
	Petroleum Business	Oil E & P Business
Crude oil + 1 USD/BBL	2.1 billion yen	0.3 billion yen
JPY/USD + 1 exchange rate	2.9 billion yen	0.4 billion yen

* Figures above refer to impacts by crude oil price and yen-dollar exchange fluctuations on inventory valuation gains, in-house fuel costs and timing difference (by taking no impact by the cost or market method into consideration).

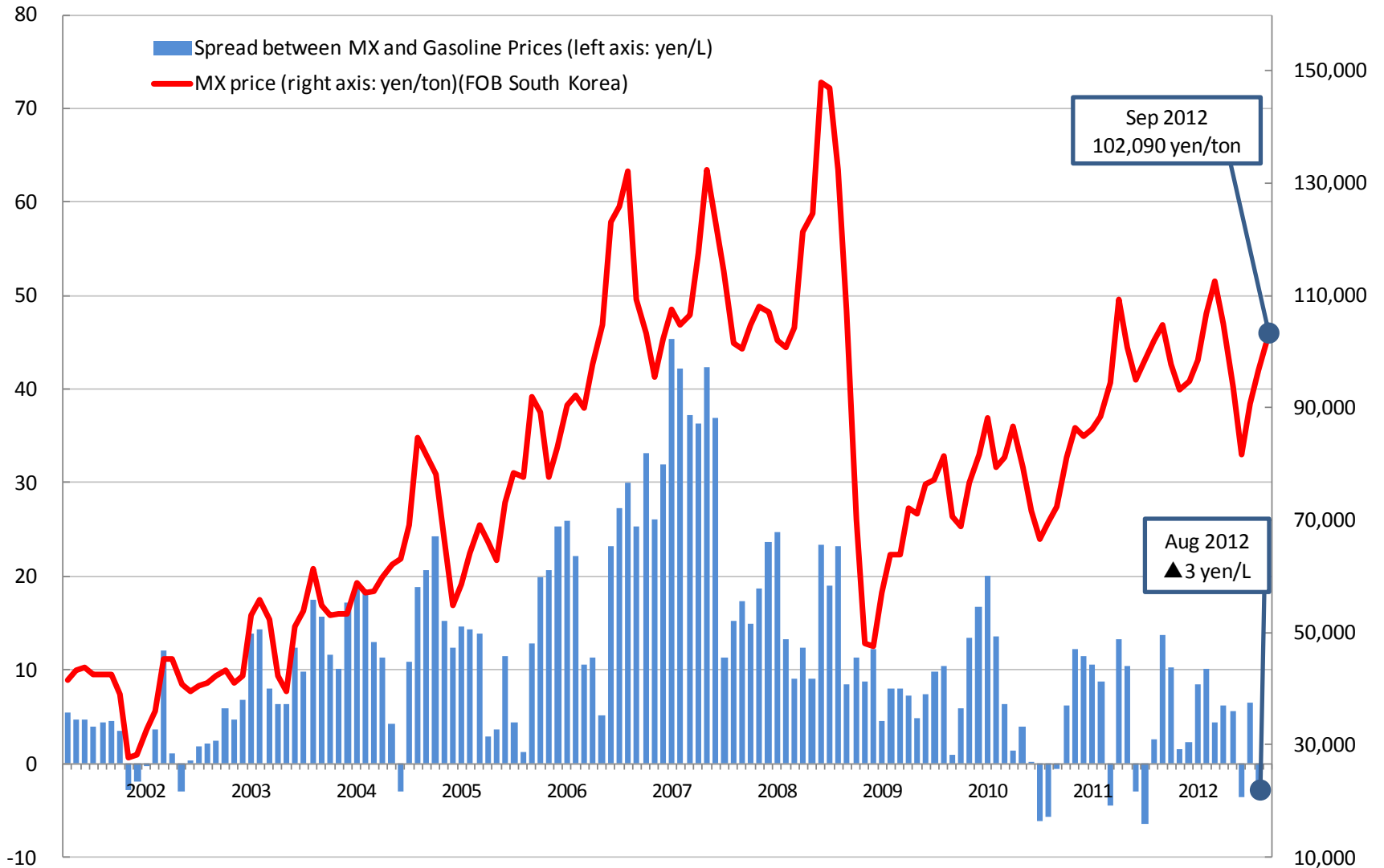
* A six-month period of Oct. 2012 to March 2013 adopted for sensitivity figure estimation for the petroleum business segment, and a three-month period of Oct. 2012 to Dec. 2012, for the oil exploration and production business.



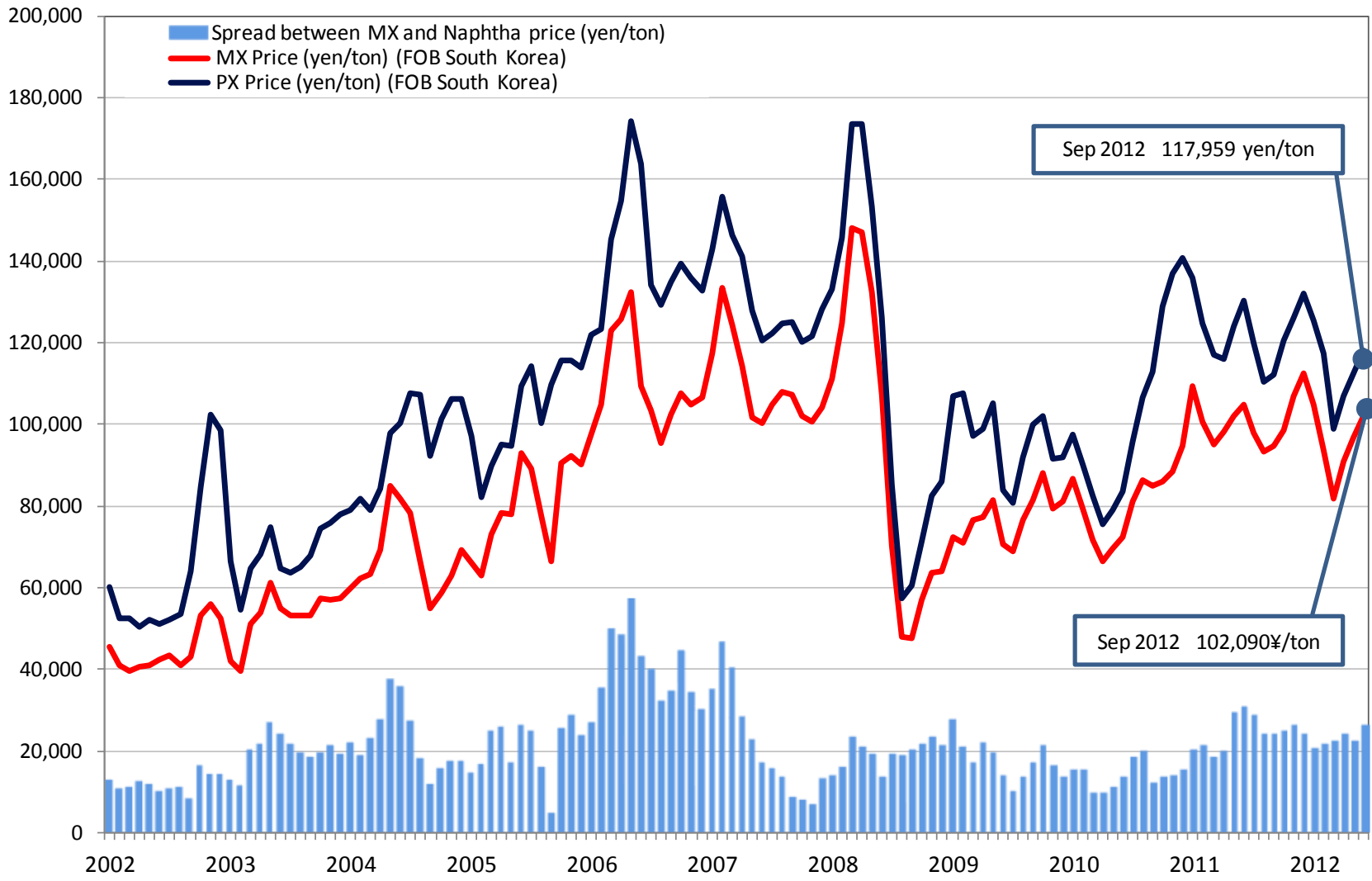
Historical Changes in Diesel Fuel Export Volume and in Domestic and Overseas Margins



Historical Change in MX Market Conditions and Spreads between MX Prices and Gasoline Prices



Historical Change in PX & MX Market Conditions and Spreads between MX Prices and Naphtha Prices



Cautionary Statement Regarding Forward-Looking Scenarios

This presentation contains statements that constitute forward-looking scenarios. While such forward-looking scenarios may include statements based on a variety of assumptions and relating to our plans, objectives or goals for the future, they do not reflect our commitment or assurance of the realization of such plans, objectives or goals.