



May 8, 2012

Overview of Business Results of Fiscal Year Ending March 2012 [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: Yaichi Kimura (Title) President
 Name of Person to contact: Kunihiro Shoda (Title) General Manager of Corporate Communication Dept. Phone: 03-3798-3180
 Annual shareholders' meeting is to be held on: June 26, 2012 Dividend payment is to be started on June 27, 2012
 Securities report is to be submitted on: June 26, 2012
 Availability of the Financial Result Supplementary Information: Yes
 Execution of the Financial Result Presentation Meeting: Yes (for analysts and institutional investors)

Note: Figures less than 1 million are rounded down.

1. Consolidated Business Results for FY2011 (April 1, 2011 to March 31, 2012)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2011	3,109,746	12.2	63,570	-38.9	61,420	-36.1	-9,084	—
FY2010	2,771,523	6.1	104,097	204.3	96,094	163.9	28,933	—

[Reference] Comprehensive income FY2011: -3,471 million yen (—%) FY2010: 26,161 million yen (—%)

	Net income per share	Diluted net income per share	Net income to net worth	Ordinary income to total assets	Operating income to net sales
	yen sen	yen sen	%	%	%
FY2011	-10.72	—	-2.8	3.8	2.0
FY2010	34.16	33.58	8.9	6.0	3.8

[Reference] Equity in earnings(losses) of affiliates FY2011: 2,933 million yen FY2010: 407 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio	Net assets per share
	million yen	million yen	%	yen sen
FY2011	1,675,070	337,437	18.9	374.15
FY2010	1,579,424	350,239	21.1	392.80

[Reference] Net worth FY2011: 316,931 million yen FY2010: 332,730 million yen

(3) Consolidated Cash Flows

	CF from operating activities	CF from investing activities	CF from financial activities	Cash and cash equivalents at the end of the period
	million yen	million yen	million yen	million yen
FY2011	43,616	-25,805	11,606	122,431
FY2010	26,297	-73,109	-86,077	94,343

2. Dividend Payment Results and Outlook

	Annual dividend per share Total					Total amount of dividends paid/payable (full-year)	Dividend payout (consolidated)	Rate of dividend to net assets (consolidated)
	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	million yen	%	%
FY2011	—	0.00	—	8.00	8.00	6,779	23.4	2.1
FY2010	—	0.00	—	8.00	8.00	6,779	—	2.1
FY2012 (outlook)	—	0.00	—	8.00	8.00		19.4	

3. Consolidated Business Outlook for FY2012 (April 1, 2012 to March 31, 2013)

(% indicates for FY2012 change from the corresponding period of FY 2011, while for 1H FY2012 change from 1H FY2011)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
1H FY2012	1,620,000	11.5	28,000	1.9	26,000	-5.8	7,000	147.3	8.26
FY2012	3,350,000	7.7	96,000	51.0	94,000	53.0	35,000	—	41.32

4. Others

- (1) Change in significant subsidiaries during FY2011 : No
 Newly — (Name of Company —) Exception — (Name of Company —)
- (2) Changes in accounting policies and processing and representation methods adopted to prepare the consolidated financial statements
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: No
 4. Restatements: No

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

1) Number of outstanding shares as of end of the period (including treasury stock):

FY2011	847,705,087 shares	FY2010	847,705,087 shares
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(2) Number of shares of treasury stock as of end of the period:

FY2011	639,196 shares	FY2010	631,461 shares
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(3) Average Number of shares outstanding during the period:

FY2011	847,070,419 shares	FY2010	847,083,835 shares
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[Reference] Outline of Non-Consolidated Results

1. Non-Consolidated Financial Results for FY2011 (For the period from April 1, 2011 to March 31, 2012)

(1) Non-consolidated Operating Results

(% indicates change from FY2010)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2011	2,757,889	8.1	5,006	-90.6	19,566	-61.3	-9,672	—
FY2010	2,551,325	9.4	53,107	—	50,534	117.2	20,751	115.2

	Net income per share	Diluted net income per
	yen sen	yen sen
FY2011	-11.41	—
FY2010	24.49	24.07

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Net worth ratio	Net assets per share
	million yen	million yen	%	yen sen
FY2011	1,563,901	261,103	16.7	308.12
FY2010	1,437,625	276,843	19.3	326.69

[Reference] Net worth FY2011: 261,103 million yen FY2010: 276,843 million yen

2. 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
1H FY2012	—	—	—	—	—	—	—	—	—
FY2012	3,050,000	10.6	28,000	459.3	23,000	17.6	13,000	—	15.34

Note: Information about audit procedure execution:

This release the overview of business results is outside the scope of the report audit procedures under the Financial Instruments and Exchange Act in Japan and as of the day of the disclosure of this release, the report audit procedures under the Financial Instruments and Exchange Act had not been completed.

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

The above business outlook are based on information available as of the published date of this release and actual results may differ from the forecast subject to various factors that may arise in the future. As for details, please refer to the "(1) Analysis of Consolidated Operating Results" on page 2-3 of this release.

【Supporting data】

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1. Consolidated Operating Results**(1) Analysis of Consolidated Operating Results**

1) Consolidated Operating Results during Fiscal Year 2011

The economy of Japan in Consolidated Fiscal Year 2011 was seriously hit by the Great East Japan Earthquake in March 2011. Though subsequent recovery and reconstruction efforts were dedicated to rapidly rebuilding supply chain systems, domestic factors, such as an impact from the sharp appreciation of the yen to the US dollar in summer onwards, and impacts of a slow-down in global economy mainly due to the revelation of European sovereign bond crisis and damage caused by floods in Thailand, relaxed economic recovery in the country, making its economic activities remain sluggish throughout the year.

In these circumstances, domestic demand for petroleum products remained at about the same level as in the previous term, mainly reflecting a considerable increase in the demand for heavy fuel oil C used to generate electricity at thermal power plants due to their increased capacity ratios caused by suspended operations of nuclear power plants across the country, more than offset by reduced demands for other oil products due to structural factors, such as fuel efficiency improvement and fuel conversion.

As for crude oil prices, an average Dubai crude oil price was at the level of US\$111 per barrel in April 2011, at the beginning of FY2011, and remained stable in the first half of FY2011 and went down to the level of US\$96 per barrel in October. However, the price turned to climb up in January 2012 due to an impact of Iranian affairs, up to the level of US\$124 per barrel in March 2012, at the end of the term. As a result, an average price throughout the year was at the level of US\$110 per barrel, up about US\$26 from a year earlier.

As for exchange rates, the Japanese yen was at the level of ¥83 per US\$ in April 2011, followed by the underlying tone of the stronger yen to the US dollar in the first half of the fiscal year due to the sluggish economy of the U.S. brought by a delay in its employment recovery. The European bond crisis, lower ratings of U.S. government bonds and other factors made the yen record the highest ever value of ¥75.32 to the US\$ in October. It was followed by Japan's foreign trade position swinging sharply into deficit in January 2012 and the monetary relaxation policy announced by the Bank of Japan, turning to reduce the yen down to the level of ¥82 per US\$ in March 2012.

Petroleum product market conditions in Japan varied in accordance with fluctuations in crude oil prices. Retail prices of mass market products and industrial fuels were on the downswing, starting in April 2011 but significantly up, starting in February 2012.

Under these economic circumstances, the Cosmo Oil Group joined its forces into one to execute exhaustive rationalization of operations and companywide changes during the fiscal year to improve the competitiveness of its refineries and to make the stable expansion of sales channels outside Japan in order to achieve the goals set in the "4th Consolidated Medium-Term Management Plan (FY2010-12)."

As a result, consolidated net sales in FY2011 were ¥3,109.7 billion (up ¥338.2 billion from FY2010), consolidated operating income, ¥63.6 billion (down ¥40.5 billion from FY2010), and consolidated ordinary income, ¥61.4 billion (down ¥34.7 billion from FY2010).

After extraordinary gain and loss adjustments and corporation taxes and other adjustments, consolidated net loss for FY2011 was ¥9.1 billion (compared with consolidated net income of ¥28.9 billion in FY2010).

Segment-specific results were as follows:

[Business Segment Information]

(Unit: ¥ billion)

	Petroleum business	Petrochemical Business	Oil exploration and production business	Other and adjustments	Consolidated
Net sales	3,055.6	29.4	87.6	-62.9	3,109.7
Segment income	8.0	2.1	52.0	-0.7	61.4

[Petroleum business]

As for the petroleum business, though the economy of Japan was in the underlying tone of recovery from the Great East Japan Earthquake during the term, the year-on-year decline in the demand for oil products, increased alternative supply costs due to suspended operations of the Chiba Refinery and other negative factors reduced profit. On the other hand, crude oil price hikes rose to a positive inventory valuation impact. As a result, the petroleum business segment reports net sales of ¥3,055.6 billion for FY2011 (up ¥326.8 billion from FY2010) and segment income of ¥8.0 billion (down ¥50.4 billion from FY2010).

[Petrochemical business]

The petrochemical business segment was benefited by a market recovery. As a result, the segment reported sales of ¥29.4 billion for FY2011 (down ¥16.5 billion from FY2010) and segment income of ¥2.1 billion (segment loss ¥0.3 billion as of FY2010).

[Oil exploration and production business]

The oil exploration and production business segment saw crude oil prices keep higher during FY2011 than during the same period of FY2010. As a result, the segment reported sales of ¥87.6 billion for FY2011 (up ¥17.7 billion from FY2010) and segment income of ¥52.0 billion (up ¥17.3 billion from FY2010).

Cosmo Oil Co.,Ltd(5007)-Overview of Business Results for FY2011 Ending March 31, 2012

2) Outlook for FY2012

The Cosmo Oil Group has been and will be continuing to execute a variety of programs necessary to realize the rationalization of the petroleum refining and sales and marketing businesses and companywide changes and to implement the medium-to-long-term strategy for the oil exploration and production and petrochemical businesses, as announced in the "4th Consolidated Medium-Term Management Plan (FY2010-12)" in which FY2012 is the final year.

The new fiscal year of 2012 commencing on April 1, 2012 has the assumptions of an average crude oil price of US\$115/bbl and an average exchange rate of ¥80/US\$ and its business outlook including consolidated net sales of ¥3,350.0billion (up ¥240.3billion from FY2011), consolidated operating income of ¥96.0billion (up ¥32.4billion), consolidated ordinary income of ¥94.0billion (up ¥32.6billion) and consolidated net income of ¥35.0billion (consolidated net loss for FY2011 was ¥9.1 billion).

[Segment-Specific Business Outlook]

(Unit: ¥ billion)

	Petroleum business	Petrochemical business	Oil exploration and production business	Other and adjustments	Consolidated
Net sales	3,260.0	48.0	98.0	-56.0	3,350.0
Segment income	30.0	2.5	66.0	-4.5	94.0

[Petroleum business]

Reduced alternative supply costs, as compared with FY2011, due to the resumed operations of the Chiba Refinery, which had been suspended as affected by the Great East Japan Earthquake in March 2011, are combined with improved petroleum product market conditions and other factors, resulting in that the segment is expected to report higher profit for FY2012 than FY2011.

[Petrochemical business]

An anticipated improvement in facility capacity utilization ratios and other factors result in that the segment is expected to report higher profit for FY2012 than FY2011.

[Oil exploration and production business]

Higher crude oil prices expected than FY2011 are combined with larger production, resulting in that the segment is expected to report higher profit for FY2012 than FY2011.

(2) Analysis of Financial Position

1) Assets, Liabilities and Net Assets

As for the Company's financial position on a consolidated basis as of the end of FY2011, total assets as of March 31, 2012 amounted to ¥1,675.1 billion, up ¥95.7 billion from March 31, 2011, the end of FY2010, mainly reflecting increased accounts receivable-trade, inventories, accounts receivable-other and accounts payable-trade along with the rise in crude oil prices. In addition to those, accounts receivable-trade and accounts payable-other increased because the end of March was the holiday. Net assets as of March 31, 2012 amounted to ¥337.4 billion, down ¥12.8 billion from March 31, 2011, with a net worth ratio of 18.9%.

2) Cash Flows

As for consolidated cash flows as of March 31, 2012, net cash provided by operating activities amounted to ¥43.6 billion, with increased accounts payable-trade, although there were negative factors such as increased accounts receivable-trade and inventories. Net cash used in investing activities amounted to ¥25.8 billion, mainly reflecting payments for fixed asset acquisitions. Net cash provided by financing activities amounted to ¥11.6 billion, mainly reflecting an increase in borrowings.

As a results, cash and cash equivalents as of March 31, 2012 amounted to ¥122.4 billion, up ¥28.1 billion from March 31, 2011.

The trends of the indicators for cash flows of the Group for the past four years are as follows:

	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2012
Net worth ratio	27.2%	22.8%	19.2%	21.1%	18.9%
Net worth ratio on a fair value basis	16.3%	17.5%	11.6%	13.9%	11.6%
Ratio of cash flows to interest-bearing debt	-	7.3years	343.8years	26.6years	16.5years
Interest coverage ratio	-	7.6times	0.2times	2.1times	3.4times

Notes:

Net worth ratio: Net worth divided by total assets

Net worth ratio on a fair value basis: Market capitalization divided by total assets

Ratio of cash flows to interest-bearing debt: Interest-bearing debt divided by operating cash flow

Interest coverage ratio: Operating cash flow divided by interest payable

1. Each indicator is calculated by using consolidated financial data.

2. Market capitalization is calculated by multiplying the share price as of the end of the term above by the number of outstanding shares (excluding treasury stock) as of the end of the term.

3. Operating cash flow refers to cash flow from operating activities in the consolidated statements of cash flows. Interest-bearing debt refers to all debts with interest payments among debts stated in the consolidated balance sheet. Interest payable refers to interest expenses stated in the consolidated statements of cash flows.

(3) Basic Policy regarding Earnings Appropriation and Dividend for FY 2011, 2012

The Company places particular emphasis on shareholder return. Its basic policy is to maintain stable dividend payments by taking financial structural enhancement, future business development, business results and balanced fund positions into due consideration.

In accordance with the policy, the Company projects payments of ¥8 per share as a term-end dividend.

Full-year dividends for FY2012 are expected to be ¥8 per share.

(4) Business and Other Risks

The Cosmo Oil Group's business performance and financial condition are subject to a number of factors that in the future could have significant impact. The following is a summary of major risk factors that the Group incurs in the course of its business development. The Group proactively discloses all risks that it considers important to those investing in Cosmo Oil stock, including external factors over which the Group has no control and which have little probability of occurring. Moreover, the following risks are not-all-inclusive of the risks associated with investment in Cosmo Oil stock.

1) Supply and Demand Trends

Sales of gasoline, kerosene and diesel fuel comprise a major portion of the Group's total sales and are strongly affected by general trends in personal consumption. In addition, the demand for naphtha is strongly affected by demand trends in the petrochemical industry, while the demand for diesel fuel is strongly affected by the transportation industry and the demand for heavy fuel oil, by the electric power and shipping industries. As a result, changes in economic as well as weather conditions can cause fluctuations in demand, which, in turn, can have a material impact on the scale of the Group's sales.

2) Crude Oil Price Fluctuations and Crude oil procurement risk

Crude oil prices are significantly affected by demand and production trends. In terms of demand trends, the impact of large consuming nations, such as the U.S., and of Asian nations showing rapid economic growth (particularly China) is highly significant. Increases and decreases in the crude oil production by Middle East oil-producing nations primarily have a large impact on production trends. In addition to political instability, such as the outbreak of war around oil-producing nations, and terrorism and other uncertainties that could significantly affect crude oil prices and crude oil procurement by the Group, production stoppages at the Group's production bases could also have a material impact on the Group's business performance and financial condition.

Since a majority part of its cost of sales is influenced by changes in crude oil prices, the Group may have to shoulder high costs relative to market conditions if crude oil prices drop due to global supply and demand trends and other factors. This way, crude oil price fluctuations are likely to affect costs the Group has to incur.

3) Foreign Exchange Rate Fluctuations

The Group imports crude oil and oil products from overseas, and usually pays for these imports in U.S. dollars, which means that fluctuations in foreign exchange rates can cause currency losses or gains. In order to minimize the impact of foreign exchange rates, the Group engages in currency hedge transactions. However, as a weaker yen results in higher procurement costs, exchange rate fluctuations can have a material impact on the Group's business performance and financial condition.

4) Market Impact

As mentioned above, the cost of the Group's major oil products is determined by international market prices of crude oil and foreign exchange rates. On the other hand, the Group's marketing activities are mainly conducted within Japan and selling prices are determined by domestic market conditions. Consequently, gaps and/or time lags between international and domestic market prices can have a material impact on the Group's business performance and financial condition.

5) Interest Rate Fluctuations

Interest rate fluctuations can lead to higher borrowing costs if interest rates rise. Thus, interest rate fluctuations can have an impact on the Group's borrowing costs and can materially affect the Group's business performance and financial condition.

6) Asset Valuation Fluctuations

Depending on economic circumstances, valuation losses because of fluctuations in the value of assets, such as land and marketable securities that are held by the Group, could have a material impact on the business performance and financial condition of the Group.

7) Competition Risk

The Group is engaged in stiff competition with domestic and overseas companies mainly in the oil business. While the Group is working to maintain and improve its competitiveness, the inability to maintain efficient business operations relative to competing companies may have a material impact on the Group's business performance and financial condition.

8) Impact by Natural Disasters and Accidents

As its refineries handle large volumes of flammable materials, the Group takes particular care in implementing various safety measures to prevent accidents caused by human errors, and to avoid workplace injuries. Notwithstanding these precautions, the occurrence of an earthquake, other natural disasters or unforeseen accidents can result in unavoidable stoppages of operations. For example, a fire that broke out at the Chiba Refinery caused by the impact of the Great East Japan Earthquake that occurred on March 11, 2011 forced the refinery to suspend operations for a certain period of time. Thus, the Company recorded losses due to the suspended operations and restoration cost in FY2010. In addition, accidents in non-refinery operations, such as oil storage depots, service stations, marine tankers and tanker trucks, could noticeably affect the Group's operations and have material impact on its business performance and financial condition.

9) Impact by Regulations Applicable to the Oil Industry

Various regulations regarding pollution and environmental issues that affect the oil industry have been implemented, and the Group bears the cost of complying with these regulations. As more stringent environmental countermeasures are expected, the Group recognizes the possibility that it could be subject to new laws, regulations and taxes. Going forward, there is a risk that new laws or amendments to existing laws will result in an additional cost burden for the Group. In promoting its CSR management efforts, the Group positions legal compliance as an integral part of such efforts, establishing the necessary systems and striving to enhance the morale of all employees. However, if the risk of legal infraction materializes because of human error or other factors, the Group may become subject to government penalties that would obstruct business operations, reduce the level of trust among customers and damage the Group's brand image, which could, in turn, affect the Group's operating performance. For example, there were some additional maintenance costs required at the Company's refinery, corresponding to administrative disposition by the Nuclear and Industrial Safety Agency of the Ministry of Economy, Trade and Industry, which had an impact on the Group's business performance.

10) Information Management

In terms of information management, malicious software countermeasures and personal information protection measures have been implemented to strengthen the Group's internal IT system security. In addition, the Group has established internal monitoring procedures and regulations on how to handle confidential information, including customer information, and it has contracted external third parties to have them implement supervision and audits over the management and handling of confidential information within the Group. However, the materialization of risks, such as any loss, leakage or alteration of confidential information, including personal information, for any reason, could result in a loss of customer trust and tarnish the Group's brand image, which, in turn, could have material impact on the Group's business performance.

2. Current Status of the Cosmo Oil Group

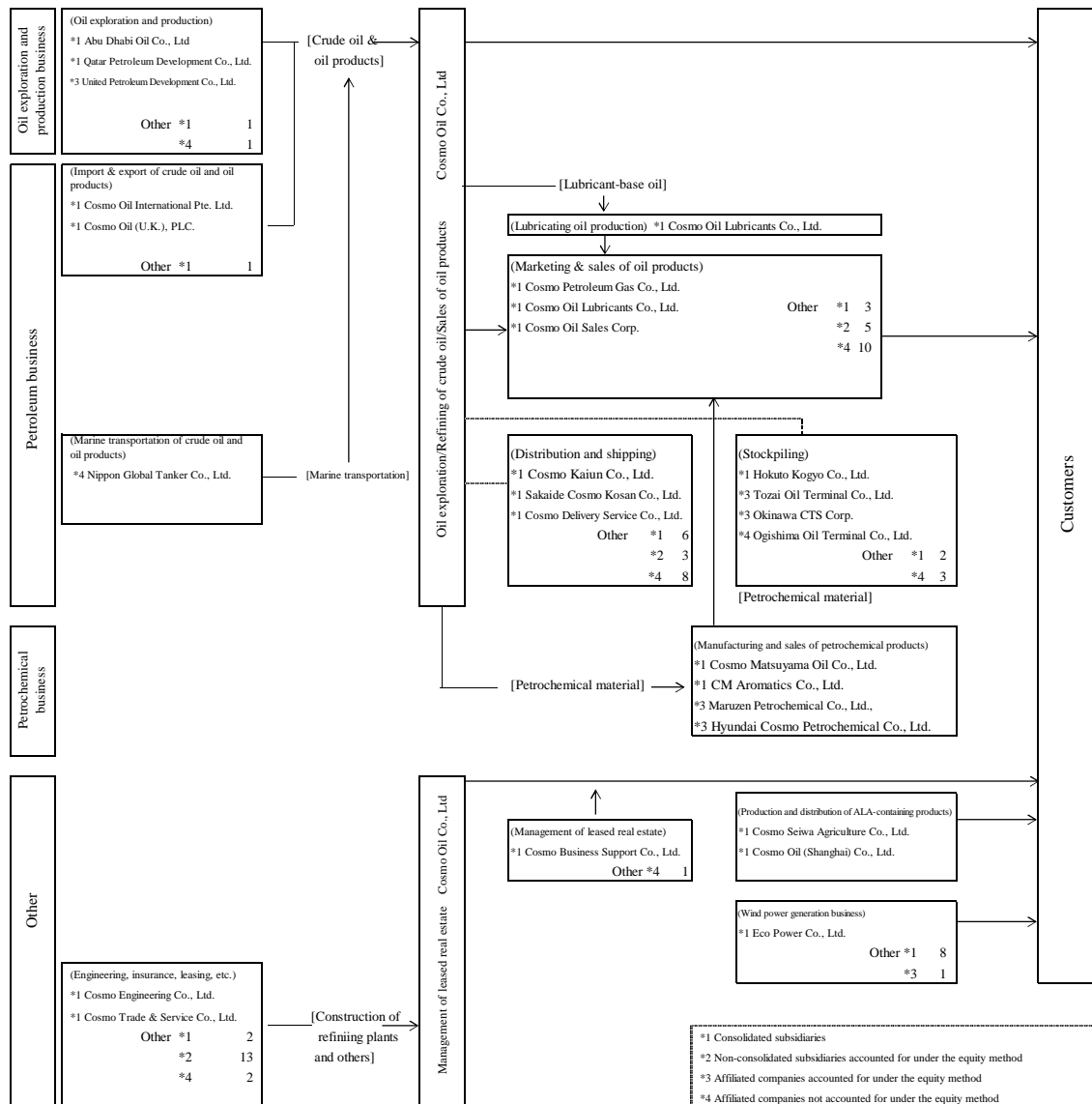
The Cosmo Oil Group consists of Cosmo Oil Co., Ltd. and its 58 subsidiaries and 33 affiliated companies, mainly engaged in businesses ranging from the exploration and production of crude oil on its own to import, refining and storage of crude oil and oil products and to sales and marketing of oil products.

The Group's businesses also include leased real estate management, oil-related plant and equipment engineering and insurance agency services operated by Cosmo Oil and some of its affiliates.

The description of these businesses and their positioning within the Group of companies are summarized as follows:

Segment	Description	Major operating companies	No. of companies
Oil exploration & production business	Crude oil exploration & production	Cosmo Oil Co., Ltd., Abu Dhabi Oil Co., Ltd., Qatar Petroleum Development Co., Ltd., United Petroleum Development Co., Ltd. and other 2 companies	6
Petroleum business	Import & export of crude oil and oil products	Cosmo Oil International Pte. Ltd., Cosmo Oil (U.K.) Plc. and other 1 company	3
	Marine transportation of crude oil and oil products	Nippon Global Tanker Co., Ltd.	1
	Crude oil refining	Cosmo Oil Co., Ltd.	1
	Manufacturing of lubricating oil	Cosmo Oil Lubricants Co., Ltd.	1
	Sales of oil products	Cosmo Oil Co., Ltd., Cosmo Petroleum Gas Co., Ltd., Cosmo Oil Lubricants Co., Ltd., Cosmo Oil Sales Corp. and other 18 companies	22
	Storage of crude oil and oil products	Hokuto Kogyo Co., Ltd., Tozai Oil Terminal Co., Ltd., Okinawa CTS Corp., Ogishima Oil Terminal Co., Ltd. and other 5 companies	9
	Distribution	Cosmo Kaiun Co., Ltd., Sakaide Cosmo Kosan Co., Ltd., Cosmo Delivery Service Co., Ltd. and other 17 companies	20
Petrochemical business	Manufacturing and sales of petrochemical products	Cosmo Matsuyama Oil Co., Ltd., CM Aromatics Co., Ltd., Maruzen Petrochemical Co., Ltd. and Hyundai Cosmo Petrochemical Co., Ltd.	4
Other	Leased real estate management, etc.	Cosmo Oil Co., Ltd., Cosmo Business Support Co., Ltd. and other 1 companies	3
	Production and distribution of ALA-containing products	Cosmo Seiwa Agriculture Co., Ltd. and Cosmo Oil (Shanghai) Co., Ltd.	2
	Engineering, insurance, leasing, etc.	Cosmo Engineering Co., Ltd., Cosmo Trade & Service Co., Ltd. and other 17 companies	19
	Wind power generation business	Eco Power Co.,Ltd. and other 9 companies	10

The above-mentioned Group of companies is schematically represented as follows:



3. Policy for Corporate Management

(1). Basic Policy for Corporate Management

The Cosmo Oil Group focuses on energy from petroleum as it endeavors to help meet the various needs of society and to aim at sustainable development. We are working to improve competitiveness and boost profitability through the further integration of our core petroleum business, which range from upstream development to downstream sales of oil products and petrochemicals. Furthermore, as a “comprehensive energy company,” we will continue to operate electric power generation, liquefied natural gas (LNG) and other related businesses, while at the same time striving to position the Cosmo Oil Group as a company of choice for its pursuit of responsible “environmental management” to grow it into an “environmentally advanced company” providing maximum satisfaction for its stakeholders.

(2). Medium to Long-Term Corporate Management Strategies

1) Fourth Consolidated Medium-Term Management Plan (for Fiscal Years 2010-2012)

The Company has developed its “Fourth Consolidated Medium-Term Management Plan (for Fiscal Years 2010-2012)” starting from Fiscal Year 2010 and will make all-out efforts to work on the following programs in pursuit of exhaustive “rationalization” and group-wide “changes” by bringing all forces into one across the Group.

a. Realization of Improvement in Profitability of the “Crude Oil Refining and Marketing Businesses”

[Exhaustive “Rationalization” and Company-wide “Changes”]

The Company will execute exhaustive “rationalization” and company-wide “changes” in order to realize improvement in profitability of the crude oil refining and marketing businesses, which represent the core part of the businesses run by the Group.

As part of the programs for improving the oil product portfolio for sale, the Company will reduce costs by putting a set of Coker Unit and other related units into full operation at the Sakai Refinery, which were completed in February 2010, allowing the Company to procure lower-priced heavy crude oil for refining. The Company will also improve profitability by shifting in production away from heavy fuel oil, for which demand is expected to reduce in Japan, toward more highly value-added naphtha, jet fuel and diesel fuel. In the environment of reduced demand for oil products in Japan, the Company will reduce fixed costs of sales and fundamentally streamline its organization and staff headcounts to build a low-cost management system. In order to ensure appropriate margin levels, the review of the market-linked pricing formula plan will be continued.

b. Improvement in the Business Portfolios of the Petrochemical and Oil Exploration/Production Businesses

[Medium to Long-Term Growth Strategies]

In the petrochemical business, the Company has a plan to complete the construction of new para-xylene production facilities (with the production capacity of 800,000 tons per year) at Hyundai Cosmo Petrochemical Co., Ltd. (HCP) in FY2013 to establish the system capable of selling 1.18 million tons of para-xylene per year upon completion of the facilities. The capability of producing the material on its own, along with the stable supply of mixed xylene, produced by another business within the Group, to HCP would allow the Company to establish an integrated refining and petrochemical production process to feed crude oil to turn it into para-xylene to help increase profit on a stable basis, while aiming at improving the balance between demand and supply of the gasoline fraction at the Company. In the oil exploration and production business, the Cosmo Oil Group does and will continue stable operations of the existing oil fields in which crude oil production has been made by the group’s oil development subsidiaries. Based on our reliable relations with the oil producing countries, we in 2011 started producing crude oil in the A-Structure South Oil Field (A-South) off the coast of Qatar and extended the term of our agreement on our concessions in the existing mining lots and in 2012 signed a new agreement to acquire a concession in the new mining lot (Hail) with the Emirate of Abu Dhabi, respectively. We will also aim at producing crude oil in new oil fields in Qatar and Australia. Furthermore, we will commercialize new, non-petroleum businesses as early as possible to establish our business base toward the implementation of the future growth strategy. More specifically, we will full-fledgedly go into the “wind power generation” business through Eco Power Co., Ltd., a subsidiary acquired in March 2010 and we will commercialize the business of promoting ALA technical manufacturing and sales and of creating highly value-added, finished products and will increase profits from the business.

c. Promotion of CSR Management and Environmental Management

[Business Management Capable of Performing Corporate Social Responsibility]

The Company positions “business management capable of performing corporate social responsibility (CSR)” and the “enhancement of its earnings base” as the “dual-point focus of management” and will make group-wide implementation of CSR management based on the “Third Consolidated Medium-Term CSR Management Plan (for FY2010-2012).”

2) Third Consolidated Medium-Term CSR Management Plan (for FY2010-2012)

The Company has been steadily working on CSR and environmental management based on the “Second Consolidated Medium-Term CSR Management Plan (for FY2008-2010).” In the new “Third Consolidated Medium-Term CSR Management Plan (for FY2010-2012)” starting from FY2010, the Company will continue to enhance the “group-wide consolidated CSR promotion system,” while having set four other key objectives of “building the safety management system,” “improving human right and human resource management programs,” “promoting environmental management programs” and “promoting communication activities for social advocacy” to motivate employees of member companies of the Group to join various programs on their own and to promote initiatives that will help realize sustainable society and global environment.

a. Promotion of Group-Wide Consolidated CSR Promotion System

Concerning progress being made so far in its CSR efforts, the Company has the “CSR Promotion Committee” chaired by the Cosmo Oil President to integrate efforts across the Headquarters and has its “CSR Promotion Liaison Committee” to coordinate efforts with affiliated companies to improve the level of CSR achievements across the entire Group.

b. Building the Safety Management System (Third Consolidated Medium-Term Safety Plan)

The Company will maintain or enhance the existing programs to reduce occupational accidents at the production department and affiliated companies, respectively, to improve the levels of safe operations across the Group.

c. Improvement in Human Right/Human Resource Management Programs (Third Consolidated Medium-Term Human Right/Human Resource Management Plan)

The plan is designed to continue and maintain a variety of human right and human resource management programs that respect basic human rights, to set numerical targets for each of the challenges to meet, and to let all employees know the programs and institutions available for and applicable to them, thereby realizing the “pleasant and good place to work” and better motivating employees to work.

d. Promotion of Environmental Management Programs (Fourth Consolidated Medium-Term Environmental Management Plan)

The plan consists of two pillars of “improving environmental efficiency” and “enhancing environmental business management” to conduct strategic management of global warming risks, while encouraging employees to take environmental actions on their own through “Team Minus 6% Activities” and other programs.

e. Promotion of Communication Activities for Social Advocacy

As part of its corporate social responsibility efforts, the Cosmo Oil Company will continue activities to communicate with society where it does business.

4. Consolidated Financial Statements**(1) Consolidated Balance Sheet**

(Unit: million yen)

	FY2010	FY2011
	As of Mar. 31, 2011	As of Mar. 31, 2012
Assets		
Current assets		
Cash and deposits	94,343	122,031
Notes and accounts receivable-trade	229,618	261,067
Short-term investment securities	14	413
Merchandise and finished goods	204,867	232,505
Work in process	985	1,051
Raw materials and supplies	197,122	210,004
Accounts receivable-other	28,405	60,861
Deferred tax assets	3,680	6,712
Other	34,659	26,056
Allowance for doubtful accounts	-332	-292
Total current assets	793,363	920,412
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	103,949	100,167
Oil storage depots, net	16,551	17,381
Machinery, equipment and vehicles, net	163,298	149,529
Land	302,808	299,772
Lease assets, net	641	575
Construction in progress	9,026	6,346
Other, net	7,362	6,474
Total property, plant and equipment	603,639	580,246
Intangible assets		
Leasehold right	1,125	986
Software	3,587	3,090
Goodwill	10	3
Other	6,794	5,436
Total intangible assets	11,517	9,517
Investments and other assets		
Investment securities	99,668	102,062
Investments in capital	202	214
Long-term loans receivable	1,314	1,434
Long-term prepaid expenses	4,840	4,315
Deferred tax assets	35,081	32,230
Other	30,384	25,243
Allowance for doubtful accounts	-912	-863
Total investments and other assets	170,579	164,635
Total noncurrent assets	785,736	754,400
Deferred assets		
Bond issuance cost	324	257
Total deferred assets	324	257
Total assets	1,579,424	1,675,070

Cosmo Oil Co.,Ltd(5007)-Overview of Business Results for FY2011 Ending March 31, 2012

(Unit: million yen)

	FY2010	FY2011
	As of Mar. 31, 2011	As of Mar. 31, 2012
Liabilities		
Current liabilities		
Notes and accounts payable-trade	243,914	294,906
Short-term loans payable	176,366	207,447
Current portion of bonds with subscription rights to shares	—	840
Accounts payable-other	80,336	100,184
Accrued volatile oil and other petroleum taxes	71,431	99,786
Income taxes payable	7,252	12,181
Accrued consumption taxes	13,222	3,744
Accrued expenses	11,023	9,279
Deferred tax liabilities	567	5
Provision for loss on disaster	4,237	3,512
Other	13,823	12,388
Total current liabilities	622,173	744,275
Noncurrent liabilities		
Bonds payable	57,000	56,160
Long-term loans payable	466,765	456,755
Deferred tax liabilities	11,268	10,042
Deferred tax liabilities for land revaluation	33,210	29,027
Provision for special repairs	6,689	7,984
Provision for retirement benefits	5,647	6,795
Negative goodwill	5,027	3,769
Other	21,403	22,821
Total noncurrent liabilities	607,011	593,357
Total liabilities	1,229,185	1,337,632
Net assets		
Shareholders' equity		
Capital stock	107,246	107,246
Capital surplus	89,440	89,440
Retained earnings	119,803	103,454
Treasury stock	-138	-140
Total shareholders' equity	316,351	300,001
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	669	1,540
Deferred gains or losses on hedges	6,459	2,579
Revaluation reserve for land	14,147	18,776
Foreign currency translation adjustment	-4,898	-5,965
Total accumulated other comprehensive income	16,378	16,930
Minority interests	17,508	20,506
Total net assets	350,239	337,437
Total liabilities and net assets	1,579,424	1,675,070

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

(Unit: million yen)

	FY2010	FY2011
	From April 1, 2010 to March 31, 2011	From April 1, 2011 to March 31, 2012
Net sales	2,771,523	3,109,746
Cost of sales	2,539,032	2,918,238
Gross profit	232,490	191,508
Selling, general and administrative expenses	128,393	127,937
Operating income	104,097	63,570
Non-operating income		
Interest income	150	119
Dividends income	1,171	1,898
Rent income on noncurrent assets	1,190	1,221
Amortization of negative goodwill	1,251	1,251
Foreign exchange gains	106	451
Equity in earnings of affiliates	407	2,933
Oil price change gains	—	1,668
Other	3,519	3,955
Total non-operating income	7,797	13,498
Non-operating expenses		
Interest expenses	12,242	12,323
Other	3,557	3,324
Total non-operating expenses	15,799	15,648
Ordinary income	96,094	61,420
Extraordinary income		
Gain on sales of noncurrent assets	1,044	642
Gain on sales of investment securities	—	67
Gain on allotment of investment securities	151	—
Gain on sales of subsidiaries and affiliates' stocks	13	946
Insurance income	—	4,639
Compensation income	—	186
Total extraordinary income	1,209	6,482
Extraordinary loss		
Loss on sales of noncurrent assets	213	70
Loss on disposal of noncurrent assets	3,521	3,140
Impairment loss	3,857	3,397
Loss on sales of stocks of subsidiaries and affiliates	22	—
Loss on valuation of investment securities	2,983	1,240
Loss on valuation of stocks of subsidiaries and affiliates	29	19
Loss on adjustment for changes of accounting standard	1,660	—
Loss on disaster	5,749	22,694
Loss on disposal of recoverable accounts under production sharing	3,523	—
Loss on litigation	2,291	—
Retirement benefit expenses	—	1,844
Other	—	112
Total extraordinary losses	23,852	32,520
Income before income taxes and minority interests	73,451	35,381
Income taxes-current	27,958	37,973
Income taxes-deferred	14,175	944
Total income taxes	42,133	38,917
Income (loss) before minority interests	31,318	-3,535
Minority interests in income	2,384	5,548
Net income (loss)	28,933	-9,084

(Consolidated Statements of Comprehensive Income)

(Unit: million yen)

	FY2010	FY2011
	From April 1, 2010 to March 31, 2011	From April 1, 2011 to March 31, 2012
Income (loss) before minority interests	31,318	-3,535
Other comprehensive income		
Valuation difference on available-for-sale securities	1,112	939
Deferred gains or losses on hedges	-2,110	-3,933
Revaluation reserve for land	—	4,143
Foreign currency translation adjustment	-2,957	-492
Share of other comprehensive income of associates accounted for using equity method	-1,199	-593
Total other comprehensive income	-5,156	63
Comprehensive income	26,161	-3,471
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	23,800	-9,017
Comprehensive income attributable to minority interests	2,360	5,545

(3) Consolidated Statements of Changes in Net Assets

(Unit: million yen)

	FY2010	FY2011
	From April 1, 2010 to March 31, 2011	From April 1, 2011 to March 31, 2012
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	107,246	107,246
Balance at the end of current period	107,246	107,246
Capital surplus		
Balance at the beginning of current period	89,440	89,440
Changes of items during the period		
Disposal of treasury stock	-0	-0
Total changes of items during the period	-0	-0
Balance at the end of current period	89,440	89,440
Retained earnings		
Balance at the beginning of current period	99,685	119,803
Changes of items during the period		
Dividends from surplus	-6,779	-6,779
Net income (loss)	28,933	-9,084
Change of scope of equity method	-483	-
Reversal of revaluation reserve for land	-1,553	-485
Total changes of items during the period	20,117	-16,348
Balance at the end of current period	119,803	103,454
Treasury stock		
Balance at the beginning of current period	-134	-138
Changes of items during the period		
Purchase of treasury stock	-4	-1
Disposal of treasury stock	0	0
Total changes of items during the period	-4	-1
Balance at the end of current period	-138	-140
Total shareholders' equity		
Balance at the beginning of current period	296,239	316,351
Changes of items during the period		
Dividends from surplus	-6,779	-6,779
Net income (loss)	28,933	-9,084
Change of scope of equity method	-483	-
Reversal of revaluation reserve for land	-1,553	-485
Purchase of treasury stock	-4	-1
Disposal of treasury stock	0	0
Total changes of items during the period	20,112	-16,350
Balance at the end of current period	316,351	300,001
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	-529	669
Changes of items during the period		
Net changes of items other than shareholders' equity	1,198	870
Total changes of items during the period	1,198	870
Balance at the end of current period	669	1,540
Deferred gains or losses on hedges		
Balance at the beginning of current period	8,761	6,459
Changes of items during the period		
Net changes of items other than shareholders' equity	-2,301	-3,879
Total changes of items during the period	-2,301	-3,879
Balance at the end of current period	6,459	2,579

Cosmo Oil Co.,Ltd(5007)-Overview of Business Results for FY2011 Ending March 31, 2012

	(Unit: million yen)	
	FY2010	FY2011
	From April 1, 2010 to March 31, 2011	From April 1, 2011 to March 31, 2012
Revaluation reserve for land		
Balance at the beginning of current period	12,593	14,147
Changes of items during the period		
Reversal of revaluation reserve for land	1,553	485
Net changes of items other than shareholders' equity	—	4,143
Total changes of items during the period	1,553	4,628
Balance at the end of current period	14,147	18,776
Foreign currency translation adjustment		
Balance at the beginning of current period	-1,318	-4,898
Changes of items during the period		
Net changes of items other than shareholders' equity	-3,579	-1,067
Total changes of items during the period	-3,579	-1,067
Balance at the end of current period	-4,898	-5,965
Total accumulated other comprehensive income		
Balance at the beginning of current period	19,507	16,378
Changes of items during the period		
Reversal of revaluation reserve for land	1,553	485
Net changes of items other than shareholders' equity	-4,683	66
Total changes of items during the period	-3,129	551
Balance at the end of current period	16,378	16,930
Minority interests		
Balance at the beginning of current period	15,832	17,508
Changes of items during the period		
Net changes of items other than shareholders' equity	1,675	2,997
Total changes of items during the period	1,675	2,997
Balance at the end of current period	17,508	20,506
Total net assets		
Balance at the beginning of current period	331,579	350,239
Changes of items during the period		
Dividends from surplus	-6,779	-6,779
Net income (loss)	28,933	-9,084
Change of scope of equity method	-483	—
Reversal of revaluation reserve for land	—	—
Purchase of treasury stock	-4	-1
Disposal of treasury stock	0	0
Net changes of items other than shareholders' equity	-3,007	3,063
Total changes of items during the period	18,659	-12,801
Balance at the end of current period	350,239	337,437

(4) Consolidated Statements of Cash Flows

(Unit: million yen)

	FY2010 From April 1, 2010 to March 31, 2011	FY2011 From April 1, 2011 to March 31, 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	73,451	35,381
Depreciation and amortization	44,218	39,738
Amortization of negative goodwill	-1,251	-1,251
Impairment loss	3,857	3,397
Loss (gain) on sales of noncurrent assets	-831	-572
Loss (gain) on disposal of noncurrent assets	3,521	3,140
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,660	—
Loss on disaster	5,749	22,694
Loss on disposal of recoverable accounts under production sharing	3,523	—
Loss on litigation	2,291	—
Loss (gain) on sales of investment securities	—	-67
Loss (gain) on sales of stocks of subsidiaries and affiliates	9	-946
Loss (gain) on valuation of investment securities	2,983	1,240
Loss on valuation of stocks of subsidiaries and affiliates	29	19
Gain on allotment of investment securities	-151	—
Insurance income	—	-4,639
Interest and dividends income	-1,322	-2,017
Interest expenses	12,242	12,323
Foreign exchange losses (gains)	1,440	911
Equity in (earnings) losses of affiliates	-407	-2,933
Increase (decrease) in allowance for doubtful accounts	145	-88
Increase (decrease) in provision for special repairs	355	1,294
Increase (decrease) in provision for retirement benefits	-252	1,148
Increase (decrease) in other provision	1	-7
Decrease (increase) in notes and accounts receivable-trade	-24,048	-31,449
Recovery of recoverable accounts under production sharing	6,850	7,512
Decrease (increase) in inventories	-92,696	-40,547
Increase (decrease) in notes and accounts payable-trade	27,802	50,992
Decrease (increase) in other current assets	15,244	-25,549
Increase (decrease) in other current liabilities	-33,138	31,149
Decrease (increase) in investments and other assets	4,731	3,964
Increase (decrease) in other noncurrent liabilities	-330	1,613
Other, net	-127	-1,316
Subtotal	55,553	105,136
Interest and dividends income received	4,230	5,910
Interest expenses paid	-12,726	-12,743
Payments for loss on disaster	-118	-16,811
Payments for loss on litigation	-31	-2,259
Proceeds from insurance income	132	3,547
The amount of the money deposit paid	—	-3,225
Income taxes paid	-20,742	-35,937
Net cash provided by (used in) operating activities	26,297	43,616

Cosmo Oil Co.,Ltd(5007)-Overview of Business Results for FY2011 Ending March 31, 2012

(Unit: million yen)

	FY2010	FY2011
	From April 1, 2010 to March 31, 2011	From April 1, 2011 to March 31, 2012
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	-9	-9
Proceeds from sales and redemption of securities	10	11
Purchase of investment securities	-276	-776
Proceeds from sales and redemption of investment securities	140	226
Purchase of stocks of subsidiaries and affiliates	-6,131	-3,791
Proceeds from sales of stocks of subsidiaries and affiliates	482	1,444
Purchase of property, plant and equipment	-59,600	-17,497
Payments for disposal of property, plant and equipment	-1,403	-1,526
Proceeds from sales of property, plant and equipment	5,901	1,763
Payments for purchases of intangible fixed assets and long-term prepaid expenses	-13,682	-7,104
Decrease (increase) in short-term loans receivable	869	1,204
Payments of long-term loans receivable	-55	-79
Collection of long-term loans receivable	482	264
Other, net	163	65
Net cash provided by (used in) investing activities	<u>-73,109</u>	<u>-25,805</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-107,286	17,436
Proceeds from long-term loans payable	36,289	50,140
Repayment of long-term loans payable	-30,836	-46,504
Proceeds from issuance of bonds	41,775	—
Redemption of portion of bonds with subscription rights to shares	-18,000	—
Cash dividends paid	-6,779	-6,779
Cash dividends paid to minority shareholders	-1,126	-2,576
Proceeds from stock issuance to minority shareholders	—	28
Other, net	-114	-137
Net cash provided by (used in) financing activities	<u>-86,077</u>	<u>11,606</u>
Effect of exchange rate change on cash and cash equivalents	<u>-1,674</u>	<u>-1,329</u>
Net increase (decrease) in cash and cash equivalents	<u>-134,564</u>	<u>28,088</u>
Cash and cash equivalents at beginning of period	<u>228,907</u>	<u>94,343</u>
Cash and cash equivalents at end of period	<u>94,343</u>	<u>122,431</u>

(5)Notes to going concern

None

(6)Notes concerning Important Items that Provide the Basic Information for the Development of the Consolidated Financial Statements

1. Items concerning the Scope of Consolidation for Reporting

- (1) Number of consolidated subsidiaries: 37
- (2) Number of Non-consolidated Subsidiaries: 21

2. Items concerning the Application of the Equity Method

- (1) Number of Non-consolidated Subsidiaries Accounted for Using the Equity Method: 21

Chubu Tsubame Co., Ltd. excluded from the scope of consolidated companies accounted for using the equity method due to the sale of all of its shares owned by the Company during FY2011.

- (2) Number of Affiliated Companies Accounted for Using the Equity Method: 6

- (3) Major Business Entities of Affiliated Companies Not Accounted for Using the Equity Method:

Ogishima Oil Terminal Co., Ltd., Kasumi Sanbashi Kanri Co., Ltd.

Reasons for Exclusion from the Application of the Equity Method:

The equity method does not apply to the above affiliates because their net income/loss and retained earnings (both amounts equivalent to what is accounted for under the equity method) have little impact on the consolidated financial statements of the Company on an individual basis, nor have any material impact on them on an aggregate basis.

- (4) Special Remarks Necessary to Make concerning the Procedures of the Application of the Equity Method:

As for the subsidiaries and affiliates which are subject to the application of the equity method and which have different accounting periods from that of the Company, such business entities' financial statements for their accounting periods are used for reporting herein.

3. Items concerning the Accounting Periods of the Consolidated Subsidiaries

Of the 37 consolidated subsidiaries, Abu Dhabi Oil Co., Ltd., Qatar Petroleum Development Co., Ltd., Cosmo Oil Ashmore Ltd., Cosmo Oil International Pte. Ltd., Cosmo Oil (U.K.) Plc., Cosmo Oil Europe B.V. and Cosmo Oil (Shanghai) Co., Ltd. adopt a fiscal year ending December 31 and Akita Wind Power Laboratory Co., Ltd. adopts a fiscal year ending February 29, respectively.

The consolidated financial statements herein have been developed by using their financial reports as of December 31, 2011 or February 29, 2012 and any material transactions arising between end of their fiscal year and consolidated fiscal year, the date for the consolidated settlement of accounts for the Company, are reflected on the consolidated financial statements herein by making necessary adjustments.

4. Items concerning the Accounting Standards

- (1) Significant Asset Valuation Standards and Methods

1)Securities:

a. Securities held to maturity: Stated at amortized cost method

b. Other securities:

- Securities available for sale with fair market value: Stated at fair value based on market values applicable on the date of consolidated settlement of accounts (in which all differences between the carrying amounts and the fair values are reported as a separate component of net assets, while the cost of securities sold is calculated by the moving average method)

- Securities with no available fair market value: Stated at cost determined by the moving average method

2) Inventories:

Principally stated at cost determined by the weighted average method (however, the amounts of inventories stated in the balance sheets were computed by using the method that book values are reduced to reflect declines in profitability)

3) Derivative financial instruments:

Stated at fair value

- (2) Significant Depreciable Assets and Depreciation Methods

1) Property, Plant and Equipment (except lease assets):

The straight line method is mainly adopted to calculate depreciation expenses for these asset items. The number of years of their useful lives and their residual value are calculated based on the criteria defined under the Corporation Tax Law of Japan, providing that the economic useful life of 15 years is adopted for the Company's service stations by taking their actual past performances into consideration and the economic useful life of 14 years is adopted for the Company's Coker Unit. As for Abu Dhabi Oil Co., Ltd., a consolidated subsidiary of the Company, is adopted the number of years for useful life provided under the interest right agreement on the subsidiary signed by the investment partners thereto. As for Eco Power Co., Ltd. and its subsidiaries, consolidated subsidiaries of the Company, economic useful life of 20 years is mainly adopted for the wind mills run by them.

2) Intangible Fixed Assets(except lease assets):

The straight line method is mainly adopted to calculate depreciation expenses for these asset items. The number of years of their useful lives is calculated based on the criteria defined under the Corporate Income Tax Law of Japan, providing that amortization expenses for the software used by the Company is calculated on the straight line method over the period of its availability in-house (5 years).

3) Lease assets :

Leased assets involving finance lease transactions under which the ownership of the leased assets is transferred to lessees:

The method to calculate depreciation expenses for such assets is the same as that applied to fixed assets owned by the Company.

Leased assets involving finance lease transactions under which the ownership of the leased assets is not transferred to lessees:

The method to calculate depreciation for such assets is the straight line method with their residual values being zero over their leased periods used as the number of years for useful life.

Out of finance lease transactions other than those under which the ownership of the leased assets is considered to be transferred to lessees, such transactions, of which the lease term each commenced before the initial year of the application of the ASBJ Statement No. 13 "Accounting Standards for Lease Transactions" , are continuously accounted for in conformity with the accounting process applicable to operating lease transactions.

4) Long-term Prepaid Expenses:

The equal installment method is adopted to calculate depreciation expenses for these account items over the period defined under the Corporate Income Tax Law of Japan.

(3) Accounting Process Applied to Deferred Assets

Bond Issuance Cost:

The cost for bond issuance is amortized in the straight line method over the term of redemption.

(4) Standards for Recording Significant Allowances

1) Allowance for Doubtful Accounts

An estimated amount of irrecoverable debts is set aside against any potential losses on the failure to collect the accounts receivable.

a. Ordinary accounts receivable:

The amount of allowance calculated at the actual ratio of bad debts

b. Highly doubtful receivables and claims in bankruptcy and reorganization, etc.:

The amount of allowance calculated based on the evaluation of financial situations of individual accounts involved.

2) Provision for loss on disaster

The Company recorded a reasonably estimated amount, expected to be incurred as of March 31, 2012, of costs for removal and restoration of its assets damaged by the Great East Japan Earthquake in March 2011.

3) Provision for special repairs

A provision is set aside to cover expenses arising from the inspection and repairs of the oil tanks subject to the open regular inspection in compliance with the Fire Service Law of Japan, and an amount equal to the estimated cost of periodically required repairs was added to the provision for FY2011.

As for Cosmo Matsuyama Oil Co., Ltd., one of the subsidiaries of the Company, a certain amount of money to cover expenses arising from regular repairs of the machinery and equipment of its refinery was recorded for FY2011 in addition to the above charge.

4) Provision for retirement benefits

A provision is put aside to cover retirement and severance benefits payable to employees and a certain amount was recorded based on the estimated amount of projected benefit obligation and the fair value of the pension assets as of March 31, 2012.

Actual gains and losses are recognized in expenses at an amount prorated in the straight line method over a certain number of years (from 8 to 10 years), which is within the average of the estimated remaining years of service to be performed by the employees at the time of accrual, commencing with the fiscal year following the accrual time.

Prior service cost obligation is recognized as an expense item at an amount prorated in the straight line method over a certain number of years (from 8 to 10 years) within the average of the remaining years of service to be performed by the employees at the time of accrual.

At the Company and some of its consolidated subsidiaries, the pension plan asset amounts exceeded the projected benefit obligation amounts after the deduction of unrecognized actuarial differences, and these excess portions are stated in the "Other" item of the "Investment and other assets" account on the balance sheet herein.

(5) Important Standards for Revenue and Cost recognition

Standards for Recognition of Construction Revenue and Cost

As for recognition of revenues from constructions undertaken by the Company, the percentage of completion method (the percentage of construction is estimated based on the method of the ratio of actual cost incurred to total estimated cost) is applied to construction contracts in process in which the outcome of the construction activity is deemed certain by the end of FY2011, while the completed contract method is applied to other construction contracts.

(6) Standards for Conversion of Significant Foreign Currency-Denominated Assets and Liabilities into Japanese Yen

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the fiscal year-end spot exchange rates with resulting gains or losses included in the current statements of income.

All the items of the financial statements of subsidiaries which are stated in currencies other than Japanese yen are translated into Japanese yen at the fiscal year-end spot exchange rate of each subsidiary. The resulting foreign currency translation adjustments are included among adjustments in net assets.

(7) Significant Hedge Accounting Methods

1) Hedge Accounting Methods

The deferred hedge accounting method is used to process hedging transactions, providing that the exceptional method is applied to treat interest rate swap contracts that meet the requirements for exceptional treatments as established by the Accounting Standards of Japan.

2) Hedging Instruments and Hedged Items

(Currency)

Hedging Instrument	Forward exchange, Currency option
Hedged Item	Foreign currency credit and debt

(Interest rate)

Hedging Instrument	Interest rate swap
Hedged Item	Borrowings

(Commodity)

Hedging Instrument	Crude oil • Product swaps, Crude oil • Product futures trading
Hedged Item	Crude oil • Product trading

3) Hedging Policy

In accordance with internal rules that determine derivative transaction-related authority levels and transaction value limits, hedging activities are undertaken within specified limits to hedge fluctuation risks of interest rates and commodity prices.

4) Method of Evaluating Hedge Effectiveness

The Company evaluates hedge effectiveness once every six months by comparing cumulative changes in cash flows from or changes in fair value of hedged items, with the corresponding changes in the hedging instruments. The evaluation of hedge effectiveness is not considered necessary for certain interest rate swaps, which are used to hedge and meet certain hedging criteria.

(8) Items concerning Amortization on Goodwill

Goodwill items are in principle amortized in accordance with the equal installment method over 5 years, providing that small-amount ones are amortized in a lump sum.

(9) Scope of Cash and Cash Equivalents Reported in Statements of Cash Flows

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term investments, which are highly liquid, only exposed to small risks for value changes and have maturities of terms not exceeding three months at the time of purchase, are considered to be cash and cash equivalents.

(10) Other Important Items Necessary to Develop Consolidated Financial Statements

1) Accounting Process for Consumption Tax

As for how to account for national and local consumption taxes, all domestic transactions are accounted for by excluding these tax amounts from the amounts thereof.

2) Accounting Process for Cost Recovery under Production Sharing

The Company and some of its consolidated subsidiaries account for crude oil exploration and development and other related costs spent under the production sharing agreements. After the inception of crude oil production, they recover these costs by receiving products under the same agreements. They are stated in the "Other" item of the "Investment and other assets" account on the balance sheet herein.

(7) Changes in Representation Methods

[Consolidated Balance Sheets]

“Short-term investment securities” included in “Other” assets of the “Current assets” section of the Consolidated Balance Sheets for FY2010 are stated as a separate account item in the Consolidated Balance Sheets for FY2011 due to an increase in their importance.

As a result, the amount of ¥34,673 million stated in “Other” of “Current assets” in the Consolidated Balance Sheet for FY2010 is reclassified into “Short-term investment securities” of ¥14 million and “Other” of ¥34,659 million for the Consolidated Balance Sheet of FY2011.

[Consolidated Statements of Cash Flows]

The Company finds it necessary that “Proceeds from insurance income,” which were included in “Other, net” of “Net cash provided by (used in) operating activities” in the previous consolidated fiscal year, should be stated as a separate account item in FY2011 due to the increased importance of its financial value of the account item; therefore, in order to reflect this change in the representation method in the FY2011, necessary reclassification of the financial statements presented in the previous fiscal year has been made.

As a result, the amount of ¥5 million stated in “Other, net” of “Net cash provided by (used in) operating activities” in the Consolidated Statements of Cash Flows for FY2010 is reclassified into “Proceeds from insurance income” of ¥132 million and “Other, net” of - ¥127 million for the Consolidated Statements of Cash Flows of FY2011.

(8) Additional Information

Following the promulgation, on December 2, 2011, of the “Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structure” (Act No. 114 of 2011) and the “Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake” (Act No. 117 of 2011), corporate tax rates are changed and applicable to the business year that begins on April 1, 2012 or later.

According to these changes, effective tax rates, as stated below, will be used to calculate deferred tax assets and deferred tax liabilities, in accordance with different periods of time for elimination of temporary differences in profit and loss recognition, etc.

April 1, 2012 - March 31, 2015	37.77%
April 1, 2015 onwards	35.39%

These tax rate changes reduced deferred tax assets of current assets as of March 31, 2012 by ¥164 million, deferred tax assets of noncurrent assets, by ¥9,945 million, deferred tax liabilities of noncurrent liabilities, by ¥239 million, and deferred tax liabilities for land revaluation, by ¥4,143 million, respectively, and increased income taxes-deferred, by ¥10,032 million, valuation difference on available-for-sale securities, by ¥54 million, deferred gains or losses on hedges, by ¥108 million, and revaluation reserve for land, by ¥4,143 million, respectively.

(9) Notes to Consolidated Financial Statements

(Notes to Consolidated Balance Sheets)

	FY2010 As of March 31, 2011	FY2011 As of March 31, 2012
1. Accumulated depreciation for property, plant and equipment	¥736,646 million	¥766,731 million
2. Pledged assets		
	FY2010 As of March 31, 2011	FY2011 As of March 31, 2012
1) Plant foundation		
Pledged assets	¥333,804 million	¥329,320 million
Secured liabilities	¥120,199 million	¥99,833 million
2) Fixed assets other than plant foundation		
Pledged assets	¥16,541 million	¥11,701 million
Secured liabilities	¥5,615 million	¥4,171 million
3. Contingencies		
1) Guaranty Liabilities	¥13,813 million	¥11,714 million
The Company guarantees loans obtained by companies and individuals other than consolidated subsidiaries from financial institutions, etc.		
2) Suits, etc.		
In the litigation filed by the then Defense Agency (currently the Ministry of Defense) against several oil distributing companies, claiming that they should return unreasonable benefits they had allegedly gained through their petroleum product supplies to the agency, the Tokyo District Court on June 27, 2011 ordered Cosmo Oil to pay ¥1,915 million in fine and a 5% interest per annum on the amount of the fine to the agency. The company's Board of Directors meeting on July 5, 2011 adopted a resolution about this court decision to appeal to a higher court and actually filed an appeal with the Tokyo High Court on July 11, 2011. Two appeal hearings were held during the consolidated FY2011 and the case is currently under examination.		
4. Revaluation of land		
The Company and two of its consolidated subsidiaries revalued their land properties used for business under the "Law concerning Revaluation Reserve for Land" (Law No. 34 issued on March 31, 1998). The income tax portion on variances due to revaluation is stated in the "Deferred tax liabilities for land revaluation" account in the "Liabilities" section on the Consolidated Balance Sheet and the revaluation variances, net of the income tax portion, are stated in the "Revaluation reserve for land" account in the "net assets" section on the Consolidated Balance Sheet.		
• Revaluation method	The land sites for the refineries were valued in accordance with the appraisal provided in Paragraph 5 of Article 2 of the "Enforcement Ordinance for the Law concerning the Revaluation Reserve for Land" (Government Ordinance No. 119 issued on March 31, 1998), and other land sites were valued by referring to the road ratings provided in Paragraph 4 of Article 2 of the "Enforcement Ordinance for the Law concerning the Revaluation Reserve for Land," as well as making some rational adjustments.	
• Date of revaluation	March 31, 2002 (and December 31, 2001 completed by one consolidated subsidiary)	
	FY2010 As of March 31, 2011	FY2011 As of March 31, 2012
• Difference between the total amount of the revalued land at fair value as of March 31 of each year and their total carrying amount after revaluation	- ¥96,143 million	- ¥101,499 million

Cosmo Oil Co.,Ltd(5007)-Overview of Business Results for FY2011 Ending March 31, 2012

(Notes to Consolidated Statements of Income)

	FY2010 April 1, 2010-March 31, 2011	FY2011 April 1, 2011-March 31, 2012
1. Selling, general and administrative expenses		
Outsourcing expense	¥22,168 million	¥22,238 million
Freight expense	¥19,513 million	¥20,481 million
Salaries and wages	¥20,381 million	¥19,829 million
Rent expense	¥13,714 million	¥13,094 million
Depreciation expense	¥7,168 million	¥6,823 million
Retirement and severance benefit payment to employees	¥2,824 million	¥2,156 million
Amount transferred to allowance for doubtful accounts	¥302 million	¥162 million
2. Research and development expenses included in administrative expenses and production expenses	¥3,834 million	¥3,791 million

3. Loss on disaster

The Company and some subsidiaries recorded the amount of losses attributable to the Great East Japan Earthquake that occurred in March 2011 as loss on disaster in the section of extraordinary losses for FY2011, with the breakdown of major items including:

Fixed costs incurred during the period of suspended operations of the Chiba Refinery, etc.	¥16,560 million
Cost for removal of damaged assets, etc.	¥3,343 million

The amount of loss on disaster includes ¥2,201 million transferred to the provision for loss on disaster.

(Notes to Consolidated Statements of Changes in Net Assets)

FY 2010 (From April 1, 2010 to March 31, 2011)

1. Types and Total Number of Outstanding Stock and of Treasury Stock

(Unit: Number of shares)

	Type of stock	Total number of shares as of April 1, 2010	Increase in the number of shares during the year	Decrease in the number of shares during the year	Total number of shares as of March 31, 2011
Outstanding shares	Ordinary shares	847,705,087	—	—	847,705,087
Treasury stock,	Ordinary shares	613,457	18,744	740	631,461

Note: The increase in the number of ordinary shares in the category of treasury stock shown above reflects the Company's purchases of less-than-round-lot shares, while the decrease in the number of treasury stock reflects the Company's sales of less-than-round-lot shares by meeting requests for sales thereof.

2. Distribution of Surplus

(1) Dividend Payments

(Resolution adopted by)	Type of stock	Total dividend amount	Dividend per share	Record date	Effective date
Shareholders' Meeting held on June 23, 2010	Ordinary shares	¥6,779 million	¥8	March. 31, 2010	June 24, 2010

(2) The dividend payment for which the base date belongs to FY2010 but for which the effective date comes FY2011

(Resolution adopted by)	Type of stock	Total dividend amount	Funded by	Dividend per share	Record date	Effective date
Shareholders' Meeting held on June 23, 2011	Ordinary shares	¥6,779 million	Retained earnings	¥8	March. 31, 2011	June 24, 2011

Cosmo Oil Co.,Ltd(5007)-Overview of Business Results for FY2011 Ending March 31, 2012

FY2011 (From April 1, 2011 to March 31, 2012)

1. Types and Total Number of Outstanding Stock and of Treasury Stock

(Unit: Number of shares)

	Type of stock	Total number of shares as of April 1, 2011	Increase in the number of shares during the year	Decrease in the number of shares during the year	Total number of shares as of March 31, 2012
Outstanding shares	Ordinary shares	847,705,087	—	—	847,705,087
Treasury stock	Ordinary shares	631,461	7,835	100	639,196

Note: The increase in the number of ordinary shares in the category of treasury stock shown above reflects the Company's purchases of less-than-round-lot shares, while the decrease in the number of treasury stock reflects the Company's sales of less-than-round-lot shares by meeting requests for sales thereof.

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Shareholders' Meeting held on June 23, 2011	Ordinary shares	¥6,779 million	¥8	March 31, 2011	June 24, 2011

(2) The dividend payment for which the base date belongs to FY2011 but for which the effective date comes FY2012

The Company plans a resolution as follows at the annual shareholders' meeting:

(Resolution adopted by)	Type of stock	Total dividend amount	Funded by	Dividend per share	Record date	Effective date
Shareholders' Meeting held on June 26, 2012	Ordinary shares	¥6,779 million	Retained earnings	¥8	March 31, 2012	June 27, 2012

(Notes to Consolidated Statements of Cash Flows)

Relations between the amounts of cash and cash equivalents as of March 31, 2011 and 2012 and the account items shown in the consolidated balance sheet

FY2010 April 1, 2010 - March 31, 2011 (As of March 31, 2011)		FY2011 April 1, 2011 - March 31, 2012 (As of March 31, 2012)	
Cash and deposits	¥94,343 million	Cash and deposits	¥122,031 million
Cash and cash equivalents	¥94,343 million	Short-term investment securities	¥413 million
		Total	¥122,445 million
		Securities with time between acquisition and redemption for 3 months or more	- ¥14 million
		Cash and cash equivalents	¥122,431 million

Cosmo Oil Co.,Ltd(5007)-Overview of Business Results for FY2011 Ending March 31, 2012

(Segment information)

1. Overview of Reporting Segments

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

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

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

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

2. Methods to Determine Net Sales, Income or Loss, Assets, Liabilities and Other Items by Business Segment

The accounting methods by business segment reported herein are almost the same as the description of the "(6) Notes concerning Important Items that Provide the Basic Information for the Development of the Consolidated Financial Statements".

Profit by business segment is stated on an ordinary income basis.

3. Information about net sales and income or loss amounts by segment reported

FY2010 (From April 1, 2010 to March 31, 2011)

(unit: million yen)

	Petroleum business	Petrochemical business	Oil exploration and production business	Other Note:1	Adjustments Note:2	Consolidated Note:3
Net sales						
Outside customers	2,688,417	19,495	35,012	28,598	-	2,771,523
Inter-segment	40,337	26,445	34,926	40,053	-141,762	-
Total	2,728,754	45,940	69,938	68,652	-141,762	2,771,523
Segment Income (Loss)	58,388	-329	34,657	2,656	721	96,094
Other items						
Depreciation and amortization	32,847	1,097	9,780	1,342	-849	44,218
Amortization of goodwill and negative goodwill	-6	-	-	1,257	-	1,251
Interest income	112	4	24	38	-29	150
Interest expenses	11,935	16	97	223	-29	12,242
Equity earnings of affiliates(Loss)	161	-748	1,023	-29	-	407

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" 721 million yen includes -52 million yen for internal eliminations, 1,029 million yen for inventory adjustments and -250 million yen for adjustment of fixed assets.

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

4 No asset allocation is made into each segment, so that the description of such information is omitted.

FY2011 (From April 1, 2011 to March 31, 2012)

(unit: million yen)

	Petroleum business	Petrochemical business	Oil exploration and production business	Other Note:1	Adjustments Note:2	Consolidated Note:3
Net sales						
Outside customers	3,031,193	12,715	43,457	22,380	-	3,109,746
Inter-segment	24,435	16,706	44,187	49,248	-134,577	-
Total	3,055,628	29,422	87,644	71,628	-134,577	3,109,746
Segment Income (Loss)	7,996	2,079	52,023	2,879	-3,558	61,420
Other items						
Depreciation and amortization	32,163	969	6,086	1,358	-839	39,738
Amortization of goodwill and negative goodwill	-6	-	-	1,257	-	1,251
Interest income	82	3	26	39	-32	119
Interest expenses	12,041	4	136	173	-32	12,323
Equity earnings of affiliates(Loss)	-10	1,231	1,739	-26	-	2,933

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" -3,558 million yen includes -724 million yen for internal eliminations, -2,735 million yen for inventory adjustments and -93 million yen adjustment of fixed assets.

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

4 No asset allocation is made into each segment, so that the description of such information is omitted.

Cosmo Oil Co.,Ltd(5007)-Overview of Business Results for FY2011 Ending March 31, 2012

(Per-share Information)

	FY2010 April 1, 2010 - March 31, 2011	FY2011 April 1, 2011 - March 31, 2012
Net assets per share (¥)	392.80	374.15
Net income (loss) per share (¥)	34.16	-10.72
Diluted net income per share (¥)	33.58	—

Note: 1. Since no diluted securities exist, diluted net income per share for FY2011 is omitted.

2. The basic information used to calculate net income (loss) per share and diluted net income per share for the years ended March 31, 2011 and 2012 is as follows.

	FY2010 April 1, 2010 - March 31, 2011	FY2011 April 1, 2011 - March 31, 2012
Net income (loss) per share		
Net income (loss) for the year (¥ mil)	28,933	-9,084
Amount that does not belong to ordinary share holders (¥ mil)	—	—
Net income (loss) that belongs to ordinary shares (¥ mil)	28,933	-9,084
Average number of ordinary shares outstanding during the year (thousands of shares)	847,083	847,070
Diluted net income per share		
Net income adjustments (¥ mil)	—	—
Increase in the number of ordinary shares (thousands of shares)	14,577	—

(Material Contingencies)

None

5. Non-consolidated Financial Statements**(1) Non-consolidated Balance Sheet**

(Unit: million yen)

	FY2010	FY2011
	As of Mar. 31, 2011	As of Mar. 31, 2012
Assets		
Current assets		
Cash and deposits	60,437	76,684
Notes receivable-trade	152	121
Accounts receivable-trade	199,230	248,965
Short-term investment securities	11	11
Merchandise and finished goods	180,017	205,067
Raw materials and supplies	191,441	205,517
Advance payments-trade	117	105
Prepaid expenses	2,710	2,811
Short-term loans receivable	13	13
Short-term loans receivable from subsidiaries and affiliates	30,569	13,287
Accounts receivable-other	64,739	116,799
Swap assets	11,372	5,526
Deferred tax assets	—	906
Other	12,120	10,855
Allowance for doubtful accounts	-181	-196
Total current assets	752,753	886,477
Noncurrent assets		
Property, plant and equipment		
Buildings, net	23,416	22,050
Structures, net	54,153	52,204
Oil storage depots, net	14,798	15,806
Machinery and equipment, net	135,035	123,027
Vehicles, net	148	109
Tools, furniture and fixtures, net	3,060	2,582
Land	267,937	266,810
Lease assets, net	401	377
Construction in progress	7,202	4,071
Total property, plant and equipment	506,154	487,041
Intangible assets		
Patent right	73	63
Leasehold right	986	848
Right of trademark	0	—
Software	2,925	2,415
Other	2,623	1,659
Total intangible assets	6,608	4,986

Cosmo Oil Co.,Ltd(5007)-Overview of Business Results for FY2011 Ending March 31, 2012

	(Unit: million yen)	
	FY2010	FY2011
	As of Mar. 31, 2011	As of Mar. 31, 2012
Investments and other assets		
Investment securities	22,525	22,506
Stocks of subsidiaries and affiliates	66,654	71,105
Investments in capital	142	156
Long-term loans receivable	149	143
Long-term loans receivable from employees	17	2
Long-term loans receivable from subsidiaries and affiliates	31,372	44,930
Long-term prepaid expenses	3,805	2,523
Long-term accounts receivable-other	403	296
Long-term deposits	9,727	9,056
Deferred tax assets	31,836	28,835
Other	5,410	5,957
Allowance for doubtful accounts	-262	-377
Total investments and other assets	171,784	185,138
Total noncurrent assets	684,547	677,166
Deferred assets		
Bond issuance cost	324	257
Total deferred assets	324	257
Total assets	1,437,625	1,563,901
Liabilities		
Current liabilities		
Accounts payable-trade	238,384	302,759
Short-term loans payable	112,324	119,895
Current portion of long-term loans payable	43,232	56,990
Current portion of bonds	—	840
Accounts payable-other	85,763	107,415
Accrued volatile oil and other petroleum taxes	71,431	99,786
Income taxes payable	696	73
Accrued consumption taxes	11,686	3,349
Accrued expenses	4,582	3,897
Advances received	6,423	4,484
Deposits received	17,388	44,437
Unearned revenue	42	17
Deferred tax liabilities	681	—
Asset retirement obligations	31	67
Provision for loss on disaster	4,126	3,512
Other	124	58
Total current liabilities	596,919	747,585
Noncurrent liabilities		
Bonds payable	57,000	56,160
Long-term loans payable	455,348	448,218
Deferred tax liabilities for land revaluation	30,868	26,981
Long-term deposits received	8,029	8,067
Provision for special repairs	5,518	6,453
Provision for retirement benefits	2,266	3,913
Asset retirement obligations	2,634	2,664
Other	2,196	2,753
Total noncurrent liabilities	563,862	555,212
Total liabilities	1,160,782	1,302,798

Cosmo Oil Co.,Ltd(5007)-Overview of Business Results for FY2011 Ending March 31, 2012

(Unit: million yen)

	FY2010 As of Mar. 31, 2011	FY2011 As of Mar. 31, 2012
Net assets		
Shareholders' equity		
Capital stock	107,246	107,246
Capital surplus		
Legal capital surplus	89,439	89,439
Other capital surplus	1	1
Total capital surpluses	89,440	89,440
Retained earnings		
Legal retained earnings	7,407	7,407
Other retained earnings		
Reserve for special depreciation	0	—
Reserve for overseas investment loss	57	13
Retained earnings brought forward	55,695	38,798
Total retained earnings	63,161	46,219
Treasury stock	-90	-91
Total shareholders' equity	259,758	242,815
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-1,159	-409
Deferred gains or losses on hedges	6,670	2,782
Revaluation reserve for land	11,574	15,913
Total valuation and translation adjustments	17,084	18,287
Total net assets	276,843	261,103
Total liabilities and net assets	1,437,625	1,563,901

(2) Non-consolidated Statements of Income

(Unit: million yen)

	FY2010	FY2011
	From April 1, 2010 to March 31, 2011	From April 1, 2011 to March 31, 2012
Net sales	2,551,325	2,757,889
Cost of sales		
Beginning merchandise and finished goods	69,616	101,677
Cost of purchased goods	747,690	1,065,998
Cost of products manufactured	1,352,933	1,254,832
Volatile oil and other petroleum taxes	443,494	444,337
Transfer from other account	2,580	4,868
Private consumption amount	-93,117	-85,046
Total	2,523,198	2,786,668
Ending merchandise and finished goods	101,677	110,554
Cost of sales	2,421,520	2,676,114
Gross profit	129,804	81,775
Selling, general and administrative expenses	76,697	76,768
Operating income	53,107	5,006
Non-operating income		
Interest income	1,331	1,242
Interest on securities	7	1
Dividends income	5,365	19,496
Rent income on noncurrent assets	1,273	1,332
Foreign exchange gains	1,999	1,790
Other	3,378	5,320
Total non-operating income	13,356	29,183
Non-operating expenses		
Interest expenses	11,581	11,371
Interest on bonds	428	705
Other	3,919	2,547
Total non-operating expenses	15,929	14,624
Ordinary income	50,534	19,566
Extraordinary income		
Gain on sales of noncurrent assets	944	327
Gain on sales of investment securities	—	20
Gain on sales of subsidiaries and affiliates' stocks	213	868
Gain on allotment of investment securities	151	—
Gain on extinguishment of tie-in shares	27	—
Insurance income	—	4,639
Total extraordinary income	1,336	5,856

Cosmo Oil Co.,Ltd(5007)-Overview of Business Results for FY2011 Ending March 31, 2012

	(Unit: million yen)	
	FY2010	FY2011
	From April 1, 2010 to March 31, 2011	From April 1, 2011 to March 31, 2012
Extraordinary loss		
Loss on sales of noncurrent assets	76	49
Loss on disposal of noncurrent assets	2,007	2,592
Impairment loss	1,168	2,571
Loss on valuation of investment securities	2,983	1,195
Loss on valuation of stocks of subsidiaries and affiliates	1,861	19
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,094	—
Loss on disaster	5,567	22,429
Loss on disposal of recoverable accounts under production sharing	3,523	—
Loss on litigation	1,751	—
Retirement benefit expenses	—	1,844
Total extraordinary losses	20,034	30,702
Income (loss) before income taxes	31,836	-5,280
Income taxes-current	37	37
Income taxes-deferred	11,047	4,355
Total income taxes	11,084	4,392
Net income (loss)	20,751	-9,672

(3)Non Consolidated Statements of Changes in Net Assets

(Unit: million yen)

	FY2010	FY2011
	From April 1, 2010 to March 31, 2011	From April 1, 2011 to March 31, 2012
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	107,246	107,246
Balance at the end of current period	107,246	107,246
Capital surplus		
Legal capital surplus		
Balance at the beginning of current period	89,439	89,439
Balance at the end of current period	89,439	89,439
Other capital surplus		
Balance at the beginning of current period	1	1
Changes of items during the period		
Disposal of treasury stock	-0	-0
Total changes of items during the period	-0	-0
Balance at the end of current period	1	1
Total capital surplus		
Balance at the beginning of current period	89,440	89,440
Changes of items during the period		
Disposal of treasury stock	-0	-0
Total changes of items during the period	-0	-0
Balance at the end of current period	89,440	89,440
Retained earnings		
Legal retained earnings		
Balance at the beginning of current period	7,407	7,407
Balance at the end of current period	7,407	7,407
Other retained earnings		
Reserve for special depreciation		
Balance at the beginning of current period	0	0
Changes of items during the period		
Reversal of other retained earnings	-0	-0
Total changes of items during the period	-0	-0
Balance at the end of current period	0	—
Reserve for overseas investment loss		
Balance at the beginning of current period	119	57
Changes of items during the period		
Reversal of other retained earnings	-62	-44
Total changes of items during the period	-62	-44
Balance at the end of current period	57	13
Reserve for advanced depreciation of noncurrent assets		
Balance at the beginning of current period	16,625	—
Changes of items during the period		
Reversal of other retained earnings	-16,625	—
Total changes of items during the period	-16,625	—
Balance at the end of current period	—	—

	(Unit: million yen)	
	FY2010	FY2011
	From April 1, 2010 to March 31, 2011	From April 1, 2011 to March 31, 2012
Retained earnings brought forward		
Balance at the beginning of current period	26,604	55,695
Changes of items during the period		
Dividends from surplus	-6,779	-6,779
Net income (loss)	20,751	-9,672
Reversal of revaluation reserve for land	-1,569	-489
Reversal of other retained earnings	16,688	44
Total changes of items during the period	29,090	-16,896
Balance at the end of current period	55,695	38,798
Total retained earnings		
Balance at the beginning of current period	50,758	63,161
Changes of items during the period		
Dividends from surplus	-6,779	-6,779
Net income (loss)	20,751	-9,672
Reversal of revaluation reserve for land	-1,569	-489
Total changes of items during the period	12,402	-16,941
Balance at the end of current period	63,161	46,219
Treasury stock		
Balance at the beginning of current period	-85	-90
Changes of items during the period		
Purchase of treasury stock	-4	-1
Disposal of treasury stock	0	0
Total changes of items during the period	-4	-1
Balance at the end of current period	-90	-91
Total shareholders' equity		
Balance at the beginning of current period	247,360	259,758
Changes of items during the period		
Dividends from surplus	-6,779	-6,779
Net income (loss)	20,751	-9,672
Reversal of revaluation reserve for land	-1,569	-489
Purchase of treasury stock	-4	-1
Disposal of treasury stock	0	0
Total changes of items during the period	12,398	-16,943
Balance at the end of current period	259,758	242,815

	(Unit: million yen)	
	FY2010	FY2011
	From April 1, 2010 to March 31, 2011	From April 1, 2011 to March 31, 2012
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	-2,267	-1,159
Changes of items during the period		
Net changes of items other than shareholders' equity	1,108	750
Total changes of items during the period	1,108	750
Balance at the end of current period	-1,159	-409
Deferred gains or losses on hedges		
Balance at the beginning of current period	8,717	6,670
Changes of items during the period		
Net changes of items other than shareholders' equity	-2,047	-3,887
Total changes of items during the period	-2,047	-3,887
Balance at the end of current period	6,670	2,782
Revaluation reserve for land		
Balance at the beginning of current period	10,004	11,574
Changes of items during the period		
Reversal of revaluation reserve for land	1,569	489
Net changes of items other than shareholders' equity	—	3,850
Total changes of items during the period	1,569	4,339
Balance at the end of current period	11,574	15,913
Total valuation and translation adjustments		
Balance at the beginning of current period	16,455	17,084
Changes of items during the period		
Reversal of revaluation reserve for land	1,569	489
Net changes of items other than shareholders' equity	-939	713
Total changes of items during the period	629	1,202
Balance at the end of current period	17,084	18,287
Total net assets		
Balance at the beginning of current period	263,815	276,843
Changes of items during the period		
Dividends from surplus	-6,779	-6,779
Net income (loss)	20,751	-9,672
Reversal of revaluation reserve for land	—	—
Purchase of treasury stock	-4	-1
Disposal of treasury stock	0	0
Net changes of items other than shareholders' equity	-939	713
Total changes of items during the period	13,027	-15,740
Balance at the end of current period	276,843	261,103

(4) Notes to going concern

None

Supplementary information for the results of Fiscal Year 2011

Cosmo Oil Co., Ltd.

Unit: billion yen

	FY2011 (Results)	FY2010 (Results)	Changes
Net sales	3,109.7	2,771.5	338.2
Cost of sales	2,918.2	2,539.0	379.2
Selling, general and administrative expenses	127.9	128.4	-0.5
Operating income	63.6	104.1	-40.5
Non-operating income/expenses, net	-2.2	-8.0	5.8
Ordinary income	61.4	96.1	-34.7
Extraordinary income/losses, net	-26.0	-22.6	-3.4
Income taxes	38.9	42.2	-3.3
Minority interests	5.6	2.4	3.2
Net income (loss)	-9.1	28.9	-38.0

【Reference】

Impact of inventory valuation	25.2	22.3	2.9
Operating income excluding impact of inventory valuation	38.4	81.8	-43.4
Ordinary income excluding impact of inventory valuation	36.2	73.8	-37.6

Unit: billion yen

	FY2011 (Results)	FY2010 (Results)	Changes
Consolidated ordinary income	61.4	96.1	-34.7
Impact of inventory valuation	25.2	22.3	2.9
NET Consolidated ordinary income	36.2	73.8	-37.6
①Purchased price of crude oil	①110.87 USD/B	①82.17 USD/B	①28.70 USD/B
②JPY/USD exchange rate	②79.02 yen/USD	②86.04 yen/USD	②-7.02 yen/USD

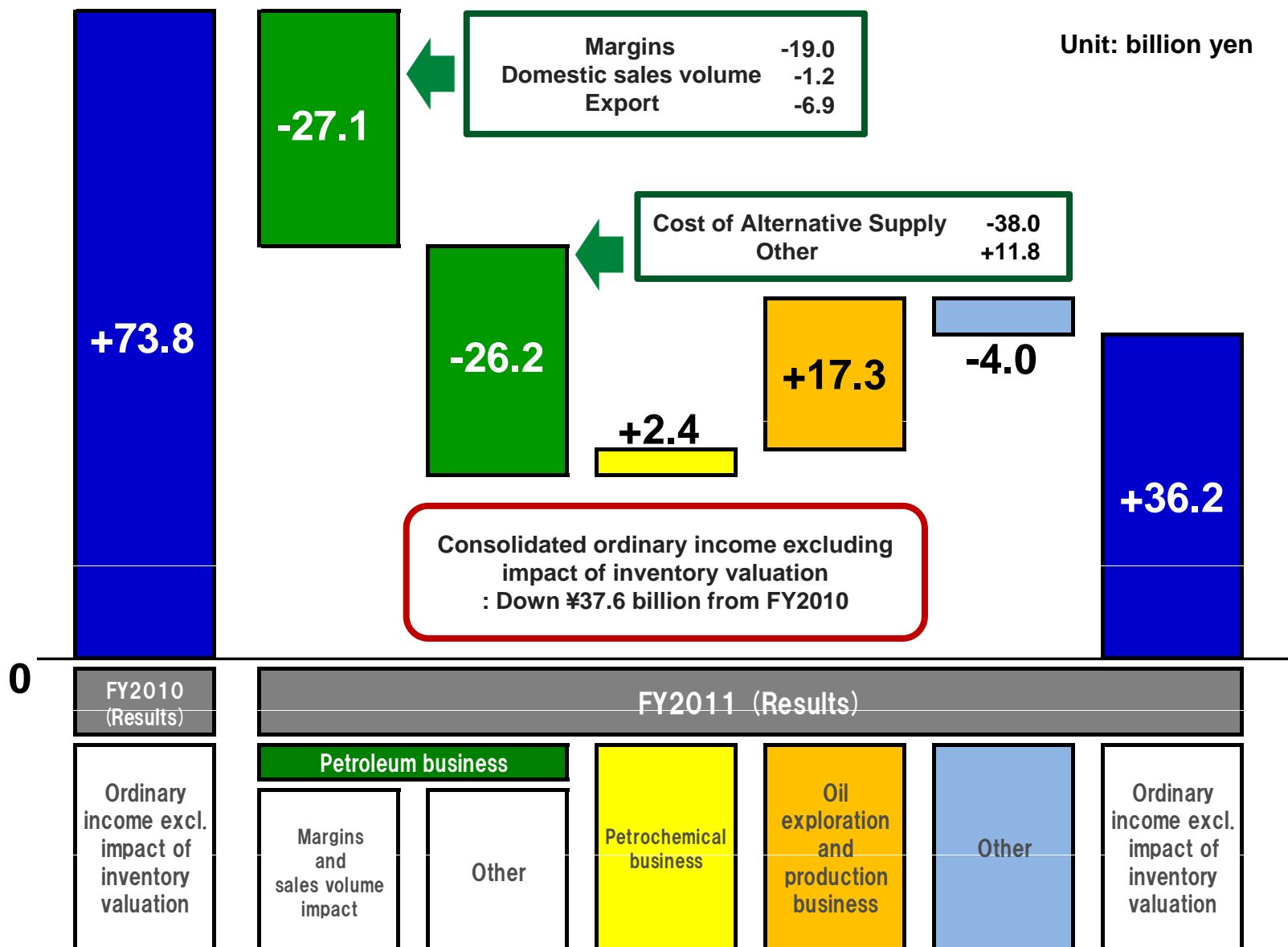
Unit: billion yen

Consolidated Ordinary Income by Business Segment

	FY2011 (Results)	FY2010 (Results)	Changes
Petroleum business	8.0*	58.4	-50.4
NET Petroleum business	-17.2	36.1	-53.3
Petrochemical business	2.1	-0.3	2.4
NET Petrochemical business	2.1	-0.3	2.4
Oil E & P business	52.0	34.7	17.3
Other	-0.7	3.3	-4.0

Notes: * Includes impact of inventory valuation ¥ 25.2billion

[FY2011 Results] Consolidated Ordinary Income
 (Excluding impact of inventory valuation) – Analysis of Changes from FY2010



	FY2011(Results) (As of Mar. 31, '12)	Change from FY10 (As of Mar. 31, '11)
Cash flows from operating activities	43.6	–
Cash flows from investing activities	-25.8	–
Cash flows from financing activities	11.6	–
Cash and cash equivalents at end of the period	122.4	28.1

	FY2011 (Results) (As of Mar. 31, '12)	FY2010 (Results) (As of Mar. 31, '11)	Changes
Total Assets	1,675.1	1,579.4	95.7
Net assets	337.4	350.2	-12.8
Net worth	316.9	332.7	-15.8
Net worth ratio	18.9%	21.1%	Down 2.2 points
Interest-bearing debts	721.2	700.1	21.1
Debt dependence ratio	43.1%	44.3%	Up 1.2 points
Debt Equity Ratio	2.3	2.1	Down 0.2 points
Net interest-bearing debt *	598.8	605.8	-7.0
Debt dependence ratio	35.7%	38.4%	Up 2.7 points
Debt Equity Ratio	1.9	1.8	Down 0.1 points

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

Unit: billion yen

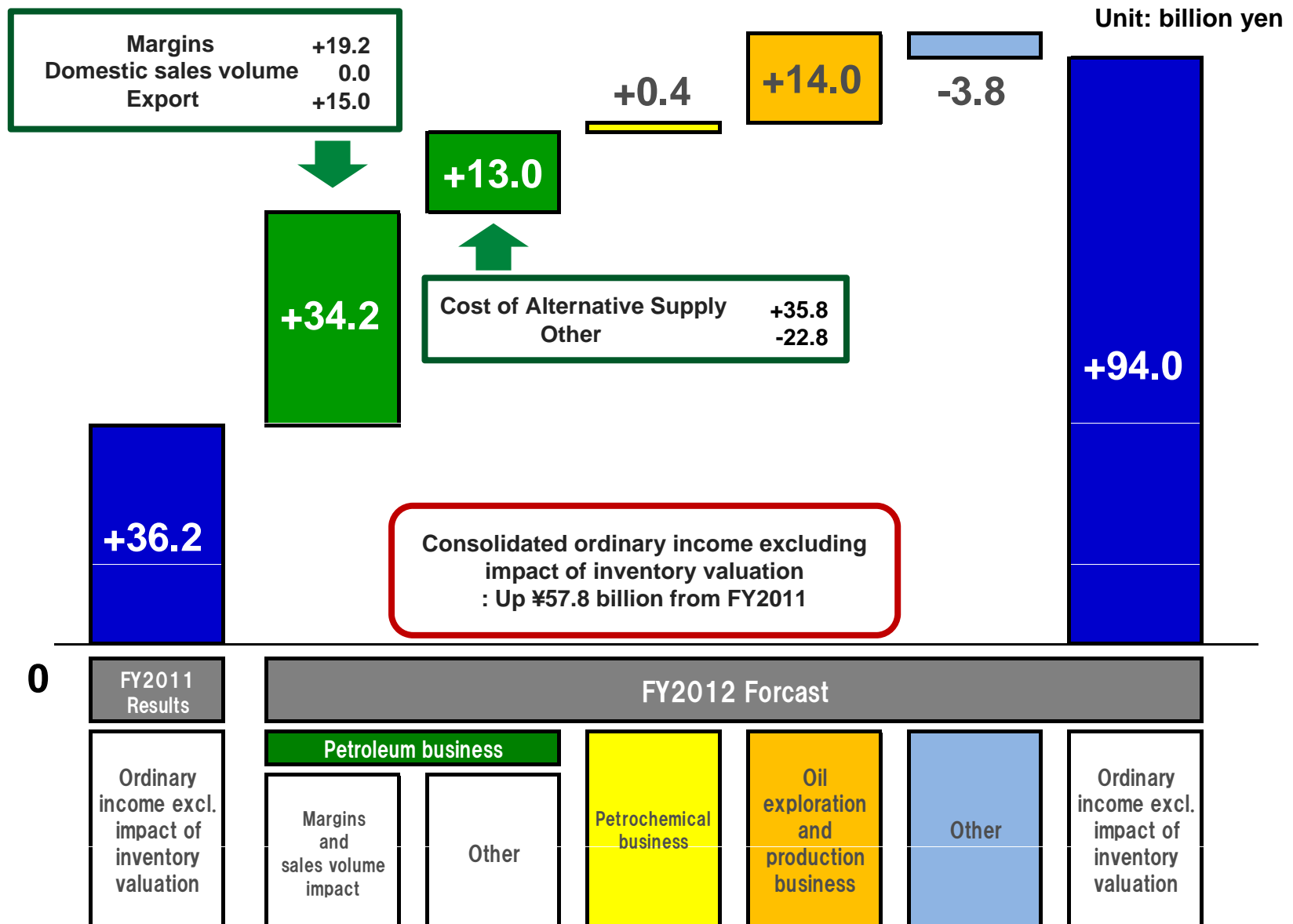
	FY2012 (Forecast)	FY2011 (Results)	Changes
Consolidated ordinary income	94.0	61.4	32.6
Impact of inventory valuation	0.0	25.2	-25.2
NET Consolidated ordinary income	94.0	36.2	57.8
①Purchased price of crude oil	①115.00 USD/B	①110.87 USD/B	①4.13 USD/B
②JPY/USD exchange rate	②80.00 yen/USD	②79.02 yen/USD	②0.98 yen/USD

Unit: billion yen

Consolidated Ordinary Income by Business Segment

	FY2012 (Forecast)	FY2011 (Results)	Changes
Petroleum business	30.0	8.0	22.0
NET Petroleum business	30.0	-17.2	47.2
Petrochemical business	2.5	2.1	0.4
NET Petrochemical business	2.5	2.1	0.4
Oil E & P business	66.0	52.0	14.0
Other	-4.5	-0.7	-3.8

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



Unit: million litre

		FY2011 (Results)	FY2010 (Results)	Changes	Changes	Forecast for FY2012 changes from FY2011
Selling volume in Japan	Gasoline	6,249	6,316	-67	98.9%	100.4%
	Kerosene	2,416	2,442	-26	98.9%	98.1%
	Diesel fuel	4,615	4,462	153	103.4%	98.6%
	Heavy fuel oil A	2,196	2,429	-233	90.4%	90.5%
	Sub-Total	15,476	15,649	-173	98.9%	98.1%
	Naphtha	6,224	6,693	-469	93.0%	107.4%
	Jet fuel	477	533	-56	89.4%	103.3%
	Heavy fuel oil C	2,555	2,075	480	123.2%	112.9%
	inc. Heavy fuel oil C for electric	1,402	840	562	166.9%	127.2%
	Sub-Total	24,732	24,950	-218	99.1%	102.1%
Middle distillate export volume	Diesel fuel	145	907	-762	16.0%	1036.6%
	Kerosene/Jet	64	219	-155	29.3%	754.7%
	Sub-Total	209	1,125	-916	18.6%	949.2%
Bond sales, etc.	Jet fuel	1,535	1,598	-63	96.1%	103.3%
	Heavy fuel oil C	492	542	-50	90.7%	100.6%
	Other	408	426	-18	95.9%	169.8%
	Sub-Total	2,435	2,566	-131	94.9%	113.9%
Barter deal, etc.		9,717	10,184	-467	95.4%	95.4%
Total selling volume		37,094	38,825	-1,731	95.5%	105.9%