May 9, 2011

Overview of Business Results of Fiscal Year Ending March 2011 [Japanese Standard Form] (Consolidated)

Name of the Company: Cosmo Oil Co., Ltd. Shares traded: TSE, OSE, and NSE first sections
Company Code: 5007 URL http://www.cosmo-oil.co.jp
Name of Representative: Yaichi Kimura (Title) President
Name of Person to contact: Kunihiko Shoda (Title) General Manager of Corporate Communication Dept. Phone: 03-3798-3180

Annual shareholders' meeting is to be held on: June 23, 2011 Dividend payment is to be started on June 24, 2011
Securities report is to be submitted on: June 23, 2011
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 FY2010 (April 1, 2010 to March 31, 2011)

(1) Consolidated operating results (% indicates change from FY2009)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2010	2,771,523	6.1	104,097	204.3	96,094	163.9	28,933	—
FY2009	2,612,141	-23.8	34,207	—	36,411	—	-10,740	—

[Reference] Comprehensive income FY2010: 26,161 million yen (－%) FY2009: -5,654 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	%	%	%
FY2010	34.16	33.58	8.9	6.0	3.8
FY2009	-12.68	—	-3.3	2.4	1.3

[Reference] Equity in earnings(losses) of affiliates FY2010: 407 million yen FY2009: 7,348 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Net Worth ratio	Net assets per share
	million yen	million yen	%	yen sen
FY2010	1,579,424	350,239	21.1	392.80
FY2009	1,645,048	331,579	19.2	372.74

[Reference] Net worth FY2010: 332,730 million yen FY2009: 315,746 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
FY2010	26,297	-73,109	-86,077	94,343
FY2009	2,261	-93,305	159,301	228,907

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	%	%
FY2009	—	0.00	—	8.00	8.00	6,779	—	2.1
FY2010	—	0.00	—	8.00	8.00	6,779	23.4	2.1
FY2011 (outlook)	—	0.00	—	8.00	8.00		24.2	

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

(% indicates for FY2011 change from the corresponding period of FY 2010, while for 1H FY2011 change from 1H FY2010)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
1H FY2011	1,350,000	4.0	27,000	-9.0	24,000	-10.1	6,000	374.1	7.08
FY2011	2,920,000	5.4	90,000	-13.5	84,000	-12.6	28,000	-3.2	33.05

4. Others

(1) Change in significant subsidiaries during FY2010 : No

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

Note: Please refer to "4. (6)Notes concerning Important Items that Provide the Basic Information for the Development of the Consolidated Financial Statements" on Page 17 for detailed information.

(2)Changes in accounting policies and processing and representation methods adopted to prepare the consolidated financial statements

1) Changes due to revised accounting standards: Yes

2) Changes other than the reason described above: None

Note: Please refer to "4. (7)Change in notes concerning Important Items that Provide the Basic Information for the Development of the Consolidated Financial Statements" on Page 20 for detailed information.

(3)Total Number of Outstanding Shares (Common Stock)

(1) Number of outstanding shares as of end of the period (including treasure stock):	FY2010	847,705,087 shares	FY2009	847,705,087 shares
(2) Number of shares of treasury stock as of end of the period:	FY2010	631,461 shares	FY2009	613,457 shares
(3) Average Number of shares outstanding during the period:	FY2010	847,083,835 shares	FY2009	847,103,610 shares

[Reference] Outline of Non-Consolidated Results

1. Non-Consolidated Financial Results for FY2010 (For the period from April 1, 2010 to March 31, 2011)

(1) Non-consolidated Operating Results

(% indicates change from FY2009)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2010	2,551,325	9.4	53,107	—	50,534	117.2	20,751	115.2
FY2009	2,332,742	-26.2	496	—	23,267	—	9,642	—

	Net income per share	Diluted net income per
	yen sen	yen sen
FY2010	24.49	24.07
FY2009	11.38	11.00

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Net Worth ratio	Net assets per share
	million yen	million yen	%	yen sen
FY2010	1,437,625	276,843	19.3	326.69
FY2009	1,520,157	263,815	17.4	311.31

[Reference] Net worth FY2010 276,843 million yen FY2009 263,815 million yen

2. Non-Consolidated Business Outlook for FY2011 (April 1, 2011 to March 31, 2012)

(% indicates change from the corresponding period of FY 2010)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
1H FY2011	—	—	—	—	—	—	—	—	—
FY2011	2,680,000	5.0	28,000	-47.3	24,000	-52.5	13,000	-37.4	15.34

Note:Information about quarterly review procedure execution:

This release on 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 "2). Outlook for FY2011" of "1. (1)Analysis of Consolidated Operating Results" on page 3 of this release.

【Supporting data】

Contents of Supporting data

1. Consolidated Operating Results

(1) Analysis of Consolidated Operating Results

1) Consolidated Operating Results during Fiscal Year 2010

In this consolidated fiscal year, despite signs of an upturn in Japan's economy due to expectations for gradual recovery of the global economy and an increase in exports and steady personal consumption, from the summer onward the economy continued to tread water because of factors including rapid yen appreciation and sluggish export growth. In these circumstances, domestic demand for petroleum products overall increased from the previous term, fueled by robust demand for gasoline and diesel oil and higher demand for kerosene due to a cold winter. On the other hand, demand for heavy fuel oil A decreased due to factors including fuel conversion to other energy sources and energy-saving measures.

As for the crude oil price, Dubai crude oil, which began the term at around $80/barrel and moved in the mid to high $60 to low to mid- $80/barrel range, rose sharply from January onward against a backdrop of an increasingly tense international situation characterized by political unrest in Africa and the Middle East and reached the $109/barrel range at the end of the term. The average price throughout the term was around $84/barrel, about $15 higher than the previous term.

With respect to exchange rates, the yen appreciated throughout the first half of the term from the ¥93 per dollar level at the beginning of the term, due to a flow of capital into the yen prompted by the sovereign debt crisis in Europe. Subsequently, the exchange rate moved in the low to mid- ¥80 per dollar range in the second half. Although the dollar weakened to the ¥76 per dollar level due to market volatility, which was triggered by the Great East Japan Earthquake in March, the term ended with the exchange rate at the ¥83 per dollar level due to factors including joint intervention by the G7 nations. As for domestic product market conditions, service station prices as well as delivery price for industrial use followed an upward trend amid rising crude oil prices.

In this business environment, in the first year of its Fourth Stage Consolidated Medium-Term Management Plan (FY2010 to FY2012) for the three-year period starting in FY2010, the Cosmo Oil Group made concerted efforts to implement drastic "rationalization" and company-wide "change" toward the achievement of this Management Plan.

As a result, consolidated net sales in FY2010 were ¥2,771.5 billion (up ¥159.4 billion from FY2009), consolidated operating income, ¥104.1 billion (up ¥69.9 billion from FY2009), and consolidated ordinary income, ¥96.1 billion (up ¥59.7 billion from FY2009).
After extraordinary gain and loss adjustments and corporation taxes and other adjustments, consolidated net loss for FY2010 was ¥28.9 billion (compared with consolidated net loss of ¥10.7 billion in FY2009).

[Fire Accident at the Chiba Refinery]

We offer our sincere apologies for the great inconvenience and unease caused to area residents and other parties affected by the fire that broke out near an LPG tank at the Chiba Refinery due to the Great East Japan Earthquake of March 11 (extinguished on March 21). Following a thorough investigation of the accident conducted by the Accident Investigation Committee, we will take every possible measure to prevent a recurrence and work to recover public trust. To ensure supply of petroleum products to the areas affected by the Great East Japan Earthquake and other areas in Japan, we stepped up product imports, cancelled product exports and allocated products scheduled for export to domestic supply, and increased crude oil refining capacity at the Yokkaichi Refinery and Sakaide Refinery (a total increase of 80,000 barrels/day). We will implement measures to safely restore operation of refining plants at the Chiba Refinery at an early date.

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	2,728.8	45.9	69.9	-73.1	2.771.5
Segment income	58.4	-0.3	34.7	3.3	96.1

[Petroleum business]

In the petroleum business, increasing crude oil prices contributed to a continuous recovery of the petroleum product market in Japan and intense heat sharply increased the product demand during the summer season and cold winter, keeping domestic sales strong throughout the term. In addition to these factors, the segment put rationalization programs into action to endeavor to reduce costs.

As a result, the petroleum business segment reported sales of ¥2,728.8 billion for FY2010 (up ¥140.1 billion from FY2009) and segment income of ¥54.8 billion (up ¥55.2 billion from FY2009).

[Petrochemical business]

The petrochemical business segment experienced a difficult earnings environment due to an impact of worsened balance of supply and demand during the period. The segment reported sales of ¥45.9 billion for FY2010 (down ¥5.9 billion from FY2009) and segment loss of ¥0.3 billion (compared with segment income of ¥5.9 billion in FY2009).

[Oil exploration and production business]

The oil exploration and production business segment saw crude oil prices higher in FY2010 than the same period last year. As a result, the segment reported sales of ¥69.9 billion for FY2010 (up ¥10.3 billion from FY2009) and segment income of ¥34.7 billion (up ¥4.8 billion from FY2009).

2) Outlook for FY2011

The Group will steadily execute a variety of programs, as defined by the “Fourth Consolidated Medium-Term Management Plan (FY2010-2012)” starting from FY2010, for achieve rationalization of the crude oil refining and marketing businesses and company-wide changes and for achieve medium to long-term growth strategies for the oil exploration and production and petrochemical businesses.

Assumptions for FY2011 include an average crude oil price at US$100.0 per barrel and the Japanese yen at ¥82.5 per US$ on the average. Consolidated net sales are forecast to be ¥2,920billion (up ¥148.5 billion from FY2010), consolidated operating income, ¥90 billion (down ¥14.1 billion), consolidated ordinary income, ¥84 billion (down ¥12.1 billion) and consolidated net income for FY2011, ¥28 billion (down ¥0.9 billion).

[Segment-Specific Business Outlook] (Unit: ¥ billion)

	Petroleum business	Petrochemical business	Oil exploration and production business	Other and adjustments	Consolidated
Net sales	2,840.0	55.0	90.0	-65.0	2,920.0
Segment income	25.5	1.0	55.0	2.5	84.0

[Petroleum business]

The petroleum business is expected to report lower ordinary income in the full year of FY2011 than in FY2010, mainly reflecting higher profit expected due to improved oil product market conditions overweighed by increased in-house fuel cost and a reduced impact of inventory valuation due to higher crude oil prices than in FY2010.

[Petrochemical business]

The petrochemical business is expected to report higher ordinary income in the full year of FY2011 than in FY2010, mainly reflecting recovery in product market conditions as compared with FY 2010 due to the improved product supply-demand environment.

[Oil exploration and production business]

The petroleum exploration and production business is expected to report higher ordinary income in the full-year of FY2011 than in FY2010, reflecting higher crude oil prices than in FY2010, as well as the continuation of stable crude oil production.

(2) Analysis of Financial Position

1) Assets, Liabilities and Net Assets

Total assets as of the end of FY2010 (March 31, 2011) amounted to ¥1,579.4 billion, down ¥65.6 billion from the end of FY2009 (March 31, 2010), mainly reflecting decreased cash and cash equivalents due to interest-bearing debt payment., which were more than offset by increased inventories due to crude oil price hikes. Net assets as of March 31, 2011 were ¥350.2 billion, up ¥18.6 billion from the end of FY2009, with a net worth ratio of 21.1%.

2) Cash Flows

As for consolidated cash flows as of March 31, 2011, net cash provided by operating activities amounted to ¥26.3 billion, reflecting reduced cash due to increased inventories and accounts receivable mainly caused by crude oil price hikes, more than offset by cash increase factors, such as net income before taxes and increased depreciation expenses and accounts payable. Net cash used by investing activities amounted to ¥73.1 billion, mainly reflecting payments for fixed asset acquisitions. Net cash used by financing activities amounted to ¥86.1 billion, mainly reflecting borrowing repayments.

As a results, cash and cash equivalents as of March 31, 2011 amounted to ¥94.3 billion, down ¥134.6 billion from March 31, 2010.

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

	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2010	Year ended March 31, 2011
Net worth ratio	21.5%	27.2%	22.8%	19.2%	21.1%
Net worth ratio on a fair value basis	21.0%	16.3%	17.5%	11.6%	13.9%
Ratio of cash flows to interest-bearing debt	24.4years	-	7.3years	343.8years	26.6years
Interest coverage ratio	2.4times	-	7.6times	0.2times	2.1times

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 statement 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 statement of cash flows.

(3) Basic Policy regarding Earnings Appropriation and Dividend for FY 2010, 2011

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 FY2011 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

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 (and that was extinguished on March 21) 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, it was discovered that one of the Company's refineries was not in compliance with the High Pressure Gas Law and other regulations and that some construction was unauthorized, which resulted in the imposition of administrative penalties 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 and financial condition.

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.

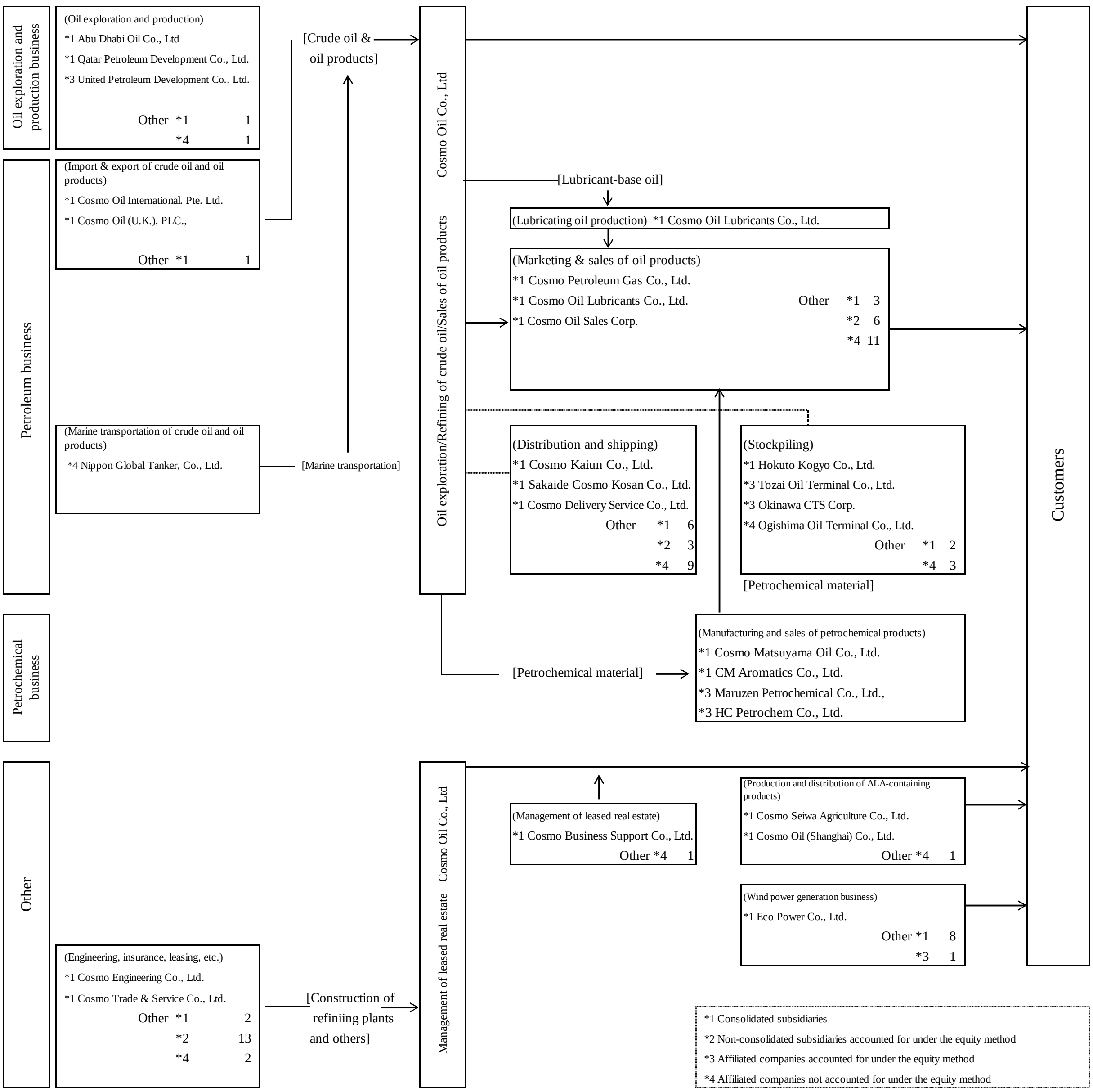
2. Current Status of the Cosmo Oil Group

The Cosmo Oil Group consists of Cosmo Oil Co., Ltd. and its 59 subsidiaries and 36 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 20 companies	24
	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 18 companies	21
Petrochemical business	Manufacturing and sales of petrochemical products	Cosmo Matsuyama Oil Co., Ltd., CM Aromatics Co., Ltd., Maruzen Petrochemical Co., Ltd., HC Petrochem 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., Cosmo Oil (Shanghai) Co., Ltd. and other 1 company	3
	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 new "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.

1) 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.

2) 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 HC Petrochem 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 Company will continue stable operations at the existing oil fields where the oil development subsidiaries of the Group are producing crude oil. Based on mutually reliable relations it has built on with oil producing countries for many years, the Company will be working steadily to launch crude oil production at the "A-South" oil field in the southern part of Qatar in FY2011 and to renew its interest in crude oil production in Abu Dhabi government organization of the UAE slated for 2012. In addition, production will be explored at new oil fields off the coasts of Qatar and Australia, respectively.
Furthermore, in order to establish the business infrastructure toward the future growth strategy, the Company will put non-oil-based new businesses into reality as early as possible. Specifically, such businesses include the "wind power business" into which EcoPower Co., Ltd., a new subsidiary established in March 2010, will be breaking on a full-scale basis; and the "ALA business" with the plan consisting of the continuous promotion of ALA technical production and sales and the exploration of new commercial businesses to be benefited from added values brought by final ALA-based products for profitability growth; and the "concentrated solar power (CSP) generation business" in which tests will begin at the CSP generation demo plant, completed in October 2009 in Abu Dhabi, for feasibility studies on commercialization.

3) 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.

1) 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.

2) 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.

3) 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.

4) 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.

5) 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)

	FY2009 As of Mar. 31, 2010	FY2010 As of Mar. 31, 2011
Assets		
Current assets		
Cash and deposits	226,608	94,343
Notes and accounts receivable-trade	206,168	229,618
Short-term investment securities	2,310	—
Merchandise and finished goods	145,720	204,867
Work in process	469	985
Raw materials and supplies	165,351	197,122
Accounts receivable-other	50,844	28,405
Deferred tax assets	3,890	3,680
Other	44,193	34,673
Allowance for doubtful accounts	-222	-332
Total current assets	845,336	793,363
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	102,058	103,949
Oil storage depots, net	14,233	16,551
Machinery, equipment and vehicles, net	104,156	163,298
Land	303,104	302,808
Lease assets, net	659	641
Construction in progress	65,157	9,026
Other, net	8,322	7,362
Total property, plant and equipment	597,693	603,639
Intangible assets		
Leasehold right	1,142	1,125
Software	4,236	3,587
Goodwill	17	10
Other	7,166	6,794
Total intangible assets	12,563	11,517
Investments and other assets		
Investment securities	100,950	99,668
Investments in capital	188	202
Long-term loans receivable	1,790	1,314
Long-term prepaid expenses	6,095	4,840
Deferred tax assets	46,888	35,081
Other	34,275	30,384
Allowance for doubtful accounts	-876	-912
Total investments and other assets	189,312	170,579
Total noncurrent assets	799,569	785,736
Deferred assets		
Bond issuance cost	142	324
Total deferred assets	142	324
Total assets	1,645,048	1,579,424

(Unit: million yen)

	FY2009 As of Mar. 31, 2010	FY2010 As of Mar. 31, 2011
Liabilities		
Current liabilities		
Notes and accounts payable-trade	216,111	243,914
Short-term loans payable	269,514	176,366
Current portion of bonds with subscription rights to shares	18,000	―
Accounts payable-other	95,337	80,336
Accrued volatile oil and other petroleum taxes	107,457	71,431
Income taxes payable	9,194	7,252
Accrued consumption taxes	613	13,222
Accrued expenses	10,525	11,023
Deferred tax liabilities	2,330	567
Provision for loss on disaster	―	4,237
Other	15,091	13,823
Total current liabilities	744,174	622,173
Noncurrent liabilities		
Bonds payable	15,000	57,000
Long-term loans payable	475,225	466,765
Deferred tax liabilities	8,806	11,268
Deferred tax liabilities for land revaluation	33,293	33,210
Provision for special repairs	6,333	6,689
Provision for retirement benefits	5,899	5,647
Negative goodwill	6,284	5,027
Other	18,449	21,403
Total noncurrent liabilities	569,293	607,011
Total liabilities	1,313,468	1,229,185
Net assets		
Shareholders' equity		
Capital stock	107,246	107,246
Capital surplus	89,440	89,440
Retained earnings	99,685	119,803
Treasury stock	-134	-138
Total shareholders' equity	296,239	316,351
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-529	669
Deferred gains or losses on hedges	8,761	6,459
Revaluation reserve for land	12,593	14,147
Foreign currency translation adjustment	-1,318	-4,898
Total accumulated other comprehensive income	19,507	16,378
Minority interests	15,832	17,508
Total net assets	331,579	350,239
Total liabilities and net assets	1,645,048	1,579,424

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

(Unit: million yen)

	FY2009 From April 1, 2009 to March 31, 2010	FY2010 From April 1, 2010 to March 31, 2011
Net sales	2,612,141	2,771,523
Cost of sales	2,435,365	2,539,032
Gross profit	176,775	232,490
Selling, general and administrative expenses	142,568	128,393
Operating income	34,207	104,097
Non-operating income		
Interest income	495	150
Dividends income	915	1,171
Rent income on noncurrent assets	1,136	1,190
Amortization of negative goodwill	—	1,251
Foreign exchange gains	2,581	106
Equity in earnings of affiliates	7,348	407
Oil price change gains	223	—
Other	3,832	3,519
Total non-operating income	16,533	7,797
Non-operating expenses		
Interest expenses	9,855	12,242
Other	4,474	3,557
Total non-operating expenses	14,329	15,799
Ordinary income	36,411	96,094
Extraordinary income		
Gain on sales of noncurrent assets	5,206	1,044
Gain on sales of investment securities	110	—
Gain on allotment of investment securities	—	151
Gain on sales of subsidiaries and affiliates' stocks	1,994	13
Other	389	—
Total extraordinary income	7,700	1,209
Extraordinary loss		
Loss on sales of noncurrent assets	96	213
Loss on disposal of noncurrent assets	3,752	3,521
Impairment loss	1,976	3,857
Loss on sales of investment securities	450	—
Loss on sales of stocks of subsidiaries and affiliates	—	22
Loss on valuation of investment securities	2,183	2,983
Loss on valuation of stocks of subsidiaries and affiliates	—	29
Loss on adjustment for changes of accounting standard	—	1,660
Loss on disaster	—	5,749
Loss on disposal of recoverable accounts under production sharing	—	3,523
Loss on litigation	—	2,291
Other	125	—
Total extraordinary losses	8,584	23,852
Income before income taxes and minority interests	35,526	73,451
Income taxes-current	21,948	27,958
Income taxes-deferred	21,540	14,175
Total income taxes	43,488	42,133
Income before minority interests	—	31,318
Minority interests in income	2,778	2,384
Net income (loss)	-10,740	28,933

(Consolidated Statements of Comprehensive Income)

(Unit: million yen)

	FY2009 From April 1, 2009 to March 31, 2010	FY2010 From April 1, 2010 to March 31, 2011
Income before minority interests	—	31,318
Other comprehensive income		
Valuation difference on available-for-sale securities	—	1,112
Deferred gains or losses on hedges	—	-2,110
Foreign currency translation adjustment	—	-2,957
Share of other comprehensive income of associates accounted for using equity method	—	-1,199
Total other comprehensive income	—	-5,156
Comprehensive income	—	26,161
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	—	23,800
Comprehensive income attributable to minority interests	—	2,360

(3) Consolidated Statements of Changes in Net Assets

(Unit: million yen)

	FY2009 From April 1, 2009 to March 31, 2010	FY2010 From April 1, 2010 to March 31, 2011
Shareholders' equity		
Capital stock		
Balance at the end of previous period	107,246	107,246
Balance at the end of current period	107,246	107,246
Capital surplus		
Balance at the end of previous 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 end of previous period	115,732	99,685
Changes of items during the period		
Dividends from surplus	-4,237	-6,779
Net income (loss)	-10,740	28,933
Change of scope of equity method	—	-483
Reversal of revaluation reserve for land	-1,069	-1,553
Total changes of items during the period	-16,047	20,117
Balance at the end of current period	99,685	119,803
Treasury stock		
Balance at the end of previous period	-129	-134
Changes of items during the period		
Purchase of treasury stock	-4	-4
Disposal of treasury stock	0	0
Total changes of items during the period	-4	-4
Balance at the end of current period	-134	-138
Total shareholders' equity		
Balance at the end of previous period	312,290	296,239
Changes of items during the period		
Dividends from surplus	-4,237	-6,779
Net income (loss)	-10,740	28,933
Change of scope of equity method	—	-483
Reversal of revaluation reserve for land	-1,069	-1,553
Purchase of treasury stock	-4	-4
Disposal of treasury stock	0	0
Total changes of items during the period	-16,051	20,112
Balance at the end of current period	296,239	316,351
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	-2,099	-529
Changes of items during the period		
Net changes of items other than shareholders' equity	1,570	1,198
Total changes of items during the period	1,570	1,198
Balance at the end of current period	-529	669
Deferred gains or losses on hedges		
Balance at the end of previous period	8,084	8,761
Changes of items during the period		
Net changes of items other than shareholders' equity	676	-2,301
Total changes of items during the period	676	-2,301
Balance at the end of current period	8,761	6,459

(Unit: million yen)

	FY2009 From April 1, 2009 to March 31, 2010	FY2010 From April 1, 2010 to March 31, 2011
Revaluation reserve for land		
Balance at the end of previous period	11,523	12,593
Changes of items during the period		
Reversal of revaluation reserve for land	1,069	1,553
Net changes of items other than shareholders' equity	1	—
Total changes of items during the period	1,070	1,553
Balance at the end of current period	12,593	14,147
Foreign currency translation adjustment		
Balance at the end of previous period	-1,365	-1,318
Changes of items during the period		
Net changes of items other than shareholders' equity	47	-3,579
Total changes of items during the period	47	-3,579
Balance at the end of current period	-1,318	-4,898
Total accumulated other comprehensive income		
Balance at the end of previous period	16,142	19,507
Changes of items during the period		
Reversal of revaluation reserve for land	1,069	1,553
Net changes of items other than shareholders' equity	2,295	-4,683
Total changes of items during the period	3,364	-3,129
Balance at the end of current period	19,507	16,378
Minority interests		
Balance at the end of previous period	19,015	15,832
Changes of items during the period		
Net changes of items other than shareholders' equity	-3,182	1,675
Total changes of items during the period	-3,182	1,675
Balance at the end of current period	15,832	17,508
Total net assets		
Balance at the end of previous period	347,449	331,579
Changes of items during the period		
Dividends from surplus	-4,237	-6,779
Net income (loss)	-10,740	28,933
Change of scope of equity method	—	-483
Reversal of revaluation reserve for land	—	—
Purchase of treasury stock	-4	-4
Disposal of treasury stock	0	0
Net changes of items other than shareholders' equity	-886	-3,007
Total changes of items during the period	-15,869	18,659
Balance at the end of current period	331,579	350,239

(4) Consolidated Statement of Cash Flows

(Unit: million yen)

	FY2009 From April 1, 2009 to March 31, 2010	FY2010 From April 1, 2010 to March 31, 2011
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	35,526	73,451
Depreciation and amortization	37,994	44,218
Amortization of goodwill	89	—
Amortization of negative goodwill	—	-1,251
Impairment loss	1,976	3,857
Loss (gain) on sales of noncurrent assets	-5,110	-831
Loss (gain) on disposal of noncurrent assets	3,748	3,521
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	1,660
Loss on disaster	—	5,749
Loss on disposal of recoverable accounts under production sharing	—	3,523
Loss on litigation	—	2,291
Loss (gain) on sales of investment securities	340	—
Loss (gain) on sales of stocks of subsidiaries and affiliates	-1,994	9
Loss (gain) on valuation of investment securities	2,183	2,983
Loss on valuation of stocks of subsidiaries and affiliates	—	29
Gain on allotment of investment securities	—	-151
Interest and dividends income	-1,410	-1,322
Interest expenses	9,855	12,242
Foreign exchange losses (gains)	-833	1,440
Equity in (earnings) losses of affiliates	-7,348	-407
Increase (decrease) in allowance for doubtful accounts	-182	145
Increase (decrease) in provision for special repairs	-342	355
Increase (decrease) in provision for retirement benefits	-227	-252
Increase (decrease) in other provision	-323	1
Decrease (increase) in notes and accounts receivable-trade	-16,570	-24,048
Recovery of recoverable accounts under production sharing	4,750	6,850
Decrease (increase) in inventories	-72,346	-92,696
Increase (decrease) in notes and accounts payable-trade	39,808	27,802
Decrease (increase) in other current assets	-135	15,244
Increase (decrease) in other current liabilities	-14,679	-33,138
Decrease (increase) in investments and other assets	5,272	4,731
Increase (decrease) in other noncurrent liabilities	-2,975	-330
Other, net	393	5
Subtotal	17,457	55,686
Interest and dividends income received	10,871	4,230
Interest expenses paid	-9,818	-12,726
Payments for loss on disaster	—	-118
Payments for loss on litigation	—	-31
Income taxes paid	-16,248	-20,742
Net cash provided by (used in) operating activities	2,261	26,297

(Unit: million yen)

	FY2009 From April 1, 2009 to March 31, 2010	FY2010 From April 1, 2010 to March 31, 2011
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	-9	-9
Proceeds from sales and redemption of securities	1,510	10
Purchase of investment securities	-7,784	-276
Proceeds from sales and redemption of investment securities	3,462	140
Purchase of stocks of subsidiaries and affiliates	-13,976	-6,131
Proceeds from sales of stocks of subsidiaries and affiliates	2,614	482
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	1,333	—
Purchase of property, plant and equipment	-72,956	-59,600
Payments for disposal of property, plant and equipment	-2,807	-1,403
Proceeds from sales of property, plant and equipment	9,829	5,901
Payments for purchases of intangible fixed assets and long-term prepaid expenses	-10,466	-13,682
Decrease (increase) in short-term loans receivable	-4,600	869
Payments of long-term loans receivable	-55	-55
Collection of long-term loans receivable	414	482
Other, net	187	163
Net cash provided by (used in) investing activities	-93,305	-73,109
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	12,757	-107,286
Proceeds from long-term loans payable	177,476	36,289
Repayment of long-term loans payable	-34,892	-30,836
Proceeds from issuance of bonds	15,000	41,775
Redemption of portion of bonds with subscription rights to shares	—	-18,000
Cash dividends paid	-4,237	-6,779
Cash dividends paid to minority shareholders	-6,741	-1,126
Other, net	-60	-114
Net cash provided by (used in) financing activities	159,301	-86,077
Effect of exchange rate change on cash and cash equivalents	729	-1,674
Net increase (decrease) in cash and cash equivalents	68,987	-134,564
Cash and cash equivalents at beginning of period	159,919	228,907
Cash and cash equivalents at end of period	228,907	94,343

(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

Cosmo Oil Europe B.V. which was established by the Company is included in the consolidated subsidiaries, effective from FY2010.

EcoPower Co., Ltd. merged Iwata Wind Farm Co., Ltd. during FY2010.

(2) Number of Non-consolidated Subsidiaries: 22

2. Items Concerning the Application of the Equity Method

(1) Number of Non-consolidated Subsidiaries Accounted for Using the Equity Method: 22

Chubu Shizai, 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 FY2010.

PCS Co., Ltd. was excluded from the application of the equity method since its liquidation processes were completed during FY2010.

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

HC Petrochem Co., Ltd. included in the scope of consolidated companies accounted for using the equity method due to the increased importance of the company during FY2010.

(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 subsidiaries and 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 28, respectively.

The consolidated financial statements herein have been developed by using their financial reports as of December 31, 2010 or February 28, 2011 and any material transactions arising between end of their FY and consolidated FY, 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) Marketable 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, which are now consolidated subsidiaries of the Company, economic useful life of 20 years is adopted for the wind mills run by them.

2) Intangible Fixed Assets(except lease assets):

The straight line method is mainly adopted to calculate amortization 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 amortization 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 by 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, 2011, of costs for removal and restoration of its assets damaged by the Great East Japan Earthquake in March 2011.

3) Provision for special repairs

An allowance 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 FY2010.

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 FY2010 in addition to the above charge.

4) Provision for retirement benefits

An allowance 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, 2011.

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

In recognizing construction revenues of engineering contracts undertaken by the Company, the percentage-of-completion method is applied to such contracts in which the outcome of the construction activity is deemed certain by the end of FY2010, while the completed contract method is applied to other construction contracts.

The percentage of construction as of the end of FY2010 is estimated based on the method of the ratio of actual cost incurred to total estimated cost.

(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 Company.

2) Hedging Instruments and Hedged Items

(Currency)

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

(Interest rate)

Hedging Instrument	Hedged Item
Interest rate swap	Borrowings

(Commodity)

Hedging Instrument	Hedged Item
Crude oil and oil product forward Crude oil and oil product swap	Purchases and sales of crude oil and oil products

3) Hedging Policy

In accordance with internal rules that determine derivate 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, Positive and Negative

Positive and negative goodwill items are in principle amortized in accordance with the equal installment method over five years, providing that small-amount and negative 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

Some 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) Change in notes concerning Important Items that Provide the Basic Information for the Development of the Consolidated Financial Statements

1. Changes in Accounting Standards

a. [Adoption of the Accounting Standard for Asset Retirement Obligations]

Effective from FY2010, the Company adopted the "Accounting Standard for Asset Retirement Obligations" (the Accounting Standards Board of Japan (ASBJ) Statement No. 18 issued on March 31, 2008)" and the "Guidance on Accounting Standard for Asset Retirement Obligations" (the ASBJ Guidance No. 21 issued on March 31, 2008)".

This change reduced consolidated operating income and ordinary income by ¥226 million, respectively, and reduced consolidated net income before taxes and other adjustments by ¥1,892 million, for FY2010.

b. [Adoption of the "Accounting Standard for Equity Method of Accounting for Investments" and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method"]

Effective from FY2010, the Company adopted the "Accounting Standard for Equity Method of Accounting for Investments" (the ASBJ Statement No. 16 issued on March 10, 2008) and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (the ASBJ Practical Issues Task Force (PITF) No. 24 issued on March 10, 2008), making necessary adjustments for consolidated financial reporting.

This change were not important to consolidated ordinary income and consolidated net income before taxes and other adjustments.

c. [Adoption of the Accounting Standard for Measurement of Inventories]

Some consolidated subsidiaries of the Company, effective from FY2010, adopted the "Accounting Standard for Measurement of Inventories" (the ASBJ Statement No. 9 issued on September 26, 2008) and changed inventory valuation methods from the LIFO method to the weighted average method.

This change increased consolidated operating income, ordinary income and net income before taxes and other adjustments for FY2010 by ¥4,170 million, respectively.

d. [Application of the Accounting Standard for Business Combinations, etc.]

Effective from FY2010, the Company adopted the "Accounting Standard for Business Combinations (ASBJ Statement No. 21 issued on December 26, 2008), the "Accounting Standard for Business Divestitures (ASBJ Statement No. 7 issued on December 26, 2008), and the "Guidance on the Accounting Standard for Business Combinations and the Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10 issued on December 26, 2008).

2. Changes in Representation Methods, etc.

a. [Consolidated Statement of Income]

Effective from FY2010, the Company discloses the account item of "net income before minority interests" by applying the "Cabinet Office Ordinance for Partial Revisions of the Regulations for Terminology, Forms and Preparations of Financial Statements (Cabinet Office Ordinance No. 5 issued on March 24, 2009) based on the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 issued on December 26, 2008).

b. [Additional Information]

Effective from FY2010, the Company adopts the "Accounting Standard for Comprehensive Income" (ASBJ Statement No. 25 issued on June 30, 2010). However, the amounts of "accumulated other comprehensive income" and "total accumulated other comprehensive income" in FY2009 are equal to the amounts of "valuation and translation adjustments" and "total valuation and translation adjustments" of the same fiscal year.

(8) Notes to Consolidated Financial Statements

(Notes to Consolidated Balance Sheets)

	FY2009 As of March 31, 2010	FY2010 As of March 31, 2011
1. Accumulated depreciation for property, plant and equipment	¥704,232 million	¥736,646 million

2. Pledged assets

	FY2009 As of March 31, 2010	FY2010 As of March 31, 2011
1) Plant foundation		
Pledged assets	¥337,365 million	¥333,804 million
Secured liabilities	¥132,107 million	¥120,199 million
2) Fixed assets other than plant foundation		
Pledged assets	¥16,702 million	¥16,541 million
Secured liabilities	¥6,521 million	¥5,615 million

3. Contingencies

1) Guaranty Liabilities	¥15,894 million	¥13,813 million

The Company guarantees loans obtained by companies and individuals other than consolidated subsidiaries from financial institutions, etc.

2) Suits, etc.

Concerning the matter in which the Company and other companies were claimed to have violated the Antimonopoly Act with respect to bidding related to delivery of petroleum products to the then Japanese Defense Agency (now, the Ministry of Defense), the Company received an order for payment of surcharges (¥1,751 million) on January 16, 2008 from the Fair Trade Commission (FTC). However, the Company submitted a motion for commencement of adjudication procedures to the FTC on February 15, 2008 requesting another trial, and following that motion, the FTC issued a decision for commencement of adjudication on March 24, 2008, and during the year ended March 31, 2011, one session of trial was held, resulting in the court decision made on February 16, 2011. Upon receipt of it, the Company's Board of Directors adopted a resolution not to file a claim to rescind the decision on March 15, 2011. Thus, he Company recorded ¥1,751 million as a part of loss on litigation (extraordinary losses) in the Consolidated Statement of Income for FY2010.

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 taxes for revaluation reserve for land" account in the "liabilities" section on the 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 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)

	FY2009 As of March 31, 2010	FY2010 As of March 31, 2011
・Difference between the total amount of the revalued land at fair value as of March 31of each year and their total carrying amount after revaluation	¥ -90,236 million	¥ -96,143 million

(Notes to Consolidated Statements of Income)

	FY2009 April 1, 2009-March 31, 2010	FY2010 April 1, 2010-March 31, 2011
1. Selling, general and administrative expenses		
Outsourcing expense	¥23,878 million	¥22,168 million
Salaries and wages	¥24,083 million	¥20,381 million
Freight expense	¥22,331 million	¥19,513 million
Rent expense	¥17,036 million	¥13,714 million
Depreciation expense	¥6,450 million	¥7,168 million
Retirement and severance benefit payment to employees	¥3,500 million	¥2,824 million
Amount transferred to allowance for doubtful accounts	¥68 million	¥302 million
2. Research and development expenses included in administrative expenses and production expenses	¥3,657 million	¥3,834 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 FY2010, with the breakdown of major items including:

Cost for removal of damaged assets, etc.	¥2,154 million
Cost for disaster relief support for victimized business partners and employees, etc.	¥1,688 million
Cost for restoration of stricken assets, etc.	¥1,160 million

The amount of loss on disaster above includes ¥4,237 million transferred to the provision for loss on disaster.

(Notes to Consolidated Statements of Comprehensive Income)

1. Comprehensive income FY2009 April 1, 2009-March 31, 2010

Comprehensive income attributable to owners of the parent	¥ -8,444 million
Comprehensive income attributable to minority interests	¥2,790 million
Total	¥ -5,654 million

2. Other comprehensive income FY2009 April 1, 2009-March 31, 2010

Valuation difference on available-for-sale securities	¥ 1,333 million
Deferred gains or losses on hedges	¥793 million
Revaluation reserve for land	¥ 1 million
Foreign currency translation adjustment	¥ 35 million
Share of other comprehensive income of associates accounted for using equity method	¥143 million
Total	¥2,307 million

(Notes to Consolidated Statements of Changes in Net Assets)

Consolidated Fiscal Year 2009 (from April 1, 2009 to March 31, 2010)

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 March 31, 2009	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, 2010
Outstanding shares	Ordinary shares	847,705,087	—	—	847,705,087
Less treasury stock, at cost	Ordinary shares	593,521	20,436	500	613,457

Notes:

* The increase in the number of common 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 (¥)	Base date for dividend payment	Effective date
Shareholders' Meeting held on June 23, 2009	Ordinary shares	¥4,237 million	5	Mar. 31, 2009	June 24, 2009

(2) The dividend payment for which the base date belongs to FY2009 but for which the effective date comes FY2010

(Resolution adopted by)	Type of stock	Total dividend amount	Funded by	Dividend per share (¥)	Base date for dividend payment	Effective date
Shareholders' Meeting held on June 23, 2010	Ordinary shares	¥6,779million	Retained earnings	8	Mar. 31, 2010	June 24, 2010

Consolidated Fiscal Year 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 March 31, 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
Less treasury stock, at cost	Ordinary shares	613,457	18,744	740	631,461

Note: * The increase in the number of common 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 (¥)	Base date for dividend payment	Effective date
Shareholders' Meeting held on June 23, 2010	Ordinary shares	¥6,779 million	8	Mar. 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

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 (¥)	Base date for dividend payment	Effective date
Shareholders' Meeting held on June 23, 2011	Ordinary shares	¥6,779million	Retained earnings	8	Mar. 31, 2011	June 24, 2011

(Notes to Consolidated Statements of Cash Flows)

1. Relations between the amounts of cash and cash equivalents as of March 31, 2010 and 2011 and the account items shown in the balance sheets

FY2009
April 1, 2009 - March 31, 2010
(As of March 31, 2010)

Cash and deposits	¥226,608 million
Short-term investment securities	¥2,310 million
Total	¥228,919 million
Securities with time between acquisition and redemption for 3 months or more	¥ -11 million
Cash and cash equivalents	¥228,907million

FY2010
April 1, 2010 - March 31, 2011
(As of March 31, 2011)

Cash and deposits	¥94,343 million
Cash and cash equivalents	¥94,343 million

2. Major Breakdown of Assets and Liabilities of Newly Consolidated Companies through Share Acquisition by the Company:

FY2009
April 1, 2009 - March 31, 2010
(As of March 31, 2010)

The major breakdown of the assets and liabilities of Eco Power Co., Ltd. and its subsidiaries, newly consolidated into the accounts of the Company through its share acquisition during the FY2009, and relations between the total amount of the shares of the newly consolidated subsidiaries acquired by the Company and (net) income from such acquisition at the time when the consolidation became effective, are stated as follows:

Current assets	¥2,943 million
Property, plant and equipment	¥19,190 million
Current liabilities	¥ -4,935 million
Long-term debts	¥ -10,671 million
Negative goodwill	¥ -6,274 million
Minority interests	¥ -175 million
Total amount of the shares of the newly consolidated subsidiaries acquired by the Company	¥76 million
Cash and cash equivalents of the newly consolidated subsidiaries	¥1,409 million
Balance: Net income from the acquisition of the subsidiaries requiring changes in the scope of consolidated subsidiaries	¥1,333 million

FY2010
April 1, 2010 - March 31, 2011
(As of March 31, 2011)

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(Segment information)

1. Business segment information

FY2009（From April 1, 2009 to March 31, 2010）

	Petroleum business (million yen)	Oil exploration and production business (million yen)	Other businesses (million yen)	Total (million yen)	Elimination or corporate (million yen)	Consolidated (million yen)
Ⅰ Net sales and operating income or loss						
Net sales						
(1)Outside customers	2,564,737	25,427	21,976	2,612,141	-	2,612,141
(2)Inter-segment	415	34,125	66,494	101,035	(101,035)	-
Total	2,565,153	59,553	88,470	2,713,176	(101,035)	2,612,141
Operating expenses	2,555,683	32,551	86,397	2,674,632	(96,698)	2,577,933
Operating income	9,470	27,001	2,072	38,544	(4,337)	34,207
Ⅱ Asset, depreciation expenses, Impairment loss on fixed assets and capital expenditures						
Assets	1,298,990	102,250	53,812	1,455,053	189,994	1,645,048
Depreciation and amortization	28,329	10,225	118	38,673	(678)	37,994
Impairment loss on fixed assets	1,976	-	-	1,976	-	1,976
Capital expenditures	72,908	16,256	101	89,267	(1,590)	87,677

Note 1 The business segments are determined in accordance with the Company's internal business management policy.

2 Major products or details of each segment

(1) Petroleum: gasoline, naphtha, kerosene, diesel fuel, heavy fuel oil, crude oil, lubricating oil, LP gas, asphalt, and various petrochemical products

(2) Oil exploration & production: production, drilling and exploration of crude oil

(3) Other: construction works, insurance agency, leasing, travel agency, wind power generation business, etc.

3 Out of the assets shown above, the elimination and corporate category includes corporate assets recorded at ¥220,127 million. The corporate assets mainly consist of assets involving surplus capital for working funds and the business administration department.

2. Geographic segment information

FY2009（From April 1, 2009 to March 31, 2010）

	Japan (million yen)	Other (million yen)	Total (million yen)	Elimination or corporate (million yen)	Consolidated (million yen)
Ⅰ Net sales and operating income or loss					
Net sales					
(1)Outside customers	2,544,286	67,854	2,612,141	-	2,612,141
(2)Inter-segment	27,936	185,118	213,055	(213,055)	-
Total	2,572,222	252,973	2,825,196	(213,055)	2,612,141
Operating expenses	2,564,134	225,261	2,789,396	(211,462)	2,577,933
Operating income	8,087	27,712	35,800	(1,592)	34,207
Ⅱ Assets	1,304,715	161,797	1,466,512	178,535	1,645,048

Note 1 The method of division of countries or regions and major countries included

(1) The method of division of countries or regions: geographic proximity

(2) Countries included in the other area: Singapore, the US, UK, UAE, Qatar, Australia and China

2 Out of the assets shown above, the elimination and corporate category includes corporate assets recorded at ¥220,127 million. The corporate assets mainly consist of assets involving surplus capital for working funds and the business administration department.

3. Overseas Sales

FY2009（From April 1, 2009 to March 31, 2010）

Overseas net sales accounted for less than 10% of consolidated net sales of the Group. Therefore, the amount of the overseas net sales and its share of consolidated net sales are not disclosed.

4. 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.

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 segements by 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

FY2009（From April 1, 2009 to March 31, 2010） (unit: million yen)

	Petroleum business	Petrochemical business	Oil exploration and production business	Other Note:1	Adjustments Note:2	Consolidated Note:3
Net sales						
(1)Outside customers	2,542,709	22,028	25,427	21,976	-	2,612,141
(2)Inter-segment	45,980	29,786	34,125	66,494	-176,386	-
Total	2,588,689	51,814	59,553	88,470	-176,386	2,612,141
Segment Income (Loss)	3,221	5,894	29,887	2,337	-4,929	36,411
Other items						
Depreciation and amortization	27,292	1,037	10,225	118	-678	37,994
Amortization of goodwill and negative goodwill	-8	-	-204	122	-	-89
Interest income	302	20	180	29	-37	495
Interest expenses	9,789	8	89	5	-37	9,855
Equity earnings of affiliates(Loss)	461	4,933	2,011	-57	-	7,348

Note 1 "Other" is segment of non-classified, and including construction works, insurance agency,leasing,travel agency wind power generation, etc

2 Segment Income (Loss) in "Adjustments"(-4,929 million yen) are included in -2,349 million yen internal eliminations and -1,238 million yen Inventory adjustments and -1,219 million yen adjustment of fixed assets

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

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

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						
(1)Outside customers	2,688,417	19,495	35,012	28,598	-	2,771,523
(2)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, and including construction works, insurance agency,leasing,travel agency wind power generation, etc.

2 Segment Income (Loss) in "Adjustments"(721 million yen) are included in -52 million yen internal eliminations and 1,029 million yen Inventory adjustments and -250 million yen adjustment of fixed assets

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

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

(Additional Information)

Effective from the beginning of the consolidated fiscal year ending March 31, 2011, the Company adopted the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (the ASBJ Statement No. 17 issued on March 27, 2009)" and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (the ASBJ Guidance No. 20 issued on March 21, 2008)."

(Tax Effective Consequence Accounting)

1. Significant Components of Deferred Tax Assets and Deferred Tax Liabilities as of March 31, 2010 and 2011

(Unit : million yen)

FY2009 As of March 31, 2010

(1) Current	
(Deferred tax assets)	
Loss brought forward	2,130
Reserve for bonuses	1,785
Unrealized gains (losses) of inventories	2,411
Other	2,120
Subtotal current deferred tax assets	8,446
Valuation allowance	-846
Total current deferred tax assets	7,600
Account offset against deferred tax liabilities	-3,709
Net current deferred tax assets	3,890
(Deferred tax liabilities)	
Deferred gains (losses) on hedges	-5,989
Other	-50
Total current deferred tax liabilities	-6,040
Account offset against deferred tax assets	3,709
Net current deferred tax liabilities	-2,330
(2) Non-Current	
(Deferred tax assets)	
Loss brought forward	69,131
Other	24,100
Sub total non-current deferred tax assets	93,231
Valuation allowance	-30,835
Total non-current deferred tax assets	62,396
Account offset against deferred tax liabilities	-15,507
Net non-current deferred tax assets	46,888
(Deferred tax liabilities)	
Reserve for reduction of fixed assets	-12,315
Redemption difference in foreign corporation tax calculation	-7,211
Other	-4,787
Total non-current deferred tax liabilities	-24,314
Account offset against deferred tax assets	15,507
Net non-current deferred tax liabilities	-8,806

Other deferred tax liabilities other than those shown above include one for revaluation of land at ¥33,293 million.

FY2010 As of March 31, 2011

(1) Current	
(Deferred tax assets)	
Reserve for bonuses	1,900
Unrealized gains (losses) of inventories	1,814
Provision for loss on disaster	1,713
Accrued enterprise taxes	595
Other	2,118
Subtotal current deferred tax assets	8,143
Valuation allowance	-468
Total current deferred tax assets	7,675
Account offset against deferred tax liabilities	-3,994
Net current deferred tax assets	3,680
(Deferred tax liabilities)	
Deferred gains (losses) on hedges	-4,521
Other	-39
Total current deferred tax liabilities	-4,561
Account offset against deferred tax assets	3,994
Net current deferred tax liabilities	-567
(2) Non-Current	
(Deferred tax assets)	
Loss brought forward	43,668
Impairment loss	9,305
Other	17,727
Sub total non-current deferred tax assets	70,702
Valuation allowance	-31,673
Total non-current deferred tax assets	39,028
Account offset against deferred tax liabilities	-3,947
Net non-current deferred tax assets	35,081
(Deferred tax liabilities)	
Redemption difference in foreign corporation tax calculation	-9,210
Prepaid pension cost	-1,197
Asset retirement obligations(PP&E)	-746
Other	-4,059
Total non-current deferred tax liabilities	-15,215
Account offset against deferred tax assets	3,947
Net non-current deferred tax liabilities	-11,268

Other deferred tax liabilities other than those shown above include one for revaluation of land at ¥33,210million.

2. Breakdown of the significant differences between the statutory tax rate and the Company's effective tax rate for financial statement purposes for the years ended March 31, 2010 and 2011

FY2009
Ended March 31, 2010

Statutory income tax rate	40.44%
(Adjustment)	
Non-deductible expenses, including entertainment expenses	1.67%
Effect on equity in earnings of affiliates	-8.37%
Non-Japanese taxes	23.80%
Valuation allowance	64.65%
Other	0.21%
Effective income tax rate (after the application of tax consequence accounting)	122.41%

FY2010
Ended March 31, 2011

Statutory income tax rate	40.44%
(Adjustment)	
Non-deductible expenses, including entertainment expenses	0.70%
Non-deductible revenue, including dividends receivable	-2.59%
Loss on litigation	0.96%
Effect on consolidated elimination of dividends receivable	2.68%
Effect on equity in earnings of affiliates	-0.22%
Non-Japanese taxes	13.88%
Valuation allowance	-0.66%
Other	2.17%
Effective income tax rate (after the application of tax consequence accounting)	57.36%

(Information about Business Combinations, etc.)
FY2009 (from April 1, 2009 - March 31, 2010)
<Application of the Purchase Method>

1. The names of companies acquired and the description of their businesses, major reasons for the business combination, the date of business combination, the legal form of business combination, the names of the companies after the combination, and the ratio of voting right acquired.
   (1) Names of companies acquired and the description of their businesses
      Names of companies acquired Eco Power Co., Ltd.
      Line of business Wind power generation business
   (2) Major reasons for the business combination
      The Company is proactively developing eco-friendly-type businesses in order to grow environmental businesses into the major income stream in the future. As for the wind power generation business, the Company already runs wind mills in Sakata, Yamagata Prefecture but found it most appropriate to acquire and organize existing business operators into a single reporting unit. Therefore, the Company decided to acquire the shares of Eco Power Co., Ltd., which not only has strong development and technology capabilities but also owns a number of wind power mills in wind-rich Tohoku and Hokkaido.
   (3) Date of business combination
      March 25, 2010
   (4) Legal form of business combination
      Stock acquisition
   (5) Names of companies upon combination
      Cosmo Oil Co., Ltd.
   (6) Ratio of voting right acquired
      98.75 % acquired by the Company

2. Period of business results of the acquired companies included in the financial statement
   Since the companies were regarded as being acquired on March 31, 2010, none of their business results is included in the financial statements of the Company.

3. Acquisition Cost of the Companies and Breakdown of the Cost (Millions of yen)

Consideration as a result of acquisition	Common stock of Eco Power Co., Ltd.	0
Expenses directly incurred for acquisition	Advisory and other expenses	76
Acquisition cost		76

4. Amounts of positive or negative goodwill generated, reasons for such goodwill generation, and amortization method and period
   (1) Amount of negative goodwill generated
      ¥6,274 million
   (2) Reason for generation
      The fair value of net assets of the companies exceeded the acquisition cost at the time of business combination and the variance between these amounts is recognized as negative goodwill.
   (3) Amortization method and period
      The negative goodwill will be amortized in the straight line method over the next five years.

5. The amounts of assets and liabilities taken over from the acquired companies on the day of business combination and major breakdown thereof (Unit: ¥ Millions)
   (1) Assets

Current assets	2,943
Property, plant and equipment	19,190
Total assets	22,133

   (2) Liabilities

Current liabilities	4,935
Long-term debts	10,671
Total liabilities:	15,607

<Common Control Transaction.>

1. Name of the corporate parties to the business combination and the name of the companies involved and the description of their businesses, the legal form of the business combination, the name of the company after the business combination and the outline of the transaction including the purpose thereof:

(1) Name of the corporate parties to the business combination and the name of the companies involved and the description of their businesses

1) Company Controlling:	Cosmo Oil Co., Ltd.	Oil refining and marketing
2) Company combined :	Cosmo Energy Exploration & Development LTD.	Direction of the crude oil exploration and production businesses

(2) Legal form of business combination

Merger and acquisition in which Cosmo Oil shall acquire and merge the other party and become a surviving party after the transaction, while Cosmo Energy Exploration & Development LTD. (a consolidated subsidiary of Cosmo Oil) shall be acquired and merged into the surviving party to be disbanded.

(3) Name of the company upon business combination

Cosmo Oil Co., Ltd.

(4) Outline of the transaction including the purpose thereof

In the business portfolio of the Company, the oil exploration and production business segment is positioned as the core business expected to provide the stable income source in the medium-to-long run and to play an increasingly important role. Thus, in order to improve the consistent operating system from the upstream to downstream businesses to enhance its direct control over the oil exploration and production subsidiaries to accelerate the pace of putting the growth strategy into action, the Company acquired Cosmo Energy Exploration & Development LTD., or the company directing these subsidiaries, to be merged under its umbrella.

2. Outline of Accounting Process Execute

The above transaction was accounted for as a common control transaction based on the “Accounting Standard for Business Combinations” (issued by the ASBJ on October 31, 2003) and the “Guidance on Accounting Standard for Business Combinations and the Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10 issued on November 15, 2007).

FY2010 (from April 1, 2010 - March 31, 2011)

<Common Control Transaction.>

1. The outline of the transaction

(1) Name of the business and the description of their businesses

1) Name of the business: FCC-based and other product business of Cosmo Petroleum Gas Co., Ltd., a consolidated subsidiary of Cosmo Oil Co., Ltd.

2) Line of the business : Sales and incidental businesses of propane and butane manufactured in the FCC and alkylation units at the Company’s refinery.

(2) Date of business combination

July 1, 2010

(3) Legal form of business combination

Absorption-type split of Cosmo Petroleum Gas Co., Ltd. (a consolidated subsidiary of Cosmo Oil Co., Ltd.), with Cosmo Oil Co., Ltd. as the continuing company.

(4) Name of the company upon business combination

Cosmo Oil Co., Ltd.

(5) Item concerning the outline of other transactions

FCC-based and other products are sold as raw materials used to manufacture petrochemical products. The Company acquired the business of the subsidiary to integrate sales contacts into one, designed to improve efficiency in operations of the entire Cosmo Oil Group.

2. Outline of Accounting Process Execute

The above transaction was accounted for as a common control transaction based on the “Accounting Standard for Business Combinations (ASBJ Statement No. 21 issued on December 26, 2008) and the “Guidance on the Accounting Standard for Business Combinations and the Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10 issued on December 26, 2008).

(Per-share Information)

	FY2009 April 1, 2009 - March 31, 2010	FY2010 April 1, 2010 - March 31, 2011
Net assets per share (¥)	372.74	392.80
Net income (loss) per share (¥)	-12.68	34.16
Diluted net income per share (¥)		33.58

Note: The basic information used to calculate net income per share or net loss per share and diluted net income per share for the years ended March 31, 2010 and 2011 is as follows:

	FY2009 April 1, 2009 - March 31, 2010	FY2010 April 1, 2010 - March 31, 2011
Net income (loss) per share		
Net income (loss) for the year (¥ mil)	-10,740	28,933
Amount that does not belong to common stock (¥ mil)	—	—
Net income (loss) that belong to common stock (¥ mil)	-10,740	28,933
Average number of common shares outstanding during the year (thousands of shares)	847,103	847,083
Diluted net income per share		
Net income adjustments (¥ mil)	—	—
Increase in the number of common stock (thousands of shares)	—	14,577

(Material Contingencies)

None

5. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheet

(Unit: million yen)

	FY2009 As of Mar. 31, 2010	FY2010 As of Mar. 31, 2011
Assets		
Current assets		
Cash and deposits	197,117	60,437
Notes receivable-trade	90	152
Accounts receivable-trade	196,979	199,230
Short-term investment securities	11	11
Merchandise and finished goods	126,264	180,017
Raw materials and supplies	160,988	191,441
Advance payments-trade	586	117
Prepaid expenses	2,725	2,710
Short-term loans receivable	11	13
Short-term loans receivable from subsidiaries and affiliates	33,892	30,569
Accounts receivable-other	79,329	64,739
Swap assets	14,668	11,372
Other	14,772	12,120
Allowance for doubtful accounts	-191	-181
Total current assets	827,249	752,753
Noncurrent assets		
Property, plant and equipment		
Buildings, net	23,440	23,416
Structures, net	51,032	54,153
Oil storage depots, net	12,549	14,798
Machinery and equipment, net	75,471	135,035
Vehicles, net	174	148
Tools, furniture and fixtures, net	3,355	3,060
Land	267,384	267,937
Lease assets, net	428	401
Construction in progress	62,611	7,202
Total property, plant and equipment	496,449	506,154
Intangible assets		
Patent right	91	73
Leasehold right	1,004	986
Right of trademark	0	0
Software	3,473	2,925
Other	2,596	2,623
Total intangible assets	7,166	6,608

(Unit: million yen)

	FY2009 As of Mar. 31, 2010	FY2010 As of Mar. 31, 2011
Investments and other assets		
Investment securities	34,994	22,525
Stocks of subsidiaries and affiliates	51,706	66,654
Investments in capital	129	142
Long-term loans receivable	424	149
Long-term loans receivable from employees	11	17
Long-term loans receivable from subsidiaries and affiliates	31,074	31,372
Long-term prepaid expenses	4,492	3,805
Long-term accounts receivable-other	403	403
Long-term deposits	10,831	9,727
Deferred tax assets	43,324	31,836
Other	12,119	5,410
Allowance for doubtful accounts	-360	-262
Total investments and other assets	189,150	171,784
Total noncurrent assets	692,766	684,547
Deferred assets		
Bond issuance cost	142	324
Total deferred assets	142	324
Total assets	1,520,157	1,437,625
Liabilities		
Current liabilities		
Accounts payable-trade	226,353	238,384
Short-term loans payable	205,118	112,324
Current portion of long-term loans payable	29,011	43,232
Current portion of bonds with subscription rights to shares	18,000	—
Accounts payable-other	103,496	85,763
Accrued volatile oil and other petroleum taxes	107,457	71,431
Income taxes payable	455	696
Accrued consumption taxes	—	11,686
Accrued expenses	4,625	4,582
Advances received	5,028	6,423
Deposits received	26,390	17,388
Unearned revenue	31	42
Deferred tax liabilities	2,440	681
Asset retirement obligations	—	31
Provision for loss on disaster	—	4,126
Other	493	124
Total current liabilities	728,901	596,919
Noncurrent liabilities		
Bonds payable	15,000	57,000
Long-term loans payable	463,420	455,348
Deferred tax liabilities for land revaluation	30,941	30,868
Long-term deposits received	8,254	8,029
Provision for special repairs	5,064	5,518
Provision for retirement benefits	2,298	2,266
Asset retirement obligations	—	2,634
Other	2,462	2,196
Total noncurrent liabilities	527,440	563,862
Total liabilities	1,256,342	1,160,782

(Unit: million yen)

	FY2009 As of Mar. 31, 2010	FY2010 As of Mar. 31, 2011
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	0
Reserve for overseas investment loss	119	57
Reserve for advanced depreciation of noncurrent assets	16,625	—
Retained earnings brought forward	26,604	55,695
Total retained earnings	50,758	63,161
Treasury stock	-85	-90
Total shareholders' equity	247,360	259,758
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-2,267	-1,159
Deferred gains or losses on hedges	8,717	6,670
Revaluation reserve for land	10,004	11,574
Total valuation and translation adjustments	16,455	17,084
Total net assets	263,815	276,843
Total liabilities and net assets	1,520,157	1,437,625

(2) Non-consolidated Statements of Income

(Unit: million yen)

	FY2009 From April 1, 2009 to March 31, 2010	FY2010 From April 1, 2010 to March 31, 2011
Net sales	2,332,742	2,551,325
Cost of sales		
Beginning merchandise and finished goods	58,174	69,616
Cost of purchased goods	628,627	747,690
Cost of products manufactured	1,221,056	1,352,933
Volatile oil and other petroleum taxes	464,408	443,494
Transfer from other account	3,670	2,580
Private consumption amount	-55,046	-93,117
Total	2,320,890	2,523,198
Ending merchandise and finished goods	69,616	101,677
Cost of sales	2,251,274	2,421,520
Gross profit	81,467	129,804
Selling, general and administrative expenses	80,970	76,697
Operating income	496	53,107
Non-operating income		
Interest income	1,408	1,331
Interest on securities	69	7
Dividends income	28,079	5,365
Rent income on noncurrent assets	1,186	1,273
Foreign exchange gains	2,234	1,999
Other	3,902	3,378
Total non-operating income	36,881	13,356
Non-operating expenses		
Interest expenses	9,728	11,581
Interest on bonds	37	428
Other	4,344	3,919
Total non-operating expenses	14,111	15,929
Ordinary income	23,267	50,534
Extraordinary income		
Gain on sales of noncurrent assets	8,451	944
Gain on sales of investment securities	1,561	—
Gain on sales of subsidiaries and affiliates' stocks	2,132	213
Gain on allotment of investment securities	—	151
Gain on extinguishment of tie-in shares	1,227	27
Gain on reversal of evaluation on investments in unconsolidated subsidiaries and affiliates	816	—
Reversal of loss on liquidation of business of subsidiaries and affiliates	389	—
Total extraordinary income	14,578	1,336

(Unit: million yen)

	FY2009 From April 1, 2009 to March 31, 2010	FY2010 From April 1, 2010 to March 31, 2011
Extraordinary loss		
Loss on sales of noncurrent assets	1	76
Loss on disposal of noncurrent assets	3,280	2,007
Impairment loss	1,435	1,168
Loss on sales of investment securities	450	—
Loss on valuation of investment securities	2,157	2,983
Loss on valuation of stocks of subsidiaries and affiliates	119	1,861
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	1,094
Loss on disaster	—	5,567
Loss on disposal of recoverable accounts under production sharing	—	3,523
Loss on litigation	—	1,751
Other	125	—
Total extraordinary losses	7,570	20,034
Income before income taxes	30,274	31,836
Income taxes-current	41	37
Income taxes for prior periods	59	—
Income taxes-deferred	20,530	11,047
Total income taxes	20,632	11,084
Net income	9,642	20,751

(3)Non Consolidated Statements of Changes in Net Assets

(Unit: million yen)

	FY2009 From April 1, 2009 to March 31, 2010	FY2010 From April 1, 2010 to March 31, 2011
Shareholders' equity		
Capital stock		
Balance at the end of previous period	107,246	107,246
Balance at the end of current period	107,246	107,246
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	89,439	89,439
Balance at the end of current period	89,439	89,439
Other capital surplus		
Balance at the end of previous 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 end of previous 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 end of previous 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 end of previous period	5	0
Changes of items during the period		
Reversal of other retained earnings	-5	-0
Total changes of items during the period	-5	-0
Balance at the end of current period	0	0
Reserve for overseas investment loss		
Balance at the end of previous period	—	119
Changes of items during the period		
Addition to other retained earnings	130	—
Reversal of other retained earnings	-10	-62
Total changes of items during the period	119	-62
Balance at the end of current period	119	57
Reserve for advanced depreciation of noncurrent assets		
Balance at the end of previous period	17,690	16,625
Changes of items during the period		
Reversal of other retained earnings	-1,064	-16,625
Total changes of items during the period	-1,064	-16,625
Balance at the end of current period	16,625	—

(Unit: million yen)

	FY2009 From April 1, 2009 to March 31, 2010	FY2010 From April 1, 2010 to March 31, 2011
Retained earnings brought forward		
Balance at the end of previous period	21,118	26,604
Changes of items during the period		
Dividends from surplus	-4,237	-6,779
Net income	9,642	20,751
Reversal of revaluation reserve for land	-869	-1,569
Addition to other retained earnings	-130	—
Reversal of other retained earnings	1,080	16,688
Total changes of items during the period	5,486	29,090
Balance at the end of current period	26,604	55,695
Total retained earnings		
Balance at the end of previous period	46,222	50,758
Changes of items during the period		
Dividends from surplus	-4,237	-6,779
Net income	9,642	20,751
Reversal of revaluation reserve for land	-869	-1,569
Total changes of items during the period	4,535	12,402
Balance at the end of current period	50,758	63,161
Treasury stock		
Balance at the end of previous period	-81	-85
Changes of items during the period		
Purchase of treasury stock	-4	-4
Disposal of treasury stock	0	0
Total changes of items during the period	-4	-4
Balance at the end of current period	-85	-90
Total shareholders' equity		
Balance at the end of previous period	242,829	247,360
Changes of items during the period		
Dividends from surplus	-4,237	-6,779
Net income	9,642	20,751
Reversal of revaluation reserve for land	-869	-1,569
Purchase of treasury stock	-4	-4
Disposal of treasury stock	0	0
Total changes of items during the period	4,531	12,398
Balance at the end of current period	247,360	259,758

(Unit: million yen)

	FY2009 From April 1, 2009 to March 31, 2010	FY2010 From April 1, 2010 to March 31, 2011
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	-2,461	-2,267
Changes of items during the period		
Net changes of items other than shareholders' equity	193	1,108
Total changes of items during the period	193	1,108
Balance at the end of current period	-2,267	-1,159
Deferred gains or losses on hedges		
Balance at the end of previous period	8,067	8,717
Changes of items during the period		
Net changes of items other than shareholders' equity	650	-2,047
Total changes of items during the period	650	-2,047
Balance at the end of current period	8,717	6,670
Revaluation reserve for land		
Balance at the end of previous period	9,135	10,004
Changes of items during the period		
Reversal of revaluation reserve for land	869	1,569
Total changes of items during the period	869	1,569
Balance at the end of current period	10,004	11,574
Total valuation and translation adjustments		
Balance at the end of previous period	14,741	16,455
Changes of items during the period		
Reversal of revaluation reserve for land	869	1,569
Net changes of items other than shareholders' equity	844	-939
Total changes of items during the period	1,713	629
Balance at the end of current period	16,455	17,084
Total net assets		
Balance at the end of previous period	257,570	263,815
Changes of items during the period		
Dividends from surplus	-4,237	-6,779
Net income	9,642	20,751
Reversal of revaluation reserve for land	—	—
Purchase of treasury stock	-4	-4
Disposal of treasury stock	0	0
Net changes of items other than shareholders' equity	844	-939
Total changes of items during the period	6,245	13,027
Balance at the end of current period	263,815	276,843

(4) Notes to going concern

None

6. Others

The board member's Election and Retirement （Dated June 23, 2011）

1) The Director's Election and Retirement

《New Candidates for Directors》

Director	Hisashi Kobayashi	(Current position: Senior Executive Officer of our company)
Director	Isao Kusakabe	(Current position: Senior Executive Officer of our company)

《Retiring Directors》

Director	Kenji Hosaka
Director	Naomasa Kondo

2) The Executive Officer's Election and Retirement

《New Executive Officer》

Executive Officer	Koji Goto	(Current position: General Manager, Purchasing Center of our company He will be entrusted General Manager, Purchasing Center.)

《Retirement of Executive Officer》

Senior Executive Officer	Hiroaki Fujioka	(He will be scheduled to assume the position of COSMO ENGINEERING CO., LTD. Executive Vice President, Director.)

《Promotion of Executive Officer》

Senior Executive Officer	Katsuhisa Ohtaki	(Current position: Executive Officer and General Manager, Yokkaichi Refinery of our company He will be entrusted General Manager, Yokkaichi Refinery.)
Senior Executive Officer	Hiroshi Kiriyama	(Current position: Executive Officer , General Manager, Corporate Planning Dept. and General Manager, Change Promotion Dept. of our company. He will be entrusted General Manager, Corporate Planning Dept. and General Manager, Change Promotion Dept..)

Supplementary information for the results of Fiscal Year 2010

Cosmo Oil Co., Ltd.

COSMO OIL CO., LTD.
http://www.cosmo-oil.co.jp

[FY2010 Results] Consolidated Income Statements

(bn. Yen)

	FY2010 (Results)	FY2009 (Results)	Changes from FY2010
Net sales	2,771.5	2,612.1	159.4
Cost of sales	2,539.0	2,435.3	103.7
Selling, general and administrative expenses	128.4	142.6	−14.2
Operating income	104.1	34.2	69.9
Non-operating income/expenses, net	−8.0	2.2	−10.2
Ordinary income	96.1	36.4	59.7
Extraordinary income, net	−22.6	−0.9	−21.7
Income taxes	42.2	43.4	−1.2
Minority interests	2.4	2.8	−0.4
Net income	28.9	−10.7	39.6

【Reference】

Impact of inventory valuation	22.3	52.6	−30.3
Operating income excluding the impact of inventory valuation	81.8	−18.4	100.2
Ordinary income excluding the impact of inventory valuation	73.8	−16.2	90.0

[FY2010 Results] Consolidated Operating results – Changes from FY2009

Unit: billion yen

	FY2010（Results)	FY2009（Results)	Changes from FY2009
Consolidated ordinary income	96.1	36.4	59.7
Impact of the inventory valuation	22.3	52.6	-30.3
NET Consolidated ordinary income/ loss	73.8	-16.2	90.0
①Purchased price of crude oil ②JPY/USD exchange rate	①82.17 USD/B ②86.04 yen/USD	①67.97 USD/B ②92.89 yen/USD	①14.20 USD/B ②-6.85 yen/USD

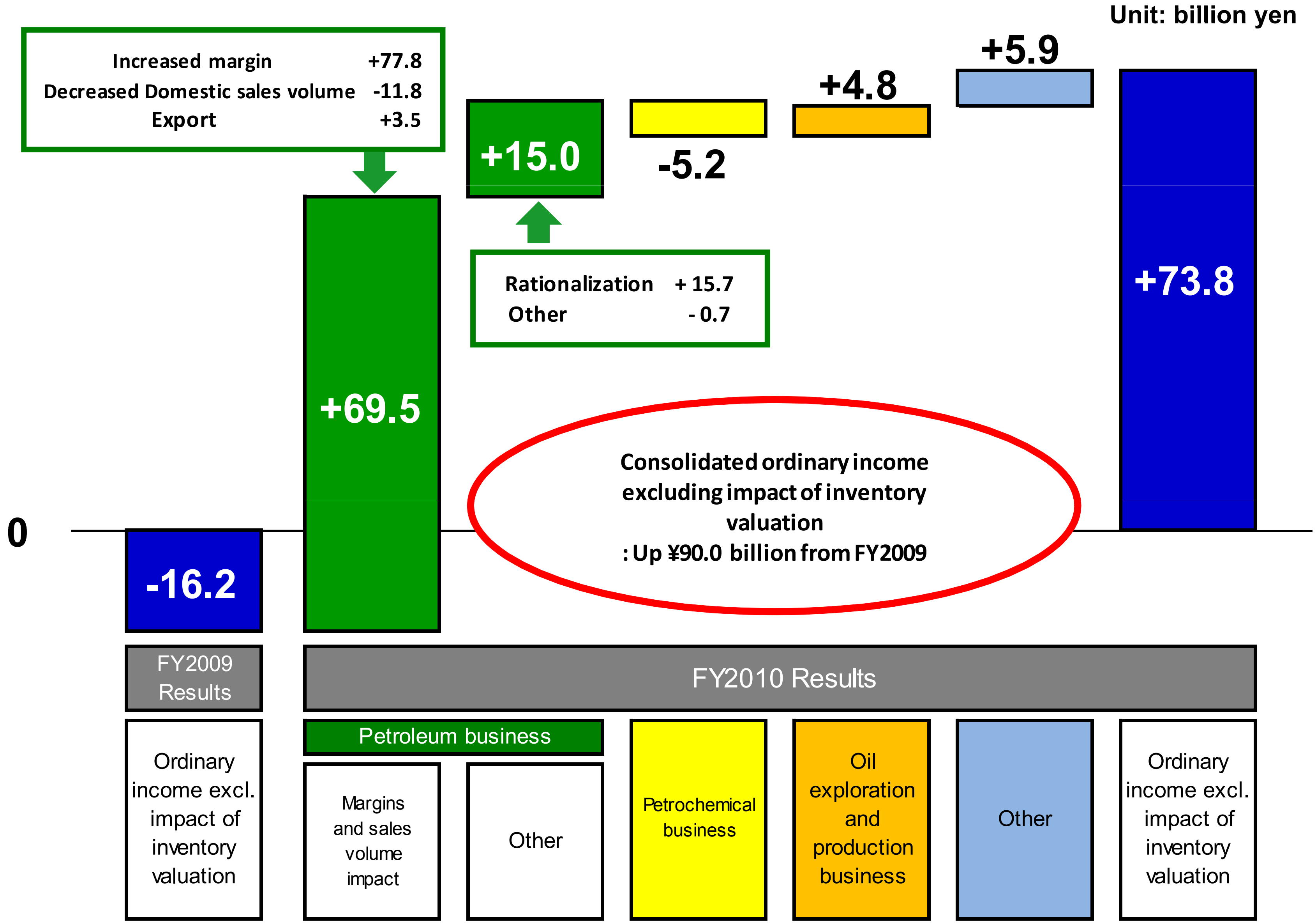
Unit: billion yen

Consolidated Ordinary Income by Business Segment

	FY2010（Results)	FY2009（Results)	Changes from FY2009
Petroleum business	58.4	3.2	55.2
NET Petroleum business	36.1	-48.4	84.5
Petrochemical business	-0.3	5.9	-6.2
NET Petrochemical business	-0.3	4.9	-5.2
Oil E & P business	34.7	29.9	4.8
Other	3.3	-2.6	5.9

Notes: * Breakdown of impact of inventory valuation of ¥22.3 billion Petroleum ¥22.3billion. Petrochemical ¥0 billion. Other ¥0 billion.

[FY2010 Results] Consolidated Ordinary Income (Excluding Inventory Evaluation Impact) - Analysis of Changes from FY2009



[FY2010 Results] Outline of Consolidated Cash Flows and Balance Sheets

Unit: billion yen

	Results (As of Mar. 31, '11)	Change from FY09 (As of Mar. 31, '10)
Cash flows from operating activities	26.3	–
Cash flows from investing activities	-73.1	–
Cash flows from financing activities	-86.1	–
Cash and cash equivalents at end of the period	94.3	-134.6

	FY2010 (As of Mar. 31, '11)	FY2009 (As of Mar. 31, '10)	Changes from FY2009
Total Assets	1,579.4	1,645.0	-65.6
Net assets	350.2	331.6	18.6
Net worth	332.7	315.7	17.0
Net worth ratio	21.1%	19.2%	Improved by 1.9 points
Interest-bearing debts	700.1	777.7	-77.6
Debt dependence ratio	44.3%	47.3%	Improved by 3.0 points
Debt Equity Ratio	2.1	2.5	Improved by 0.4 points
Net interest-bearing debt *	605.8	548.8	57.0
Debt dependence ratio	38.4%	33.4%	Down by 5.0 points
Debt Equity Ratio	1.8	1.7	Down by 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

[FY2011 Forecast] Consolidated Operating results – Changes from FY2010

Unit: billion yen

	FY2011 (Forecast)	FY2010 (Results)	Changes from FY2010
Consolidated ordinary income	84.0	96.1	-12.1
Impact of the inventory valuation	4.0	22.3	-18.3
NET Consolidated ordinary income	80.0	73.8	62.0
①Purchased price of crude oil ②JPY/USD exchange rate	①100.00 USD/B ②82.50 yen/USD	①82.17 USD/B ②86.04 yen/USD	①17.83 USD/B ②-3.54 yen/USD

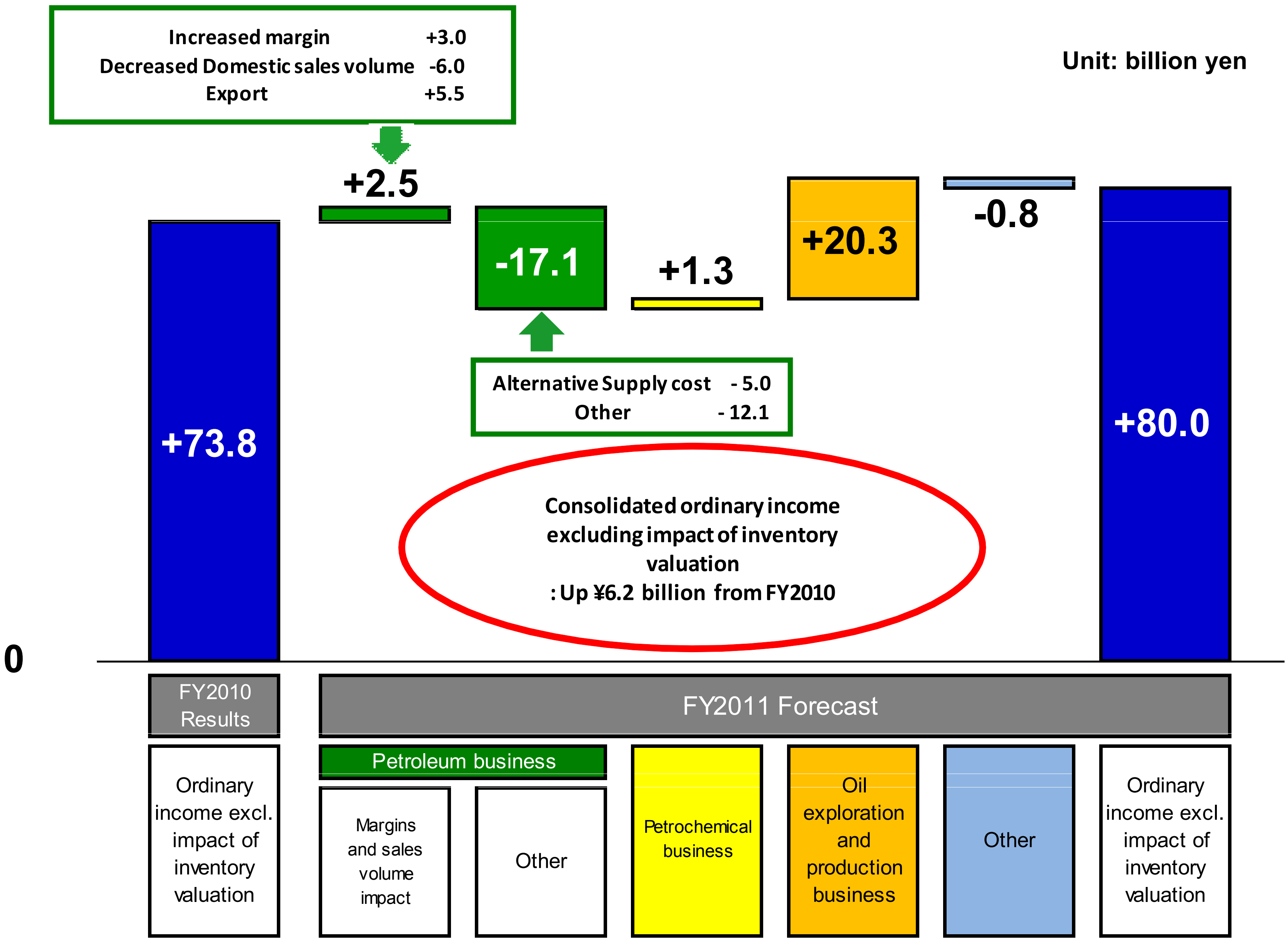
Unit: billion yen

Consolidated Ordinary Income by Business Segment

	FY2011 (Forecast)	FY2010 (Results)	Changes from FY2010
Petroleum business	25.5	58.4	-32.9
NET Petroleum business	21.5	36.1	-14.6
Petrochemical business	1.0	-0.3	1.3
NET Petrochemical business	1.0	-0.3	1.3
Oil E & P business	55.0	34.7	20.3
Other	2.5	3.3	-0.8

Notes: * Breakdown of impact of inventory valuation of ¥4.0billion Petroleum ¥4.0billion. Petrochemical ¥0 billion. Other ¥0 billion.

[FY2011 Forecast] Consolidated Ordinary Income (Excluding Inventory Evaluation Impact) - Analysis of Changes from FY2010



[FY2010 Results・FY2011 Forecast] Sales volume

（Unit:1,000KL)

		FY2010 Results	FY2009 Results	Change	Change from FY2009	Forecast for FY2011
Selling volume in Japan	Gasoline	6,316	6,584	-268	95.9%	97.3%
	Kerosene	2,442	2,458	-16	99.4%	96.2%
	Diesel fuel	4,462	4,526	-64	98.6%	101.4%
	Heavy fuel oil A	2,429	2,489	-60	97.6%	88.6%
	Combined sales of 4 volume products	15,649	16,057	-408	97.5%	97.0%
	Naphtha	6,693	6,749	-56	99.2%	94.2%
	Jet fuel	533	443	90	120.5%	96.2%
	Heavy fuel oil C	2,075	2,553	-478	81.3%	100.1%
	inc. Heavy fuel oil C for electric	840	1,157	-317	72.6%	119.5%
	Sub-Total	24,950	25,802	-852	96.7%	96.5%
Middle distillate export volume	Diesel fuel	907	991	-84	91.5%	127.2%
	Kerosene/Jet	219	110	109	198.6%	155.5%
	Sub-Total	1,125	1,101	24	102.2%	132.7%
Bond sales, etc.	Jet fuel	1,598	1,478	120	108.1%	91.6%
	Heavy fuel oil C	542	716	-174	75.7%	98.4%
	Other	426	145	281	293.5%	120.4%
	Sub-Total	2,566	2,339	227	109.7%	97.8%
Barter deal, etc.		10,184	10,415	-231	97.8%	89.6%
Total selling volume		38,825	39,657	-832	97.9%	95.8%