May 13, 2014

Overview of Business Results of Fiscal Year Ending March 2014 [Japanese Standard Form] (Consolidated)

Name of the Company:	Cosmo Oil Co., Ltd.		Shares traded: TSE
Company Code:	5007	URL http://www.cosmo-oil.co.jp/	
Name of Representative:	Keizo Morikawa	(Title) President	
Name of Person to contact:	Masamichi Hamaguchi	(Title) General Manager of Corporate Communication Dept. Corporate Planning Unit	Phone: 03-3798-3180

Annual shareholders' meeting is to be held on: June 24, 2014 Dividend payment is to be started on: June 25, 2014
Securities report is to be submitted on: June 24, 2014
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 FY2013 (April 1, 2013 to March 31, 2014)

(1) Consolidated operating results

(% indicates change from FY2012)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2013	3,537,782	11.7	39,715	-24.2	41,847	-13.6	4,348	－
FY2012	3,166,689	1.8	52,422	-17.5	48,439	-21.1	-85,882	－

[Reference] Comprehensive income FY2013: 16,085 million yen (－%) FY2012: -72,543million 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	%	%	%
FY2013	5.13	－	1.9	2.4	1.1
FY2012	-101.39	－	-31.4	2.8	1.7

[Reference] Equity in earnings(losses) of associates FY2013: 7,343 million yen FY2012: 7,083 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio	Net assets per share
	million yen	million yen	%	yen sen
FY2013	1,696,831	261,142	13.7	273.81
FY2012	1,743,492	256,932	13.2	272.07

[Reference] Net worth FY2013: 231,927 million yen FY2012: 230,456 million yen

(3) Consolidated Cash Flows

	CF from operating activities	CF from investing activities	CF from financing activities	Cash and cash equivalents at the end of the period
	million yen	million yen	million yen	million yen
FY2013	35,837	-61,007	12,555	123,280
FY2012	-20,950	-80,481	104,695	129,699

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	%	%
FY2012	－	0.00	－	0.00	0.00	－	－	－
FY2013	－	0.00	－	2.00	2.00	1,694	39.0	0.7
FY2014 (outlook)	－	0.00	－	4.00	4.00		24.2	

Note: The year-end dividend for the fiscal year ending March 31, 2014 is yet to be determined.

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

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

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

4. Notes to Consolidated Financial Statements

(1) Change in significant subsidiaries during FY2013 : No

Newly ー (Name of Company ー) Exception ー (Name of Company ー)

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

1) Changes in accounting policies due to revisions of accounting standards, etc. : Yes

2) Changes in accounting policies for reasons other than the Item 1 : No

3) Changes in accounting estimates : Yes

4) Restatements : No

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

1) Number of outstanding shares as of end of the period (including treasure stock) :	FY2013	847,705,087 shares	FY2012	847,705,087 shares
2) Number of shares of treasury stock as of end of the period :	FY2013	656,817 shares	FY2012	644,157 shares
3) Average Number of shares outstanding during the period :	FY2013	847,055,784 shares	FY2012	847,064,923 shares

[Reference] Outline of Non-Consolidated Results

1. Non-Consolidated Financial Results for FY2013 (For the period from April 1, 2013 to March 31, 2014)

(1) Non-consolidated Operating Results

(% indicates change from FY2012)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2013	3,163,852	13.5	-24,343	ー	1,716	ー	28,829	ー
FY2012	2,788,209	1.1	-17,556	ー	-28,686	ー	-111,604	ー

	Net income per share	Diluted net income per share
	yen sen	yen sen
FY2013	34.02	ー
FY2012	-131.70	ー

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Net worth ratio	Net assets per share
	million yen	million yen	%	yen sen
FY2013	1,484,506	171,470	11.6	202.35
FY2012	1,552,901	143,166	9.2	168.95

[Reference] Net worth FY2013 : 171,470 million yen FY2012 : 143,166 million yen

Note : Information about audit procedure execution :

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

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

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

Supplementary information will be uploaded on the COSMO OIL website on May 13, 2014.

【Supporting data】

Contents of Supporting data

1. Analysis of Consolidated Operating Results and Financial Position

(1) Analysis of Consolidated Operating Results

1) Consolidated Operating Results during Fiscal Year 2013

During the fiscal year under review, Japan's economy showed signs of recovery, buoyed in part by correction of the excessively strong yen and rising stock prices amid the Bank of Japan's bold monetary easing, coupled with agile fiscal policy of a government intent on snapping Japan out of its deflationary rut.

Domestic demand for petroleum products fell compared to the previous year, with the exception of higher demand for diesel fuel partially attributable to increased distribution levels for use in reconstruction from the Great East Japan Earthquake. The overall decrease, meanwhile, was due to factors such as lower demand for gasoline, kerosene, and heavy fuel oil A, which was declining as a result of fuel efficiency improvements and shifts to alternative fuels, combined with a sharp downturn in demand for heavy fuel oil C used by thermal power plants to generate electricity.

With respect to crude oil prices, Dubai crude oil began the year at around $107/bbl and later dropped briefly to around $96/bbl, largely as a result of expectations for increasing North American production given the region's shale gas revolution and lower demand reflecting a seasonal lull. However, the price subsequently headed upward, ending the year at around $104/bbl, with the rise spurred by turmoil in Syria, Libya and other parts of the Middle East.

As for exchange rates, the year brought correction to the excessively strong yen which ended the year at the ¥102/US$ level, from the ¥94/US$ level at the start of the year, due to factors such as the Bank of Japan's substantial monetary easing and a shift in U.S. monetary policy.

As for domestic product market conditions, easing demand for petroleum products relative to supply kept prices at low levels that did not reflect crude oil prices.

As a result, consolidated net sales in FY2013 were ¥3,537.8 billion (up ¥371.1 billion from FY2012), consolidated operating income, ¥39.7 billion (down ¥12.7 billion from FY2012), and consolidated ordinary income, ¥41.8 billion (down ¥6.6 billion from FY2012).

After extraordinary gain and loss adjustments and corporation taxes and other adjustments, consolidated net income for FY2013 was ¥4.3 billion (compared with consolidated net loss of ¥85.9 billion in FY2012).

Segment-specific results were as follows:

[Business Segment Information] (Unit:¥billion)

	Petroleum business	Petrochemical Business	Oil exploration and production business	Other and adjustments	Consolidated
Net sales	3,463.7	51.6	88.7	-66.2	3,537.8
Segment income	-25.3	3.7	58.1	5.3	41.8

[Petroleum business]

In the petroleum business segment, full-scale operations of the Chiba Refinery increased sales but product market conditions remained weak. As a result, the segment reported sales of ¥3,463.7 billion (up ¥347.5billion from FY2012) and segment loss of 25.3 billion (as compared with segment loss of ¥23.7 billion in FY2012).

[Petrochemical business]

In the petrochemical business segment, an increase in the petrochemical product selling volume and a market improvement resulted in net sales of ¥51.6billion for FY2013 (up ¥21.1 billion from FY2012) and segment income of ¥3.7billion (up ¥ 0.4billion from FY2012).

[Oil exploration and production business]

In the oil exploration and production business segment, a market improvement increased net sales but selling volume reduced, resulted in net sales of ¥88.7billion for FY2013 (up ¥2.8billion from FY2012) and segment income of ¥58.1billion (down ¥2.6billion from FY2012).

2) Outlook for FY2014

The Cosmo Oil Group will restore the earnings capability of the petroleum refining and sales and marketing businesses, a target set out in the 5th Consolidated Medium-Term Management Plan that commenced in FY2013, and will steadily recoup strategic investments made mainly in the petrochemical and oil exploration and production businesses under the 4th Consolidated Medium -Term Management Plan.

The new fiscal year of 2014 commencing on April 1, 2014 has the assumptions of an average crude oil price of US$104/bbl and an average exchange rate of ¥102/US$ and its business outlook including consolidated net sales of ¥3,465.0 billion (down ¥72.8 billion from FY2013), consolidated operating income of ¥62.0 billion (up ¥22.3 billion), consolidated ordinary income of ¥57.0 billion (up ¥15.2 billion) and consolidated net income of ¥14.0 billion (up ¥9.7 billion).

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

	Petroleum business	Petrochemical business	Oil exploration and production business	Other and adjustments	Consolidated
Net sales	3,368.0	77.0	100.0	-80.0	3,465.0
Segment income	3.0	0.5	51.0	2.5	57.0

[Petroleum business]

The petroleum business segment is expected to benefit mainly from better product market conditions to report higher earnings for FY 2014 as compared with FY 2013.

[Petrochemical business]

The petrochemical business segment is expected to be adversely affected mainly by impact of facility maintenance and repairs to report lower earnings for FY 2014 as compared with FY 2013.

[Oil exploration and production business]

The Company strives for stable crude oil production in the oil exploration and production business segment, which is expected to be adversely affected mainly by higher costs to report lower earnings for FY 2014 as compared with FY 2013.

(2) Analysis of Financial Position

1) Assets, Liabilities and Net Assets

As for the Company’s financial position on a consolidated basis as of the end of FY2013, total assets as of March 31, 2014 amounted to ¥1,696.8 billion, down ¥46.7 billion from March 31, 2013, the end of FY2012, mainly reflecting reduced inventories primarily due to the transformation of the Sakaide Refinery into an oil terminal.

Net assets as of March 31, 2014 amounted to ¥261.1 billion, up ¥4.2 billion from March 31, 2013, with a net worth ratio of 13.7%.

2) Cash Flows

As for consolidated cash flows during FY2013, net cash provided by operating activities amounted to ¥35.8 billion, mainly reflecting decreased in accounts receivable-trade and inventories. Net cash used in investing activities amounted to ¥61.0 billion, mainly reflecting payments for noncurrent asset acquisitions. Net cash provided by financing activities amounted to ¥12.6billion, mainly reflecting proceeds from issuance of bonds.

As a results, cash and cash equivalents as of March 31, 2014 amounted to ¥123.3 billion, down ¥6.4 billion from March 31, 2013.

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

	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2014
Net worth ratio	19.2%	21.1%	18.9%	13.2%	13.7%
Net worth ratio on a fair value basis	11.6%	13.9%	11.6%	9.6%	9.3%
Ratio of cash flows to interest-bearing debt	343.8years	26.6years	16.5years	—	24.1years
Interest coverage ratio	0.2times	2.1times	3.4times	—	2.7times

Notes:

Net worth ratio:Net worth divided by total assets

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

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

Interest coverage ratio:Operating cash flow divided by interest payable

1. Each indicator is calculated by using consolidated financial data.
2. Market capitalization is calculated by multiplying the share price as of the end of the term above by the number of outstanding shares (excluding treasury stock) as of the end of the term.
3. Operating cash flow refers to cash flow from operating activities in the consolidated statements of cash flows. Interest-bearing debt refers to all debts with interest payments among debts stated in the consolidated balance sheet. Interest payable refers to interest expenses paid stated in the consolidated statements of cash flows.

(3) Basic Policy regarding Earnings Appropriation and Dividend for FY2013, 2014

The Company places particular emphasis on shareholder returns. 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.

Under these policies, the Company plans to pay a year-end dividend at ¥ 2 per share.

As for dividend payment for FY2014, the Company plans to increase ¥ 2 per share from FY2013 to pay ¥ 4 per share per year, subject to a business performance recovery, to respond to support from our shareholders.

(4) Business and Other Risks

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

1) Supply and Demand Trends

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

2) Crude Oil Price Fluctuations and Crude oil procurement risk

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

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

3) Foreign Exchange Rate Fluctuations

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

In addition, fluctuations in foreign exchange rates, may also affect the differences converted into yen the financial statements of companies accounted for by the equity method or overseas subsidiaries.

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 aging equipment, the occurrence of an earthquake, other natural disasters or unforeseen accidents can result in unavoidable stoppages of operations. For example, a fire that broke out at the Chiba Refinery caused by the impact of the Great East Japan Earthquake that occurred on March 11, 2011 forced the refinery to suspend operations for a certain period of time. Thus, the Company recorded losses due to the suspended operations and restoration cost in FY2010. In addition, accidents in non-refinery operations, such as oil storage depots, service stations, marine tankers and tanker trucks, could noticeably affect the Group's operations and have material impact on its business performance and financial condition.

9) Impact by Regulations Applicable to the Oil Industry

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

10) Information Management

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

2. Current Status of the Cosmo Oil Group

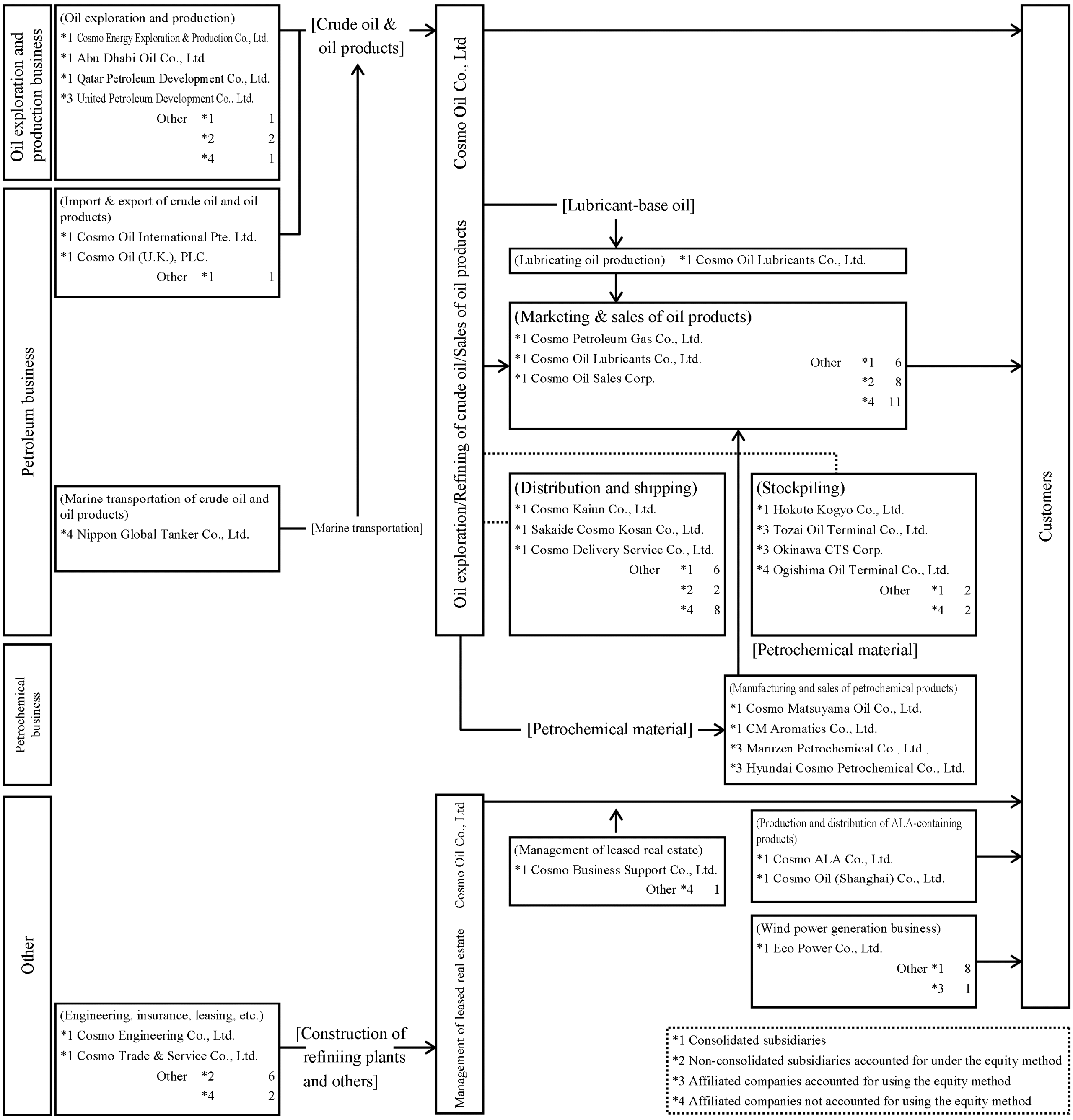
The Cosmo Oil Group consists of Cosmo Oil Co., Ltd. and its 57 subsidiaries and 33 associates mainly engaged in businesses ranging from the exploration and production of crude oil on its own to import, refining and storage of crude oil and oil products and to sales and marketing of oil products.

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

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 Energy Exploration & Production Co., Ltd., Abu Dhabi Oil Co., Ltd, Qatar Petroleum Development Co., Ltd., United Petroleum Development Co., Ltd. and other 4 companies	8
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 25 companies	29
	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 4 companies	8
	Distribution	Cosmo Kaiun Co., Ltd., Sakaide Cosmo Kosan Co., Ltd., Cosmo Delivery Service Co., Ltd. and other 16 companies	19
Petrochemical business	Manufacturing and sales of petrochemical products	Cosmo Matsuyama Oil Co., Ltd., CM Aromatics Co., Ltd., Maruzen Petrochemical Co., Ltd. and Hyundai Cosmo Petrochemical Co., Ltd.	4
Other	Leased real estate management, etc.	Cosmo Oil Co., Ltd.、Cosmo Business Support Co., Ltd. and other 1 company	3
	Production and distribution of ALA-containing products	Cosmo ALA Co., Ltd. and Cosmo Oil (Shanghai) Co., Ltd.	2
	Engineering, insurance, leasing, etc.	Cosmo Engineering Co., Ltd., Cosmo Trade & Service Co., Ltd. and other 8 companies	10
	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 aims to achieve sustainable development as a vertically integrated global energy company that helps to meet diverse social needs with a focus on petroleum energy. We aim to increase our competitiveness and profitability through a solid, integrated system from the upstream to downstream segments in our core petroleum business. We are also continuously involved in other businesses such as electric power generation and liquefied natural gas (LNG), and we have established the Cosmo Oil Group as a company that is recognized for its environmental initiatives, both to ensure that it is an environmentally advanced company and to maximize the satisfaction of our stakeholders.

(2)Medium to Long-Term Corporate Management Strategies

Fifth Consolidated Medium-Term Management Plan (for Fiscal Years 2013-2017)

We have established our Fifth Consolidated Medium-Term Management Plan (fiscal years 2013 – 2017), which commences in 2013. We have positioned this consolidated medium-term management plan as five years to establish a solid business foothold for further expansion, and we will increase our earnings strength based on the following fundamental policies. In doing so, our aim is to improve our financial strength and achieve an early resumption of dividends:

[Four Basic Policy Objectives and Six Related Programs]

I. Regain profitability in the refining and marketing sector

Programs: 1) Further enhancement of safe refinery operation and stable supply
2) Extensive rationalization focusing mainly on supply operations
3) Strengthening the retail business

II. Secure stable income from investments made during the previous medium-term management plan

Programs: 4) Petrochemical business
5) Oil exploration and production business
6) Renewable energy business

III. Further strengthen alliances with International Petroleum Investment Company (IPIC) and Hyundai Oil bank Co., Ltd.

IV. Further enhance CSR management

Regain profitability in the refining and marketing sector — This management plan objective will entail efforts in several areas. In terms of production, we will establish an efficient supply framework involving our three refineries, thereby ensuring that we continue to operate safely while providing stable supplies of product. In sales, we will initiate an innovative business model by which the Company provides value in the form of our “total car life” services, while also working to win new customers through cross-industry alliances with the Aeon Group and other such companies, and by further promoting our “Cosmo The Card.” In the area of vehicle sales, we will strengthen our retail business, while pursuing an annual target of 10,000 vehicle sales. Moreover, we will work to streamline operations and strengthen capabilities by consolidating back-office operations of Group companies.
We will also build on our competitive strengths of the refineries through joint operations involving our Chiba Refinery, while streamlining and boosting the efficiency of our LPG supply and sales framework by integrating LPG import and wholesale, and retail operations. To such ends, we will seek opportunities for collaboration, cooperation and integration with various partners in our respective business areas and regions of operation.

Secure stable income from investments made during the previous medium-term management plan — Under the second management plan objective, we will consistently promote crude oil production and its development in the Middle East, while pursuing initiatives to achieve expansion in the oil exploration and production business, such that will entail working to speed up development work in the Hail Field in order to launch production in FY2016. Meanwhile, in the renewable energy business, we will keep existing wind-power generation equipment running at high capacity by building a framework that integrates operations, maintenance and other such functions, while steadily working on construction of sites now in the planning stage, and reviewing possibilities for building additional wind power generators.

Further strengthen alliances with International Petroleum Investment Company (IPIC) and Hyundai Oil bank Co., Ltd.— Under our third management plan objective we will form collaborative opportunities, one example of which is our aim of expanding business through our strategic comprehensive alliance with Compañía Española de Petróleos, S.A.U. (CEPSA). With Hyundai Oil bank Co., Ltd., moreover, we will actively promote human resource exchanges and look into opportunities for further collaboration in our technology and research operations and other such realms.

Further enhance CSR management — Under our fourth management plan objective, we will adhere to stringent safety management and compliance standards, work with integrity, enhance human rights and personnel policies, and unfailingly engage in other such practices in accordance with the Cosmo Oil Group Management Vision. Moreover, we will keep contributing to society and do what it takes to uphold our responsibility to society as a corporation.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: million yen)

	FY2012 As of March 31, 2013	FY2013 As of March 31, 2014
Assets		
Current assets		
Cash and deposits	130,264	140,423
Notes and accounts receivable-trade	282,889	262,863
Merchandise and finished goods	248,524	225,292
Work in process	998	761
Raw materials and supplies	242,378	219,684
Accounts receivable-other	34,886	47,157
Deferred tax assets	3,325	2,340
Other	24,216	23,457
Allowance for doubtful accounts	-334	-189
Total current assets	967,148	921,790
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	104,986	105,679
Oil storage depots, net	19,000	25,180
Machinery, equipment and vehicles, net	132,903	131,902
Land	304,495	308,481
Lease assets, net	615	707
Construction in progress	14,628	11,191
Other, net	6,079	5,938
Total property, plant and equipment	582,709	589,082
Intangible assets		
Software	2,411	3,070
Goodwill	3,645	2,914
Other	45,461	44,057
Total intangible assets	51,518	50,041
Investments and other assets		
Investment securities	118,770	115,304
Long-term loans receivable	1,282	1,313
Long-term prepaid expenses	3,795	2,550
Deferred tax assets	1,791	2,935
Other	16,559	13,582
Allowance for doubtful accounts	-613	-483
Total investments and other assets	141,586	135,202
Total noncurrent assets	775,814	774,326
Deferred assets		
Bond issuance cost	529	714
Total deferred assets	529	714
Total assets	1,743,492	1,696,831

(Unit: million yen)

	FY2012 As of March 31, 2013	FY2013 As of March 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable-trade	277,934	255,521
Short-term loans payable	277,429	323,705
Current portion of bonds	1,680	11,680
Accounts payable-other	123,991	99,635
Accrued volatile oil and other petroleum taxes	97,708	70,754
Income taxes payable	10,175	7,313
Accrued expenses	7,194	7,917
Deferred tax liabilities	847	335
Provision for loss on disaster	648	－
Provision for business structure improvement	7,743	3,398
Provision for environmental measures	26	26
Other	11,231	18,911
Total current liabilities	816,611	799,199
Noncurrent liabilities		
Bonds payable	74,480	80,500
Long-term loans payable	489,299	447,794
Deferred tax liabilities	19,690	24,198
Deferred tax liabilities for land revaluation	29,301	29,236
Provision for special repairs	8,700	9,627
Provision for retirement benefits	8,506	－
Provision for business structure improvement	4,260	1,096
Provision for environmental measures	4,058	3,832
Net defined benefit liability	－	12,993
Negative goodwill	2,512	1,127
Other	29,138	26,081
Total noncurrent liabilities	669,948	636,489
Total liabilities	1,486,559	1,435,688
Net assets		
Shareholders’ equity		
Capital stock	107,246	107,246
Capital surplus	89,440	16,967
Retained earnings	10,531	87,461
Treasury shares	-140	-143
Total shareholders’ equity	207,078	211,531
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,770	2,887
Deferred gains or losses on hedges	1,422	1,372
Revaluation reserve for land	19,037	18,929
Foreign currency translation adjustment	-851	5,818
Remeasurements of defined benefit plans	－	-8,612
Total accumulated other comprehensive income	23,378	20,395
Minority interests	26,475	29,214
Total net assets	256,932	261,142
Total liabilities and net assets	1,743,492	1,696,831

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Unit: million yen)

	FY2012 From April 1, 2012 to March 31, 2013	FY2013 From April 1, 2013 to March 31, 2014
Net sales	3,166,689	3,537,782
Cost of sales	2,989,274	3,369,007
Gross profit	177,415	168,775
Selling, general and administrative expenses	124,992	129,060
Operating income	52,422	39,715
Non-operating income		
Interest income	196	209
Dividends income	1,778	2,154
Rent income on noncurrent assets	1,101	973
Amortization of negative goodwill	1,281	1,257
Foreign exchange gains	－	2,536
Equity in earnings of associates	7,083	7,343
Other	3,758	4,130
Total non-operating income	15,200	18,607
Non-operating expenses		
Interest expenses	12,430	12,960
Foreign exchange losses	1,242	－
Other	5,510	3,514
Total non-operating expenses	19,183	16,475
Ordinary income	48,439	41,847
Extraordinary income		
Gain on sales of noncurrent assets	904	445
Gain on sales of investment securities	－	1,322
Gain on sales of shares of subsidiaries and associates	－	1,441
Insurance income	360	1,158
Litigation settlement income	－	939
Gain on contribution of securities to retirement benefit trust	－	3,595
Subsidy income	－	3,219
Total extraordinary income	1,264	12,121
Extraordinary loss		
Loss on sales of noncurrent assets	401	27
Loss on disposal of noncurrent assets	2,906	3,281
Impairment loss	5,032	911
Loss on valuation of investment securities	515	305
Business structure improvement expenses	20,334	－
Loss on accident of asphalt leakage	14,304	－
Environmental expenses	3,559	－
Loss on litigation	3,230	－
Loss on recoverable accounts under production sharing	1,955	－
Total extraordinary losses	52,240	4,525
Income (loss) before income taxes and minority interests	-2,536	49,443
Income taxes-current	31,500	34,660
Income taxes-deferred	44,700	4,465
Total income taxes	76,200	39,125
Income (loss) before minority interests	-78,736	10,317
Minority interests in income	7,145	5,969
Net income (loss)	-85,882	4,348

(Consolidated Statements of Comprehensive Income)

(Unit：million yen)

	FY2012 From April 1, 2012 to March 31, 2013	FY2013 From April 1, 2013 to March 31, 2014
Income (loss) before minority interests	-78,736	10,317
Other comprehensive income		
Valuation difference on available-for-sale securities	2,190	-1,085
Deferred gains or losses on hedges	-1,104	-154
Foreign currency translation adjustment	1,740	1,688
Share of other comprehensive income of associates accounted for using equity method	3,367	5,319
Total other comprehensive income	6,193	5,767
Comprehensive income	-72,543	16,085
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	-79,694	10,085
Comprehensive income attributable to minority interests	7,151	5,999

(3) Consolidated Statements of Changes in Equity

FY2012 (From April 1, 2012 to March 31, 2013)

(Unit：million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1,2012	107,246	89,440	103,454	-140	300,001
Change of items during period					
Dividends from surplus			-6,779		-6,779
Net loss			-85,882		-85,882
Reversal of revaluation reserve for land			-260		-260
Purchase of treasury shares				-1	-1
Disposal of treasury shares		-0		0	0
Net changes of items other than shareholders' equity					
Deficit disposition					－
Total changes of items during the period	－	-0	-92,922	-0	-92,923
Balance at March 31,2013	107,246	89,440	10,531	-140	207,078

	Accumulated other comprehensive income						Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at April 1,2012	1,540	2,579	18,776	-5,965	－	16,930	20,506	337,437
Change of items during period								
Dividends from surplus								-6,779
Net loss								-85,882
Reversal of revaluation reserve for land			260			260		－
Purchase of treasury shares								-1
Disposal of treasury shares								0
Net changes of items other than shareholders' equity	2,230	-1,156	－	5,113	－	6,187	5,969	12,156
Deficit disposition								－
Total changes of items during the period	2,230	-1,156	260	5,113	－	6,448	5,969	-80,505
Balance at March 31,2013	3,770	1,422	19,037	-851	－	23,378	26,475	256,932

FY2013 (From April 1, 2013 to March 31, 2014)

(Unit：million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1,2013	107,246	89,440	10,531	-140	207,078
Change of items during period					
Dividends from surplus			―		―
Net income			4,348		4,348
Reversal of revaluation reserve for land			108		108
Purchase of treasury shares				-2	-2
Disposal of treasury shares		-0		0	0
Net changes of items other than shareholders' equity					
Deficit disposition		-72,472	72,472		―
Total changes of items during the period	―	-72,473	76,929	-2	4,453
Balance at March 31,2014	107,246	16,967	87,461	-143	211,531

	Accumulated other comprehensive income						Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at April 1,2013	3,770	1,422	19,037	-851	―	23,378	26,475	256,932
Change of items during period								
Dividends from surplus								―
Net income								4,348
Reversal of revaluation reserve for land			-108			-108		―
Purchase of treasury shares								-2
Disposal of treasury shares								0
Net changes of items other than shareholders' equity	-883	-50	―	6,670	-8,612	-2,875	2,739	-135
Deficit disposition								―
Total changes of items during the period	-883	-50	-108	6,670	-8,612	-2,983	2,739	4,210
Balance at March 31,2014	2,887	1,372	18,929	5,818	-8,612	20,395	29,214	261,142

(4) Consolidated Statements of Cash Flows

(Unit：million yen)

	FY2012 From April 1, 2012 to March 31, 2013	FY2013 From April 1, 2013 to March 31, 2014
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	-2,536	49,443
Depreciation	36,789	28,669
Amortization of negative goodwill	-1,281	-1,257
Amortization of goodwill	206	731
Impairment loss	5,032	911
Loss (gain) on sales of non-current assets	-502	-418
Loss (gain) on disposal of non-current assets	2,906	3,281
Loss on accident of asphalt leakage	14,304	－
Loss on litigation	3,230	－
Loss (gain) on sales of investment securities	－	-1,322
Loss (gain) on sales of shares of subsidiaries and associates	－	-1,441
Loss (gain) on valuation of investment securities	515	305
Insurance income	-360	-1,158
Loss (gain) on securities contribution to employees' retirement benefits trust	－	-3,595
Subsidy income	－	-3,219
Interest and dividend income	-1,974	-2,364
Interest expenses	12,430	12,960
Foreign exchange losses (gains)	-2,287	-2,172
Share of (profit) loss of entities accounted for using equity method	-7,083	-7,343
Increase (decrease) in allowance for doubtful accounts	-260	-274
Increase (decrease) in provision for special repairs	716	926
Increase (decrease) in provision for retirement benefits	649	－
Increase (decrease) in provision for business structure improvement	12,003	－
Increase (decrease) in provision for environmental measures	3,350	-226
Increase (decrease) in net defined benefit liability	－	101
Decrease (increase) in notes and accounts receivable - trade	-14,941	20,025
Recovery of recoverable accounts under production sharing	6,414	6,649
Decrease (increase) in inventories	-48,205	47,478
Increase (decrease) in notes and accounts payable - trade	-23,877	-22,412
Decrease (increase) in other current assets	21,072	-4,250
Increase (decrease) in other current liabilities	12,640	-42,533
Decrease (increase) in investments and other assets	1,806	961
Increase (decrease) in other non-current liabilities	2,604	634
Other, net	-4,181	46
Subtotal	29,181	79,136
Interest and dividend income received	3,315	12,574
Interest expenses paid	-12,863	-13,055
Payments for loss on accident of asphalt leakage	-12,593	－
Payments for business structure improvement expense	－	-6,211
Proceeds from insurance income	1,712	1,188
Proceeds from subsidy income	－	3,219
Income taxes paid	-29,703	-41,015
Net cash provided by (used in) operating activities	-20,950	35,837

(Unit: million yen)

	FY2012 From April 1, 2012 to March 31, 2013	FY2013 From April 1, 2013 to March 31, 2014
Cash flows from investing activities		
Purchase of securities	-9	-9
Proceeds from sales and redemption of securities	11	12
Purchase of investment securities	-411	-398
Proceeds from sales and redemption of investment securities	793	4,262
Purchase of shares of subsidiaries and associates	-4,683	-1
Proceeds from sales and liquidation of shares of subsidiaries and affiliates	62	2,563
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-6,268	－
Purchase of property, plant and equipment	-30,415	-32,538
Payments for disposal of property, plant and equipment	-2,023	-2,487
Proceeds from sales of property, plant and equipment	2,413	1,755
Payments for purchases of intangible assets and long-term prepaid expenses	-38,284	-18,511
Decrease (increase) in short-term loans receivable	-478	-527
Payments of long-term loans receivable	-106	-51
Collection of long-term loans receivable	340	236
Proceeds from withdrawal of time deposits	23,657	41,927
Payments into time deposits	-25,125	-57,276
Other, net	45	35
Net cash provided by (used in) investing activities	-80,481	-61,007
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	67,435	12,539
Proceeds from long-term loans payable	85,733	47,390
Repayments of long-term loans payable	-59,681	-58,409
Proceeds from issuance of bonds	19,631	17,389
Redemption of bonds	-840	-1,680
Cash dividends paid	-6,779	－
Cash dividends paid to minority shareholders	-671	-4,525
Proceeds from share issuance to minority shareholders	11	19
Other, net	-144	-167
Net cash provided by (used in) financing activities	104,695	12,555
Effect of exchange rate change on cash and cash equivalents	4,005	6,195
Net increase (decrease) in cash and cash equivalents	7,268	-6,418
Cash and cash equivalents at beginning of period	122,431	129,699
Cash and cash equivalents at end of period	129,699	123,280

(5)Notes to Consolidated Financial Statements

(Notes to going concern)

None

(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: 39

Cosmo Energy Exploration & Production Co., Ltd. was included in the scope of the consolidated subsidiaries of the Company, since it became a subsidiary of the company through a simple incorporation-type split during FY2013.

(2) Major Non-consolidated Subsidiaries:

Tohoku Cosmo Gas Co., Ltd.

Reason for exclusion from accounting consolidation:

The Company has 18 subsidiaries that were excluded from its consolidated subsidiaries because they are small businesses and their respective total assets, net sales, and net income/loss and retained earnings (both amounts equivalent to what is accounted for under the equity method) have no material impact on the consolidated financial statements of the Company.

2. Items concerning the Application of the Equity Method

(1) Number of Non-consolidated Subsidiaries Accounted for Using the Equity Method: 18

Major subsidiaries: Tohoku Cosmo Gas Co., Ltd.

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

Maruzen Petrochemical Co., Ltd., United Petroleum Development Co., Ltd., Tozai Oil Terminal Co., Ltd., Okinawa CTS Corp., GotoKishiku Wind Power Laboratory Co., Ltd. and Hyundai Cosmo Petrochemical Co., Ltd.

(3) Major Business Entities of Associated 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 associates 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 associates 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 39 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., Cosmo Oil (Shanghai) Co., Ltd., and Cosmo Energy Exploration & Production 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, 2013 or February 28, 2014 and any material transactions arising between end of their fiscal year and consolidated fiscal year, the date for the consolidated settlement of accounts for the Company, are reflected on the consolidated financial statements herein by making necessary adjustments.

4. Items concerning the Accounting Standards

(1) Significant Asset Valuation Standards and Methods

1) Securities:

a. Securities held to maturity:	Stated at amortized cost method
b. Other securities:	
- Securities available for sale with fair market value:	Stated at fair value based on market values applicable on the date of consolidated settlement of accounts (in which all differences between the carrying amounts and the fair values are reported as a separate component of net assets, while the cost of securities sold is calculated by the moving average method)
- Securities with no available fair market value:	Stated at cost determined by the moving average method
2) Inventories:	Principally stated at cost determined by the weighted average method (however, the amounts of inventories stated in the balance sheet 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. However, the number of years of useful lives of the machinery and equipment, structures and Oil storage depots, of the property, plant and equipment owned by the Company, is calculated based on the number of years of their economic useful lives, which better reflect their use status respectively and the economic useful life of 15 years is adopted for the Company's service stations by taking their actual past performances into consideration. As for Abu Dhabi Oil Co., Ltd., a consolidated subsidiary of the Company, adopts the number of years for useful life as defined in the concession agreements and economic useful life by taking into account the durability and other conditions of the assets currently owned. As for Eco Power Co., Ltd., a consolidated subsidiary of the Company, and its subsidiaries, an economic useful life of 20 years is mainly adopted for the windmills operated by them.

2) Intangible Assets (except lease assets) :

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

3) Lease assets:

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

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

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

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

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

4) Long-term Prepaid Expenses:

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

(3) Accounting Process Applied to Deferred Assets

Bond Issuance Cost:

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

(4) Standards for Recording Significant Allowance/Provisions

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 special repairs

A provision is set aside to cover expenses arising from the inspection and repairs of the oil tanks subject to the open regular inspection in compliance with the Fire Service Law of Japan, and an amount equal to the estimated cost of periodically required repairs was added to the provision for FY2013.

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 FY2013 in addition to the above charge.

3) Provision for business structure improvement

The Company recorded the estimated amount of a provision to cover expenses and losses that were expected to be incurred in the near future following the closure of the refinery and the legal measures associated with the operations of the refinery.

4) Provision for environmental measures

The Company recorded the estimated amount of a provision to cover expenses to treat contaminated soil.

It also recorded the estimated amount of a provision to cover expenses to treat the PCB waste in accordance with the Law Concerning Special Measures Against Polychlorinated Biphenyl Waste.

(5) Standards for Recording Net defined benefit liability

"Net defined benefit liability" is recorded at an estimated amount of projected benefit obligation after deducting the fair value of pension assets as of March 31, 2014 to cover retirement and severance benefits payable to employees.

Past-service costs are recognized as an expense item at an amount prorated in the straight line method over a certain number of years (8 - 10 years) within the average of the remaining years of service to be performed by the employees at the time of accrual.

Actuarial gains and losses are recognized in expenses as an amount prorated in the straight line method over a certain number of years (8 - 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 consolidated fiscal year following the accrual time.

Unrecognized actuarial gains and losses and past-service costs are recognized as "Remeasurements of defined benefit plans" in accumulated other comprehensive income of net assets in the balance sheets after adjusting for tax effects.

(6) Important Standards for Revenue and Cost recognition

Standards for Recognition of Construction Revenue and Cost

As for recognition of revenues from constructions undertaken by the Company, the percentage of completion method (the percentage of construction is estimated based on the method of the ratio of actual cost incurred to total estimated cost) is applied to construction contracts in process in which the outcome of the construction activity is deemed certain by the end of FY2013, while the completed contract method is applied to other construction contracts.

(7) 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.

(8) Significant Hedge Accounting Methods

1) Hedge Accounting Methods

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

2) Hedging Instruments and Hedged Items

(Currency)	
Hedging Instrument	Forward exchange, Currency option
Hedged Item	Foreign currency credit and debt
(Interest rate)	
Hedging Instrument	Interest rate swap
Hedged Item	Borrowings
(Commodity)	
Hedging Instrument	Crude oil/Product swaps, Crude oil/Product futures trading
Hedged Item	Crude oil/Product trading

3) Hedging Policy

In accordance with internal rules that determine 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.

(9) Amortization period and the amortization method for goodwill

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

(10) Scope of Cash and Cash Equivalents Reported in Statements of Consolidated 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.

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

1) Accounting Process for Consumption Tax, etc.

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

3) Application of the Consolidated Tax Return Fining System

The Company began to apply the Consolidated Tax Return Fining System to its accounting process, effective the FY 2013 ended March 31, 2014.

(Changes in Accounting Policies)

Application of Accounting Standard for Retirement Benefits, etc.

The Company, effective the end of consolidated FY 2013, applied the Accounting Standard for Retirement Benefits (the Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012, hereinafter referred to as the "Retirement Benefits Accounting Standard") and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012, hereinafter referred to as the "Guidance on Retirement Benefits"), effective FY 2013, (except the provisions set forth in Clause 35 of the Retirement Benefits Accounting Standard and Clause 67 of the Guidance on Retirement Benefits), and changed to the method that projected benefit obligation after deducting pension assets were recorded as "Net defined benefit liability" and that unrecognized actuarial gains and losses and past-service costs were recorded as "Net defined benefit liability".

As for the application of the Retirement Benefits Accounting Standard, etc. in accordance with the transitional accounting treatments set forth in Clause 37 of the Retirement Benefits Accounting Standard, the Company added or deducted the effects from the changes in the calculation methods to "Remeasurements of defined benefit plans" in accumulated other comprehensive income as of the end of consolidated FY 2013.

As a result, as of the end of the consolidated FY 2013, liabilities for "Net defined benefit liability" were recorded at ¥12,993 million, accumulated other comprehensive income reduced by ¥8,612 million.

(Changes in Representation Methods)

(Consolidated Balance Sheet)

"Short-term investment securities", which had been stated as separate account items in the "Current Assets" section of the Consolidated Balance Sheet up to the previous year, are incorporated in the "Other" assets of the section, effective FY 2013, due to the importance of these asset items reduced to negligible levels.

As a result, in the "Current assets" section, ¥ 512 million that had previously been presented as "Short-term investment securities" in the Consolidated Balance Sheets for the previous fiscal year is now included in "Other."

"Leasehold right", which had been stated as separate account items in the "Intangible assets" section of the Consolidated Balance Sheet up to the previous year, are incorporated in the "Other" assets of the section, effective FY 2013, due to the importance of these asset items reduced to negligible levels.

As a result, in the "Intangible assets" section, ¥ 945 million yen that had previously been presented as "Leasehold right" in the Consolidated Balance Sheets for the previous fiscal year is included in "Other."

"Investments in capital", which had been stated as separate account items in the "Investments and other assets" section of the Consolidated Balance Sheet up to the previous year, are incorporated in the "Other" assets of the section, effective FY 2013, due to the importance of these asset items reduced to negligible levels.

As a result, in the "Investments and other assets" section, ¥ 221 million yen that had previously been presented as "Investments in capital" in the Consolidated Balance Sheets for the previous fiscal year is included in "Other."

"Accrued consumption taxes", which had been stated as separate account items in the "Current liabilities" section of the Consolidated Balance Sheet up to the previous year, are incorporated in the "Other" liabilities of the section, effective FY 2013, due to the importance of these asset items reduced to negligible levels.

As a result, in the "Current liabilities" section, ¥ 1,406 million yen that had previously been presented as "Accrued consumption taxes" in the Consolidated Balance Sheets for the previous fiscal year is included in "Other."

(Consolidated Statements of Cash Flows)

"Payments for loss on disaster," which had been stated as separate account items in the "Cash flows from operating activities" section of the Consolidated Statements of Cash Flows up to the previous year, are incorporated in the "Other, net" of the section, effective FY 2013, due to the importance of these asset items reduced to negligible levels.

As a result, the amount of ¥ -7,348 million stated in "Payments for loss on disaster" of "Cash flows from operating activities" in the Consolidated Statements of Cash Flows for FY2012 is included in "Other, net."

(Changes in Accounting Estimates)

(Change of the Number of Years of Useful Life)

Out of the property, plant and equipment of the oil refineries owned by the Company, the number of years for useful life of the machinery and equipment, structures and oil storage depots were conventionally calculated based on the criteria defined under the Corporation Tax Law of Japan. However, by taking the opportunity of the Company's decision made in August 2012 to close the Sakaide Refinery in July 2013 in order to rebuild its supply system, and as a result of a precise review on how the existing refineries have been used, the Company changed the number of years for useful life of each of these assets to the number of years for an economic usable life that better reflects the actual status of its use, effective from the beginning of FY2013.

This change reduced depreciation expenses for FY2013 by ¥ 9,901million as compared with the conventional method, operating income, ordinary income and income before taxes were increased by ¥ 9,075million.

(Notes to Consolidated Balance Sheet)

1. Accumulated depreciation for property, plant and equipment

	FY2012 As of March 31, 2013	FY2013 As of March 31, 2014
	¥782,746 million	¥736,644 million

2. Pledged assets

	FY2012 As of March 31, 2013	FY2013 As of March 31, 2014
1) Plant foundation		
Pledged assets	¥324,431 million	¥329,604 million
Secured liabilities	¥71,310 million	¥61,574 million
2) Assets other than plant foundation		
Pledged assets	¥10,963 million	¥10,450 million
Secured liabilities	¥3,264 million	¥18,198 million

In addition to the above, shares of consolidated subsidiaries which were pledged as collateral

	FY2012 As of March 31, 2013	FY2013 As of March 31, 2014
Shares of consolidated subsidiaries	―	¥1,240 million

3. Contingencies

	FY2012 As of March 31, 2013	FY2013 As of March 31, 2014
Guaranty Liabilities	¥10,883 million	¥10,637 million

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

4. Revaluation of land

The Company and three of its consolidated subsidiaries revalued their land properties used for business under the “Law concerning Revaluation Reserve for Land” (Law No. 34 issued on March 31, 1998). The income tax portion on variances due to revaluation is stated in the “Deferred tax liabilities for land revaluation” account in the “Liabilities” section on the Consolidated Balance Sheet and the revaluation variances, net of the income tax portion, are stated in the “Revaluation reserve for land” account in the “net assets” section on the Consolidated Balance Sheet.

・Revaluation method: The land sites for the refineries were valued in accordance with the appraisal provided in Paragraph 5 of Article 2 of the “Enforcement Ordinance for the Law concerning the Revaluation Reserve for Land” (Government Ordinance No. 119 issued on March 31, 1998), and other land sites were valued by referring to the road ratings provided in Paragraph 4 of Article 2 of the “Enforcement Ordinance for the Law concerning the Revaluation Reserve for Land,” as well as making some rational adjustments.

・Date of revaluation: March 31, 2002 (and December 31, 2001 completed by one consolidated subsidiary)

	FY2012 As of March 31, 2013	FY2013 As of March 31, 2014
・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	¥ -105,828 million	¥ -107,046 million

(Notes to Consolidated Statements of Income)

1. Selling, general and administrative expenses

	FY2012 April 1, 2012-March 31, 2013	FY2013 April 1, 2013-March 31, 2014
Outsourcing expense	¥22,419 million	¥23,811 million
Salaries and wages	¥19,851 million	¥21,712 million
Freight expense	¥17,009 million	¥16,826 million
Rent expense	¥12,963 million	¥11,538 million
Depreciation expense	¥6,362 million	¥6,577 million
Retirement and severance benefit payment to employees	¥2,422 million	¥2,137 million
Amount transferred to allowance for doubtful accounts	¥140 million	¥-180 million

2. Research and development expenses included in administrative expenses and production cost

	FY2012 April 1, 2012-March 31, 2013	FY2013 April 1, 2013-March 31, 2014
	¥3,765 million	¥3,271 million

(Notes to Consolidated Statements of Changes in Equity)

FY2012 (From April 1, 2012 to March 31, 2013)

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

(Unit : Number of shares)

Type	Total number of shares as of April 1, 2012	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, 2013
Total Number of Outstanding Shares				
Ordinary shares	847,705,087	―	―	847,705,087
Total	847,705,087	―	―	847,705,087
Treasury shares				
Ordinary shares	639,196	6,811	1,850	644,157
Total	639,196	6,811	1,850	644,157

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

2. Distribution of Surplus

Dividend Payments

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

FY2013 (From April 1, 2013 to March 31, 2014)

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

(Unit : Number of shares)

Type	Total number of shares as of April 1, 2013	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, 2014
Total Number of Outstanding Shares				
Ordinary shares	847,705,087	―	―	847,705,087
Total	847,705,087	―	―	847,705,087
Treasury shares				
Ordinary shares	644,157	13,160	500	656,817
Total	644,157	13,160	500	656,817

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

2. Distribution of Surplus

(1) Dividend Payments

Not applicable.

(2) The Board of Directors of the Company shall propose the payment of dividends whose record date belongs to the consolidated FY2013 ended March 31, 2014 and whose effective date comes after the end of FY2013, at the General Meeting of Shareholders scheduled for June 24, 2014.

(Resolution adopted by)	Type	Total dividend amount	Funded by	Dividend per share	Record date	Effective date
Shareholders' Meeting held on June 24, 2014	Ordinary shares	¥1,694 million	Retained earnings	¥2	March. 31, 2014	June 25, 2014

(Notes to Consolidated Statements of Cash Flows)

1. Relations between the amounts of cash and cash equivalents as of March 31, 2013 and 2014 and the account items shown in the consolidated balance sheet

FY2012 April 1, 2012 - March 31, 2013 (As of March 31, 2013)			FY2013 April 1, 2013 - March 31, 2014 (As of March 31, 2014)		
Cash and deposits	¥130,264	million	Cash and deposits	¥140,423	million
“Other” of the Current assets (Short-term investment securities)	¥512		“Other” of the Current assets (Short-term investment securities)	¥712	
Total	¥130,776		Total	¥141,135	
Securities with time between acquisition and redemption for 3 months or more	¥-12		Securities with time between acquisition and redemption for 3 months or more	¥-12	
Deposits of more than 3 months	¥-1,064		Deposits of more than 3 months	¥-17,842	
Cash and cash equivalents	¥129,699		Cash and cash equivalents	¥123,280	

(Segment information)

1. Overview of Reporting Segments

The reporting segments of the Cosmo Group are comprised of those entities where obtaining separate financial reports are possible and those which the board members regularly review and decide distribution of management resources.
The Cosmo Group conducts “Petroleum Business,” “Petrochemicals Business” and “Petroleum Exploration and Production Business” and Cosmo Oil or its affiliate companies operate these businesses independently depending on the type of services or products handled.
Therefore the 3 reporting segments by the Cosmo Group are, “Petroleum Business,” “Petrochemicals Business” and “Petroleum Exploration and Production Business,” based on the services and/or the products handled.
In further detail, “Petroleum Business” produces and markets gasoline, naphtha, kerosene, diesel, fuel oil, crude oil, lubricants, LPG, asphalt, etc. “Petrochemicals Business” produces and markets mixed-xylene, para-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 “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

FY2012(From April 1, 2012 to March 31, 2013) (unit : million yen)

	Petroleum business	Petrochemical business	Oil exploration and production business	Other Note : 1	Adjustments Note : 2	Consolidated Note : 3
Net sales						
Outside customers	3,091,739	12,458	37,531	24,961	−	3,166,689
Inter-segment	24,474	18,011	48,412	61,351	-152,250	−
Total	3,116,214	30,469	85,943	86,312	-152,250	3,166,689
Segment Income (Loss)	-23,681	3,329	60,688	4,857	3,245	48,439
Other items						
Depreciation and amortization	31,880	784	3,742	1,348	-966	36,789
Amortization of goodwill	3	−	6	196	−	206
Amortization of negative goodwill	−	−	−	1,281	−	1,281
Interest income	90	2	96	30	-22	196
Interest expenses	12,224	2	111	113	-22	12,430
Equity earnings of associates	918	1,838	4,308	17	−	7,083

Note 1 Other is segment of non-classified, including construction works, insurance agency, leasing, travel agency and wind power generation, etc.
2 Segment Income (Loss) in “Adjustments” ¥3,245 million includes ¥-192 million for internal eliminations, ¥3,624 million for inventory adjustments and ¥-175 million for adjustment of noncurrent assets.
3 Segment Income (Loss) is adjusted to ordinary income of consolidated statements of income.
4 No asset allocation is made into each segment, so that the description of such information is omitted.

FY2013 (From April 1, 2013 to March 31, 2014) (unit : million yen)

	Petroleum business	Petrochemical business	Oil exploration and production business	Other Note : 1	Adjustments Note : 2	Consolidated Note : 3
Net sales						
Outside customers	3,419,490	21,314	72,343	24,634	−	3,537,782
Inter-segment	44,250	30,262	16,309	54,807	-145,629	−
Total	3,463,740	51,576	88,652	79,442	-145,629	3,537,782
Segment Income (Loss)	-25,326	3,692	58,141	5,527	-188	41,847
Other items						
Depreciation and amortization	21,439	878	5,498	1,348	-495	28,669
Amortization of goodwill	695	−	−	35	−	731
Amortization of negative goodwill	−	−	−	1,257	−	1,257
Interest income	152	1	49	41	-35	209
Interest expenses	12,473	1	422	97	-35	12,960
Equity earnings of associates	541	2,712	4,060	29	−	7,343

Note 1 Other is segment of non-classified, including construction works, insurance agency, leasing, travel agency and wind power generation, etc.
2 Segment Income (Loss) in “Adjustments” ¥-188 million includes ¥-81 million for internal eliminations, ¥1,572 million for inventory adjustments and ¥-1,668 million adjustment of noncurrent assets.
3 Segment Income (Loss) is adjusted to ordinary income of consolidated statements of income.
4 No asset allocation is made into each segment, so that the description of such information is omitted.

4. Matters related to changes in segment reported, etc.

(Change of the Number of Years of Useful Life)

As described in "Changes in Accounting Estimates", Out of the property, plant and equipment of the oil refineries owned by the Company, the number of years for useful life of the machinery and equipment, structures and oil storage depots were conventionally calculated based on the criteria defined under the Corporation Tax Law of Japan. However, by taking the opportunity of the Company's decision made in August 2012 to close the Sakaide Refinery in July 2013 in order to rebuild its supply system, and as a result of a precise review on how the existing refineries have been used, the Company changed the number of years for useful life of each of these assets to the number of years for an economic usable life that better reflects the actual status of its use, effective from the beginning of FY2013.

This change reduced Petroleum business segment loss for FY2013 by ¥9,806 million as compared with the conventional method.

(Information about Business Combinations,etc.)

＜Common Control Transaction, etc.＞

1. The outline of the transaction

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

Name of the business: Direction of the crude oil exploration and production businesses

Line of the business : Energy resource development business-related strategic development, planning and direct-run project promotion and management, provision of business management and technical support for oil exploration and production companies invested by the Company, corporate service entrustment, and new energy resource development project exploration

(2) Date of business combination

February 28, 2014

(3) Legal form of business combination

Incorporation-type company split of Cosmo Oil Co., Ltd., with Cosmo Energy Exploration & Production Co., Ltd. as the continuing company.

(4) Name of the company upon business combination

Cosmo Energy Exploration & Production Co., Ltd. (a consolidated subsidiary of Cosmo Oil Co., Ltd.)

(5) Outline of Accounting Process Execute

The Company will spin off the oil exploration and production business, a major stable income source, into subsidiaries to streamline its organization allowing for quicker decision-making, designed to further increase revenues.

2. Outline of Accounting Treatments Executed

Under "Accounting Standard for Business Combinations (Accounting Standards Board of Japan (ASBJ) Statement No. 21, revised on December 26, 2008)" and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, revised on December 26, 2008)," the Company treated business combinations as transactions under common control.

(Per-share Information)

	FY2012 April 1, 2012 - March 31, 2013	FY2013 April 1, 2013 - March 31, 2014
Net assets per share (¥)	272.07	273.81
Net income(loss) per share (¥)	-101.39	5.13

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

2. The basic information used to calculate net income (loss) per share for the years ended March 31, 2013 and 2014 is as follows.

	FY2012 April 1, 2012 - March 31, 2013	FY2013 April 1, 2013 - March 31, 2014
Net income(loss) (¥mil)	-85,882	4,348
Amount that does not belong to ordinary share holders (¥mil)	—	—
Net income(loss) that belongs to ordinary shares (¥mil)	-85,882	4,348
Average number of ordinary shares outstanding during the year (thousands of shares)	847,064	847,055

(Material Contingencies)

None

5. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheet

(Unit: million yen)

	FY2012 As of March 31, 2013	FY2013 As of March 31, 2014
Assets		
Current assets		
Cash and deposits	80,722	79,309
Notes receivable-trade	78	80
Accounts receivable-trade	264,643	229,371
Merchandise and finished goods	219,049	196,541
Raw materials and supplies	235,658	213,876
Short-term loans receivable	12	12
Short-term loans receivable from subsidiaries and associates	21,839	15,814
Accounts receivable-other	84,317	92,882
Other	14,794	15,344
Allowance for doubtful accounts	-189	-94
Total current assets	920,926	843,141
Noncurrent assets		
Property, plant and equipment		
Buildings, net	20,885	20,167
Structures, net	49,842	51,012
Oil storage depots, net	17,431	24,716
Machinery and equipment, net	106,701	108,600
Land	268,214	272,524
Lease assets, net	350	398
Construction in progress	10,531	6,180
Other	2,301	2,128
Total property, plant and equipment	476,258	485,728
Intangible assets		
Software	1,782	2,301
Other	1,440	893
Total intangible assets	3,223	3,194
Investments and other assets		
Investment securities	24,016	20,124
Shares of subsidiaries and associates	82,857	81,932
Long-term loans receivable	132	123
Long-term loans receivable from subsidiaries and associates	33,310	38,352
Long-term deposits	8,114	7,487
Prepaid pension cost	—	1,251
Other	4,453	3,270
Allowance for doubtful accounts	-398	-130
Allowance for loss on investments in subsidiaries and associates	-523	-683
Total investments and other assets	151,964	151,727
Total noncurrent assets	631,445	640,651
Deferred assets		
Bond issuance cost	529	714
Total deferred assets	529	714
Total assets	1,552,901	1,484,506

(Unit: million yen)

	FY2012 As of March 31, 2013	FY2013 As of March 31, 2014
Liabilities		
Current liabilities		
Accounts payable-trade	278,704	286,469
Short-term loans payable	181,011	181,793
Current portion of long-term loans payable	52,343	87,669
Current portion of bonds	1,680	11,680
Accounts payable-other	117,786	96,152
Accrued volatile oil and other petroleum taxes	97,708	70,754
Income taxes payable	217	231
Advances received	3,438	5,509
Deposits received	55,008	26,805
Deferred tax liabilities	975	333
Provision for loss on disaster	648	－
Provision for business structure improvement	7,743	3,398
Other	4,576	6,123
Total current liabilities	801,841	776,921
Noncurrent liabilities		
Bonds payable	74,480	80,500
Long-term loans payable	469,474	399,985
Deferred tax liabilities	1,422	1,088
Deferred tax liabilities for land revaluation	26,942	26,879
Long-term deposits received	8,174	8,558
Provision for special repairs	7,247	7,958
Provision for retirement benefits	4,757	1,799
Provision for business structure improvement	4,260	1,096
Provision for environmental measures	3,876	3,594
Provision for loss on business of subsidiaries and associates	220	444
Other	7,036	4,209
Total noncurrent liabilities	607,893	536,114
Total liabilities	1,409,734	1,313,035
Net assets		
Shareholders' equity		
Capital stock	107,246	107,246
Capital surplus		
Legal capital surplus	89,439	16,966
Other capital surplus	0	0
Total capital surpluses	89,440	16,967
Retained earnings		
Legal retained earnings	7,407	－
Other retained earnings		
Retained earnings brought forward	-79,880	28,937
Total retained earnings	-72,472	28,937
Treasury shares	-92	-94
Total shareholders' equity	124,121	153,056
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,145	808
Deferred gains or losses on hedges	1,676	1,490
Revaluation reserve for land	16,222	16,114
Total valuation and translation adjustments	19,044	18,414
Total net assets	143,166	171,470
Total liabilities and net assets	1,552,901	1,484,506

(2) Non-consolidated Statements of Income

(Unit: million yen)

	FY2012 From April 1, 2012 to March 31, 2013	FY2013 From April 1, 2013 to March 31, 2014
Net sales	2,788,209	3,163,852
Cost of sales		
Beginning merchandise and finished goods	110,554	110,681
Cost of purchased goods	967,688	1,050,281
Cost of products manufactured	1,417,662	1,723,723
Volatile oil and other petroleum taxes	440,376	438,887
Transfer from other account	3,454	968
Private consumption amount	-96,580	-117,938
Total	2,843,157	3,206,603
Ending merchandise and finished goods	110,681	92,617
Cost of sales	2,732,476	3,113,985
Gross profit	55,732	49,867
Selling, general and administrative expenses	73,289	74,210
Operating loss	17,556	24,343
Non-operating income		
Interest income	1,177	953
Interest on securities	1	1
Dividends income	3,192	34,816
Rent income on noncurrent assets	1,229	1,091
Other	3,590	4,216
Total non-operating income	9,191	41,079
Non-operating expenses		
Interest expenses	11,410	11,385
Interest on bonds	848	999
Foreign exchange losses	3,573	162
Other	4,488	2,472
Total non-operating expenses	20,321	15,019
Ordinary income (loss)	-28,686	1,716
Extraordinary income		
Gain on sales of noncurrent assets	134	378
Gain on sales of investment securities	―	1,290
Gain on sales of shares of subsidiaries and associates	―	20,160
Insurance income	360	1,158
Litigation settlement income	―	939
Gain on contribution of securities to retirement benefit trust	―	1,085
Subsidy income	―	3,129
Gain on reversal of allowance for loss on investments in subsidiaries and associates	―	38
Total extraordinary income	495	28,179
Extraordinary loss		
Loss on sales of noncurrent assets	389	11
Loss on disposal of noncurrent assets	2,500	2,993
Impairment loss	2,295	599
Loss on valuation of investment securities	512	305
Business structure improvement expenses	20,334	―
Loss on accident of asphalt leakage	14,108	―
Environmental expenses	3,361	―
Loss on litigation	3,230	―
Loss on recoverable accounts under production sharing	1,955	―
Loss on valuation of shares of subsidiaries and associates	1,666	24
Provision of allowance for loss on investments in subsidiaries and associates	523	197
Provision for loss on business of subsidiaries and associates	220	223
Total extraordinary losses	51,099	4,356
Income (loss) before income taxes	-79,289	25,539
Income taxes-current	37	-2,506
Income taxes-deferred	32,277	-783
Total income taxes	32,314	-3,289
Net income (loss)	-111,604	28,829

(3) Non-consolidated Statements of Changes in Equity

FY 2012 (From April 1, 2012 to March 31, 2013)

(Unit: million yen)

	Shareholders' equity									
		Capital surplus			Retained earnings					
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for overseas investment loss	Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2012	107,246	89,439	1	89,440	7,407	13	38,798	46,219	-91	242,815
Changes of items during the period										
Dividends from surplus							-6,779	-6,779		-6,779
Net loss							-111,604	-111,604		-111,604
Reversal of revaluation reserve for land							-308	-308		-308
Reversal of legal capital surplus		－		－				－		－
Reversal of legal retained earnings					－		－	－		－
Purchase of treasury shares									-1	-1
Disposal of treasury shares			-0	-0					0	0
Reversal of other retained earnings						-13	13	－		－
Net changes of items other than shareholders' equity										
Total changes of items during the period	－	－	-0	-0	－	-13	-118,679	-118,692	-0	-118,693
Balance at March 31, 2013	107,246	89,439	0	89,440	7,407	－	-79,880	-72,472	-92	124,121

	Valuation and translation adjustments				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at April 1, 2012	-409	2,782	15,913	18,287	261,103
Changes of items during the period					
Dividends from surplus					-6,779
Net loss					-111,604
Reversal of revaluation reserve for land			308	308	－
Reversal of legal capital surplus					－
Reversal of legal retained earnings					－
Purchase of treasury shares					-1
Disposal of treasury shares					0
Reversal of other retained earnings					－
Net changes of items other than shareholders' equity	1,554	-1,106	－	448	448
Total changes of items during the period	1,554	-1,106	308	757	-117,936
Balance at March 31, 2013	1,145	1,676	16,222	19,044	143,166

FY 2013 (From April 1, 2013 to March 31, 2014)

(Unit: million yen)

	Shareholders' equity									
		Capital surplus			Retained earnings					
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for overseas investment loss	Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2013	107,246	89,439	0	89,440	7,407	−	-79,880	-72,472	-92	124,121
Changes of items during the period										
Dividends from surplus					−					−
Net income							28,829	28,829		28,829
Reversal of revaluation reserve for land							107	107		107
Reversal of legal capital surplus		-72,472		-72,472			72,472	72,472		−
Reversal of legal retained earnings					-7,407		7,407	−		−
Purchase of treasury shares									-2	-2
Disposal of treasury shares			-0	-0					0	0
Reversal of other retained earnings										
Net changes of items other than shareholders' equity										
Total changes of items during the period	−	-72,472	-0	-72,473	-7,407	−	108,817	101,410	-2	28,934
Balance at March 31, 2014	107,246	16,966	0	16,967	−	−	28,937	28,937	-94	153,056

	Valuation and translation adjustments				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at April 1, 2013	1,145	1,676	16,222	19,044	143,166
Changes of items during the period					
Dividends from surplus					−
Net income					28,829
Reversal of revaluation reserve for land			-107	-107	−
Reversal of legal capital surplus					−
Reversal of legal retained earnings					−
Purchase of treasury shares					-2
Disposal of treasury shares					0
Reversal of other retained earnings					
Net changes of items other than shareholders' equity	-337	-185	−	-522	-522
Total changes of items during the period	-337	-185	-107	-630	28,303
Balance at March 31, 2014	808	1,490	16,114	18,414	171,470