(Attached Documents)

BUSINESS REPORT

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

1. Business Overview

(1) Review of Operations of the Group

In this consolidated fiscal year, **Japan's economy** was weak throughout the year due to the devastating blow of the Great East Japan Earthquake, which occurred in March of last year, despite the subsequent rapid rebuilding of supply chains through restoration and reconstruction efforts, as rapid yen appreciation from the summer onward slowed the pace of recovery in Japan, and the impact of deceleration in the global economy resulting from factors such as the European debt crisis and flood damage in Thailand slowed the pace of recovery globally.

In these circumstances, **domestic demand for petroleum products** remained at about the same level as in the previous term, despite a sharp increase in demand for heavy fuel oil C for electric power as a result of higher operating rates at thermal power plants due to the suspension of operations at nuclear power plants and because of lower demand for other types of oil owing to the advancement of structural factors such as improvements in fuel efficiency and fuel conversion.

As for the **crude oil price**, although Dubai crude oil, which began the term at around $111/barrel, remained stable during the first half of the term, it fell to the $96/barrel range in October. However, the price turned sharply upward from January onward against the backdrop of the situation with Iran and rose to $124/barrel range at the end of the term. As a result, the average price throughout the term was around $110/barrel, about $26 higher than the previous term.

With respect to **exchange rates**, the yen appreciated in the first half of the term from the ¥83 per dollar level at the beginning of the term due to economic stagnation caused by delayed recovery in employment in the US and reached a record high of ¥75.32 per dollar in October as a result of factors including the European debt crisis and downgrading of the rating of US government bonds. Subsequently, the yen depreciated as a result of Japan's trade balance shifting to a large deficit in January and the Bank of Japan's monetary easing measures, and the term ended with the exchange rate settling at the ¥82 per dollar level.

As for domestic **product market conditions**, prices moved in response to fluctuations in crude oil prices. Although delivery prices of mass market products and fuel for industrial use fell at the beginning of the term, they rose sharply from February onward.

In this business environment, to achieve the Fourth Consolidated Medium-Term Management Plan (FY2010 to FY2012), **the Cosmo Oil Group** made concerted efforts to implement drastic rationalization and company-wide change to increase the competitiveness of refineries and realize stable expansion of sales outlets overseas.

Petroleum Business

Regarding **sales**, the Company has promoted such structural enhancements as improvement in the gasoline sales to fuel oil sales ratio and the expansion of sales outlets with high profitability and has worked to bolster its overall sales strength. In sales at service stations, the Company has actively engaged in the "Filling Up Your Hearts, Too" Declaration 2011 sales promotion program aimed at the provision of a high level of satisfaction to customers. Specifically, we carried out customer satisfaction surveys and service station service diagnosis surveys by external monitors in order to improve the brand value and competitiveness of the Cosmo Oil Group and provided brand support for the operation of service stations that satisfy customers. Furthermore, as part of development of environment-friendly service stations, the Company continued to install energy-saving LED light sources at service stations and has collaborated with other Japanese refinery distributors in construction of the EVSS NETWORK, an electric vehicle charging network, as a demonstration experiment toward the establishment of a business model for recharging electric vehicles (EVs) at service stations. The Company also began as an independent initiative the EV Car Life Support Service for leasing EVs, installing regular charging equipment, and providing the "Green Power Charging Service" (a charging service that uses solar power generation facilities). In addition, although service stations in the Tohoku area were severely affected by the Great East Japan Earthquake in March of last year the Company has provided support for rapid resumption of service by means including the installation of secondhand fuel pumps and deployment of security guards to avoid disruption at service stations. With regard to "Cosmo The Card," a self-issued credit card, as a result of stepping up activities to acquire card members, such as an initiative to increase added value by offering the WAON electronic money service with "Cosmo The Card Opus," the number of valid cards increased by 150 thousand over the previous term to 3,810 thousand, and we achieved the target of 3,750 thousand cards in the Fourth Consolidated Medium-Term Management Plan (FY2010 to FY2012) a year ahead of schedule. June marked the start of the nationwide operation "COSMO B-cle

LEASE", an auto leasing business, through its service station network, as a new service to enhance the customer's driving experience. The service has been well received by customers, and the number of lease contracts exceeded the 1,200-vehicle milestone in March. In addition, we renewed the website for "Cosmo The Card" members, renaming it "COSMO B-cle LIFE," and have provided information adapted to customers' individual styles under the concept "Making car life comfortable, secure, and affordable."

Next, as for **the procurement of crude oil and petroleum products**, while working to further reinforce its relationships with oil-producing countries in the Middle East and flexibly responding to fluctuations in the petroleum market following the Great East Japan Earthquake, the Company has worked toward stably securing crude oil and petroleum products and procurement at proper costs.

Concerning **production**, the Company has implemented the Third Consolidated Medium-Term Safety Plan (FY2010 to FY2012), setting the group-wide safety objective "Realizing one's roles and responsibilities and achieving zero accidents with reminder among colleagues" and has engaged in safety management activities. Furthermore, we have engaged in the production of environment-friendly products and reinforced refinery competitiveness through enhancement of added value by means including the start of operation in April of manufacturing equipment for bio-ETBT at the Sakai Refinery and the construction of mix xylene distillation equipment at the Yokkaichi Refinery and the start of exporting in January. To minimize the impact of the suspension of operation of the Chiba Refinery following the Great East Japan Earthquake, we have striven for the stable supply of products by means including increasing crude oil refining capacity at the three other refineries.

In **logistics**, although the Great East Japan Earthquake caused supply constraints at oil storage depots and impacted modes of transportation, we implemented tangible and intangible measures for the early restoration of our normal supply structure. These efforts included the deployment of large ocean-going tankers, increased procurement of coastal tankers, resumption of use of idle tanks at oil terminals, and flexible operation of tank truck transport. We have also engaged in stable delivery of petroleum products by means such as working to boost tank truck operating rates by increasing the number of service stations that have introduced the DCD (driver controlled delivery) single discharge system and by practicing meticulous stock control at oil terminals and increasing the number of tank trucks during the wintertime peak demand period, when the quantity of kerosene delivered increases.

As for **new business**, Group company Eco Power Co., Ltd. actively engaged in the environment-friendly wind power business, increased operating rates at power generation facilities through development of maintenance system, and achieved a substantial profit improvement. In the wholesale electrical supply business, we changed the power generation schedule and increased summertime power generation volume to compensate for power shortages that accompanied the suspension of operations at nuclear power stations following the Great East Japan Earthquake. We worked to increase sales in the "5-aminolevulinic acid (ALA)" business. We engaged in product development in collaboration with business partners to expand applications into the animal feed, hair tonic, health food, cosmetics, pharmaceuticals, and other sectors and sought higher sales of active ingredients of ALA. In particular, with regard to the "Penta Garden" series, liquid fertilizer for home gardening, and the Pentakeep® series, liquid fertilizer for business use, products independently developed by the Company, we developed sales networks in Japan and overseas, introduced new products in the "Penta Garden" series and expanded sales of the series. We also established GTL (gas to liquids) technology applicable on a commercial scale through demonstration research into GTL technology over a six-year period and continued to carry out demonstration research into hydrogen stations utilizing facilities at the Yokohama-Daikoku Hydrogen Station.

In **R&D**, the Company has continued to carry out research related to production of polysilicon for solar cells, production of biomass ethanol, development of a technology for synthesizing liquid hydrocarbons equivalent to fuel oils from biomass resources, and development of heavy oil processing technology. We also established a technical committee jointly with Hyundai Oilbank Co., Ltd. in South Korea and undertook strengthening of R&D activities in the area of technology and research.

As for **environmental issues**, Cosmo Oil Eco Card Fund has conducted the "Living with Our Planet" project for environmental contribution activities using as financial resources donations received from members of "Cosmo The Card Eco" and a portion of the Group's sales, adding five new projects, including a project to support reconstruction following the Great East Japan Earthquake, and contributed to the realization of a sustainable society under the themes "Restoration and preservation of the environment in Japan and overseas" and "Education of the next generation." The fund's efforts over many years to address global environmental problems have met with recognition, and in October we received a special achievement award from an international environmental preservation activities organization. We also continued community forest preservation activities at the Sakai Refinery and other locations and engaged in soil pollution measures at service stations, etc.

Despite the abovementioned efforts, the Company's combined sales volume for all oil types was 37,093 thousand kiloliters, down 4.5% from the previous year. Net sales in the petroleum business were ¥3,055.6 billion, up 12.0% from the previous year, and segment income (ordinary income) was ¥8.0 billion.

Fire and Explosion Accident at the Chiba Refinery

We offer our sincere apologies for the inconvenience and concern caused to our shareholders and other stakeholders by the fire and explosion accident at an LPG shipping facility and tank at the Chiba Refinery on March 11 of last year.

To determine the cause of the accident and develop measures to prevent a recurrence, in April the Company established the Accident Investigation Committee, composed of a majority of external experts and having observers from concerned administrative agencies.

The Accident Investigation Committee engaged in investigation and deliberation based on specialized knowledge drawn from on-site observation, compiled an accident investigation report in August, and identified the cause as follows: "The principal cause of the accident was the buckling and rupturing of an LPG tank filled with water for the purpose of a statutory inspection as a result of two major quakes in the Great East Japan Earthquake and ignition of LPG that leaked attendant on the tank damage." In addition, since failure to comply with technical standards stipulated in the High Pressure Gas Safety Act was revealed during the course of the accident investigation, in June the Company was subject to administrative action in the form of revocation of self-certification at the Chiba Refinery in relation to an Accredited Completion Inspection Executor and an Accredited Safety Inspection Executor under the High Pressure Gas Safety Act.

The Company has taken this situation seriously and implemented measures to prevent reoccurrence, including increasing the earthquake resistance of LPG tanks, reviewing the response manual for use when LPG tanks are filled with water, improving response capabilities in times of sudden abnormalities through practice drills in anticipation of a large-scale disaster, and re-educating employees on safety-related laws and regulations.

As a result of making the utmost effort to restore operation at the Chiba Refinery after having rigorously ensured safety while seeking instructions from involved administrative agencies, we began operation of heavy-oil direct desulfurization equipment in January and resumed operation of one of two atmospheric distillation units in March. Nevertheless, operation has not been fully restored, and the Company recorded an extraordinary loss of ¥22.7 billion related to the accident.

Petrochemical Business

In **petrochemicals**, although Hyundai Cosmo Petrochemical Co., Ltd., a joint venture with Hyundai Oilbank Co., Ltd. in South Korea, steadily produced paraxylene, net sales in the petrochemicals business were ¥29.4 billion, down 36.0% from the previous year. Segment income (ordinary income) was ¥2.1 billion.

Oil Exploration and Production Business

In the current consolidated fiscal year, Qatar Petroleum Development Co., Ltd., a subsidiary of the Company, completed development work begun in 2007 in A-Structure South Oil Field and commenced crude oil production in April. In addition, Abu Dhabi Oil Co., Ltd. (Japan), United Petroleum Development Co., Ltd. and Qatar Petroleum Development Co., Ltd. engaged in the stable production of crude oil during a time of continuing high crude oil prices. Net sales in the oil exploration and production business were ¥87.6 billion, up 25.3% from the previous year, and segment income (ordinary income) was ¥52.0 billion.

Moreover, the Company has reinforced its relationship with Qatar through the Laffan Refinery in Qatar, in which a subsidiary of the Company has invested 10%.

Other

In such operations as the buying, selling and leasing of real estate facilities and the construction and leasing of petroleum-related facilities, the Company has worked to improve profitability through efficiency improvements. Net sales in other businesses were ¥71.6 billion, up 4.3% from the previous year, and segment income (ordinary income) was ¥2.9 billion.

As a result of such management activities, during the current consolidated fiscal year, our consolidated **net sales** increased by 12.2% from the previous year to ¥3,109.7 billion, while **operating income** and **ordinary income** were ¥63.6 billion and ¥61.4 billion, respectively. **Net loss for the period** totaled ¥9.1 billion.

Business Segment Information

(Millions of yen)

	Petroleum Business	Petrochemical Business	Oil Exploration and Production Business	Other	Adjustments	Consolidated
Net Sales	3,055,628	29,422	87,644	71,628	-134,577	3,109,746
Segment Income	7,996	2,079	52,023	2,879	-3,558	61,420

(2) Issues to be Addressed

With regard to **the economic environment going forward**, although gradual business recovery in the Japanese economy supported by factors such as reconstruction demand following the Great East Japan Earthquake and recovery in the global economy centered on the US is expected, the pace of recovery is predicted to be sluggish due to persistent uncertainty about the future. In the petroleum industry, domestic demand is trending down as a result of progress with energy conservation and heightened concern about environmental problems. At the same time, the Great East Japan Earthquake has led to renewed recognition of the importance of oil as an energy source essential to people's lives that offers excellent emergency response capabilities. Also, since demand for petroleum products and petrochemical products in China, India, and elsewhere is expected to increase over the medium to long term, safe, efficient, stable supply and global, proactive business activities will be required.

The Cosmo Oil Group will implement initiatives at the Chiba Refinery in intangible areas such as re-education on safety-related laws and regulations and improvement of emergency response capabilities as well as tangible improvements such as increasing the earthquake resistance of tanks and pursue further improvements in preparation for complete recovery at the Chiba Refinery. At the other three refineries as well, we will tenaciously press ahead with safe, stable operation, continue to implement measures to prevent a recurrence established by the Chiba Refinery Accident Investigation Committee, and undertake improvement of the level of safety group-wide.

We will concentrate the collective effort of the Group in FY2012, the final year of the Fourth Consolidated Medium-Term Management Plan (FY2010 to FY2012), to achieve the objective of establishing a business foundation and further re-enhancing its financial base for sustainable growth, by implementing the measures described below.

Fourth Consolidated Medium-Term Management Plan (FY2010 to FY2012)

1) Achievement of Recovery of Profits in Petroleum Refining and Marketing Business

Drastic rationalization and company-wide change will be carried out to develop a stable-profit structure in the petroleum refining and marketing business, which is the core business of the Cosmo Oil Group. As a measure to improve the sales mix of oil types, we will take maximum advantage of the heavy fuel oil cracking equipment at the Sakai Refinery to reduce refining costs by procuring inexpensive heavy crude oil. We will strive to improve our profitability by shifting production to higher-value-added naphtha, jet fuel and diesel oil, and to sell our products to areas where we can expect a higher profit margin. Moreover, we will establish a low-cost system by means such as reducing fixed selling expenses by significantly streamlining the organizational structure and personnel. We will also continue export sales of petroleum products with an aim to expand our stable sales channels in the Asia-Pacific region.

2) Expansion of Business Portfolio by Petrochemical and Oil Exploration and Production

In the petrochemical and oil exploration and production businesses, we will expand our business scale by implementing a medium- and long-term growth strategy. In the petrochemical business, after scheduled completion of new paraxylene equipment (production capacity of 800,000 tons a year) at Hyundai Cosmo Petrochemical Co., Ltd. (HCP) in 2013, a production system of 1.18 million tons per year for paraxylene will be established. Mix xylene produced by new distillation equipment (production capacity of 300,000 tons a year) at the Company's Yokkaichi Refinery, and by the Cosmo Oil Group's existing mix xylene equipment (production capacity of 300,000 tons a year), will enable the stable supply of mix xylene to HCP. At the same time, we will strive to stabilize and further increase profitability based on an integrated petrochemical operation system for refining from crude oil to paraxylene. In the oil exploration and production business, we will continue the stable operation of existing oilfields in the Middle East operated by the Cosmo Oil Group's petroleum development companies. We will also engage in exploration activities in Qatar and Australia aimed at oil field discovery and the start of production at an early date. Since a new concession area in the Emirate of Abu Dhabi in the United Arab Emirates is adjacent to three existing operating fields (Mubarraz Field, Umm Al Anbar Field, and Neewat Al Ghalan Field) and includes already discovered and undeveloped reservoirs with production potential on a similar scale to the current production rate of the three existing oil fields, we will maximize the utilization of the existing production facilities to promote environment-friendly, highly economical exploration and production. We have entered in a new concession agreement with the Supreme Petroleum Council of Abu Dhabi for a period of 30 years beginning December 2012 and will strive to increase crude oil production based on our long-established relationships of trust with oil-producing countries.

3) Expansion of Business Portfolio by the Environmental and Renewable Energy Business

We will accelerate moves to ensure the early implementation of new non-oil businesses in order to establish a business base that will become a major source of future profits. In the wind power business, we will maintain a stable profit structure by continuing to strengthen the maintenance system and aim for further expansion through the development of new sites and the reinforcement of existing sites with a view to the fixed price purchasing system for renewable energy to begin in July 2012. In addition, we will consider entering the mega-solar business, where we can effectively utilize the Cosmo Oil Group's assets and expertise. In the ALA business, we will strive to ensure profitability by accelerating commercialization and boosting sales capabilities and continuing to pursue sales expansion in overseas markets.

4) Continuation and Promotion of CSR Management and Environmental Management

As its approach to CSR management and environmental management, the Cosmo Oil Group will involve all Group employees to accelerate efforts for the realization of a sustainable society and global environment based on "honest and transparent management" with the following focal points: improvement in the function of the CSR promotion system, reinforcement of safety management, enhancement of human rights and personnel measures, promotion of environmental measures, and facilitation of communication activities that meet the expectations of society in accordance with the Third Consolidated Medium-Term CSR Plan (FY2010 to FY2012).

Based on Group management concepts grounded in CSR, the Cosmo Oil Group will contribute to the sustainable development of society while working towards "Harmony and Symbiosis" of energy, society and the global environment through means including the stable supply of safe and convenient energy, thoroughgoing compliance, and involvement in social contribution activities and global environmental preservation activities. In addition, we have resolved to develop a general energy corporate group that aims at "Creating Future Values" and further contributing to the continued development of society by bringing together the Group's management resources and its wisdom to provide new products, technologies, services, and other outcomes that meet the needs of customers and society.

We look forward to the continued support and guidance of our shareholders.

(3) Production and Order Acceptance

1) Consolidated Production and Order Acceptance

Name of Business Segment		Production Volume	Changes from FY2010
		Millions of yen	%
Petroleum Business	Gasoline/Naphtha	369,638	-7.4
	Kerosene/Diesel Fuel	457,755	-14.0
	Heavy Fuel Oil	277,910	9.8
	Other	82,012	1.4
	Subtotal	1,187,317	-6.2
Petrochemical Business		11,318	-42.5
Oil Exploration and Production Business		20,554	5.0
Total		1,219,190	-6.6

(Notes) 1. Domestic fuel not included.
2. Production volume includes portions consigned to other companies and excludes portions consigned from other companies.
3. Amount above does not include consumption taxes.
4. Amount above does not include production volume between segments.

Name of Business Segment	Amount of Orders	Changes from FY2010	Outstanding Orders	Changes from FY2010
	Millions of yen	%	Millions of yen	%
Other	12,230	42.1	5,230	127.8

(Note) Amount above does not include consumption taxes.

2) Non-consolidated Production and Order Acceptance

Oil Type	FY2011	FY2010	Changes from FY2010
	Thousand kl/t	Thousand kl/t	%
Gasoline/Naphtha	5,527	7,409	-25.4
Kerosene/Diesel Fuel	6,788	9,848	-31.1
Heavy Fuel Oil	4,506	5,210	-13.5
Other	1,853	2,115	-12.4
Total	18,675	24,583	-24.0

(Notes) 1. Production volume includes portions consigned to other companies and excludes portions consigned from other companies.
2. In addition to the above-mentioned production, domestic purchase (current term 10,494 thousand kiloliters, previous term 8,971 thousand kiloliters) and overseas purchase (current term 8,307 thousand kiloliters, previous term 6,080 thousand kiloliters)

(4) Sales

1) Consolidated Sales

Name of Business Segment		Sales Volume	Changes from FY2010
		Millions of yen	%
Petroleum Business	Gasoline/Naphtha	1,384,917	7.3
	Kerosene/Diesel Fuel	924,318	14.0
	Heavy Fuel Oil	417,240	25.6
	Other	304,717	19.4
	Subtotal	3,031,193	12.8
Petrochemical Business		12,715	-34.8
Oil Exploration and Production Business		43,457	24.1
Other		22,380	-21.7
Total		3,109,746	12.2

(Notes) 1. Gasoline tax and local gasoline tax are included in amount of gasoline.
2. Amount above does not include consumption taxes.
3. Amount above does not include volume of sales between segments.

2) Non-consolidated Sales

Type of Oil	FY2011	FY2010	Changes from FY2010
	Thousand kl/t	Thousand kl/t	%
Gasoline/Naphtha	15,372	16,140	-4.8
Kerosene/Diesel Fuel	13,195	13,824	-4.6
Heavy Fuel Oil	6,675	6,506	2.6
Other	1,850	2,352	-21.3
Total	37,093	38,824	-4.5

(5) Capital Expenditures of the Group

1)The Group spent a total of ¥27.9 billion on capital investments during the consolidated fiscal year, primarily in the following:

Primary Facilities Completed during the Current Consolidated Fiscal Year

- Cosmo Oil
  - Yokkaichi Refinery: Mix xylene distillation equipment (petroleum business)
  - Nationwide: New establishment and remodeling of service stations (petroleum business)
- Subsidiaries — Qatar Petroleum Development Co., Ltd.
  - Qatar: Recoverable accounts under production sharing
- Subsidiaries — Abu Dhabi Oil Co., Ltd.
  - Abu Dhabi (United Arab Emirates): Production facilities (oil exploration and production business)

2) Primary Facilities for Which New Construction or Upgrading and Expansion Continued during the Consolidated Fiscal Year

Since LPG shipping facilities and an LPG tank at the Company’s Chiba Refinery were severely damaged in the fire and explosion accident that occurred in March 2011, new construction is underway

(6) Financing Activities

The Company conducted no financing activities during the current consolidated fiscal year by means of capital increase or bond issuance

(7) Acquisition or Disposition of Shares or Other Equities or Stock Acquisition Rights, etc. of Other Companies

Not applicable.

(8) Assets, Profit and Loss for Recent Four Fiscal Years

1) Consolidated Assets, Profit and Loss

(Billions of yen)

	The 103rd Term FY2008	The 104th Term FY2009	The 105th Term FY2010	The 106th Term (Current Term) FY2011
Net Sales	3,428.2	2,612.1	2,771.5	3,109.7
Ordinary Income	-125.0	36.4	96.1	61.4
Net Income	-92.4	-10.7	28.9	-9.1
Net Income per Share (yen)	-109.11	-12.68	34.16	-10.72
Total Assets	1,440.4	1,645.0	1,579.4	1,675.1
Net Assets	347.4	331.6	350.2	337.4

(Notes) 1. Net income per share is calculated on the basis of the average number of shares outstanding during the term (excluding the average number of treasury shares held during the term).

2. Please refer to "Section 1. Business Overview, (1) Review of Operations of the Group" for the operating results for the 106th Term.

2) Non-consolidated Assets, Profit and Loss

(Billions of yen)

	The 103rd Term FY2008	The 104th Term FY2009	The 105th Term FY2010	The 106th Term (Current Term) FY2011
Net Sales	3,158.9	2,332.7	2,551.3	2,757.9
Ordinary Income	-127.5	23.3	50.5	19.6
Net Income	-55.3	9.6	20.8	-9.7
Net Income per Share (yen)	-65.23	11.38	24.49	-11.41
Total Assets	1,282.8	1,520.2	1,437.6	1,563.9
Net Assets	257.6	263.8	276.8	261.1

(Note) Net income per share is calculated on the basis of average number of shares issued during the term (excluding the average number of treasury shares held during the term).

(9) Principal Business Lines (as of March 31, 2012)

The principal business of the Group are the Petroleum Business, including imports and exports, refining, storage, and sales of crude oil and petroleum products, the Petrochemical Business, including manufacturing and sales of petrochemical products, and the Oil Exploration and Production Business including exploration and production of crude oil, etc. In other businesses, the Group is engaged in oil-related facilities construction and insurance agency business, etc.

(10) Principal Offices and Plants (as of March 31, 2012)

1) The Company

Head Office	1-1-1, Shibaura, Minato-ku, Tokyo
Branches	Sapporo/Sendai/Tokyo/ Kanto- Minami (Tokyo)/Nagoya/Osaka/Hiroshima/Takamatsu/Fukuoka
Refineries	Chiba (Ichihara-shi)/Yokkaichi/Sakai/Sakaide
Laboratories	Research & Development Center (Satte-shi Saitama Pre.)
Overseas Bases	Abu Dhabi (United Arab Emirates) /Doha (Qatar)/Beijing (China)/Shanghai (China)

(Reference)

Facilities scale of the Company

Crude oil processing capacity	635 thousand barrels per day
Number of oil storage depots (including 33 bailed oil storage depots)	35
Number of affiliated service stations	3,532

2) Major Subsidiaries and Affiliates

COSMO MATSUYAMA OIL CO., LTD.	(Head Office) (Plant)	Minato-ku, Tokyo Matsuyama-shi, Ehime Pref.
COSMO PETROLEUM GAS CO., LTD.	(Head Office)	Minato-ku, Tokyo
COSMO OIL LUBRICANTS CO., LTD	(Head Office) (Plant)	Minato-ku, Tokyo Chiba (Ichihara-shi) / Yokkaichi-shi / Shimotsu (Kainan-shi, Wakayama Pre.) / Osaka
COSMO OIL SALES CO., LTD.	(Head Office)	Shinagawa-ku, Tokyo
QATAR PETROLEUM DEVELOPMENT CO., LTD.	(Head Office) (Mining Plant)	Shinagawa-ku, Tokyo Doha (Qatar)
ABU DHABI OIL CO., LTD.	(Head Office) (Mining Plant)	Shinagawa-ku, Tokyo Abu Dhabi (United Arab Emirates)
COSMO ENGINEERING CO., LTD.	(Head Office)	Shinagawa-ku, Tokyo
ECO POWER CO., LTD.	(Head Office)	Shinagawa-ku, Tokyo
MARUZEN PETROCHEMICAL CO., LTD.	(Head Office) (Plant)	Chuo-ku, Tokyo Chiba (Ichihara-shi) / Yokkaichi-shi
UNITED PETROLEUM DEVELOPMENT CO., LTD.	(Head Office) (Branch)	Minato-ku, Tokyo Abu Dhabi (United Arab Emirates) / Doha (Qatar)
HYUNDAI COSMO PETROCHEMICAL CO., LTD.	(Head Office)	Seoul (Korea)

(11) Major Subsidiaries and Affiliates (as of March 31, 2012)

1) Major Subsidiaries and Affiliates

Company Name	Paid-in Capital	Investment Ratio	Main Operations
(Subsidiaries)	100 million yen	%	
COSMO MATSUYAMA OIL CO., LTD.	35	100.0	Manufacture and sales of petrochemical products/ Storage, receiving and shipping works of petroleum / Lease of oil storage facilities
COSMO PETROLEUM GAS CO., LTD.	35	100.0	Import, storage and sales of LPG
COSMO OIL LUBRICANTS CO., LTD	16	100.0	Research and development, manufacture, and sales of lubrication oils and grease / analysis and test of petroleum
COSMO OIL SALES CO., LTD.	1	100.0	Sales of oil products
QATAR PETROLEUM DEVELOPMENT CO., LTD.	31	75.0	Crude oil development/production/sales
ABU DHABI OIL CO., LTD.	101	63.0	Crude oil development/production/sales
COSMO ENGINEERING CO., LTD.	4	87.6	Design, procurement and construction of oil exploration unit, other units or facilities
ECO POWER CO., LTD.	62	98.7	Wind turbines Electricity
(Affiliates)			
MARUZEN PETROCHEMICAL CO., LTD.	100	40.0	Manufacture and sales of petrochemical products
UNITED PETROLEUM DEVELOPMENT CO., LTD.	20	45.0	Crude oil development/production/sales
HYUNDAI COSMO PETROCHEMICAL CO., LTD.	469.6 billion KRW	50.0	Manufacture and sales of petrochemicals

(Note) The Company's investment ratio includes a portion of indirect holding via subsidiaries.

2) Review and Results of Business Combination

(Review of Business Combination)

The Cosmo Oil Group consists of 37 consolidated subsidiaries (unchanged) and 27 companies under the equity method (a decrease of one company from the previous term) including the major subsidiaries and affiliates as listed in 1) above.

(Results of Business Combination)

Consolidated net sales for the current consolidated fiscal year reached to ¥3,109.7billion, and consolidated net loss for the period was ¥9.1billion.

3) Status of Other Significant Business Combinations

The Company and International Petroleum Investment Company performed a comprehensive and strategic business alliance and Infinity Alliance Limited, a wholly owned subsidiary of the relevant company, invests in the Company.

(12) Employees (as of March 31, 2012)

1) Employees of Cosmo Oil Group

Name of Business Segment	Number of Employees (Persons)		Year-on-year Change (Persons)
Petroleum Business	5,060	(2,667)	103 (decreased)
Petrochemical Business	155	(0)	5 (decreased)
Oil Exploration and Production Business	197	(59)	4 (decreased)
Other	835	(14)	7 (decreased)
Total	6,247	(2,740)	119 (decreased)

(Notes) 1. Number of employees indicates the number of employees in operation.
2. Number in parenthesis in the number of employees column indicates the average employment number of temporary employees.

2) Employees of the Company

Number of Employees (Persons)	Year-on-year Change (Persons)	Average Length of Service
2,025	110 (decreased)	21 years and 0 month

(Note) Seconded employees (1,073), temporary employees and part-timers are not included in the number of employees.

(13) Principal Lenders (as of March 31, 2012)

(Billions of yen)

Lenders	Borrowed Amount
Mizuho Corporate Bank, Ltd.	132.6
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	105.1
Japan Oil, Gas and Metals National Corporation	71.6
Sumitomo Mitsui Banking Corporation	64.8
The Chuo Mitsui Trust and Banking Company, Limited	26.2

(Notes) 1. In addition to the above, there were borrowings via syndicated loans (¥128.8 billion in total).
2. The Chuo Mitsui Trust and Banking Company, Limited, became Sumitomo Mitsui Trust Bank, Limited, through a merger among the Sumitomo Trust and Banking Co., Ltd., Chuo Mitsui Asset Trust and Banking Company, Limited, and the Chuo Mitsui Trust and Banking Company, Limited, as of April 1, 2012.

(14) Other Significant Matters concerning Current Status of the Group

Concerning the Lawsuit on the Claim for the Refund of Unfair Profits with respect to the delivery of petroleum products to the Defense Agency (currently the Ministry of Defense), the Company was ordered on June 27, 2011, by the Tokyo District Court to pay ¥1,915,326,670 and interest thereon at the rate of 5% per annum, but the Company appealed the court ruling to the Tokyo High Court on July 11, 2011. There were two trial dates for the appeal trials in the Tokyo High Court during the current term, and this case is currently on trial.

In regard to the Claim for Damage Compensation filed by the Company against the contractor who undertook the inspection construction for Keiyo Sea Berth sea bottom underground crude oil piping at the Chiba Refinery of the Company, where part of the piping floated to the surface of the sea, there were six trial dates in the Tokyo District Court during the current term, and this case is currently on trial.

2. Share-related Information (as of March 31, 2012)

(1) Number of Shares Authorized to be Issued: 1,700,000,000 shares

(2) Number of Shares Issued and Outstanding: 847,705,087 shares

(number of treasury shares of above: 287,548 shares)

(3) Number of Shareholders: 40,248

(4) Major Shareholders

Name of Shareholders	Number of Shares Held (in thousands)	Investment Ratio (%)
Infinity Alliance Limited	176,000	20.76
Japan Trustee Services Bank, Ltd. (Trust Account)	54,720	6.45
Mizuho Corporate Bank, Ltd.	31,320	3.69
The Master Trust Bank of Japan, Ltd. (Trust Account)	23,666	2.79
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	19,750	2.33
Mitsui Sumitomo Insurance Company, Limited	18,878	2.22
The Kansai Electric Power Co., Inc.	18,600	2.19
Aioi Nissay Dowa Insurance Co., Ltd.	18,583	2.19
Tokio Marine & Nichido Fire Insurance Co., Ltd.	17,335	2.04
Sompo Japan Insurance Inc.	15,792	1.86

(Note) Investment ratio is excluding the number of treasury shares.

3. Executives of the Company

(1) Directors and Corporate Auditors (as of March 31, 2012)

Position	Name	Responsibilities
Chairman, Representative Director	Keiichiro Okabe	
President, Representative Director, Chief Executive Officer	Yaichi Kimura	
Representative Director, Executive Vice President	Keizo Morikawa	Assistant to President, Responsible for Corporate Planning Dept., Change Promotion Dept., Corporate Communication Dept., and Personnel Dept.
Director, Senior Executive Officer	Satoshi Miyamoto	Responsible for Accounting Dept., Finance Dept., Distribution Dept., and Project Development Dept.
Director, Senior Executive Officer	Hideto Matsumura	Responsible for Refining & Technology Dept., Maintenance & Engineering Dept., Safety & Environment Control Dept., and R&D Dept.
Director, Senior Executive Officer	Atsuto Tamura	Responsible for General Affairs Dept., Affiliate Relations Dept., Information System Planning Dept., and Purchasing Center
Director, Senior Executive Officer	Hisashi Kobayashi	Responsible for Sales Dept., Wholesale Marketing Dept., Industrial Fuel Marketing Dept., and Supply & Demand Coordination Dept.
Director, Senior Executive Officer	Isao Kusakabe	Responsible for Petroleum E&P Dept., International Ventures Dept., Crude Oil & Tanker Dept., and Petroleum Products Trading Dept.
Director	Mohamed Al Hamli	
Director	Nasser Alsowaidi	
Full-time Corporate Auditor	Makoto Suzuki	
Full-time Corporate Auditor	Hirokazu Ando	
Full-time Corporate Auditor	Hideo Suzuki	
Corporate Auditor	Hajime Miyamoto	
Corporate Auditor	Yoshitsugu Kondo	

(Notes)
1. Directors Mohamed Al Hamli and Nasser Alsowaidi are Outside Directors.
2. Corporate Auditors Hirokazu Ando, Hajime Miyamoto and Yoshitsugu Kondo are Outside Corporate Auditors.
3. Corporate Auditors Hirokazu Ando, Hajime Miyamoto and Yoshitsugu Kondo have been notified to the Tokyo Stock Exchange, Osaka Securities Exchange and Nagoya Stock Exchange as Independent Directors/Corporate Auditors.
4. Hisashi Kobayashi and Isao Kusakabe were newly elected as Director and assumed the position on June 23, 2011.
5. Kenji Hosaka and Naomasa Kondo retired as Director at the expiration of their term on June 23, 2011.

6. Executive Officers

Position	Name	Responsibility
Senior Executive Officer	Kanesada Sufu	General Manager, Project Development Dept.
Senior Executive Officer	Hirohiko Ogiwara	General Manager, Tokyo Branch Office
Senior Executive Officer	Satoshi Nishi	General Manager, Accounting Dept.
Senior Executive Officer	Hideo Matsushita	General Manager, Petroleum E& P Dept. and Assistant in Charge of Petroleum E & P Dept.
Senior Executive Officer	Katsuhisa Ohtaki	General Manager, Chiba Refinery
Senior Executive Officer	Hiroshi Kiriyama	General Manager, Corporate Planning Dept. and General Manager, Change Promotion Dept.
Executive Officer	Toshiaki Iwana	Assistant of Director responsible for Refining & Technology Dept.
Executive Officer	Teruyuki Takishima	General Manager, Maintenance & Engineering Dept.
Executive Officer	Muneyuki Sano	General Manager, Industrial Fuel Marketing Dept.
Executive Officer	Masayoshi Ishino	General Manager, Crude Oil & Tanker Dept.
Executive Officer	Takashi Shono	General Manager, Refining & Technology Dept.
Executive Officer	Yasushi Ohe	General Manager, Supply & Demand Coordination Dept.
Executive Officer	Katsuyuki Ihara	General Manager, Yokkaichi Refinery
Executive Officer	Shigenori Nakano	General Manager, Distribution Dept.
Executive Officer	Yoshimitsu Watanabe	General Manager, Information System Planning Dept.
Executive Officer	Koji Gotoh	General Manager, Sakaide Refinery

(2) Amount of Compensation to Directors and Corporate Auditors

Category	Number of Persons Remunerated	Amount of Compensation
		Thousands of yen
Directors	12	365,700
(Outside Directors of Above)	(2)	(24,000)
Corporate Auditors	5	100,200
(Outside Corporate Auditors of Above)	(3)	(46,200)
Total	17	465,900

(Notes) 1. The amounts include the compensation for the two individuals who retired from Directors at the conclusion of the 105th Ordinary General Meeting of Shareholders held on June 23, 2011.
2. The amount of compensation to Directors does not include the salary for employees for those who also work as Directors
3. The amount of compensation to Directors was set by resolution at up to ¥750 million per year (the salary for employees for those who also work as Directors is not included) at the 101st Ordinary General Meeting of Shareholders held on June 28, 2007.
4. The amount of compensation to Corporate Auditors was set by resolution at up to ¥9 million per month at the 89th Ordinary General Meeting of Shareholders held on June 29, 1995.

(3) Significant Concurrent Service Status of Directors and Corporate Auditors

Name	Corporate Name	Title
Keiichiro Okabe	TOKYO BROADCASTING SYSTEM HOLDINGS, INC.	Outside Corporate Auditor
	TOKYO BROADCASTING SYSTEM TELEVISION, INC.	Outside Corporate Auditor
	QATAR PETROLEUM DEVELOPMENT CO., LTD.	President, Representative Director
	COSMO PETROLEUM GAS CO., LTD.	Director
	COSMO OIL SALES CO., LTD.	Director
	ABU DHABI OIL CO., LTD.	Director
	COSMO ENGINEERING CO., LTD.	Director

Yaichi Kimura	MARUZEN PETROCHEMICAL CO., LTD. UNITED PETROLEUM DEVELOPMENT CO., LTD.	Director Director
Keizo Morikawa	Hyundai Cosmo Petrochemical Co., Ltd. MARUZEN PETROCHEMICAL CO., LTD.	Representative Director (assumed in June) Director (assumed in June)
Hideto Matsumura	COSMO MATSUYAMA OIL CO., LTD. COSMO ENGINEERING CO., LTD.	Director (assumed in June) Director (assumed in June)
Atsuto Tamura	COSMO PETROLEUM GAS CO., LTD. COSMO ENGINEERING CO., LTD.	Director Director (assumed in June)
Hisashi Kobayashi	COSMO OIL SALES CO., LTD.	Director
Isao Kusakabe	QATAR PETROLEUM DEVELOPMENT CO., LTD. ABU DHABI OIL CO., LTD. UNITED PETROLEUM DEVELOPMENT CO., LTD.	Director (assumed in June) Director (assumed in June) Director (assumed in June)
Mohamed Al Hamli (Outside Director)	The United Arab Emirates Ministry of Energy International Petroleum Investment Company (UAE)	Minister Deputy Chairman
Nasser Alsowaidi (Outside Director)	Abu Dhabi Department of Economic Development (UAE) International Petroleum Investment Company (UAE)	Chairman Director
Makoto Suzuki	COSMO PETROLEUM GAS CO., LTD. COSMO ENGINEERING CO., LTD.	Corporate Auditor Corporate Auditor
Hirokazu Ando (Outside Corporate Auditor)	COSMO OIL LUBRICANTS CO., LTD. QATAR PETROLEUM DEVELOPMENT CO., LTD.	Corporate Auditor Corporate Auditor
Hideo Suzuki	COSMO MATSUYAMA OIL CO., LTD. COSMO OIL SALES CO., LTD. ABU DHABI OIL CO., LTD. UNITED PETROLEUM DEVELOPMENT CO., LTD.	Corporate Auditor Corporate Auditor Outside Corporate Auditor Corporate Auditor
Hajime Miyamoto (Outside Corporate Auditor)	Kansai International Airport Co., Inc.	Corporate Adviser
Yoshitsugu Kondo (Outside Corporate Auditor)	Sano Kondo Law Offices	Attorney at law

(Notes) 1. Keiichiro Okabe also serves as Representative Director of the Company's subsidiary Qatar Petroleum Development Co., Ltd., and the Company and the relevant company are in transaction relationships for such as the sale and purchase of crude oil, etc.

2. Keizo Morikawa also serves as Representative Director of our affiliate Hyundai Cosmo Petrochemical Co., Ltd., and a part of the relevant company's business falls into the same category as a part of the Company's business.

3. Yoshitsugu Kondo serves as joint-representative of Sano Kondo Law Offices and the Company has executed a Legal Retainer Agreement with the Firm.

(4) Outside Directors and Outside Corporate Auditors

1) Major Activities in the Fiscal Year

Name	Record of Attendance		Status of Expression of Opinions
	Board of Directors Meeting	Board of Corporate Auditors Meeting	
Mohamed Al Hamli (Outside Director)	10 out of 14 times	-	Expresses opinions as needed from the international viewpoint relevant to petroleum industry
Nasser Alsowaidi (Outside Director)	5 out of 14 times	-	Expresses opinions as needed from the international viewpoint relevant to petroleum industry
Hirokazu Ando (Outside Corporate Auditor)	14 out of 14 times	13 out of 13 times	Makes efforts to understand the management in general as Full-time Corporate Auditor and expresses opinions as needed
Hajime Miyamoto (Outside Corporate Auditor)	14 out of 14 times	13 out of 13 times	Has abundant experience and knowledge concerning corporate management and expresses opinions as needed
Yoshitsugu Kondo (Outside Corporate Auditor)	14 out of 14 times	13 out of 13 times	Mainly expresses opinions as needed from specialist viewpoint as lawyer

(Note) In June 2011, the Company was imposed an administrative punishment of having its accreditation as an Accredited Completion Inspection Executor and an Accredited Safety Inspection Executor repealed by the Ministry of Economy, Trade and Industry because of noncompliance with technical standards set forth in the High Pressure Gas Safety Act.

Outside Directors Mohamed Al Hamli and Nasser Alsowaidi, as well as Outside Corporate Auditors Hirokazu Ando, Hajime Miyamoto and Yoshitsugu Kondo, have routinely emphasized the importance of safety and stability-focused plant operations and thorough compliance. Upon the imposition of the aforementioned administrative punishment, the two Outside Directors above expressed their opinions at the Board of Directors with regard to recurrence prevention measures and an overall safety check campaign, including radical reinforcement of the Company's safety management system by inviting external professional consultants. Upon the imposition of the aforementioned administrative punishment, the three Outside Corporate Auditors requested that the Board of Directors thoroughly carry out the recurrence prevention measures and expressed their view that the follow-up on the status of the measures be addressed as a priority audit item in cooperation with the Full-time Corporate Auditors.

2) Outline of the Terms and Conditions of Agreements for Limitation of Liability

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with all of the Outside Directors and with two Outside Corporate Auditors, Hajime Miyamoto and Yoshitsugu Kondo, to limit the liability for damages under Paragraph 1, Article 423 of the said law.

The limitation of the liability for damages under the relevant agreement is the minimum liability amount set forth in Article 425, Paragraph 1 of the Companies Act.

4. Accounting Auditor

(1) Name of Accounting Auditor   KPMG AZSA LLC

(2) Amount of Compensation, etc., pertaining to the Current Fiscal Year to Accounting Auditor

(Thousands of Yen)

	Amount of Compensation
Amount of Compensation to be Paid to the Accounting Auditor	82,854
Amount of Moneys and Other Property Benefits to be Paid to the Accounting Auditor by the Company and Its Subsidiaries	161,036

(Notes) 1. The audit agreement entered into by the Company and the Accounting Auditor does not clearly distinguish the amount derived from an audit under the Companies Act and that which is from the audit under the Financial Instruments and Exchange Law, and those cannot be substantially distinguished from each other, either, and therefore, the aforementioned amount of compensation to be paid to the Accounting Auditor pertaining to the current fiscal year indicates the total amount of these.

2. Our subsidiaries Cosmo Oil (U.K.) PLC., Cosmo Oil International Pte., Ltd., Cosmo Oil of U.S.A. Inc., Cosmo Oil (Shanghai) Co., Ltd. and EcoPower Co., Ltd. undergo audits by audit corporations other than the Account Auditor of the Company.

(3) Details of Non-audit Services

The Company commissions and pays compensation for advisory services related to consideration of the introduction of International Financial Reporting Standards.

(4) Guidelines for Decisions on Dismissal or Non-renewal of Accounting Auditor

If the Company judges that any of the respective items of Paragraph 1, Article 340 of the Companies Act is applicable to the Accounting Auditor, such as violation of duty-related obligations or neglect of duties, or fraudulent conduct not appropriate as Accounting Auditor, the Board of Corporate Auditors will decide on dismissal of the Accounting Auditor. In addition, in any case if it is judged that hiring it as the Accounting Auditor gives material disturbance on the Company, the Board of Corporate Auditors will submit a proposal to the General Meeting of Shareholders with regard to dismissal or non-renewal of the Accounting Auditor.

5. Systems to Ensure Conformance of Execution of Duties by Directors to Laws, Ordinances and Articles of Incorporation and Systems to Ensure Appropriateness of Other Operations

In order to put into practice the management concepts and corporate action policies of the Cosmo Oil Group, and to execute duties appropriately and efficiently, the Company determined the following basic policies with respect to preparation of a system for job performance of Directors and employees, system for risk management and internal auditing to support the above, and a system to ensure effective auditing by Corporate Auditors.

1) System to Ensure Conformance of Execution of Duties by Directors and Employees to Laws, Ordinances and Articles of Incorporation (Companies Act, Article 362, Paragraph 4, Item 6, Enforcement Regulations Article 100, Paragraph 1, Item 4).

<Management Concepts and Corporate Action Policy>

- The Company will formulate Cosmo Oil Group Management Vision, and determine Corporate Action Policy with respect to corporate ethics (Cosmo Oil Group Companies Action Policy), and prepare a promotional system for building up the corporate ethics of the Cosmo Oil Group, and under which the Directors and employees can put these ethics into practice, including establishment of the CSR Promotion Board (chaired by the President) as an organization to administrate CSR activities and internal controls overall.
- The CSR Promotion Committee will prepare manuals on corporate ethics, and carry out training, etc., thus working toward thoroughgoing compliance and fostering and improvement of ethical viewpoints.

<Report at Meetings>

- The Company will establish the Board of Directors Meeting Rules and Management Execution Board Rules, and prepare a system under which reports on the status of job performance for each Director are made in Meetings.

<Separation of Duty Execution and Supervision>

- The Company will introduce an Executive Officer System, for separation of job performance and supervision, and for enhancement of the supervisory function of the Board of Directors.

<Operations Rules>

- The Company will establish the operational rules in which are prescribed the organization, posts, command and control system, and duty sharing, etc., and decision making authority rules to provide for basic matters with respect to operation of decision-making system, and prepare a system under which job performance will be in compliance with these, and reexamine the rules persistently in response to changes in the management environment.

<Internal Audit Enhancement>

- The Company will prepare the system to ensure effective implementation of internal audits, and implement highly specialized audits from highly ethical viewpoints by the Audit Office.

<Acquisition, Use and Conveyance of Information>

- The Company will establish a corporate ethics consultation window (Help Line) with measures to prevent penalization of whistleblowers such as ensuring whistleblower anonymity, and will also establish a Customer Center, as a window to deal with inquiries, etc. from customers, and prepare a system to acquire and use information widely from inside and outside the Company.
- The Company will determine basic matters with respect to risk management, and prepare systems for swift and accurate conveyance of information to management and timely and proper transmission of information to outside the Company

<IT Handling>

- In order to achieve the above purposes, the Company will deal with the advance of IT properly, and use IT effectively and efficiently.

2) Rules and Other Systems concerning Management of Risk of Loss (Companies Act, Enforcement Regulations Article 100, Paragraph 1, Item 2)

- The Company will determine basic matters with regard to risk management (establishment of Risk Management Rules, Risk Measures Rules, General Disaster Measures Rules, etc.), and establish a Risk Management Committee (chaired by Executives in charge of the General Affairs Department) for smooth and effective promotion of risk management, for assessment and reexamination of management risks, and for taking proper measures.

3) Systems to Ensure Efficient Execution of Duties by Directors (Companies Act, Enforcement Regulations Article 100, Paragraph 1, Item 3)

- The Board of Directors Meetings shall be held once per month in principle in accordance with the Board of Directors Rules, and determine matters prescribed in the laws or ordinances, or in the Articles of Incorporation, and management policies and other material matters relevant to management, and also supervise the job performance of directors.
- The Management Execution Board shall be held once a week in principle in accordance with the Management Execution Board Rules, and shall be a decision making organ for job performance, discussing basic policies and material matters relevant to job performance in accordance with management policies determined at Board of Directors Meetings.

- The Company shall establish the Operational Rules, etc., in which are prescribed the organization, post, command and control system, and duty sharing, etc., and work toward efficient job performance through the establishment of a responsibility system for job performance in accordance with the rules for decision making authority.
- Targets the Company should achieve shall be clarified upon determination of the management plan based on management policies, and a yearly plan for the overall company, department, office and business office, etc. shall be formulated and management of performance shall be carried out.

4) System with regard to Information Retention and Management pertaining to Execution of Duties of Directors (Companies Act, Enforcement Regulations Article 100, Paragraph 1, Item 1)
- In accordance with the internal rules with respect to information management, such as Board of Directors Rules and Information Management Rules, etc., information pertaining to job performance by Directors shall be properly retained and managed.

5) System to Ensure Appropriateness of Business in the Company and Cosmo Oil Group (Companies Act, Enforcement Regulations Article 100, Paragraph 1, Item 5)
- The Company will establish the Cosmo Oil Group Management Vision and Corporate Code of Conduct, and other necessary rules, etc. and appoint a corporate ethics promotion manager (president) in each company of the Group, for preparation of a system as a united Group to ensure business appropriateness.
- The Company will prepare a system concerning internal auditing as a group, such as audit implementation or support of internal auditing of each company by the Audit Office as to job performance status of group companies.

6) Matters concerning Employees to Assist the Duties of Corporate Auditors in case the Appointment thereof is Requested by Corporate Auditors, and Matters concerning Independence of the Relevant Employees from Directors (Companies Act, Enforcement Regulations, Article 100, Paragraph 3, Items 1, 2)
- For enhancement of audit functions, Board of Corporate Auditors Secretariat will be established under the Board of Corporate Auditors, and employees dedicated to such work will be arranged, and for the personnel transfer and personnel appraisal of these employees, appraisal of personnel for audit assistant employees shall be carried out by Board of Corporate Auditors, and in appointing, to ensure the independence of the relevant employees, the consent of the Corporate Auditors shall be obtained.

7) System for Reporting to Corporate Auditors by Directors and Employees, and Other Systems for Reporting to Corporate Auditors, and Other Systems to Ensure Effectiveness of Audits by Corporate Auditors (Companies Act, Enforcement Regulations, Article 100, Paragraph 3, Items 3,4)
- Directors and employees shall report to Corporate Auditors on statutory matters and (1) material matters that affect the management and results of the Cosmo Oil Group, (2) overview of activities of Audit Office and Corporate Auditors and Audit Office of affiliates, (3) overview of activities with respect to internal controls of the Group, and (4) status of operation and whistle blowing at Help Line.
- Meetings among Corporate Auditors, the President, primary departments and office managers, and Corporate Auditors of affiliates will be held on regular basis to prepare systems to ensure audit effectiveness.
- Sufficient collaboration among Corporate Auditors, Audit Office and the Accounting Auditor shall be attempted.

Consolidated Balance Sheet

Fiscal Year 2011 (As of March 31, 2012)

(Unit: million yen)

Item	Amount	Item	Amount
Assets	1,675,070	**Liabilities**	1,337,632
Current assets	**920,412**	**Current liabilities**	**744,275**
Cash and deposits	122,031	Notes and accounts payable-trade	294,906
Notes and accounts receivable-trade	261,067	Short-term loans payable	207,447
Short-term investment securities	413	Current portion of bonds	840
Merchandise and finished goods	232,505	Accounts payable-other	100,184
Work in process	1,051	Accrued volatile oil and other petroleum taxes	99,786
Raw materials and supplies	210,004	Income taxes payable	12,181
Accounts receivable-other	60,861	Accrued consumption taxes	3,744
Deferred tax assets	6,712	Accrued expenses	9,279
Other	26,056	Deferred tax liabilities	5
Allowance for doubtful accounts	-292	Provision for loss on disaster	3,512
		Other	12,388
Noncurrent assets	**754,400**	**Noncurrent liabilities**	**593,357**
Property, plant and equipment	**580,246**	Bonds payable	56,160
Buildings and structures, net	100,167	Long-term loans payable	456,755
Oil storage depots, net	17,381	Deferred tax liabilities	10,042
Machinery, equipment and vehicles, net	149,529	Deferred tax liabilities for land revaluation	29,027
Land	299,772	Provision for special repairs	7,984
Lease assets, net	575	Provision for retirement benefits	6,795
Construction in progress	6,346	Negative goodwill	3,769
Other, net	6,474	Other	22,821
Intangible assets	**9,517**		
Leasehold right	986		
Software	3,090	**Net assets**	337,437
Other	5,440	**Shareholders' equity**	**300,001**
Investments and other assets	**164,635**	**Capital stock**	**107,246**
Investment securities	102,062	**Capital surplus**	**89,440**
Investments in capital	214	**Retained earnings**	**103,454**
Long-term loans receivable	1,434	**Treasury stock**	**-140**
Long-term prepaid expenses	4,315	**Accumulated other comprehensive income**	**16,930**
Deferred tax assets	32,230	**Valuation difference on available-for-sale securities**	**1,540**
Other	25,243		
Allowance for doubtful accounts	-863	**Deferred gains or losses on hedges**	**2,579**
		Revaluation reserve for land	**18,776**
Deferred assets	**257**	**Foreign currency translation adjustment**	**-5,965**
Bond issuance cost	257	**Minority interests**	**20,506**
Total assets	**1,675,070**	**Total liabilities and net assets**	**1,675,070**

Consolidated Statements of Income

Fiscal Year 2011 (From April 1, 2011 to March 31, 2012)

(Unit: million yen)

Item	Amount	
I Net sales		**3,109,746**
II Cost of sales		**2,918,238**
Gross profit		**191,508**
III Selling, general and administrative expenses		**127,937**
Operating income		**63,570**
IV Non-operating income		
Interest income	119	
Dividends income	1,898	
Rent income on noncurrent assets	1,221	
Amortization of negative goodwill	1,251	
Foreign exchange gains	451	
Equity in earnings of affiliates	2,933	
Gain on valuation of derivatives	1,668	
Other	3,955	13,498
V Non-operating expenses		
Interest expenses	12,323	
Other	3,324	15,648
Ordinary income		**61,420**
VI Extraordinary income		
Gain on sales of noncurrent assets	642	
Gain on sales of investment securities	67	
Gain on sales of subsidiaries and affiliates' stocks	946	
Insurance income	4,639	
Compensation income	186	6,482
VII Extraordinary loss		
Loss on sales of noncurrent assets	70	
Loss on disposal of noncurrent assets	3,140	
Impairment loss	3,397	
Loss on valuation of investment securities	1,240	
Loss on valuation of stocks of subsidiaries and affiliates	19	
Loss on disaster	22,694	
Retirement benefit expenses	1,844	
Other	112	32,520
Income before income taxes and minority interests		**35,381**
Income taxes-current	37,973	
Income taxes-deferred	944	38,917
Loss before minority interests		**3,535**
Minority interests in income		5,548
Net loss		**9,084**

Consolidated Statements of Changes in Net Assets

Fiscal Year 2011 (from April 1, 2011 to March 31, 2012)

(Unit: million yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2011	107,246	89,440	119,803	-138	316,351
Changes of items during the period					
Dividends from surplus			-6,779		-6,779
Net loss			-9,084		-9,084
Reversal of revaluation reserve for land			-485		-485
Purchase of treasury stock				-1	-1
Disposal of treasury stock		-0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-0	-16,348	-1	-16,350
Balance at March 31, 2012	107,246	89,440	103,454	-140	300,001

	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	Total accumulated other comprehensive income		
Balance at April 1, 2011	669	6,459	14,147	-4,898	16,378	17,508	350,239
Changes of items during the period							
Dividends from surplus							-6,779
Net loss							-9,084
Reversal of revaluation reserve for land			485		485		-
Purchase of treasury stock							-1
Disposal of treasury stock							0
Net changes of items other than shareholders' equity	870	-3,879	4,143	-1,067	66	2,997	3,063
Total changes of items during the period	870	-3,879	4,628	-1,067	551	2,997	-12,801
Balance at March 31, 2012	1,540	2,579	18,776	-5,965	16,930	20,506	337,437

Notes to Consolidated Financial Statements

In the consolidated balance sheet, consolidated statements of income and consolidated statements of changes in net assets of Cosmo Oil Co., Ltd. (the "Company") represented in the million yen unit, figures less than 1 million yen are rounded down.

(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

Abu Dhabi Oil Co., Ltd.	Akita Wind Power Laboratory Co., Ltd.	Ikata Eco Park Co., Ltd.	EcoPower Co., Ltd.
Eco World Kuzumaki Wind Power Co., Ltd.	Qatar Petroleum Development Co., Ltd.	Kansai Cosmo Logistics Co., Ltd.	Cosmo Oil Ashmore Ltd.
Cosmo Engineering Co., Ltd.	Cosmo Oil International Pte. Ltd.	Cosmo Oil of U.S.A., Inc.	Cosmo Oil (U.K.) Plc.
Cosmo Oil Europe B.V.	Cosmo Kaiun Co., Ltd.	Cosmo Computer Center Co., Ltd.	Cosmo Seiwa Agriculture CO., Ltd.
Cosmo Petroleum Gas Co., Ltd.	Cosmo Oil (Shanghai) Co., Ltd.	Cosmo Oil Sales Corp.	Cosmo Oil Lubricants Co., Ltd.
Cosmo Research Institute	Cosmo Techno Yokkaichi Co., Ltd.	Cosmo Trade & Service Co., Ltd.	Cosmo Business Support Co., Ltd.
Cosmo Property Service Corp.	Cosmo Petro Service Co., Ltd.	Cosmo Matsuyama Oil Co., Ltd.	Cosmo Delivery Service Co., Ltd.
Sakaide Cosmo Kosan Co., Ltd.	CM Aromatics Co., Ltd.	Tachikawa Wind Power Laboratory Co., Ltd.	Dangamine Wind Farm Co., Ltd.
Choshi Wind Farm Co., Ltd.	Hasaki Wind Farm Co., Ltd.	Hokuto Kogyo Co., Ltd.	Yokkaichi LPG Terminal Co., Ltd.
Wakkanai Wind Farm Co., Ltd.			

(2) Major Non-consolidated Subsidiaries:

Tohoku Cosmo Gas Co., Ltd.

Reason for exclusion from accounting consolidation:

The Company has 21 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: 21

Major subsidiaries: Tohoku Cosmo Gas Co., Ltd.

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

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

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

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

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

Reasons for Exclusion from the Application of the Equity Method:

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

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

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

3. Items concerning the Accounting Periods of the Consolidated Subsidiaries

Of the 37 consolidated subsidiaries, Abu Dhabi Oil Co., Ltd., Qatar Petroleum Development Co., Ltd., Cosmo Oil Ashmore Ltd., Cosmo Oil International Pte. Ltd., Cosmo Oil (U.K.) Plc., Cosmo Oil Europe B.V. and Cosmo Oil (Shanghai) Co., Ltd. adopt a fiscal year ending December 31 and Akita Wind Power Laboratory Co., Ltd. adopts a fiscal year ending February 29, respectively. The consolidated financial statements herein have been developed by using their financial reports as of December 31, 2011 or February 29, 2012 and any material transactions arising between end of their fiscal year and consolidated fiscal year, the date for the consolidated settlement of accounts for the Company, are reflected on the consolidated financial statements herein by making necessary adjustments.

4. Items concerning the Accounting Standards

(1) Significant Asset Valuation Standards and Methods

1) Securities:

a. Securities held to maturity:	Stated at amortized cost method
b. Other securities:	
- Securities available for sale with fair market value:	Stated at fair value based on market values applicable on the date of consolidated settlement of accounts (in which all differences between the carrying amounts and the fair values are reported as a separate component of net assets, while the cost of securities sold is calculated by the moving average method)
- Securities with no available fair market value:	Stated at cost determined by the moving average method

2) Inventories:	Principally stated at cost determined by the weighted average method (however, the amounts of inventories stated in the balance sheets were computed by using the method that book values are reduced to reflect declines in profitability)
3) Derivative financial instruments:	Stated at fair value

(2) Significant Depreciable Assets and Depreciation Methods

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

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

2) Intangible Fixed Assets (except lease assets):

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

3) Lease assets :

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

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

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

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

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

4) Long-term Prepaid Expenses :

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

(3) Accounting Process Applied to Deferred Assets

Bond Issuance Cost:

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

(4) Standards for Recording Significant Allowances

1) Allowance for doubtful accounts

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

a. Ordinary accounts receivable:	The amount of allowance calculated at the actual ratio of bad debts
b. Highly doubtful receivables and claims in bankruptcy and reorganization, etc.:	The amount of allowance calculated based on the evaluation of financial situations of individual accounts involved.

2) Provision for loss on disaster

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

3) Provision for special repairs

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

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

4) Provision for retirement benefits

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

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

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

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 consolidated balance sheet herein.

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

1) Standards for Recognition of Construction Revenue and Cost

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

2) 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.

3) Accounting Process for Cost Recovery under Production Sharing

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

5. Items concerning Amortization on Goodwill

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

(Notes to Consolidated Balance Sheet)

1. Accumulated depreciation for property, plant and equipment ¥766,731 million

2. Pledged Assets

Breakdown of Assets Pledged as Collateral and Amounts thereof:

Property, plant and equipment	¥339,920 million
Cash and deposits	¥364 million
Short-term investment securities	¥12 million
Investment securities	¥123 million
Other current assets	¥601 million

Secured Liabilities:

Long-term loans payable (including repayments due within the next year)	¥83,008 million
Debts related to transactions with banks	¥20,996 million

3. Contingencies

(1) Guaranty Liabilities

Hyundai Cosmo Petrochemical Co., Ltd. ¥10,512 million

(Liabilities to guarantee their borrowings from financial institutions, etc.)

Employee and Dealers, etc. ¥1,201 million

(Liabilities to guarantee their borrowings from financial institutions, etc.)

(2) Suits, etc.

In the litigation filed by the then Defense Agency (currently the Ministry of Defense) against several oil distributing companies, claiming that they should return unreasonable benefits they had allegedly gained through their petroleum product supplies to the agency, the Tokyo District Court on June 27, 2011 ordered Cosmo Oil to pay ¥1,915 million in fine and a 5% interest per annum on the amount of the fine to the agency. The company's Board of Directors meeting on July 5, 2011 adopted a resolution about this court decision to appeal to a higher court and actually filed an appeal with the Tokyo High Court on July 11, 2011. Two appeal hearings were held during FY2011 and the case is currently under examination.

4. Items concerning Revaluation of Land

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

- Revaluation method

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

  March 31, 2002 (and December 31, 2001 completed by one consolidated subsidiary)
- The total amount of the revalued land at fair value as of March 31, 2012 is smaller than their total carrying amount after revaluation and the difference amounted to:

¥101,499 million

5. Financial Covenants

Out of borrowings made by the Company and its consolidated subsidiaries, borrowings amounting to ¥131, 080 million (including those payable within next year) come with financial covenants with the acceleration clause which will be activated with respect to such liabilities under certain loan contracts if the Company fails to comply with any of the following financial covenants (financial covenants vary from different loan contracts, but key covenants are stated below):

1) The Company shall not record ordinary loss, as stated in its consolidated and non-consolidated income statements, for three consecutive years;
2) The Company shall maintain the amount of net assets at ¥296.0 billion or more as stated in its consolidated balance sheets at the end of each fiscal year and of the second quarter thereof;
3) The Company shall maintain the amount of net assets at 75% or more of the level recorded as of September 30, 2006 as stated in its non-consolidated balance sheets at the end of each fiscal year and of the second quarter thereof.

(Notes to Consolidated Statements of Changes in Net Assets)

1. Types and Number of Outstanding Shares and Treasury Stock as of March 31, 2012

Outstanding shares	Ordinary shares	847,705,087 shares
Treasury stock	Ordinary shares	639,196 shares

2. Distribution of Surplus

(1) Dividend Payments

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

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

The following proposal is to be made at the annual shareholders' meeting held on June 26, 2012:

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

(Notes to Financial Products)

1. Information on the Status of Financial Products

The Group procures funds mainly necessary to undertake the oil refining and marketing and oil exploration and production businesses based on the capital spending plans therefore. Temporary extra funds are invested in highly safe financial instruments, while short-term working funds are raised through borrowings from financial institutions, etc.

The Group also keeps credit risks involving customers with respect to notes and accounts receivable-trade and accounts receivable-other lower by managing them in accordance with its credit management scheme. Investment securities are mainly equity securities, out of which listed shares are reviewed on a quarterly basis to keep track of their fair value.

Most of notes and accounts payable, trade, and accrued expenses, etc. are due within the next year.

Loans payable and bonds payable are used to raise working funds (mainly short-term) and capital spending funds (long-term) and interest rate swap contracts are purchased to reduce interest rate fluctuations on some long-term loans to get interest payable fixed.

The Group uses foreign currency forward contracts and currency option contracts to hedge risks due to the effect of currency exchange rate fluctuations, and also uses crude oil and petroleum product swap contracts and commodity forward contracts in open market to hedge risks stemming from commodity price fluctuations. The Group trades derivatives within the range of actual demand in accordance with its internal control rules, and The Group has a policy of not executing speculative derivative transactions.

2. Information about Fair Value of Financial Products, etc.

The book value of the following items on the consolidated balance sheet, their fair value and the variance between the two amounts as of March 31, 2012 are stated as follows:

(Millions of yen)

		Book value on the consolidated balance sheet *	Fair value*	Difference
(1)	Cash and deposits	122,031	122,031	-
(2)	Notes and accounts receivable-trade	261,067	261,067	-
(3)	Short-term investment securities and Investment securities			
	Other securities	14,845	14,845	-
(4)	Accounts receivable-other	60,861	60,861	-
(5)	Notes and accounts payable-trade	(294,906)	(294,906)	-
(6)	Short-term loans payable	(207,447)	(207,447)	-
(7)	Accounts payable-other	(100,184)	(100,184)	-
(8)	Accrued volatile oil and other petroleum taxes	(99,786)	(99,786)	-
(9)	Income taxes payable	(12,181)	(12,181)	-
(10)	Accrued consumption taxes	(3,744)	(3,744)	-
(11)	Bonds payable	(56,160)	(56,635)	475
(12)	Long-term loans payable	(456,755)	(483,184)	26,429
(13)	Derivative transactions	7,303	7,303	-

* Items recorded in the liabilities section are stated in ( ).

(Note) How to calculate the fair value of financial products and information about securities and derivative transactions are stated as follows:

(1)Cash and deposits, (2) Notes and accounts receivable-trade and (4) Accounts receivable-other

They are settled on a short-term basis and their fair values are roughly equal to their book value, so that they are stated at book value.

(3) Investment securities

As for their fair value, equity securities are stated at fair value on the trade exchanges they are listed.

Non-marketable equity securities ("¥54 million Bonds of held-to-maturity" and "¥87,565 million Other securities") are not listed item (3) above, because there were extremely difficult to figure out the fair value.

(5) Notes and accounts payable-trade, (6) Short-term loans payable, (7)Accounts payable-other, (8) Accrued volatile oil and other petroleum taxes, (9) Income taxes payable and (10) Accrued consumption taxes

They are settled on a short-term basis and their fair values are roughly equal to their book value, so that they are stated at book value.

(11) Bonds payable

The fair value of a corporate bond is calculated by discounting the sum of its principal and interest at an interest rate at which a similar corporate bond is assumed to be issued in the market.

(12) Long-term loans payable

The fair value of a long-term loan is calculated by discounting the sum of its principal and interest at an interest rate at which a similar, new loan is assumed to be made.

(13) Derivative transactions

The fair value of a derivative contract is calculated based on the price provided by the financial institution, etc. from which it was purchased and its final value in the forward market.

A specially treated interest rate swap is accounted for as an integral part of the long-term loan, or the subject of hedging, so that the fair value of the swap is stated by being included in the fair value of the long-term loan (Please refer to Items (12) above).

(Notes to Leasehold Properties and Other Real Estate)

1. Information about the Current Status of Leasehold Properties and Other Real Estate

   The Company and some subsidiaries own leasehold service stations, office buildings and other properties in Tokyo and other areas, and they also own idle properties which are not expected to be utilized in the future.

2. Information on the Fair Value of the Leasehold Properties Held

(Millions of yen)

Purpose of use	Book value on the consolidated balance sheet	Fair value
Idle properties	9,040	12,886
Service stations	3,106	2,449
Refining facilities	1,552	1,338
Employee dormitories, apartments, etc.	3,490	3,453
Office buildings	709	2,546
Commercial facilities, etc.	5,118	5,258
Other	5,393	3,719
Total amount	28,410	31,653

(Note 1) The book value of each property on the consolidated balance sheet is its acquisition cost less cumulative depreciated expenses therefore.

(Note 2) The fair value of major properties as of the end of the current fiscal year is the amount based on the statement of the property appraisal standard provided by the external licensed appraiser, while the fair value of other properties is determined by referring to the amount assessed based the property appraisal standard. As for properties of less importance, certain assessed amounts or the amounts based on the measurement indices which are considered as reflecting appropriate market prices are regarded as the fair value of such properties, while the appropriate book value of some buildings and other depreciated assets is regarded as their fair value.

(Notes to Per-Share Information)

1. Net assets per share ¥374.15
2. Net loss per share ¥10.72

(Notes to Material Contingencies)

None

(Other note)

1. 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 loss of the Consolidated Statement of Income for FY2011, with the breakdown of major items including:

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

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

2. Re-evaluation of Deferred Tax Assets and Deferred Tax Liabilities due to changes in effective tax rates, etc.

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

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

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

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

Balance Sheet

Fiscal Year 2011 (As of March 31, 2012)

(Unit: million yen)

Item	Amount	Item	Amount
Assets	1,563,901	**Liabilities**	1,302,798
Current assets	**886,477**	**Current liabilities**	**747,585**
Cash and deposits	76,684	Accounts payable-trade	302,759
Notes receivable-trade	121	Short-term loans payable	119,895
Accounts receivable-trade	248,965	Current portion of long-term loans payable	56,990
Short-term investment securities	11	Current portion of bonds	840
Merchandise and finished goods	205,067	Accounts payable-other	107,415
Raw materials and supplies	205,517	Accrued volatile oil and other petroleum taxes	99,786
Advance payments-trade	105	Income taxes payable	73
Prepaid expenses	2,811	Accrued consumption taxes	3,349
Short-term loans receivable	13	Accrued expenses	3,897
Short-term loans receivable from subsidiaries and affiliates	13,287	Advances received	4,484
Accounts receivable-other	116,799	Deposits received	44,437
Swap assets	5,526	Unearned revenue	17
Deferred tax assets	906	Asset retirement obligations	67
Other	10,855	Provision for loss on disaster	3,512
Allowance for doubtful accounts	-196	Other	58
		Noncurrent liabilities	**555,212**
Noncurrent assets	**677,166**	Bonds payable	56,160
Property, plant and equipment	**487,041**	Long-term loans payable	448,218
Buildings, net	22,050	Deferred tax liabilities for land revaluation	26,981
Structures, net	52,204	Long-term deposits received	8,067
Oil storage depots, net	15,806	Provision for special repairs	6,453
Machinery and equipment, net	123,027	Provision for retirement benefits	3,913
Vehicles, net	109	Asset retirement obligations	2,664
Tools, furniture and fixtures, net	2,582	Other	2,753
Land	266,810		
Lease assets, net	377		
Construction in progress	4,071	**Net assets**	261,103
Intangible assets	**4,986**	**Shareholders' equity**	**242,815**
Patent right	63	**Capital stock**	**107,246**
Leasehold right	848	**Capital surplus**	**89,440**
Software	2,415	Legal capital surplus	89,439
Other	1,659	Other capital surplus	1
Investments and other assets	**185,138**	**Retained earnings**	**46,219**
Investment securities	22,506	Legal retained earnings	7,407
Stocks of subsidiaries and affiliates	71,105	Other retained earnings	38,811
Investments in capital	156	Reserve for overseas investment loss	13
Long-term loans receivable	143	Retained earnings brought forward	38,798
Long-term loans receivable from employees	2	**Treasury stock**	**-91**
Long-term loans receivable from subsidiaries and affiliates	44,930	**Valuation and translation adjustments**	**18,287**
Long-term prepaid expenses	2,523	**Valuation difference on available-for-sale securities**	**-409**
Long-term accounts receivable-other	296	**Deferred gains or losses on hedges**	**2,782**
Long-term deposits	9,056	**Revaluation reserve for land**	**15,913**
Deferred tax assets	28,835		
Other	5,957		
Allowance for doubtful accounts	-377		
Deferred assets	**257**		
Bond issuance cost	257		
Total assets	**1,563,901**	**Total liabilities and net assets**	**1,563,901**

Statements of Income

Fiscal Year 2011 (From April 1, 2011 to March 31, 2012)

(Unit: million yen)

Item	Amount	
I Net sales		**2,757,889**
II Cost of sales		**2,676,114**
Gross profit		**81,775**
III Selling, general and administrative expenses		**76,768**
Operating income		**5,006**
IV Non-operating income		
Interest income	1,242	
Interest on securities	1	
Dividends income	19,496	
Rent income on noncurrent assets	1,332	
Foreign exchange gains	1,790	
Other	5,320	29,183
V Non-operating expenses		
Interest expenses	11,371	
Interest on bonds	705	
Other	2,547	14,624
Ordinary income		**19,566**
VI Extraordinary income		
Gain on sales of noncurrent assets	327	
Gain on sales of investment securities	20	
Gain on sales of subsidiaries and affiliates' stocks	868	
Insurance income	4,639	5,856
VII Extraordinary loss		
Loss on sales of noncurrent assets	49	
Loss on disposal of noncurrent assets	2,592	
Impairment loss	2,571	
Loss on valuation of investment securities	1,195	
Loss on valuation of stocks of subsidiaries and affiliates	19	
Loss on disaster	22,429	
Retirement benefit expenses	1,844	30,702
Loss before income taxes		**5,280**
Income taxes-current	37	
Income taxes-deferred	4,355	4,392
Net loss		**9,672**

Statements of Changes in Net Assets

Fiscal Year 2011 (Period from April 1, 2011 to March 31, 2012)

(Unit: million yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings		
Balance at April 1, 2011	107,246	89,439	1	89,440	7,407	55,753	63,161	-90	259,758
Changes of items during the period									
Dividends from surplus						-6,779	-6,779		-6,779
Net loss						-9,672	-9,672		-9,672
Reversal of revaluation reserve for land						-489	-489		-489
Purchase of treasury stock								-1	-1
Disposal of treasury stock			-0	-0				0	0
Reversal of other retained earnings						-	-		-
Net changes of items other than shareholders' equity									
Total changes of items during the period	-	-	-0	-0	-	-16,941	-16,941	-1	-16,943
Balance at March 31, 2012	107,246	89,439	1	89,440	7,407	38,811	46,219	-91	242,815

	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, 2011	-1,159	6,670	11,574	17,084	276,843
Changes of items during the period					
Dividends from surplus					-6,779
Net loss					-9,672
Reversal of revaluation reserve for land			489	489	-
Purchase of treasury stock					-1
Disposal of treasury stock					0
Reversal of other retained earnings					-
Net changes of items other than shareholders' equity	750	-3,887	3,850	713	713
Total changes of items during the period	750	-3,887	4,339	1,202	-15,740
Balance at March 31, 2012	-409	2,782	15,913	18,287	261,103

(Note) Breakdown of Other Retained Earnings

	Reserve for special depreciation	Reserve for overseas investment loss	Retained earnings brought forward	Total
Balance at April 1, 2011	0	57	55,695	55,753
Changes of items during the period				
Dividends from surplus			-6,779	-6,779
Net loss			-9,672	-9,672
Reversal of revaluation reserve for land			-489	-489
Purchase of treasury stock				
Disposal of treasury stock				
Reversal of other retained earnings	-0	-44	44	-
Net changes of items other than shareholders' equity				
Total changes of items during the period	-0	-44	-16,896	-16,941
Balance at March 31, 2012	-	13	38,798	38,811

Notes to Financial Statements

1. In the non-consolidated balance sheet, non-consolidated statement of income and non-consolidated statement of changes in net assets of Cosmo Oil Co., Ltd. (the "Company"), figures less than 1 million yen are rounded down.

2. Notes to Items regarding Significant Accounting Policies

(1) Standards and Methods for Valuation of Securities

Securities held to maturity:	Stated at amortized cost method
Stocks issued by subsidiaries and affiliated companies:	Stated at cost determined by the moving average method
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) Standards and Methods for Valuation of Inventories

Inventories are principally stated at cost determined by the weighted average method or the specific identification 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) Valuation of Net Amounts of the Assets and Liabilities for which Derivative Transactions Are Executed:

Stated at fair value

(4) Methods for Depreciation of Fixed Assets

Property, plant & equipment	The straight-line method 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 station by taking their actual past performances into consideration and the economic useful life of 14 years is adopted for the Company's Coker Unit.
Intangible fixed assets	The straight- line method. 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).
Leased 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 accounted for in conformity with the accounting process applicable to operating lease transactions.
Long-term Prepaid Expenses	The equal installment method 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.

(5) Accounting Process Applied to Deferred Assets.

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

(6) Standards for Recording Allowances

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 recognized for uncollectible accounts
Provision for loss on disaster	The Company recorded a reasonably estimated amount, expected to be incurred as of March 31, 2012, of costs for removal and restoration of its assets damaged by the Great East Japan Earthquake in March 2011.
Provision for special repairs	A provision is set aside to cover expenses arising from the inspection and repairs of the oil tanks subject to the open regular inspection in compliance with the Fire Service Law of Japan, and an amount equal to the estimated cost of periodically required repairs was added to the provision for FY2011.
Provision for retirement benefits	A provision is put aside to cover retirement and severance benefits payable to employees and a certain amount was recorded based on the estimated amount of projected benefit obligation and the fair value of the pension assets as of March 31, 2012. Actual gains and losses are recognized in expenses at an amount prorated in the straight line method over a certain number of years (primarily 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 (primarily 10 years) within the average of the remaining years of service to be performed by the employees at the time of accrual.

(7) 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.

3. Notes to Non-Consolidated Balance Sheet

(1) Short-term loans receivable from subsidiaries and affiliates:	¥164,675 million
Long-term loans receivable from subsidiaries and affiliates:	¥45,300 million
Short-term loans payable to subsidiaries and affiliates:	¥170,135 million
Long-term loans payable to subsidiaries and affiliates:	¥578 million
(2) Cumulative depreciation expenses for the property, plant and equipment	¥496,999 million
(3) Pledged Assets	
Breakdown of Assets Pledged as Collateral and Amounts thereof:	
Property, plant & equipment	¥301,093 million
Short-term investment securities	¥9 million
Other current assets	¥532 million
Secured Liabilities:	
Long-term debts (including repayments due within the next year)	¥77,692 million
Debts related to transactions with banks	¥20,996 million
(4) Contingencies	
a. Guaranty Liabilities	
Hyundai Cosmo Petrochemical Co., Ltd. (Liabilities to guarantee their borrowings from financial institutions, etc.)	¥10,512 million
Eco Power Co., Ltd. (Liabilities to guarantee their borrowings from financial institutions, etc.)	¥3,418 million
Cosmo Oil of U.S.A. Inc. (Liabilities to guarantee their borrowings from financial institutions, etc.)	¥1,529 million
Others (Liabilities to guarantee their borrowings from financial institutions, etc.)	¥5,623 million

b. Suits, etc.

In the litigation filed by the then Defense Agency (currently the Ministry of Defense) against several oil distributing companies, claiming that they should return unreasonable benefits they had allegedly gained through their petroleum product supplies to the agency, the Tokyo District Court on June 27, 2011 ordered Cosmo Oil to pay ¥1,915 million in fine and a 5% interest per annum on the amount of the fine to the agency. The company’s Board of Directors meeting on July 5, 2011 adopted a resolution about this court decision to appeal to a higher court and actually filed an appeal with the Tokyo High Court on July 11, 2011. Two appeal hearings were held during FY2011 and the case is currently under examination.

(5) Loans to directors and corporate auditors due to transactions with them ¥473 million

(6) Items concerning Revaluation of Land

The Company 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
- The total amount of the revalued land at fair value as of March 31, 2012 is smaller than their total carrying amount after revaluation and the difference amounted to:
  ¥97,158 million

(7) Financial Covenants, etc.

Out of borrowings made by the Company, borrowings amounting to ¥128,750 million (including those payable within the next year) come with financial covenants with the acceleration clause which will be activated with respect to such liabilities under certain loan contracts if the Company fails to comply with any of the following financial covenants (financial covenants vary from different loan contracts, but key covenants are stated below):

1) The Company shall not record ordinary loss, as stated in its consolidated and non-consolidated income statements, for three consecutive years;
2) The Company shall maintain the amount of net assets at ¥296.0 billion or more as stated in its consolidated balance sheets at the end of each fiscal year and of the second quarter thereof;
3) The Company shall maintain the amount of net assets at 75% or more of the level recorded as of September 30, 2006 as stated in its non-consolidated balance sheets at the end of each fiscal year and of the second quarter thereof.

4. Notes to Non-Consolidated Statements of Income

Sales to subsidiaries and affiliates:	¥766,165 million
Purchases from subsidiaries and affiliates:	¥374,385 million
Non-business transaction with subsidiaries and affiliates:	¥35,053 million

5. Notes to Non-Consolidated Statements of Changes in Net Assets

Type and Number of Treasury Stock as of March 31, 2012

Ordinary shares	287,548 shares

6. Notes to Tax Effective Consequence Accounting

(Unit: million yen)

(1) Current Deferred Tax Assets and Liabilities

1) Deferred tax assets:	
Provision for loss on disaster	1,326
Reserve for bonuses	752
Others	1,039
Current deferred tax assets – Sub-total:	3,119
Valuation allowance:	-670
Total current deferred tax assets:	2,449
2) Deferred tax liabilities:	
Deferred gains on hedges	-1,542
Total current deferred tax liabilities:	-1,542
Net current deferred tax assets:	906

(2) Non-Current Deferred Tax Assets and Liabilities

1) Deferred tax assets:

Loss brought forward	44,331
Others	20,263
Non-current deferred tax assets – Sub-total:	64,594
Valuation allowance:	-34,472
Total non-current deferred tax assets:	30,122

2) Deferred tax liabilities:

Asset retirement obligations(PP&E)	-485
Profit from merger	-434
Others	-367
Total non-current deferred tax liabilities:	-1,286
Net non-current deferred tax assets:	28,835

3) Deferred tax assets and liabilities related to land revaluation:

Deferred tax assets related to land revaluation:	11,801
Valuation allowance:	-11,801
Total	—
Deferred tax liabilities related to land revaluation:	-26,981
Net deferred tax liabilities related to land revaluation:	-26,981

(Note) Re-evaluation of Deferred Tax Assets and Deferred Tax Liabilities Due to Changes in Effective Tax Rates, etc.

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

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

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

These tax rate changes reduced deferred tax assets of current assets as of March 31, 2012 by ¥64 million, deferred tax assets of noncurrent assets, by ¥9,812 million, and deferred tax liabilities for land revaluation, by ¥3,850 million, respectively, and increased income taxes-deferred, by ¥9,985 million, deferred gains or losses on hedges, by ¥109 million, and revaluation reserve for land, by ¥ 3,850 million, respectively.

7. Notes to Fixed Assets Used Under Leases

Finance leases other than those under which the ownership of the leased assets is regarded as being transferred to lessees (in millions of yen):

(1) Amounts equivalent to the acquisition cost, accumulated depreciation and net book value of leased properties as of March 31, 2012:

Acquisition cost equivalent:	8,403
Accumulated depreciation equivalent:	6,399
Net book value equivalent as of March 31, 2012:	2,004

(2) Net book value of lease obligations as of March 31, 2012

Due within one year:	392
Due more than one year:	1,611
Total:	2,004

(3) Lease payments and depreciation equivalent:

Lease payment:	491
Deprecation equivalent	491

(4) How to calculate the amounts equivalent to depreciation expenses

The amount equivalent to a depreciation expense for a leased property is determined by the straight line method over its leasing term, which is regarded as its useful life, at the residual value of nil.

8. Notes to the Company’s Transactions with Relevant Parties

(1) Subsidiaries and Affiliated companies

Type	Name (Ownership type & ratio)	Line of business	Cosmo Oil’s relationship with subsidiary	Account item for record entry	Transaction amount (¥mil)	Item	Balance as of Mar 31, 2012 (¥mil)
Subsidiary	Cosmo Oil Sales Corp. (directly, 100% owned)	Sale of oil products	3 Cosmo Oil directors are concurrently the directors of the subsidiary	Oil product sales (*1)	368,391	Accounts receivable, trade	69,173
				Loans to it (*4) And Fund deposit (*2)	14,208	Deposits received	33,000
			Sales of oil products made by Cosmo Oil	Interest payable (*3)	125	Accounts payable-other	65
Subsidiary	Cosmo Property Service Corp. (directly, 100% owned)	Management and lease of service station equipments	3 Cosmo Oil directors are concurrently the directors of the subsidiary	Loans to it (*4) And Fund deposit (*2)	21,916	Long-term loans to subsidiaries/ affiliates	21,000
			Loans to it	Interest receivable (*3)	226	Accounts receivable, other	74
Subsidiary	Cosmo Oil (U.K.) Plc. (directly, 100% owned)	Purchase and sale of crude oil and oil products	2 Cosmo Oil directors are concurrently directors of the subsidiary	Crude oil purchases (*1)	236,039	Account payable, trade	54,694
			Crude oil purchase from it	Interest payable (*3)	132		
Subsidiary	Cosmo Petroleum Gas Co., Ltd. (directly, 100% owned)	Import, storage and sale of LPG	4 Cosmo Oil directors are concurrently directors of the subsidiary	Representing to make LPG overseas transactions	123,507	Accounts receivable, other	29,580
			LPG sales to/purchase from it	Interest receivable (*3)	223	Account payable, trade	7,397
Subsidiary	Cosmo Matsuyama Oil Co., Ltd. (directly, 100% owned)	Manufacture and sale of Petrochemical Products, Storage, loading and discharging of petroleum products	4 Cosmo Oil directors are concurrently directors of the subsidiary	Receipt of debt guaranteed mortgage (*5)	77,692	-	-
			Receipt of debt guaranteed mortgage	Loans to it (*4) And Fund deposit (*2)	19,245	Short-term loans to subsidiaries/ affiliates	6,219
						Long-term loans to subsidiaries/ affiliates	12,799
			Loans to it	Interest receivable (*3)	266	Accounts receivable, other	29
Subsidiary	Cosmo Engineering Co., Ltd.(directly, 87.6% owned)	Undertaking of facility construction and other related work	4 Cosmo Oil directors are concurrently directors of the subsidiary Construction of oil-related facility and other related work	Repairs of oil-related facilities (*1)	7,699	Accounts payable- other	4,427

Out of the amounts shown above, the transaction amounts are exclusive of consumption tax charges, while the balance amounts as of March 31, 2012 include such charges.

Conditions for Transactions with the Subsidiaries Above and the Policy to Determine such Conditions:

Notes:
1. Conditions for transactions with such subsidiaries are similar to conditions under which the Company usually does business with companies in which the Company makes no capital investment.
2. Loans/Deposits are based on the Company’s group financing program and the transaction amounts are stated at an average amount of balance during FY2011.
3. Interest rates are determined by taking market rates of interest and other conditions into consideration.
4. Loans are used by the loan receivers as their working funds and each of the transaction amounts shown above is stated at an average amount of balance during FY2011.
5. For the Company's loans from financial institutions, it arranges a mortgage with a part of our fixed assets. The transaction amounts are the balance of such loans at the end of FY2011

(2) Director

Name of party (voting stock ownership)	Occupation of party	Cosmo Oil’s relationship with party	Transaction with party	Transaction amount (¥mil)	Item	Balance as of Mar 31, 2012 (¥mil)
Keizo Morikawa (directly, 0.0% owned)	Vice president of Cosmo Oil Co., Ltd.	Vice president of Cosmo Oil Co., Ltd. Chairman of Cosmo Oil Eco Card Fund	Contributions(*)	45	-	-

The transaction amount shown above is exclusive of consumption tax charges.

Conditions for the Transaction with the Party Above and the Policy to Determine such Conditions:

Notes: It is transaction for so-called third party.

9. Notes to Per-Share Information

(1) Net assets per share ¥308.12

(2) Net loss per share ¥11.41

10. Notes to Material Contingencies

None

11. Other Note

The Company 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 of the statement of income for FY2011, with the breakdown of major items including:

Fixed costs incurred during the period of suspended operations of the Chiba Refinery	¥16,235 million
Cost for removal of damaged assets, etc.	¥3,432 million

The amount of loss on disaster includes ¥2,296 million transferred to the provision for loss on disaster.

Accounting Auditors' Audit Report

Concerning the Consolidated Financial Statements: Full Copy

<u>Independent Auditors' Audit Report</u>

May 7, 2012

To the Board of Directors,
COSMO OIL CO., LTD.

KPMG AZSA LLC

Designated Limited Liability and Engagement Partner, Certified Public Accountant	Naoto Yokoi	Seal
Designated Limited Liability and Engagement Partner, Certified Public Accountant	Masahiko Kobayashi	Seal
Designated Limited Liability and Engagement Partner, Certified Public Accountant	Hiroshi Takasaki	Seal

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of the Company applicable to the fiscal year from April 1, 2011 through March 31, 2012.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the presentation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating appropriateness and usage of the accounting policies adopted by the management and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the COSMO OIL Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2012 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest
We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

- END -

Accounting Auditors' Audit Report

Concerning the Non-consolidated Financial Statements: Full Copy

<u>**Independent Auditors' Audit Report**</u>

May 7, 2012

To the Board of Directors,
COSMO OIL CO., LTD.

KPMG AZSA LLC

Designated Limited Liability and Engagement Partner, Certified Public Accountant	Naoto Yokoi	Seal
Designated Limited Liability and Engagement Partner, Certified Public Accountant	Masahiko Kobayashi	Seal
Designated Limited Liability and Engagement Partner, Certified Public Accountant	Hiroshi Takasaki	Seal

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets and the notes to the non-consolidated financial statements and the related supplementary schedules of the Company applicable to the 106th fiscal year from April 1, 2011 through March 31, 2012.

Management's Responsibility for the Non-Consolidated Financial Statements and the Related Supplementary Schedules
Management is responsible for the preparation and fair presentation of the non-consolidated financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the presentation and fair presentation of the non-consolidated financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on the non-consolidated financial statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the related supplementary schedules are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the related supplementary schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and the related supplementary schedules, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating appropriateness and usage of accounting policies adopted by the management and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the related supplementary schedules.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the non-consolidated financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of the COSMO OIL CO., LTD., applicable to the fiscal year ended March 31, 2012 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest
We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

- END -

Board of Corporate Auditors' Audit Report: Full Copy

Audit Report

The Board of Corporate Auditors, based on the audit reports made by each Corporate Auditor concerning the execution of duties by Directors for the 106th fiscal term from April 1, 2011 to March 31, 2012, prepared this Audit Report and hereby submit it as follows:

1. The Methods and Details of the Audit Conducted by the Corporate Auditors and the Board of Corporate Auditors

The Board of Corporate Auditors determined auditing policies and allocation of duties, received reports from each Corporate Auditor concerning the implementation and the results of the audits, obtained reports on business operations from Directors and other relevant persons as well as the Accounting Auditors concerned, and requested explanations as necessary.

In accordance with the audit standards for the Corporate Auditors as established by the Board of Corporate Auditors, the auditing policies, the audit execution plan and allocation of duties, each Corporate Auditor communicated Directors, Internal Audit Department as well as other employees, committed to gather information and develop an audit environment, attended the meetings of the Board of Directors and other significant meetings; obtained reports on business operations from Directors and others; requested explanation as necessary; reviewed documents which record approval of material matters; conducted investigations regarding the status of the business operations and assets of the head office and other major offices. In addition, the Corporate Auditors received reports as needed, requested explanation as necessary from Directors and others, and express an opinion concerning the establishment and operation of the system (the internal control system) implemented based on the corporate resolution concerning the implementation of system set forth in the Article 100, Paragraph 1 and 3 of the Ordinance for Enforcement of Companies Act and required to ensure the execution of duties by Directors described in the Business Report in accordance with related laws, regulations and the Articles of Incorporation of the Company. With respect to subsidiaries, we communicated and exchanged information with Directors, Corporate Auditors, and other relevant personnel of the subsidiaries, and received business reports from subsidiaries as necessary. Based on the methods as described above, the Board of Corporate Auditors deliberated the Business Report and supplementary schedules for the period under review.

Furthermore, the Corporate Auditors monitored and confirmed if the Accounting Auditors holding independent position and performing appropriate audit received reports on auditing operations from the Accounting Auditors; and requested explanation as necessary. Also, the Corporate Auditors received a report from the Accounting Auditors that the Company implemented the "system to ensure appropriate execution of duties" (set forth in Article 131 of the Company's Calculation Rules) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005) and others, and requested explanation as necessary. Based on the methods as described above, the Board of Corporate Auditors deliberated the non-consolidated financial statements (the non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statements of changes in net assets and the notes to non-consolidated financial statements) and supplementary schedules and the consolidated financial statements. (the consolidated balance sheets, consolidated statements of income, consolidated statements of changes in net assets and the notes to consolidated financial statements for the period under review.)

2. Results of Audit

(1) Audit results of Business Report and other documents concerned

1. The Business Report and supplementary schedules comply with the laws and regulations and with the Articles of Incorporation and correctly represents the company status.
2. The business activities performed by the Directors were correct and did not seriously violate the laws, regulations, or the Articles of Incorporations.
3. The corporate resolution concerning the internal control system is fair and reasonable. There are not matters to be pointed out for the Business Report and execution of duties by Directors regarding the internal control system.

(2) Audit results of the non-consolidated financial statements and supplementary schedules

The auditing methods and results of the Accounting Auditors, KPMG AZSA LLC, are fair and reasonable.

(3) Audit results of the consolidated financial statements

The auditing methods and results of the Accounting Auditors, KPMG AZSA LLC, are fair and reasonable.

As for the fire accident at the Chiba Refinery and the administrative penalty, the Board of Corporate Auditors has designated recurrence prevention measures, which are stated in the Business Report, as a priority audit item and follows up on the status addressed thereof.

May 7, 2012

COSMO OIL CO., LTD. Board of Corporate Auditors

Full-time Corporate Auditor	Makoto Suzuki	Seal
Full-time Corporate Auditor	Hirokazu Ando	Seal
Full-time Corporate Auditor	Hideo Suzuki	Seal
Corporate Auditor	Hajime Miyamoto	Seal
Corporate Auditor	Yoshitsugu Kondo	Seal

(Note) Full-time Corporate Auditor Hirokazu Ando, Corporate Auditor Hajime Miyamoto and Corporate Auditor Yoshitsugu Kondo are Outside Corporate Auditors as stipulated in Article 2, Item 16 and Article 335, Paragraph 3 of the Corporation Law.

- END -