Please note that the following is an unofficial English translation of Japanese original text of the Notice of Convocation of the 107th Ordinary General Meeting of Shareholders of COSMO OIL CO., LTD. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Securities Code: 5007
June 4, 2013

To Shareholders with Voting Rights

Keizo Morikawa
President
COSMO OIL CO., LTD.
1-1-1, Shibaura, Minato-ku, Tokyo

NOTICE OF CONVOCATION OF THE 107th ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 107th Ordinary General Meeting of Shareholders of COSMO OIL CO., LTD. (the "Company"). The Meeting will be held as described below.

If you are unable to attend the Meeting, you can exercise your voting rights by either of the following methods. Please review the "Reference Documents for the General Meeting of Shareholders" mentioned below, and exercise your voting rights **by no later than 5:30 p.m., Monday, June 24, 2013**.

[When Exercising Voting Rights in Writing]

Please indicate your approval or disapproval for the proposals in the enclosed Voting Rights Exercise Form, and return it so that it will arrive by the aforementioned exercise deadline.

[When Exercising Voting Rights via the Internet, etc.]

For exercising your voting rights via the Internet, etc., access the website designated by the Company for exercising voting rights **(http://www.web54.net)**, and, using the "voting rights exercise code" and "password" as described in the enclosed Voting Rights Exercise Form, follow the guidance on screen and enter your approval or disapproval for the proposals.
If you exercise your voting rights via the Internet, etc., please check the "Exercising Your Voting Rights via the Internet, etc." on page 3.

1. **Date and Time:** **10:00 a.m., Tuesday, June 25, 2013**
2. **Place:** **"Willard" 5F, INTERCONTINENTAL TOKYO BAY,**
   1-16-2, Kaigan, Minato-ku, Tokyo, Japan
3. **Agenda of the Meeting:**

   Matters to be Reported:
   (1) The Business Report and the Consolidated Financial Statements, and Audit Reports of the Accounting Auditor and the Audit & Supervisory Board for the Consolidated Financial Statements for the 107th Fiscal Year (from April 1, 2012 to March 31, 2013)
   (2) The Financial Statements for the 107th Fiscal Year (from April 1, 2012 to March 31, 2013)

   Proposals to be Resolved:
   Proposal No. 1: Decrease in the Amount of Legal Capital Surplus and the Amount of Legal Retained Earnings and Appropriation of Surplus
   Proposal No. 2: Election of Ten (10) Directors
   Proposal No. 3: Election of One (1) Audit & Supervisory Board Member
4. **Notice**
   (1) If you exercise your voting rights by two different methods, that is, via the Internet, etc. as well as in writing (Voting Rights Exercise Form), the vote that arrives later shall be deemed valid. If those two votes arrive at the Company on the same day, the vote via the Internet, etc. shall be deemed valid.
   (2) If you exercise your voting rights via the Internet, etc. more than once, your final vote shall be deemed to be valid.

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* For those attending, please present the enclosed Voting Rights Exercise Form at the reception desk upon arrival at the Meeting.
* Voting by proxy is possible only when delegated to a shareholder of the Company with voting rights. In such instance, the shareholder must submit a letter of proxy to the reception desk. The proxy must be a single shareholder.
* Should any modification to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements and Financial Statements occur, the matters after modification will be posted on the Internet website of the Company (http://www. cosmo-oil.co.jp/).

Exercising Your Voting Rights via the Internet, etc.

When exercising voting rights for this General Meeting of Shareholders via the Internet, etc., please be aware of the following:

1 Website

Exercising your voting rights via the Internet, etc. is only available by accessing the designed website (http://www.web54.net). No dedicated mobile phone website is available.

2 Basic Matters

(1) Please note that the voting exercise code and temporary password supplied on the lower right-hand side of your Voting Rights Exercise Form are necessary.

(2) If you exercise your voting rights via the Internet, etc. multiple times, only your last vote will be treated as valid.

(3) If you exercise your voting rights by mail and also place your vote via the Internet, etc., whichever we received last will be treated as valid. If we receive both on the same day, we will treat only your vote placed via the Internet, etc. as valid.

(4) You may place your vote via the Internet, etc. at any time by the close of business (5:30 p.m.) on Monday, June 24, 2013.

(5) The costs of using the Internet website to exercise your voting rights, such as the connection fees of internet service providers and applicable communications fees (i.e., call charges), will be borne by the shareholder.

3 Handling Your Password

(1) The temporary password is our means of verifying whether the person voting is a legitimate shareholder. Please maintain this password as strictly confidential in the same manner as a registered seal or a personal identification number.

(2) If you lose your password, please follow the screen guidance and the procedures.

4 Conditions Relevant to Systems

Please confirm the following system environment for exercising voting rights via the Internet.

Display monitor with resolution of greater than 800×600 (SVGA)

Following applications installed

a. Microsoft® Internet Explorer v. 5.01 SP2 or more recent version

b. Adobe® Acrobat® Reader™ v. 4.0 or more recent version or Adobe® Reader® v. 6.0 or more recent version (for the case where the Reference Documents, etc. will be read over the Internet)

* Microsoft® and Internet Explorer are registered trademarks or trademarks of Microsoft Corporation, and Adobe® Acrobat® Reader™ and Adobe® Reader® are registered trademarks or trademarks of Adobe Systems Incorporated, in the U.S.A. and other countries.

In case of accessing the Internet from companies, etc., communications over the Internet are sometimes restricted due to Firewall settings, etc., so please confirm with the systems manager of your company.

5 In Case You Need Instructions to Operate Your Personal Computer, etc.

In case you need instructions for how to operate your personal computer in order to exercise your voting rights via the Internet, please contact the following support desk:

The Sumitomo Mitsui Trust Bank, Limited, Securities Agent Web Support Hotline
Phone: 0120 (652) 031 (Toll Free, only in Japan)
(9:00 to 21:00)

<For Institutional Investors>

Institutional investors may use "Voting Rights Electronic Exercise Platform" operated by ICJ Co., Ltd., if application is made in advance, as a means of exercising voting rights by electromagnetic means.

Proposal No. 1: Decrease in the Amount of Legal Capital Surplus and the Amount of Legal Retained Earnings and Appropriation of Surplus

1. Purpose of decrease in the amount of legal capital surplus and the amount of legal retained earnings and appropriation of surplus

   It is proposed that the amount of legal capital surplus and the amount of legal retained earnings be decreased and a deficit in retained earnings brought forward be compensated in order to ensure flexibility and mobility for the Company's financial strategy in the future and revive the corporate structure for early resumption of dividend payments.

2. Details of decrease in the amount of legal capital surplus

   Pursuant to the provisions of Article 448, Paragraph 1 of the Companies Act, the Company will reduce legal capital surplus, which amounts to ¥89,439,738,670, by ¥72,472,996,266, and transfer the whole decreased amount to other capital surplus. Legal capital surplus after the decrease will be ¥16,966,742,404.

3. Details of decrease in the amount of legal retained earnings

   Pursuant to the provisions of Article 448, Paragraph 1 of the Companies Act, the Company will reduce legal retained earnings by the whole amount of ¥7,407,962,628 and transfer the whole decreased amount to retained earnings brought forward.

4. Details of appropriation of surplus

   Pursuant to the provisions of Article 452 of the Companies Act, after transferring ¥72,472,996,266 from legal capital surplus to other capital surplus as described in 2. above, the Company will transfer the whole amount to retained earnings brought forward, and combine this amount with ¥7,407,962,628 transferred from legal retained earnings to retained earnings brought forward as described in 3. above, obtaining the amount of ¥79,880,958,894, which the Company will use to cover a shortfall in retained earnings brought forward.

   (i) Item and amount of surplus to be decreased

   Other capital surplus: ¥72,472,996,266

   (ii) Item and amount of surplus to be increased

   Retained earnings brought forward: ¥72,472,996,266

5. Effective date of the decrease in the amount of legal capital surplus and the amount of legal retained earnings and appropriation of surplus

   June 25, 2013

Proposal No. 2: Election of Ten (10) Directors

The term of office of all Directors will expire at the close of this General Meeting of Shareholders. Therefore, it is proposed that ten (10) Directors be elected.

The candidates for Director are as follows.

<table>
<tr><td>1</td><td rowspan="4">
Yaichi Kimura
(May 20, 1940)</td><td>* Career Summary and Status</td><td>* Status of Significant Concurrent Position(s)</td></tr>
<tr><td rowspan="3">Reappointment</td><td rowspan="3">April 1963 Joined Daikyo Oil Co., Ltd.
June 1993 Director of the Company
June 1996 Managing Director
June 1998 Representative Senior Managing Director
June 2001 Executive Vice President, Representative Director
June 2004 President, Representative Director
June 2010 President, Representative Director, Chief Executive Officer
June 2012 Chairman, Representative Director (current position)</td><td>Director, COSMO PETROLEUM GAS CO., LTD.
Director, COSMO OIL LUBRICANTS CO., LTD.
Director, COSMO ENGINEERING CO., LTD.
Director, COSMO OIL SALES CO., LTD.
President, Representative Director, Qatar Petroleum Development Co., Ltd.
Director, ABU DHABI OIL CO., LTD.</td></tr>
<tr><td>* Number of Shares of the Company Held</td></tr>
<tr><td>180,000</td></tr>
</table>

<table>
<tr><td>2</td><td rowspan="4">
Keizo Morikawa
(January 29, 1948)</td><td>* Career Summary and Status</td><td>* Status of Significant Concurrent Position(s)</td></tr>
<tr><td rowspan="3">Reappointment</td><td rowspan="3">April 1971 Joined Daikyo Oil Co., Ltd.
June 2000 Director of the Company
June 2002 Managing Director
June 2004 Senior Managing Director
June 2006 Representative Senior Managing Director
June 2008 Executive Vice President, Representative Director
June 2010 Representative Director, Executive Vice President
June 2012 President, Representative Director, Chief Executive Officer (current position)</td><td>President, UNITED PETROLEUM DEVELOPMENT CO., LTD.
Director, MARUZEN PETROCHEMICAL CO., LTD.</td></tr>
<tr><td>* Number of Shares of the Company Held</td></tr>
<tr><td>124,000</td></tr>
</table>

3 Reappointment

Atsuto Tamura
(March 20, 1953)

*** Career Summary and Status**

April 1975	Joined Daikyo Oil Co., Ltd.
June 2002	General Manager, Project Development Dept. of the Company
June 2003	Managing Director, Cosmo Research Institute
June 2004	President, Representative Director, Cosmo Research Institute
June 2006	Executive Officer, General Manager, Corporate Communication Dept. of the Company
June 2008	Senior Executive Officer, General Manager, Corporate Communication Dept.
June 2009	Managing Director
June 2010	Director, Senior Executive Officer (current position)

*** Assignment at the Company**

General Affairs Dept., Affiliate Relations Dept., Information System Planning Dept., Purchasing Center

*** Status of Significant Concurrent Position(s)**

Director, COSMO PETROLEUM GAS CO., LTD.
Director, COSMO ENGINEERING CO., LTD.

*** Number of Shares of the Company Held**

85,000

4 Reappointment

Hideto Matsumura
(August 1, 1952)

*** Career Summary and Status**

April 1975	Joined Maruzen Oil Co., Ltd.
June 2005	General Manager, Sakaide Refinery of the Company
June 2006	Executive Officer, General Manager, Sakaide Refinery
June 2007	Executive Officer, General Manager, Refining & Technology Dept.
June 2008	Senior Executive Officer, General Manager, Refining & Technology Dept.
June 2009	Managing Director
June 2010	Director, Senior Executive Officer (current position)

*** Assignment at the Company**

Refining & Technology Dept., Maintenance & Engineering Dept., Safety & Environment Control Dept.

*** Status of Significant Concurrent Position(s)**

Director, COSMO MATSUYAMA OIL CO., LTD.
Director, COSMO ENGINEERING CO., LTD.

*** Number of Shares of the Company Held**

99,000

5		* Career Summary and Status	* Assignment at the Company
Reappointment	 Hisashi Kobayashi (November 12, 1954)	April 1977 Joined Daikyo Oil Co., Ltd. June 2004 General Manager, Osaka Branch Office of the Company June 2006 Executive Officer, General Manager, Sales Control Dept. June 2008 Senior Executive Officer, General Manager, Sales Control Dept. June 2010 Senior Executive Officer June 2011 Director, Senior Executive Officer (current position)	Sales Dept., Wholesale Marketing Dept., Industrial Fuel Marketing Dept., Distribution Dept.
			* Status of Significant Concurrent Position(s)
			Director, COSMO OIL SALES CO., LTD.
			* Number of Shares of the Company Held
			87,000

6		* Career Summary and Status	* Assignment at the Company
Reappointment	 Isao Kusakabe (July 15, 1953)	April 1977 Joined Daikyo Oil Co., Ltd. June 2005 General Manager, International Ventures Dept. of the Company June 2007 Executive Officer, General Manager, International Ventures Dept. June 2009 Senior Executive Officer, General Manager, International Ventures Dept. June 2010 Senior Executive Officer June 2011 Director, Senior Executive Officer (current position)	Petroleum E&P Dept., International Ventures Dept., Crude Oil & Tanker Dept., Petroleum Products Trading Dept.
			* Status of Significant Concurrent Position(s)
			Director, Qatar Petroleum Development Co., Ltd. Director, ABU DHABI OIL CO., LTD. Director, UNITED PETROLEUM DEVELOPMENT CO., LTD.
			* Number of Shares of the Company Held
			70,000

7		*** Career Summary and Status**	*** Assignment at the Company**
New Appointment	Hirohiko Ogiwara (June 20, 1954)	April 1978 Joined Daikyo Oil Co., Ltd. June 2003 General Manager, Wholesale Marketing Dept. of the Company June 2007 Executive Officer, General Manager, Wholesale Marketing Dept. June 2008 Executive Officer, General Manager, Tokyo Branch Office June 2009 Senior Executive Officer, General Manager, Tokyo Branch Office June 2012 Senior Executive Officer (current position)	Corporate Communication Dept., Personnel Dept., Supply & Demand Coordination Dept. *** Status of Significant Concurrent Position(s)** *** Number of Shares of the Company Held** 59,000

8		*** Career Summary and Status**	*** Assignment at the Company**
New Appointment	Hiroshi Kiriyama (June 20, 1955)	April 1979 Joined Daikyo Oil Co., Ltd. June 2004 General Manager, Supply & Demand Coordination Dept. of the Company June 2008 Executive Officer, General Manager, Corporate Planning Dept. June 2010 Executive Officer, General Manager, Corporate Planning Dept. and Change Promotion Dept. June 2011 Senior Executive Officer, General Manager, Corporate Planning Dept. and Change Promotion Dept. June 2012 Senior Executive Officer (current position)	Corporate Planning Dept., R&D Dept. *** Status of Significant Concurrent Position(s)** Representative Director, Hyundai Cosmo Petrochemical Co., Ltd. Director, MARUZEN PETROCHEMICAL CO., LTD. *** Number of Shares of the Company Held** 60,000

(Notes) 1. Yaichi Kimura also serves as Representative Director of our subsidiary Qatar Petroleum Development Co., Ltd., and the Company and the relevant company have transaction relationships such as the sale and purchase of crude oil, etc.

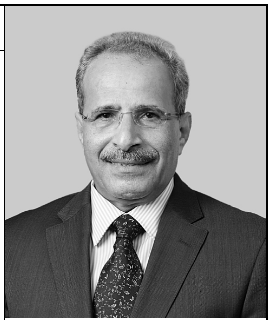
2. Keizo Morikawa also serves as Representative Director of our affiliate UNITED PETROLEUM DEVELOPMENT CO., LTD., and the Company and the relevant company have transaction relationships such as the sale and purchase of crude oil, etc.

3. Hiroshi Kiriyama also serves as Representative Director of our affiliate Hyundai Cosmo Petrochemical Co., Ltd., and the Company and the relevant company have transaction relationships such as the sale and purchase of petroleum products, etc.

4. No special interests exist between the Company and any of the other candidates for Director.

<Candidates for Outside Director>

9



Reappointment

Mohamed Al Hamli

(December 31, 1952)

*** Career Summary, Status at the Company and Significant Concurrent Position(s)**

August 1980	Joined Abu Dhabi Marine Operating Company
March 1997	General manager, Abu Dhabi National Oil Company for Distribution
October 1998	Director, Marketing & Refining, Abu Dhabi National Oil Company
November 2004	Minister of Energy, the United Arab Emirates
February 2005	Deputy Chairman, International Petroleum Investment Company (current position)
June 2010	Director of the Company (current position)

*** Number of Shares of the Company Held**

0

*** Reasons for choosing the person as candidate for Outside Director**

Mohamed Al Hamli served as Minister of Energy of the United Arab Emirates and the Company judges him capable of properly executing duties as Outside Director from an international viewpoint with respect to the petroleum industry.

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Reappointment

Mohamed

Al Mehairi

(December 6, 1975)

*** Career Summary, Status at the Company and Significant Concurrent Position(s)**

September 1999	Joined Abu Dhabi National Oil Company
August 2006	Investment Manager, Invest Management Division, Investment Department, International Petroleum Investment Company
July 2007	Division Manager, Evaluation & Execution Division, International Petroleum Investment Company
July 2007	Board Member of Supervisory Board, Borealis (current position)
March 2008	Vice Chairman, Pak-Arab Refinery Ltd. (current position)
February 2009	Director Investment, International Petroleum Investment Company (current position)
July 2009	Director, Nova Chemicals Corporation (current position)
June 2012	Director of the Company (current position)

*** Number of Shares of the Company Held**

0

*** Reasons for choosing the person as candidate for Outside Director**

Mohamed Al Mehairi serves as Board Member of Supervisory Board of Borealis, Vice Chairman of Pak-Arab Refinery Ltd., and Director of Nova Chemicals Corporation. Therefore, the Company judges him capable of properly executing duties as Outside Director from his international viewpoint with respect to the petroleum industry.

(Notes) 1. Mohamed Al Hamli and Mohamed Al Mehairi served for Abu Dhabi National Oil Company (ADNOC) and ADNOC is the specified related operator for the Company.

2. The term of office of Mohamed Al Hamli as Outside Director since assuming office will reach three (3) years at the close of this meeting.
3. The term of office of Mohamed Al Mehairi as Outside Director since assuming office will reach one (1) year at the close of this meeting.
4. Mohamed Al Mehairi is related in the third degree to an executing person of the Company's specified related operator, Abu Dhabi National Oil Company.
5. Pursuant to the provision of Article 423, Paragraph 1 of the Companies Act, the Company has entered into agreements with Mohamed Al Hamli and Mohamed Al Mehairi, to limit the liability for damages. The limit of the liability under the relevant agreement shall be the minimum amount that is set by the provision of Article 425, Paragraph 1 of the said act. If Mohamed Al Hamli and Mohamed Al Mehairi are reelected as Outside Director, the Company will renew the current agreement with them to limit the liability for damages under the same conditions.

Proposal No. 3: Election of One (1) Audit & Supervisory Board Member

The Audit & Supervisory Board Member Hajime Miyamoto passed away on January 30, 2013. Therefore, it is proposed that one (1) Audit & Supervisory Board Member as the substitute be elected.

The proposal at the Meeting had already been agreed upon by the Audit & Supervisory Board.

The candidate for Audit & Supervisory Board Member is as follows.

<Candidate for Outside Audit & Supervisory Board Member>

<table>
<tr><td rowspan="5">New Appointment</td><td></td><td colspan="2">* Career Summary, Status at the Company and Significant Concurrent Position(s)</td></tr>
<tr><td rowspan="4">Sakae Kanno
(June 18, 1947)</td><td rowspan="2">April 1971 Joined The Kansai Electric Power Co., Inc.
June 2001 Executive Officer, Office of Affiliates Management and Business Development, The Kansai Electric Power Co., Inc.
June 2003 Managing Director, The Kansai Electric Power Co., Inc.
June 2007 Executive Vice President and Director, The Kansai Electric Power Co., Inc.
June 2011 Audit & Supervisory Board Member, The Kansai Electric Power Co., Inc. (current position)</td><td>* Number of Shares of the Company Held</td></tr>
<tr><td>0</td></tr>
<tr><td colspan="2">* Reasons for choosing the person as candidate for Outside Audit & Supervisory Board Member</td></tr>
<tr><td colspan="2">Sakae Kanno has experience as a Director and Audit & Supervisory Board Member at The Kansai Electric Power Co., Inc. Therefore, the Company judges him capable of properly executing duties as Outside Audit & Supervisory Board Member from his wide-ranging viewpoint, which extends beyond the industry to which the Company belongs.</td></tr>
</table>

(Notes) 1. No special interests exist between the Company and the candidate for Audit & Supervisory Board Member.

2. If Sakae Kanno is elected, pursuant to the provision of Article 423, Paragraph 1 of the Companies Act, the Company will enter into an agreement with him, to limit the liability for damages. The limit of the liability shall be the minimum amount that is set by the provision of Article 425, Paragraph 1 of the said act.

3. If Sakae Kanno is elected, the Company will notify the Tokyo Stock Exchange, Osaka Securities Exchange and Nagoya Stock Exchange of his status as an Independent Audit & Supervisory Board Member as stipulated in the regulations of each exchange.

(Attached Documents)

BUSINESS REPORT (From April 1, 2012 to March 31, 2013)

1. Business Overview

(1) Review of Operations of the Group

Japan's Economy

In the fiscal year under review, Japan's economy staged a modest recovery backed by reconstruction demand from the Great East Japan Earthquake and the government's emergency economic stimulus package, despite a decline in export due to the global economic slowdown.

Domestic Demand for Petroleum Products

Although domestic demand for gasoline and kerosene remained at about the same level as in the previous year, domestic demand for overall petroleum products rose compared to the previous year due to an increase in demand for heavy fuel oil C for electric power as a result of higher operating rates at thermal power plants.

Crude Oil Price

Dubai crude oil, which began the year at around $119/barrel, temporarily fell below the $90/barrel range due to the European debt crisis and other negative factors, but turned upward amid growing tensions in the Middle East. As a result, the average price of crude oil throughout the year was around $106/barrel.

Currency Trend

The yen appreciated from the ¥83 per dollar level at the beginning of the year to the ¥77 per dollar level in September due to the US's monetary relaxation policy and the renewed European debt crisis, but later on entered its depreciation phase backed by increasing public expectations towards the government's massive monetary easing. As a result, the year ended with the exchange rate settling at the ¥96 per dollar level in March.

Domestic Product Market Conditions

Although delivery prices of mass market products and fuel for industrial use fell at the beginning of the year in line with the crude oil price, they gradually rose after summer.

In this business environment, the Cosmo Oil Group (the "Group") made concerted efforts to establish a stable profit structure and promote its business expansion by improving the profitability of petroleum business and implementing the medium- and long-term business growth strategies in the petrochemical business.

Petroleum Business

Sales

With respect to service stations, aiming to respond to the needs of its customers, the Company has promoted the "Filling Up Your Hearts, Too" Declaration 2012 with key missions of "Creating new customers," "Enhancing relationships with customers" and "Enhancing the lineup of car life products." In this way, we earnestly strived to establish the Cosmo brand that can earn the trust of customers, and enhance the functions of brand support.

With respect to "Cosmo The Card," the Company's self-issued credit card, the number of valid cards increased by 160 thousand over the previous year to 3,970 thousand, by launching WAON electronic money payment to enhance value added services at service stations.

With respect to "COSMO B-cle LEASE," an auto leasing business that started nationwide operation in 2011, the number of lease contracts exceeded the 5,000-vehicle milestone in March, as a result of our efforts to enhance the advantages of the product, such as introducing a fixed rate system including maintenance costs, taxes, and other costs, as well as offering a discount privilege for gasoline, which were favorably received by our customers.

In addition, we have made Sogo Energy Corporation (former Sojitz Energy Corporation) our subsidiary in January 2013, aiming to further strengthen the sales outlet network in Japan.

Procurement of Crude Oil and Petroleum Products

The Company strived to secure stable procurement of crude oil by reinforcing the relationships with oil-producing countries in the Middle East through technical cooperation and other means. It also diversified procurement sources to reduce procurement costs and took maximum advantage of the heavy fuel oil cracking unit equipment at the Sakai Refinery. By such means, the Company has worked to expand its procurement of oil types that enable the efficient production of high-value added petroleum products.

Production

In June 2012, we had an accident of asphalt leakage at the Chiba Refinery, which caused a decline in its operating rate. In response to the accident, we established the Accident Investigation Committee chaired by an external expert, identified a cause of the accident and drew up measures to prevent reoccurrence and steadily implemented it.

At refineries, we have been earnestly working to consolidate our safety management system and ensure safe refining operations by, for example, restructuring the Safety & Environment Control Department and appointing an assistant general manager of safety & environment controls who supervises legal compliance and other matters. In addition, in order to respond to changes in the environment surrounding our petroleum business, we have determined in August that we will close the Sakaide Refinery at the end of July 2013 and reduce the refining capacity of 140 thousand barrels per day. This will increase the heavy fuel oil cracking unit equipment ratio specified by the Act on Sophisticated Methods of Energy Supply Structures. The closed refinery will be used as an oil terminal to steadily supply petroleum products to regions of western Japan. In this way we aim to enhance the Group's corporate value from medium- and long- term perspectives.

New Business

In the mega solar business, the Company established a joint venture company "CSD Solar G.K." with some companies in March 2013, in order to make effective use of the Group's assets.

Meanwhile, in the "5-aminolevulinic acid (ALA)" business, the Company successfully developed a solid fertilizer for which the potential market size is large, adding to existing liquid fertilizer, and launched in March the sale of a new product "Penta Garden Pellet" as part of "Penta Garden" series fertilizer for home gardening.

R&D

With respect to ALA, the Company continued its R&D activities through collaboration with external research institutions in order to expand the scope of its application to fertilizers, hair tonic, raw materials for pharmaceuticals, and other sectors.

In addition, it has received the Japan Institute of Energy Award 2012 in the Technical Division for its newly domestically developed gas-to-liquid (GTL) technology for natural gas for commercial use.

The Environment

The Company actively addressed environmental preservation initiatives under themes such as "Responding strategically to prevent global warming while ensuring continuation of businesses" and "Promoting environmental contribution activities," by reducing its carbon dioxide emissions, and conducting community forest preservation and other activities.

Meanwhile, the Cosmo Oil Eco Card Fund conducted its environmental contribution activities "Living with Our Planet" project, and worked on 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."

Overseas Business

The First Laffan Refinery in Qatar, for which a subsidiary of the Company invested 10%, has been conducting smooth operations and providing a steady return on the investment. The Company determined in March 2013 to invest in the Second Laffan Refinery.

Despite the above-mentioned efforts, the Company's combined sales volume for all oil types was 36,890 thousand kiloliters, down 0.5% from the previous year. Net sales in the petroleum business were ¥3,116.2 billion, up 2.0% from the previous year, and segment loss (ordinary loss) was ¥23.7 billion.

Petrochemical Business

Hyundai Cosmo Petrochemical Co., Ltd. (a joint venture with Hyundai Oilbank Co., Ltd. in South Korea), to which the Company supplies mix xylene, launched commercial production of paraxylene five months ahead of schedule in January 2013 by shortening the construction period for its new production line, which has an annual production capacity of 800 thousand tons. The total annual production capacity including existing production lines increased to 1,180 thousand tons.

As a result of the above, combined with improved market conditions for mix xylene, net sales in the petrochemical business were ¥30.5 billion, up 3.6% from the previous year. Segment income (ordinary income) was ¥3.3 billion.

Oil Exploration and Production Business

Abu Dhabi Oil Co., Ltd., Qatar Petroleum Development Co., Ltd. and other companies maintained stable and safe operations for oil exploration and production in the Middle East region. The new concession agreement concluded with the Supreme Petroleum Council of Abu Dhabi, United Arab Emirates, became effective in December 2012, and Abu Dhabi Oil Co., Ltd. renewed the concession covering three existing fields (Mubarraz Field, Umm Al Anbar Field and Neewat Al Ghalan Field) for another 30 years, as well as an additional new concession area, the Hail Field.

As a result, net sales in the oil exploration and production business were ¥85.9 billion, down 1.9% from the previous year, and segment income (ordinary income) was ¥60.7 billion.

Other

In the renewable energy business, Eco Power Co., Ltd. has been actively engaged in the wind power business by enhancing maintenance operations to increase operating rates of power generation facilities. In addition, the Japanese government's introduction of the FIT (feed-in tariff) scheme for renewable energy increased purchasing prices. As a result, Eco Power achieved a substantial increase in earnings and profits. Eco Power has also been working on the construction of Hirogawa Hidakagawa Wind Farm in Wakayama Prefecture, and the development projects of new wind power generation plants in Fukushima Prefecture and Mie Prefecture.

Meanwhile, the Company has worked to improve profitability of other businesses such as the trading and leasing of real estate facilities, the construction and maintenance of oil-related facilities, and agency services for damage insurance. As a result, net sales in other businesses were ¥86.3 billion, up 20.5% from the previous year, and segment income (ordinary income) was ¥4.9 billion.

Despite the above-mentioned management activities, during the fiscal year under review, our consolidated net sales increased by 1.8% from the previous year to ¥3,166.7 billion, while operating income and ordinary income were ¥52.4 billion and ¥48.4 billion, respectively. Net loss for the period totaled ¥85.9 billion.

[Business Segment Information]

(Millions of yen)

	Petroleum Business	Petrochemical Business	Oil Exploration and Production Business	Other	Adjustments	Consolidated
Net Sales	3,116,214	30,469	85,943	86,312	-152,250	3,166,689
Segment Income	-23,681	3,329	60,688	4,857	3,245	48,439

Regrettably, a dividend was not paid for the fiscal year under review as retained earnings became negative.

(2) Issues to be Addressed

With respect to the economic environment going forward, the Japanese economy is expected to see a steady recovery in anticipation of a modest global economic recovery on the back of firmness in the US economy, as well as solid growth in demand and job creation mainly due to expeditious government policies.

In the petroleum industry, domestic demand is trending down due to Japan's falling population, advancement of energy saving, and increasing awareness of environmental issues. In contrast, the demand for petroleum and petrochemical products is expected to increase in the medium- and long-term in overseas countries, mainly in Asia. Therefore, an effective and stable supply as well as active business expansion on a global basis will be required.

Positioning safety maintenance at refineries as the highest priority management strategy issue, the Group will strengthen and enhance safety maintenance control at the Refinery Safety Reform Committee in addition to safety management, operation management, personnel training and other relevant areas. The Group will also conduct smooth and safe operations for a complete recovery of the Chiba Refinery and the closure of the Sakaide Refinery while addressing vigorous cost cutting and highly functional, high-value added services in the petroleum business. In addition, the Group will advance organizational reforms to clarify roles and responsibilities of each department, thus enhancing its competitiveness and efficiency and establishing a solid business foothold. In the longer perspective, we aim to become a "Vertically Integrated Global Energy Company" comprehensively engaging in the entire supply chain from petroleum exploration through to refining and distribution, while enhancing the portfolio of our petrochemical business and renewable energy business.

We position our Fifth Consolidated Medium-Term Management Plan (FY2013 to FY2017) as a period of five years starting from FY2013 to establish a solid business foothold for further expansion. To achieve this, we aim to strengthen our profitability, improve financial structure, and resume dividend payments to shareholders as early as possible. Our main challenges stated in the management plan are as follows.

The Fifth Consolidated Medium-Term Management Plan (FY2013 to FY2017)

1) Regain Profitability in the Petroleum Business

We plan to implement various measures in order to regain our profitability in the petroleum business, the Group's core business. With respect to the supply division, we aim to ensure safe operations and stable supply by enhancing both hardware and software aspects, including investing management resources in refinery facilities and improving on-site forces. Furthermore, we plan to reduce fixed costs by the closure of the Sakaide Refinery and improve cash flows, as well as implementing drastic rationalization by streamlining workforce and reviewing general and administrative expenses. With respect to the marketing division, we aim to enhance the retail business by actively promoting "COSMO B-cle LEASE" and realizing synergy in manufacturing and sales with Sogo Energy Corporation. In this way, we strive to achieve the maximization of profits.

2) Secure Stable Income from Investments Made During the Previous Medium-Term Management Plan

We will ensure the implementation of measures made under the Fourth Consolidated Medium-Term Management Plan and secure stable income from strategic investments, thus achieving a further expansion of our business scale. In the petrochemical business, we plan to establish and maintain a stable production system of paraxylene with an annual production capacity of 1,180 thousand tons at Hyundai Cosmo Petrochemical Co., Ltd. In the oil exploration and production business, we will conduct the environmentally-friendly exploration and production with high economic efficiency at the new oil field (Hail Field) operated by Abu Dhabi Oil Co., Ltd., which is adjacent to the three existing oil fields, by maximizing the use of existing production facilities on the ground. In the renewable energy business, we will enter into the mega solar business while also aiming to expand the wind power generation business by constructing a new wind power generation farm by Eco Power Co., Ltd.

3) Further Strengthen Alliances with International Petroleum Investment Company (IPIC) and Hyundai Oilbank Co., Ltd.

Under the alliance with IPIC, we accept their external directors to receive advice on business management from a global standpoint and timely proposals taking advantage of the network of the Emirate of Abu Dhabi in the United Arab Emirates. We also continue the discussion centering on the upstream petroleum business of value chains and other various topics, seeking business opportunities in potential growth areas. Meanwhile, we constantly seek a new collaborative partnership with Hyundai Oilbank in the area of energy-related business, through Hyundai Cosmo Petrochemical Co., Ltd., by conducting regular strategic meetings, joint R&D activities, human resource exchanges, etc. while examining the possibility of new frameworks in the petrochemical business.

4) Further Enhance CSR Management

We formulate "CSR Initiative Policy (FY2013 to FY2017)" with the five key priorities of "Strict safety management," "Work with integrity," "Enhance human rights and personnel policies," "Promote environmental initiatives" and "Implement better internal and external communication."
Under the policies, we set a goal of "the Cosmo Oil Group that can respond to the trust of our customers and continuously contribute to society," thus aiming to fulfill our corporate responsibility to society.

With the Cosmo Oil Group Management Vision, we will strive for the "Harmony and Symbiosis with the Global Environment" and "Harmony and Symbiosis between Energy and Society" through a safe, convenient and stable energy supply, strict legal compliance, social contribution and environmental preservation activities, etc. We will make concerted efforts across the Group in fulfilling our mission of safe refining operations and stable supply of petroleum products. Furthermore, by intensively focusing on income-oriented strategies at each division, we aim to achieve profit maximization and resume dividend payments to shareholders as early as possible.

We will strengthen our efforts on CSR management aiming to contribute to a sustainable development of society as a general energy corporate group that is trusted by 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 FY2011
		Millions of yen	%
Petroleum Business	**Gasoline/Naphtha**	406,584	10.0
	Kerosene/Diesel Fuel	517,628	13.1
	Heavy Fuel Oil	321,870	15.8
	Other	93,767	14.3
	Subtotal	1,339,850	12.8
Petrochemical Business		12,554	10.9
Oil Exploration and Production Business		19,916	-3.1
Total		1,372,321	12.6

(Notes)
1. Domestic fuel is 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 FY2011	Outstanding Orders	Changes from FY2011
	Millions of yen	%	Millions of yen	%
Other	8,437	-31.0	4,431	-15.3

(Note) Amount above does not include consumption taxes.

2) Non-consolidated Production and Order Acceptance

Oil Type	FY2012	FY2011	Changes from FY2011
	Thousand kl/t	Thousand kl/t	%
Gasoline/Naphtha	5,920	5,527	7.1
Kerosene/Diesel Fuel	7,390	6,788	8.9
Heavy Fuel Oil	5,029	4,506	11.6
Other	1,883	1,853	1.6
Total	20,224	18,675	8.3

(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 year 9,420 thousand kiloliters, previous year 10,494 thousand kiloliters) and overseas purchase (current year 7,475 thousand kiloliters, previous year 8,307 thousand kiloliters).

(4) Sales

1) Consolidated Sales

Name of Business Segment		Sales Volume	Changes from FY2011
		Millions of yen	%
Petroleum Business	**Gasoline/Naphtha**	1,395,237	0.7
	Kerosene/Diesel Fuel	847,278	-8.3
	Heavy Fuel Oil	446,071	6.9
	Other	403,151	32.3
	Subtotal	3,091,739	2.0
Petrochemical Business		12,458	-2.0
Oil Exploration and Production Business		37,531	-13.6
Other		24,961	11.5
Total		3,166,689	1.8

(Notes) 1. Gasoline tax and local gasoline tax are included in amount for 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	FY2012	FY2011	Changes from FY2011
	Thousand kl/t	Thousand kl/t	%
Gasoline/Naphtha	15,332	15,372	-0.3
Kerosene/Diesel Fuel	12,329	13,195	-6.6
Heavy Fuel Oil	7,170	6,675	7.4
Other	2,058	1,850	11.2
Total	36,890	37,093	-0.5

(5) Capital Investments

The Group spent a total of ¥83.4 billion on capital investments during the fiscal year under review, primarily in the following:

- Cosmo Oil
  - Chiba Refinery: New establishment of LPG tank (petroleum business)
  - Some refineries: Construction of petroleum refining and shipping facilities (petroleum business)
  - Nationwide: New establishment and remodeling of service stations (petroleum business)
- Subsidiaries: Qatar Petroleum Development Co., Ltd.
  - Qatar: Acquisition of recoverable accounts under production sharing (oil exploration and production business)
- Subsidiaries: Abu Dhabi Oil Co., Ltd.
  - Abu Dhabi (United Arab Emirates): Construction of production facilities (oil exploration and production business)
- Subsidiaries: Eco Power Co., Ltd.
  - Wakayama Prefecture: New establishment of wind mills (other)

(6) Financing Activities

The Company conducted financing activities during the current fiscal year as follows:

Issue	Issue Date	Total Issue Amount	Interest Rate	Maturity Date
24th Series Unsecured Bond	August 28, 2012	¥20.0 billion	1.26% annually	August 28, 2020

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

The Company acquired 99.8% of the shares of Sogo Energy Corporation from Sojitz Corporation and others on January 31, 2013 and February 28, 2013, and made the said company a consolidated subsidiary, with the aim of further strengthening the sales outlet network in Japan.

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

1) Consolidated Assets, Profit and Loss

(Billions of yen)

	The 104th Term FY2009	The 105th Term FY2010	The 106th Term FY2011	The 107th Term FY2012
Net Sales	2,612.1	2,771.5	3,109.7	3,166.7
Ordinary Income	36.4	96.1	61.4	48.4
Net Income	-10.7	28.9	-9.1	-85.9
Net Income per Share (yen)	-12.68	34.16	-10.72	-101.39
Total Assets	1,645.0	1,579.4	1,675.1	1,743.5
Net Assets	331.6	350.2	337.4	256.9

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

2. Please refer to “Section 1. Business Overview, (1) Review of Operations of the Group” for the operating results for the 107th Term.

2) Non-consolidated Assets, Profit and Loss

(Billions of yen)

	The 104th Term FY2009	The 105th Term FY2010	The 106th Term FY2011	The 107th Term FY2012
Net Sales	2,332.7	2,551.3	2,757.9	2,788.2
Ordinary Income	23.3	50.5	19.6	-28.7
Net Income	9.6	20.8	-9.7	-111.6
Net Income per Share (yen)	11.38	24.49	-11.41	-131.70
Total Assets	1,520.2	1,437.6	1,563.9	1,552.9
Net Assets	263.8	276.8	261.1	143.2

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

(9) Principal Business Lines (as of March 31, 2013)

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 wind power, construction of oil-related facilities, and insurance agency business, etc.

(10) Principal Offices and Plants (as of March 31, 2013)

1) The Company

Head Office	1-1-1, Shibaura, Minato-ku, Tokyo
Branch Offices	Sapporo / Sendai / Tokyo / Kanto-Minami (Tokyo) / Nagoya/ Osaka / Hiroshima / Takamatsu / Fukuoka
Refineries	Chiba (Ichihara-shi) / Yokkaichi / Sakai / Sakaide
Laboratories	Research & Development Center (Satte-shi)
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	3,358

2) Major Subsidiaries and Affiliates

(Subsidiaries) **COSMO MATSUYAMA OIL CO., LTD.**	(Head Office) (Plant)	Minato-ku, Tokyo Matsuyama-shi
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/ Shimotsu (Kainan-shi) / Osaka
COSMO ENGINEERING CO., LTD.	(Head Office)	Shinagawa-ku, Tokyo
COSMO OIL SALES CO., LTD.	(Head Office)	Chuo-ku, Tokyo
SOGO ENERGY CORPORATION	(Head Office)	Minato-ku, Tokyo
ECO POWER 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)
(Affiliates) **HYUNDAI COSMO PETROCHEMICAL CO., LTD.**	(Head Office)	Seoul (Korea)
UNITED PETROLEUM DEVELOPMENT CO., LTD.	(Head Office) (Branch)	Chiyoda-ku, Tokyo Abu Dhabi (United Arab Emirates) / Doha (Qatar)
MARUZEN PETROCHEMICAL CO., LTD.	(Head Office) (Plant)	Chuo-ku, Tokyo Chiba (Ichihara-shi) / Yokkaichi

(11) Major Subsidiaries and Affiliates (as of March 31, 2013)

1) Major Subsidiaries and Affiliates

Company Name	Paid-in Capital	Investment Ratio	Principal Business Lines
(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 ENGINEERING CO., LTD.	4	100.0	Design, procurement and construction of oil refining facilities and other facilities
COSMO OIL SALES CO., LTD.	1	100.0	Sales of oil products
SOGO ENERGY CORPORATION	5	99.9	Sales of oil products and various energy products / Operation of service stations
ECO POWER CO., LTD.	72	98.8	Wind power business
QATAR PETROLEUM DEVELOPMENT CO., LTD.	31	75.0	Development, production and sales of crude oil
ABU DHABI OIL CO., LTD.	101	63.0	Development, production and sales of crude oil
(Affiliates) **HYUNDAI COSMO PETROCHEMICAL CO., LTD.**	582.2 billion KRW	50.0	Manufacture and sales of petrochemical products
UNITED PETROLEUM DEVELOPMENT CO., LTD.	20	45.0	Development, production and sales of crude oil
MARUZEN PETROCHEMICAL CO., LTD.	100	40.0	Manufacture and sales of petrochemical products

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

2) Review and Results of Business Combinations

(Review of Business Combinations)

- In December 2012, the Company acquired shares in Cosmo Engineering Co., Ltd., making it a wholly owned subsidiary of the Company.
- In January 2013, the Company acquired shares in Sogo Energy Corporation, making it a consolidated subsidiary of the Company.
- In January 2013, Eco Power Co., Ltd. carried out a capital increase, bringing its capital stock to ¥7.2 billion.
- In June 2012, Hyundai Cosmo Petrochemical Co., Ltd. carried out a capital increase, bringing its capital stock to 582.2 billion KRW.
- The Group consists of 38 consolidated subsidiaries (an increase of one company from the previous year) and 24 companies under the equity method (a decrease of three companies from the previous year) including the major subsidiaries and affiliates as listed in 1) above.

(Results of Business Combinations)

Consolidated net sales for the fiscal year under review amounted to ¥3,166.7 billion, and consolidated net loss for the period was ¥85.9 billion.

3) Status of Other Significant Business Combinations

The Company and IPIC performed a comprehensive and strategic business alliance and Infinity Alliance Limited, IPIC's wholly owned subsidiary, invests in the Company.

(12) Employees (as of March 31, 2013)

1) Employees of Cosmo Oil Group

Name of Business Segment	Number of Employees (Persons)		Year-on-year Change (Persons)
Petroleum Business	5,278	(2,984)	218 (increased)
Petrochemical Business	150	(4)	5 (decreased)
Oil Exploration and Production Business	217	(50)	20 (increased)
Other	851	(16)	16 (increased)
Total	6,496	(3,054)	249 (increased)

(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
1,899	126 (decreased)	21 years and 0 month

(Note) Seconded employees (941), temporary employees and part-timers are not included in the number of employees.

(13) Principal Lenders (as of March 31, 2013)

(Billions of yen)

Lenders	Borrowed Amount
Mizuho Corporate Bank, Ltd.	162.4
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	131.0
Japan Oil, Gas and Metals National Corporation	79.6
Sumitomo Mitsui Trust Bank, Limited	59.1
Sumitomo Mitsui Banking Corporation	58.7

(Note) In addition to the above, there were borrowings via syndicated loans (¥108.1 billion in total).

(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 nine trial dates for the appeal trials in the Tokyo High Court during the fiscal year under review, and this case is currently on trial.

In regard to the Claim for Damage Compensation 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 five trial dates in the Tokyo District Court during the fiscal year under review, and this case is currently on trial.

2. Share Information (as of March 31, 2013)

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

(2) Total Number of Shares Issued and Outstanding: 847,705,087 shares
(of which, number of treasury shares: 292,509 shares)

(3) Number of Shareholders: 38,194

(4) Major Shareholders (Top 10)

Name of Shareholders	Number of Shares Held (thousands)	Investment Ratio (%)
Infinity Alliance Limited	176,000	20.76
Japan Trustee Services Bank, Ltd. (Trust Account)	57,287	6.76
Mizuho Corporate Bank, Ltd.	31,320	3.69
The Master Trust Bank of Japan, Ltd. (Trust Account)	21,737	2.56
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 calculated by excluding the number of treasury shares.

3. Executives of the Company

(1) Directors and Audit & Supervisory Board Members (as of March 31, 2013)

Position	Name	Responsibilities
Honorary Chairman, Director	Keiichiro Okabe	
Chairman, Representative Director	Yaichi Kimura	
President, Representative Director, Chief Executive Officer	Keizo Morikawa	
Director, Senior Executive Officer	Satoshi Miyamoto	Responsible for Accounting Dept., Finance Dept., and Project Development Dept.
Director, Senior Executive Officer	Hideto Matsumura	Responsible for Refining & Technology Dept., Maintenance & Engineering Dept., and Safety & Environment Control 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 Distribution 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	Mohamed Al Mehairi	
Full-time Audit & Supervisory Board Member	Hirokazu Ando	
Full-time Audit & Supervisory Board Member	Hideo Suzuki	
Full-time Audit & Supervisory Board Member	Kazuto Ichikawa	
Audit & Supervisory Board Member	Yoshitsugu Kondo	

(Notes)
1. Directors Mohamed Al Hamli and Mohamed Al Mehairi are Outside Directors.
2. Audit & Supervisory Board Members Hirokazu Ando and Yoshitsugu Kondo are Outside Audit & Supervisory Board Members.
3. Audit & Supervisory Board Members Hirokazu Ando and Yoshitsugu Kondo have been notified to the Tokyo Stock Exchange, Osaka Securities Exchange and Nagoya Stock Exchange as Independent Directors/Auditors.
4. Mohamed Al Mehairi was newly elected as Director and assumed the position on June 26, 2012.
5. Nasser Alsowaidi retired as Director at the expiration of his term on June 26, 2012.
6. Kazuto Ichikawa was newly elected as Audit & Supervisory Board Member and assumed the position on June 26, 2012.
7. Makoto Suzuki resigned as Audit & Supervisory Board Member on June 26, 2012.
8. Audit & Supervisory Board Member Hajime Miyamoto passed away on January 30, 2013.

9. Executive Officers

Position	Name	Responsibilities
Senior Executive Officer	Hirohiko Ogiwara	Responsible for Corporate Communication Dept., Human Resource Dept., and Supply & Demand Coordination Dept.
Senior Executive Officer	Katsuhisa Ohtaki	General Manager, Chiba Refinery
Senior Executive Officer	Hiroshi Kiriyama	Responsible for Corporate Planning Dept. and R&D Dept.
Senior Executive Officer	Muneyuki Sano	General Manager, Finance Dept.
Senior Executive Officer	Takashi Shono	General Manager, Refining & Technology Dept.
Senior Executive Officer	Yasushi Ohe	General Manager, Crude Oil & Tanker Dept.
Executive Officer	Katsuyuki Ihara	General Manager, Yokkaichi Refinery
Executive Officer	Yoshimitsu Watanabe	General Manager, Information System Planning Dept.
Executive Officer	Koji Gotoh	General Manager, Sakaide Refinery
Executive Officer	Kenichi Taki	General Manager, Accounting Dept.
Executive Officer	Kiyoshi Kumazawa	General Manager, Distribution Dept.
Executive Officer	Kimio Katayanagi	General Manager, Petroleum E&P Dept.
Executive Officer	Hirohiko Kato	General Manager, Industrial Fuel Marketing Dept.
Executive Officer	Shunichi Tanaka,	General Manager, Human Resource Dept.
Executive Officer	Hiroo Iura	General Manager, Tokyo Branch Office

(2) Amount of Compensation to Directors and Audit & Supervisory Board Members

Category	Number of Persons Remunerated	Amount of Compensation
		Millions of yen
Directors (of which, Outside Directors)	11 (3)	330 (24)
Audit & Supervisory Board Members (of which, Outside Audit & Supervisory Board Members)	6 (3)	90 (41)
Total	17	420

(Notes)
1. The amount includes the compensation to one Director (of which, one Outside Director) and one Audit & Supervisory Board Member who retired from the positions at the conclusion of the 106th Ordinary General Meeting of Shareholders held on June 26, 2012, and that to one Audit & Supervisory Board Member (of which, one Outside Audit & Supervisory Board Member) who passed away on January 30, 2013.
2. 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.
3. The amount of compensation to Audit & Supervisory Board Members 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 Positions of Directors and Audit & Supervisory Board Members

Name	Corporate Name	Title
Keiichiro Okabe	TOKYO BROADCASTING SYSTEM HOLDINGS, INC. TOKYO BROADCASTING SYSTEM TELEVISION, INC.	Outside Audit & Supervisory Board Member Outside Audit & Supervisory Board Member
Yaichi Kimura	COSMO PETROLEUM GAS CO., LTD. COSMO OIL LUBRICANTS CO., LTD. COSMO ENGINEERING CO., LTD. COSMO OIL SALES CO., LTD. QATAR PETROLEUM DEVELOPMENT CO., LTD. ABU DHABI OIL CO., LTD.	Director (assumed in June) Director (assumed in June) Director (assumed in June) Director (assumed in June) President, Representative Director (assumed in June) Director (assumed in June)
Keizo Morikawa	UNITED PETROLEUM DEVELOPMENT CO., LTD. MARUZEN PETROCHEMICAL CO., LTD.	President, Representative Director (assumed in March) Director
Satoshi Miyamoto	ECO POWER CO., LTD.	Director (assumed in June)
Hideto Matsumura	COSMO MATSUYAMA OIL CO., LTD. COSMO ENGINEERING CO., LTD.	Director Director
Atsuto Tamura	COSMO PETROLEUM GAS CO., LTD. COSMO ENGINEERING CO., LTD.	Director Director
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 Director Director
Mohamed Al Hamli (Outside Director)	International Petroleum Investment Company	Deputy Chairman
Mohamed Al Mehairi (Outside Director)	International Petroleum Investment Company	Director Investment

Name	Corporate Name	Title
Hirokazu Ando (Outside Audit & Supervisory Board Member)	COSMO MATSUYAMA OIL CO., LTD. COSMO OIL LUBRICANTS CO., LTD.	Audit & Supervisory Board Member (assumed in June) Audit & Supervisory Board Member
Hideo Suzuki	COSMO OIL SALES CO., LTD. SOGO ENERGY CORPORATION ECO POWER CO., LTD. QATAR PETROLEUM DEVELOPMENT CO., LTD. ABU DHABI OIL CO., LTD. UNITED PETROLEUM DEVELOPMENT CO., LTD.	Audit & Supervisory Board Member Audit & Supervisory Board Member (assumed in January) Audit & Supervisory Board Member (assumed in June) Audit & Supervisory Board Member (assumed in June) Outside Audit & Supervisory Board Member Audit & Supervisory Board Member
Kazuto Ichikawa	COSMO PETROLEUM GAS CO., LTD. COSMO ENGINEERING CO., LTD.	Audit & Supervisory Board Member (assumed in June) Audit & Supervisory Board Member (assumed in June)
Yoshitsugu Kondo (Outside Audit & Supervisory Board Member)	Sano Law Offices	Attorney at law

(Notes)

1. Yaichi Kimura 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 the Company's affiliate United 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.
3. Mohamed Al Hamli serves as Outside Director of International Petroleum Investment Company and Mohamed Al Mehairi serves as business executive of the relevant company, and it is the parent company of one of the Company's major shareholders.
4. Mohamed Al Mehairi is related in the third degree to a business executive of the Company's specified related operator, Abu Dhabi National Oil Company.
5. Yoshitsugu Kondo serves as joint-representative of Sano Law Offices, and the Company has executed a Legal Retainer Agreement with the firm. The firm changed its name from Sano Kondo Law Offices on October 1, 2012.

(4) Outside Directors and Outside Audit & Supervisory Board Members

1) Major Activities in the Fiscal Year

Name	Record of Attendance		Status of Expression of Opinions
	Board of Directors Meeting	Audit & Supervisory Board Meeting	
Mohamed Al Hamli (Outside Director)	10 out of 12 times	-	Asked questions and expressed opinions as needed from an international viewpoint regarding the petroleum industry
Mohamed Al Mehairi (Outside Director)	9 out of 10 times	-	Asked questions and expressed opinions as needed from an international viewpoint regarding the petroleum industry
Hirokazu Ando (Outside Audit & Supervisory Board Member)	12 out of 12 times	12 out of 12 times	Made efforts to grasp the overall management as a Full-time Audit & Supervisory Board Member and asked questions and expressed opinions as needed
Hajime Miyamoto (Outside Audit & Supervisory Board Member)	8 out of 9 times	8 out of 9 times	From the perspective of his abundant experience and knowledge concerning corporate management, asked questions and expressed opinions as needed
Yoshitsugu Kondo (Outside Audit & Supervisory Board Member)	12 out of 12 times	12 out of 12 times	Asked questions and expressed opinions as needed mainly from his specialist viewpoint as lawyer

(Notes) 1. Outside Director Mohamed Al Mehairi assumed office on June 26, 2012.
2. Outside Audit & Supervisory Board Member Hajime Miyamoto passed away on January 30, 2013.

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 two Outside Directors, Mohamed Al Hamli and Mohamed Al Mehairi, and with two Outside Audit & Supervisory Board Members, Hajime Miyamoto and Yoshitsugu Kondo, to limit the liability for damages under Article 423, Paragraph 1 of the said act.

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 Fiscal Year Under Review to Accounting Auditor

(Millions of Yen)

	Amount of Compensation
Amount of Compensation, etc., to be Paid to the Accounting Auditor pertaining to the Fiscal Year Under Review	120
Amount of Moneys and Other Property Benefits to be Paid to the Accounting Auditor by the Company and Its Subsidiaries	211

(Notes)
1. The audit agreement entered into by the Company and the Accounting Auditor does not clearly distinguish the amount of compensation, etc. for audit under the Companies Act and that for audit under the Financial Instruments and Exchange Act, and those cannot be substantially distinguished from each other. Therefore, the aforementioned amount of compensation, etc. 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 Eco Power 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 the investigation of the actual conditions of noncurrent assets.

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

If the Company judges that any of the respective items of Article 340, Paragraph 1 of the Companies Act is applicable to the Accounting Auditor, such as violation of duty-related obligations or neglect of duties, or misconduct not appropriate as Accounting Auditor, the Audit & Supervisory Board will decide on dismissal of the Accounting Auditor. In addition, in cases where it is judged that hiring it as the Accounting Auditor poses serious problems on the Company, the Audit & Supervisory Board will submit a proposal to the General Meeting of Shareholders with regard to dismissal or non-reappointment of the Accounting Auditor.

5. Systems to Ensure that Execution of Duties by Directors is in Compliance with Laws and Regulations, and Articles of Incorporation and Other Systems to Ensure Appropriateness of Operations

In order to put into practice the management concepts and corporate action policy of the Cosmo Oil Group, and to execute duties appropriately and efficiently, the Company has established the following basic policies with respect to the preparation of a system for execution of duties by Directors and employees, system for risk management and internal auditing to support it, and a system to ensure effective auditing by Audit & Supervisory Board Members.

1) System to Ensure that Execution of Duties by Directors and Employees is in Compliance with Laws and Regulations, and Articles of Incorporation (Article 362, Paragraph 4, Item 6 of the Companies Act, Article 100, Paragraph 1, Item 4 of the Ordinance for Enforcement of the Companies Act)

<Management Concepts and Corporate Action Policy>

- The Company will formulate Cosmo Oil Group Management Vision, and establish Corporate Action Policy with respect to corporate ethics (Cosmo Oil Group Corporate Action Policy), and prepare a promotion system, including establishment of the CSR Promotion Committee (chaired by the President) as an organization to administer overall CSR activities and internal controls, in order to establish the corporate ethics of the Group and help Directors and employees put these ethics into practice.
- The CSR Promotion Committee will prepare manuals on corporate ethics, and carry out training, etc., thus working toward thorough compliance with laws and regulations and fostering and improvement of ethical awareness.

<Report at Meetings>

- The Company will establish the Board of Directors Meeting Rules and Executive Officers' Committee Rules, and prepare a system under which reports on the status of execution of duties by each Director are made in Meetings.

<Separation of Execution of Duties and Supervision>

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

<Operations Rules, etc.>

- The Company will establish the operational rules, etc. which prescribe 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 execution of duties will be in compliance with these rules, and review such rules and systems constantly in response to changes in the management environment.

<Enhancement of Internal Audit>

- The Company will prepare a system to ensure effective implementation of internal audits, and implement audits that possesses high level of expertise and sense of ethics by the Internal Auditing 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 the management as well as 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 (Article 100, Paragraph 1, Item 2 of the Ordinance for Enforcement of the Companies Act)

- 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 Director responsible for the General Affairs Dept.) 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 (Article 100, Paragraph 1, Item 3 of the Ordinance for Enforcement of the Companies Act)

- The Board of Directors Meetings shall be held once per month in principle in accordance with the Board of Directors Meeting Rules, and determine matters prescribed in the laws and regulations and the Articles of Incorporation, and management policies and other material matters relevant to management, and also supervise execution of duties by directors.

- The Executive Officers' Committee shall be held once a week in principle in accordance with the Executive Officers' Committee Rules, and shall be a decision making organ for execution of duties, discussing basic policies and material matters relevant to execution of duties in accordance with management policies determined at Board of Directors Meetings.
- The Company shall establish the Operational Rules, etc., which prescribe the organization, posts, command and control system, and duty sharing, etc., and work toward efficient execution of duties through the establishment of a responsibility system for execution of duties in accordance with the decision making authority rules.
- 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, departments, offices and business offices, 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 by Directors (Article 100, Paragraph 1, Item 1 of the Ordinance for Enforcement of the Companies Act)

- In accordance with the internal rules with respect to information management, such as Board of Directors Meeting Rules and Information Management Rules, etc., information pertaining to execution of duties by Directors shall be properly retained and managed.

5) System to Ensure Appropriateness of Business in the Cosmo Oil Group, consisting of the Company and Its Subsidiaries (Article 100, Paragraph 1, Item 5 of the Ordinance for Enforcement of the Companies Act)

- The Company will establish the Cosmo Oil Group Management Vision and Corporate Action Policy, 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 Internal Auditing Office as to job performance status of group companies.

6) Matters concerning Employees to Assist the Duties of Audit & Supervisory Board Members in Case the Appointment thereof is Requested by Audit & Supervisory Board Members, and Matters concerning Independence of the Relevant Employees from Directors (Article 100, Paragraph 3, Items 1, 2 of the Enforcement Regulations of the Companies Act)

- For enhancement of audit functions, Audit & Supervisory Board Secretariat will be established under the Audit & Supervisory Board, and employees dedicated to such work will be arranged, and for the personnel transfer and personnel appraisal of these employees, the consent of the Audit & Supervisory Board Members shall be obtained to ensure the independence of the relevant employees.

7) System for Reporting to Audit & Supervisory Board Members by Directors and Employees, and Other Systems for Reporting to Audit & Supervisory Board Members, and Other Systems to Ensure Effectiveness of Audits by Audit & Supervisory Board Members (Article 100, Paragraph 3, Items 3, 4 of the Ordinance for Enforcement of the Companies Act)

- Directors and employees shall report to Audit & Supervisory Board Members on statutory matters and (1) material matters that affect the management and results of the Group, (2) overview of activities of Internal Auditing Office and Audit & Supervisory Board Members and Audit Offices 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 Audit & Supervisory Board Members, the President, primary departments and office managers, and Audit & Supervisory Board Members of affiliates will be held on regular basis to prepare systems to ensure audit effectiveness.
- Sufficient collaboration among Audit & Supervisory Board Members, Internal Auditing Office and the Accounting Auditor shall be promoted.

Consolidated Balance Sheet

Fiscal Year 2012 (As of March 31, 2013)

(Unit: million yen)

Item	Amount	Item	Amount
Assets	1,743,492	**Liabilities**	1,486,559
Current assets	**967,148**	**Current liabilities**	**816,611**
Cash and deposits	130,264	Notes and accounts payable-trade	277,934
Notes and accounts receivable-trade	282,889	Short-term loans payable	277,429
Short-term investment securities	512	Current portion of bonds	1,680
Merchandise and finished goods	248,524	Accounts payable-other	123,991
Work in process	998	Accrued volatile oil and other petroleum taxes	97,708
Raw materials and supplies	242,378	Income taxes payable	10,175
Accounts receivable-other	34,886	Accrued consumption taxes	1,406
Deferred tax assets	3,325	Accrued expenses	7,194
Other	23,703	Deferred tax liabilities	847
Allowance for doubtful accounts	-334	Provision for loss on disaster	648
		Provision for business structure improvement	7,743
Noncurrent assets	**775,814**	Provision for environmental measures	26
Property, plant and equipment	**582,709**	Other	9,824
Buildings and structures, net	104,986	**Noncurrent liabilities**	**669,948**
Oil storage depots, net	19,000	Bonds payable	74,480
Machinery, equipment and vehicles, net	132,903	Long-term loans payable	489,299
Land	304,495	Deferred tax liabilities	19,690
Lease assets, net	615	Deferred tax liabilities for land revaluation	29,301
Construction in progress	14,628	Provision for special repairs	8,700
Other, net	6,079	Provision for retirement benefits	8,506
Intangible assets	**51,518**	Provision for business structure improvement	4,260
Leasehold right	945	Provision for environmental measures	4,058
Software	2,411	Negative goodwill	2,512
Goodwill	3,645	Other	29,138
Other	44,516	**Net assets**	256,932
Investments and other assets	**141,586**	**Shareholders' equity**	**207,078**
Investment securities	118,770	**Capital stock**	**107,246**
Investments in capital	221	**Capital surplus**	**89,440**
Long-term loans receivable	1,282	**Retained earnings**	**10,531**
Long-term prepaid expenses	3,795	**Treasury stock**	**-140**
Deferred tax assets	1,791	**Accumulated other comprehensive income**	**23,378**
Other	16,337	**Valuation difference on available-for-sale securities**	**3,770**
Allowance for doubtful accounts	-613	**Deferred gains or losses on hedges**	**1,422**
		Revaluation reserve for land	**19,037**
Deferred assets	**529**	**Foreign currency translation adjustment**	**-851**
Bond issuance cost	529	**Minority interests**	**26,475**
Total assets	**1,743,492**	**Total liabilities and net assets**	**1,743,492**

Consolidated Statements of Income

Fiscal Year 2012 (From April 1, 2012 to March 31, 2013)

(Unit: million yen)

Item	Amount	
Ⅰ Net sales		**3,166,689**
Ⅱ Cost of sales		**2,989,274**
Gross profit		**177,415**
Ⅲ Selling, general and administrative expenses		**124,992**
Operating income		**52,422**
Ⅳ Non-operating income		
Interest income	196	
Dividends income	1,778	
Rent income on noncurrent assets	1,101	
Amortization of negative goodwill	1,281	
Equity in earnings of affiliates	7,083	
Other	3,758	15,200
Ⅴ Non-operating expenses		
Interest expenses	12,430	
Foreign exchange losses	1,242	
Other	5,510	19,183
Ordinary income		**48,439**
Ⅵ Extraordinary income		
Gain on sales of noncurrent assets	904	
Insurance income	360	1,264
Ⅶ Extraordinary loss		
Loss on sales of noncurrent assets	401	
Loss on disposal of noncurrent assets	2,906	
Impairment loss	5,032	
Loss on valuation of investment securities	515	
Business structure improvement expenses	20,334	
Loss on accident of asphalt leakage	14,304	
Environmental expenses	3,559	
Loss on litigation	3,230	
Loss on recoverable accounts under production sharing	1,955	52,240
Loss before income taxes and minority interests		**2,536**
Income taxes-current	31,500	
Income taxes-deferred	44,700	76,200
Loss before minority interests		**78,736**
Minority interests in income		7,145
Net loss		**85,882**

Consolidated Statements of Changes in Net Assets

Fiscal Year 2012 (from April 1, 2012 to March 31, 2013)

(Unit: million yen)

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

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

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: 38

Abu Dhabi Oil Co., Ltd.	Akita Wind Power Laboratory Co., Ltd.	Ikata Eco Park Co., Ltd.	Cosmo ALA 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 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.	Sogo Energy Corporation	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.		

Sogo Energy Corporation was included in the scope of the consolidated subsidiaries of the Company, since it became a subsidiary of the company through stock acquisition during FY2012.

(2) Major Non-consolidated Subsidiaries:

Tohoku Cosmo Gas Co., Ltd.

Reason for exclusion from accounting consolidation:

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

2. Items concerning the Application of the Equity Method

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

Major subsidiaries: Tohoku Cosmo Gas Co., Ltd.

Sakai LPG Terminal Co., Ltd. was 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 FY2012.

Hiroshima Cosmo Gas Co., Ltd. and Yamato Trading Co. L.L.C. were excluded from the application of the equity method since their liquidation processes were completed during FY2012.

(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., GotoKishiku 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 38 consolidated subsidiaries, Abu Dhabi Oil Co., Ltd., Qatar Petroleum Development Co., Ltd., Cosmo Oil Ashmore Ltd., Cosmo Oil International Pte. Ltd., Cosmo Oil (U.K.) Plc., Cosmo Oil Europe B.V. and Cosmo Oil (Shanghai) Co., Ltd. adopt a fiscal year ending December 31 and Akita Wind Power Laboratory Co., Ltd. adopts a fiscal year ending February 28, respectively.

The consolidated financial statements herein have been developed by using their financial reports as of December 31, 2012 or February 28, 2013 and any material transactions arising between end of their fiscal year and consolidated fiscal year, the date for the consolidated settlement of accounts for the Company, are reflected on the consolidated financial statements herein by making necessary adjustments.

4. Items concerning the Accounting Standards

(1) Significant Asset Valuation Standards and Methods

1) Securities:

a. Securities held to maturity:	Stated at amortized cost method
b. Other securities:	
- Securities available for sale with fair market value:	Stated at fair value based on market values applicable on the date of consolidated settlement of accounts (in which all differences between the carrying amounts and the fair values are reported as a separate component of net assets, while the cost of securities sold is calculated by the moving average method)
- Securities with no available fair market value:	Stated at cost determined by the moving average method
2) Inventories:	Principally stated at cost determined by the weighted average method (however, the amounts of inventories stated in the balance sheet were computed by using the method that book values are reduced to reflect declines in profitability)
3) Derivative financial instruments:	Stated at fair value

(2) Significant Depreciable Assets and Depreciation Methods

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

The straight line method is mainly adopted to calculate depreciation expenses for these asset items. The number of years of their useful lives and their residual value are calculated based on the criteria defined under the Corporation Tax Law of Japan, 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, adopts the number of years for useful life as defined in the concession agreements and economic useful life by taking into account the durability and other conditions of the assets currently owned. As for EcoPower Co., Ltd., a consolidated subsidiary of the Company, and its subsidiaries, an economic useful life of 20 years is mainly adopted for the windmills operated by them.

2) Intangible Assets (except lease assets):

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

3) Lease Assets:

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

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

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

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

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

4) Long-term Prepaid Expenses:

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

(3) Accounting Process Applied to Deferred Assets

Bond Issuance Cost:

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

(4) Standards for Recording Significant Allowance/Provisions

1) Allowance for doubtful accounts

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

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

2) Provision for loss on disaster

The Company recorded a reasonably estimated amount, expected to be incurred as of March 31, 2013, 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 FY2012.

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 FY2012 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, 2013.

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.

5) Provision for business structure improvement

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

6) Provision for environmental measures

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

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

(5) 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 FY2012, while the completed contract method is applied to other construction contracts.

2) 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) Accounting Process for Cost Recovery under Production Sharing

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

5. Items concerning Amortization of 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 Changes in Representation Methods)

Consolidated Balance Sheet

"Provision for environmental measures" included in "Other" assets of the "Noncurrent liabilities" section of the Consolidated Balance Sheet for FY2011 are stated as a separate account item in the Consolidated Balance Sheet for FY2012 due to an increase in their importance.

(Notes to Changes in Estimation)

1. Change of the Number of Years of Useful Life

   Abu Dhabi Oil Co., Ltd., a consolidated subsidiary of the Company, conventionally calculated deprecation by using the number of years of useful life for the oil wells currently operational, as defined by the concession agreements, among buildings and structures included in the account item of property, plant and equipment. However, by taking the opportunity of the recent execution of the new concession agreement, a review was conducted about the durability and other conditions of these assets currently owned. As a result, it was revealed that they can be used for longer years. Therefore, the number of years of useful life of the oil wells is changed to 30 years, and said change will be effective from the fiscal year 2012 and be adopted over the years to come.

   This change decreased depreciation expenses for the FY2012 by ¥1,979 million as compared with the conventional method. And operating income and ordinary income for the FY2012 were increased by ¥1,790 million, loss before income taxes was reduced by the same amount.

2. Changes in estimation of provision

   The Company recorded estimated expenses for treating a small amount of PCB as environmental expenses under extraordinary loss in FY2012, in addition to expenses for treating the highly-concentrated PCB waste that had been recorded as the provision for environmental measures, because it became possible to obtain a reasonable estimate of the expenses for treating the waste with a small amount of PCB.

   This change increased loss before income taxes and minority interests for the FY2012 by ¥1,797 million as compared with the conventional method.

(Additional Information)

The Company files a tax return under the consolidated corporate-tax system from the fiscal year ending March 31, 2014, which allows companies to base tax payments on the combined profits or losses of the parent company and its wholly owned domestic subsidiaries.

Accordingly the parent company and its wholly owned domestic subsidiaries are accounting based on "Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)" (ASBJ Practical Issues Task Force (PITF) No.5, March 18, 2011) and "Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)" (ASBJ Practical Issues Task Force (PITF) No.7, June 30, 2010)

(Notes to Consolidated Balance Sheet)

1. Accumulated depreciation for property, plant and equipment ¥782,746 million

2. Pledged Assets

Breakdown of Assets Pledged as Collateral and Amounts thereof:

Property, plant and equipment	¥333,950 million
Cash and deposits	¥656 million
Short-term investment securities	¥12 million
Investment securities	¥121 million
Other current assets	¥654 million

Secured Liabilities：

Long-term loans payable (including repayments due within the next year)	¥53,579 million
Debts related to transactions with banks	¥20,996 million

3. Contingencies

Guaranty Liabilities

Hyundai Cosmo Petrochemical Co., Ltd. (Liabilities to guarantee their borrowings from financial institutions)	¥10,059 million
Others (Liabilities to guarantee their borrowings from financial institutions, etc.)	¥823 million

4. Items concerning Revaluation of Land

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

・Revaluation method

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

・Date of Revaluation

March 31, 2002 (and December 31, 2001 completed by one consolidated subsidiary)

・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:

¥105,828 million

5. Financial Covenants

Out of borrowings, borrowings amounting to ¥115,115 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.

(Financial covenants vary from different loan contracts, but key covenants are stated as follows):

	Repayment Deadline	Loan Balance	Financial Covenants
(1)	March 30, 2017	¥35,300 million	1) The Company shall not record ordinary loss, as stated in consolidated statements of income for three consecutive years. 2) The Company shall maintain the amount of net assets at ¥198.9 billion or more as stated in its consolidated balance sheet at the end of each fiscal year.
(2)	March 5, 2015	¥47,800 million	1) The Company shall not record ordinary loss, as stated in consolidated statements of income for three consecutive years. 2) The Company shall maintain the amount of net assets at ¥210.9 billion or more as stated in its consolidated balance sheet at the end of each fiscal year and of the second quarter thereof.
(3)	November 30, 2017	¥25,000 million	1) The Company shall not record ordinary loss, as stated in consolidated statements of income for three consecutive years. 2) The Company shall maintain the amount of net assets at ¥198.9 billion or more as stated in its consolidated balance sheet at the end of each fiscal year.

(Notes to Consolidated Statements of Changes in Net Assets)

1. Types and Number of Outstanding Shares and Treasury Stock as of March 31, 2013

Outstanding shares	Ordinary shares	847,705,087 shares
Treasury stock	Ordinary shares	644,157 shares

2. Distribution of Surplus

Dividend Payments

(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, 2013 are stated as follows:

(Millions of yen)

	Book value on the consolidated balance sheet *	Fair value*	Difference
(1) Cash and deposits	130,264	130,264	-
(2) Notes and accounts receivable-trade	282,889	282,889	-
(3) Short-term investment securities and Investment securities			
1)Securities of held to maturity	60	64	3
2)Other securities	17,729	17,729	-
(4) Accounts receivable-other	34,886	34,886	-
(5) Notes and accounts payable-trade	(277,934)	(277,934)	-
(6) Short-term loans payable	(277,429)	(277,429)	-
(7) Accounts payable-other	(123,991)	(123,991)	-
(8) Accrued volatile oil and other petroleum taxes	(97,708)	(97,708)	-
(9) Income taxes payable	(10,175)	(10,175)	-
(10) Bonds payable	(74,480)	(75,004)	524
(11) Long-term loans payable	(489,299)	(502,306)	13,007
(12) Derivative transactions	3,469	3,469	-

* 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 (“¥2 million Securities of held to maturity” and “¥101,489 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.

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.

(10) 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.

(11) 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.

(12) 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 (11) 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	7,051	10,211
Service stations	5,069	4,498
Refining facilities	1,525	1,309
Employee dormitories, apartments, etc.	3,548	3,462
Office buildings	696	2,600
Commercial facilities, etc.	5,082	5,156
Other	5,323	3,538
Total amount	28,297	30,776

(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	¥272.07
2. Net loss per share	¥101.39

(Notes to Material Contingencies)

None

(Notes to Business Combinations, etc.)

(Corporate integration through Acquisition)

1. Outline of the business combination

(1) Names of companies acquired and the description of their businesses

Names of companies acquired	Sojitz Energy Corporation
Line of business	Sales of oil products

(2)Major reasons for the business combination

The business combination was carried out to establish a strong domestic sales structure.

The Company expects to strengthen its domestic sales business by using a variety of procurement resources, the customer base, human resources and know-how that Sojitz Energy Corporation possesses, and exert synergy effects through the Company's ability to steadily supply petroleum products, as well as its extensive logistics network and customer base.

(3) Date of business combination

January 31, 2013

(4) Legal form of business combination

Acquisition of shares by cash

(5) Names of companies upon combination

Sogo Energy Corporation

(6) Ratio of voting right acquired

Ratio of voting rights held immediately before the business combination date	0.15%
Ratio of voting rights additionally acquired on the business combination date	99.37%
Ratio of voting rights after the acquisition	99.52%

(7)Main background for determining a target company

The Company acquired a majority of the voting rights of Sojitz Energy Corporation through the acquisition of its stocks in cash.

2. Period of business results of the acquired companies included in the financial statement

Since the companies were regarded as being acquired on March 31, 2013, none of their business results is included in the financial statements of the Company.

3. Acquisition Cost of the Companies and Breakdown of the Cost

Consideration as a result of acquisition:	Cash used to additionally acquire the common stocks of Sojitz Energy Corporation that the Company held immediately before the business combination	¥6,484 million
Expenses directly incurred for acquisition:	Advisory and other expenses	¥147 million
Acquisition cost:		¥6,631 million

4. Amounts of goodwill incurred, reasons for goodwill generated, amortization method and period

(1) Amounts of goodwill incurred: ¥3,476 million

(2) Reasons for goodwill generated

Excess earning capability that is expected to be achieved through improved profitability on the back of the synergy effects.

(3) Amortization method and period

Amortized equally 5 years

5. The amounts of assets and liabilities taken over from the acquired companies on the day of business combination and major breakdown thereof

Current assets	¥22,188 million
Noncurrent assets	¥7,406 million
Total assets	¥29,595 million
Current liabilities	¥23,323 million
Noncurrent liabilities	¥3,084 million
Total liabilities	¥26,407 million

(Other Notes)

1. Business structure improvement expenses

The Company recorded expenses related to the closure of the refinery and the legal measures associated with the operations of the refinery as business structure improvement expenses under the extraordinary loss on the consolidated statements of income for FY2012, with the breakdown of major items including:

Expenses related to the closure of the refinery	¥7,666 million
Expenses related to the legal measures associated with the operations of the refinery	¥12,668 million

The amount of business structure improvement expenses includes ¥12,003million transferred to the provision for business structure improvement.

2. Loss on accident of asphalt leakage

The Company recorded the loss from the asphalt leakage at the Chiba Refinery that took place in June 2012 as a loss on an asphalt leakage accident under extraordinary loss on the consolidated statements of income for FY2012, with the breakdown of major items including:

Fixed costs incurred during the period of suspended operations	¥11,808 million
Restoration expenses, etc.	¥2,495 million

Balance Sheet

Fiscal Year 2012 (As of March 31, 2013)

(Unit: million yen)

Item	Amount	Item	Amount
Assets	1,552,901	**Liabilities**	1,409,734
Current assets	**920,926**	**Current liabilities**	**801,841**
Cash and deposits	80,722	Accounts payable-trade	278,704
Notes receivable-trade	78	Short-term loans payable	181,011
Accounts receivable-trade	264,643	Current portion of long-term loans payable	52,343
Short-term investment securities	9	Current portion of bonds	1,680
Merchandise and finished goods	219,049	Accounts payable-other	117,786
Raw materials and supplies	235,658	Accrued volatile oil and other petroleum taxes	97,708
Advance payments-trade	171	Income taxes payable	217
Prepaid expenses	2,623	Accrued consumption taxes	893
Short-term loans receivable	12	Accrued expenses	2,781
Short-term loans receivable from subsidiaries and affiliates	21,839	Advances received	3,438
Accounts receivable-other	84,317	Deposits received	55,008
Swap assets	1,883	Unearned revenue	23
Other	10,105	Deferred tax liabilities	975
Allowance for doubtful accounts	-189	Provision for loss on disaster	648
Noncurrent assets	**631,445**	Provision for business structure improvement	7,743
Property, plant and equipment	**476,258**	Asset retirement obligations	74
Buildings, net	20,885	Other	804
Structures, net	49,842	**Noncurrent liabilities**	**607,893**
Oil storage depots, net	17,431	Bonds payable	74,480
Machinery and equipment, net	106,701	Long-term loans payable	469,474
Vehicles, net	76	Deferred tax liabilities	1,422
Tools, furniture and fixtures, net	2,224	Deferred tax liabilities for land revaluation	26,942
Land	268,214	Long-term deposits received	8,174
Lease assets, net	350	Provision for special repairs	7,247
Construction in progress	10,531	Provision for retirement benefits	4,757
Intangible assets	**3,223**	Provision for business structure improvement	4,260
Patent right	29	Provision for environmental measures	3,876
Leasehold right	786	Provision for loss on business of subsidiaries and affiliates	220
Software	1,782	Asset retirement obligations	2,680
Other	624	Other	4,355
Investments and other assets	**151,964**	**Net assets**	143,166
Investment securities	24,016	**Shareholders' equity**	**124,121**
Stocks of subsidiaries and affiliates	82,857	**Capital stock**	**107,246**
Investments in capital	156	**Capital surplus**	**89,440**
Long-term loans receivable	132	Legal capital surplus	89,439
Long-term loans receivable from employees	0	Other capital surplus	0
Long-term loans receivable from subsidiaries and affiliates	33,310	**Retained earnings**	**-72,472**
Long-term prepaid expenses	2,667	Legal retained earnings	7,407
Long-term accounts receivable-other	224	Other retained earnings	-79,880
Long-term deposits	8,114	Retained earnings brought forward	-79,880
Other	1,405	**Treasury stock**	**-92**
Allowance for doubtful accounts	-398	**Valuation and translation adjustments**	**19,044**
Allowance for loss on investments in subsidiaries and affiliates	-523	**Valuation difference on available-for-sale securities**	**1,145**
Deferred assets	**529**	**Deferred gains or losses on hedges**	**1,676**
Bond issuance cost	529	**Revaluation reserve for land**	**16,222**
Total assets	**1,552,901**	**Total liabilities and net assets**	**1,552,901**

Statements of Income

Fiscal Year 2012 (From April 1, 2012 to March 31, 2013)

(Unit: million yen)

Item	Amount	
Ⅰ Net sales		**2,788,209**
Ⅱ Cost of sales		**2,732,476**
Gross profit		**55,732**
Ⅲ Selling, general and administrative expenses		**73,289**
Operating loss		**17,556**
Ⅳ Non-operating income		
Interest income	1,177	
Interest on securities	1	
Dividends income	3,192	
Rent income on noncurrent assets	1,229	
Other	3,590	9,191
Ⅴ Non-operating expenses		
Interest expenses	11,410	
Interest on bonds	848	
Foreign exchange losses	3,573	
Other	4,488	20,321
Ordinary loss		**28,686**
Ⅵ Extraordinary income		
Gain on sales of noncurrent assets	134	
Insurance income	360	495
Ⅶ Extraordinary loss		
Loss on sales of noncurrent assets	389	
Loss on disposal of noncurrent assets	2,500	
Impairment loss	2,295	
Loss on valuation of investment securities	512	
Loss on valuation of stocks of subsidiaries and affiliates	1,666	
Provision for reserve of evaluation on investments in subsidiaries and affiliates	523	
Provision for loss on business of subsidiaries and affiliates	220	
Business structure improvement expenses	20,334	
Loss on accident of asphalt leakage	14,108	
Environmental expenses	3,361	
Loss on litigation	3,230	
Loss on recoverable accounts under production sharing	1,955	51,099
Loss before income taxes		**79,289**
Income taxes-current	37	
Income taxes-deferred	32,277	32,314
Net loss		**111,604**

Statements of Changes in Net Assets

Fiscal Year 2012 (Period from April 1, 2012 to March 31, 2013)

(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, 2012	107,246	89,439	1	89,440	7,407	38,811	46,219	-91	242,815
Changes of items during the period									
Dividends from surplus						-6,779	-6,779		-6,779
Net loss						-111,604	-111,604		-111,604
Reversal of revaluation reserve for land						-308	-308		-308
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	—	-118,692	-118,692	-0	-118,693
Balance at March 31, 2013	107,246	89,439	0	89,440	7,407	-79,880	-72,472	-92	124,121

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

(Note) Breakdown of Other Retained Earnings

	Reserve for overseas investment loss	Retained earnings brought forward	Total
Balance at April 1, 2012	13	38,798	38,811
Changes of items during the period			
Dividends from surplus		-6,779	-6,779
Net loss		-111,604	-111,604
Reversal of revaluation reserve for land		-308	-308
Purchase of treasury stock			
Disposal of treasury stock			
Reversal of other retained earnings	-13	13	—
Net changes of items other than shareholders' equity			
Total changes of items during the period	-13	-118,679	-118,692
Balance at March 31, 2013	—	-79,880	-79,880

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

(3) Valuation of Net Amounts of the Assets and Liabilities by Derivative Transactions:

Stated at fair value

(4) Methods for Depreciation of Noncurrent Assets

Property, Plant and Equipment (except lease assets)	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 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 noncurrent assets owned by the Company. Leased assets involving finance lease transactions under which the ownership of the leased assets is not transferred to lessees: The method to calculate depreciation for such assets is the straight line method with their residual values being zero over their leased periods used as the number of years for useful life. Out of finance lease transactions other than those under which the ownership of the leased assets is considered to be transferred to lessees, such transactions, of which the lease term each commenced before the initial year of the application of the ASBJ Statement No. 13 "Accounting Standards for Lease Transactions," are continuously accounted for in conformity with the accounting process applicable to operating lease transactions.
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 amortized in the straight line method over the term of redemption.

(6) Standards for Recording Allowances/Provisions

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.
Allowance for loss on investments in subsidiaries and affiliates	The Company recorded the estimated amount of a provision to cover the loss on investments in subsidiaries and affiliates by taking into account their financial situations and the possibilities of their recovery in the future.
Provision for loss on disaster	The Company recorded a reasonably estimated amount, expected to be incurred as of March 31, 2013, 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 FY2012.
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, 2013. 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.
Provision for business structure improvement	The Company recorded the estimated amount of a provision to cover expenses and losses that were expected to be incurred in the near future following the closure of the refinery and the legal measures associated with the operations of the refinery.
Provision for environmental measures	The Company recorded the estimated amount of a provision to cover expenses to treat contaminated soil. It also recorded the estimated amount of a provision to cover expenses to treat the PCB waste in accordance with the Law Concerning Special Measures Against Polychlorinated Biphenyl Waste.
Provision for loss on businesses of subsidiaries and affiliates	The Company recorded the estimated amount of a provision to cover the loss on the businesses of subsidiaries and affiliates by taking into account their financial situations and other factors.

(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 Changes in Representation Methods

Balance Sheet

“Provision for environmental measures” included in “Other” assets of the “Noncurrent liabilities” section of the Non-Consolidated Balance Sheet for FY2011 are stated as a separate account item in the Non-Consolidated Balance Sheet for FY2012 due to an increase in their importance.

4. Notes to Changes in Accounting Estimation

Changes in Estimation of Provision

The Company recorded estimated expenses for treating a small amount of PCB as environmental expenses under extraordinary loss in FY2012, in addition to expenses for treating the highly-concentrated PCB waste that had been recorded as the provision for environmental measures, because it became possible to obtain a reasonable estimate of the expenses for treating the waste with a small amount of PCB.

This change increased loss before income taxes for FY2012 by 1,713 million yen as compared with the conventional method.

5. Additional Information

The company files a tax return under the consolidated corporate-tax system from the fiscal year ending March 31, 2014, which allows companies to base tax payments on the combined profits or losses of the parent company and its wholly owned domestic subsidiaries.

Accordingly the company is accounting based on “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)” (ASBJ Practical Issues Tax Force No.5, March 18, 2011) and “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)” (ASBJ Practical Issues Tax Force No.7, June 30, 2010.)

6. Notes to Non-Consolidated Balance Sheet

(1) Short-term loans receivable from subsidiaries and affiliates:	¥176,831 million
Long-term loans receivable from subsidiaries and affiliates:	¥33,718 million
Short-term loans payable to subsidiaries and affiliates:	¥177,167 million
Long-term loans payable to subsidiaries and affiliates:	¥701 million
(2) Cumulative depreciation expenses for the property, plant and equipment	¥519,065 million
(3) Pledged Assets	
Breakdown of Assets Pledged as Collateral and Amounts thereof:	
Property, plant and equipment	¥296,557 million
Short-term investment securities	¥9 million
Other current assets	¥297 million
Secured Liabilities:	
Long-term loans payable (including repayments due within the next year)	¥49,362 million
Debts related to transactions with banks	¥20,996 million
(4) Contingencies	
Guaranty Liabilities	
Hyundai Cosmo Petrochemical Co., Ltd. (Liabilities to guarantee their borrowings from financial institutions)	¥10,059 million
Abu Dhabi Oil Co., Ltd. (Liabilities to guarantee their borrowings from financial institutions)	¥9,405 million
Others (Liabilities to guarantee their borrowings from financial institutions, etc.)	¥6,870 million
(5) Loans to directors and corporate auditors due to transactions with them	¥423 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 liabilities for land revaluation” 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, 2013 is smaller than their total carrying amount after revaluation and the difference amounted to:

¥100,565 million

(7) Financial Covenants, etc.

Out of borrowings, borrowings amounting to ¥108,100 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 of the Company＞

	Repayment Deadline	Loan Balance	Financial Covenants
(1)	March 30, 2017	¥35,300 million	1) The Company shall not record ordinary loss, as stated in consolidated statements of income for three consecutive years. 2) The Company shall maintain the amount of net assets at ¥198.9 billion or more as stated in its consolidated balance sheet at the end of each fiscal year.
(2)	March 5, 2015	¥47,800 million	1) The Company shall not record ordinary loss, as stated in consolidated statements of income for three consecutive years. 2) The Company shall maintain the amount of net assets at ¥210.9 billion or more as stated in its consolidated balance sheet at the end of each fiscal year and of the second quarter thereof.
(3)	November 30, 2017	¥25,000 million	1) The Company shall not record ordinary loss, as stated in consolidated statements of income for three consecutive years. 2) The Company shall maintain the amount of net assets at ¥198.9 billion or more as stated in its consolidated balance sheet at the end of each fiscal year.

7. Notes to Non-Consolidated Statements of Income

Sales to subsidiaries and affiliates:	¥810,214 million
Purchases from subsidiaries and affiliates:	¥383,783 million
Non-business transaction with subsidiaries and affiliates:	¥22,103 million

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

Type and Number of Treasury Stock as of March 31, 2013

Ordinary shares	292,509 shares

9. Notes to Tax Effective Consequence Accounting

(Unit: million yen)

(1) Current Deferred Tax Assets and Liabilities	
1) Deferred tax assets:	
Provision for business structure improvement	2,923
Accounts payable-other (repair expenses)	520
Reserve for bonuses	461
Others	2,631
Current deferred tax assets – Sub-total:	6,536
Valuation allowance:	-6,495
Total current deferred tax assets:	41
2) Deferred tax liabilities:	
Deferred gains on hedges	-1,016
Total current deferred tax liabilities:	-1,016
Net current deferred tax liabilities:	-975
(2) Non-Current Deferred Tax Assets and Liabilities	
1) Deferred tax assets:	
Loss brought forward	61,233
Investment securities	6,676
Impairment loss	6,140
Others	15,237
Non-current deferred tax assets – Sub-total:	89,288
Valuation allowance:	-89,139
Total non-current deferred tax assets:	148

2) Deferred tax liabilities:

Asset retirement obligations(PP&E)	-456
Profit from merger	-434
Others	-680
Total non-current deferred tax liabilities:	-1,571
Net non-current deferred tax liabilities:	-1,422

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

Deferred tax assets related to land revaluation:	11,666
Valuation allowance:	-11,666
Total	—
Deferred tax liabilities related to land revaluation:	-26,942
Net deferred tax liabilities related to land revaluation:	-26,942

10. Notes to Noncurrent 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, 2013:

Acquisition cost equivalent:	7,109
Accumulated depreciation equivalent:	5,515
Net book value equivalent as of March 31, 2013:	1,594

(2) Net book value of lease obligations as of March 31, 2013

Due within one year:	270
Due more than one year:	1,323
Total:	1,594

(3) Lease payments and depreciation equivalent:

Lease payment:	401
Deprecation equivalent	401

(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.

11. Notes to the Company’s Transactions with Related 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, 2013 (¥mil)
Subsidiary	Cosmo Oil Sales Corp. (directly, 100% owned)	Sale of oil products	3 Cosmo Oil directors are concurrently the directors of the subsidiary Sales of oil products made by Cosmo Oil	Oil product sales (*1)	362,411	Accounts receivable, trade	66,998
				Loans to it (*4)	15,125	Deposits received	36,500
				Interest payable (*3)	112	Accounts payable-other	59
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	Fund deposit (*2)	21,000	Long-term loans to subsidiaries/ affiliates	21,000
				Interest receivable (*3)	211	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 purchase from it	Crude oil purchases (*1)	245,155	Account payable, trade	51,975
				Interest payable (*3)	194		
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 LPG sales to/purchase from it	Representing to make LPG overseas transactions	134,273	Accounts receivable, other	27,735
				Interest receivable (*3)	248	Account payable, trade	7,964
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 Loans to it	Receipt of debt guaranteed mortgage (*5)	49,362	-	-
				Loans to it (*4) And Fund deposit (*2)	19,562	Short-term loans to subsidiaries/ affiliates	12,710
						Long-term loans to subsidiaries/ affiliates	5,484
				Interest receivable (*3)	261	Accounts receivable, other	27
Subsidiary	Cosmo Engineering Co., Ltd.(directly, 100% 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	Acquisition of oil-related facilities (*1)	14,799	Accounts payable- other	19,112
				Repairs of oil-related facilities, etc. (*1)	28,236		

Out of the amounts shown above, the transaction amounts are exclusive of consumption tax charges, while the balance amounts as of March 31, 2013 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 FY2012.
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 FY2012.
5. For the Company’s loans from financial institutions, it arranges a mortgage with a part of our noncurrent assets. The transaction amounts are the balance of such loans at the end of FY2012

(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, 2013 (¥mil)
Hirohiko Ogiwara (directly, 0.0% owned)	Senior Executive Officer of Cosmo Oil Co., Ltd.	Senior Executive Officer of Cosmo Oil Co., Ltd. Chairman of Cosmo Oil Eco Card Fund	Contributions(*)	21	-	-

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.

12. Notes to Per-Share Information

(1) Net assets per share	¥168.95
(2) Net loss per share	¥131.70

13. Notes to Material Contingencies

None

14. Other Notes

(1) Business structure improvement expenses

The Company recorded expenses related to the closure of the refinery and the legal measures associated with the operations of the refinery as business structure improvement expenses under the extraordinary loss on the statements of income for FY2012, with the breakdown of major items including:

Expenses related to the closure of the refinery	¥7,666 million
Expenses related to the legal measures associated with the operations of the refinery	¥12,668 million

The amount of business structure improvement expenses includes ¥12,003million transferred to the provision for business structure improvement.

(2) Loss on accident of asphalt leakage

The Company recorded the loss from the asphalt leakage at the Chiba Refinery that took place in June 2012 as a loss on an asphalt leakage accident under extraordinary loss on the statements of income for FY2012, with the breakdown of major items including:

Fixed costs incurred during the period of suspended operations	¥11,563 million
Restoration expenses, etc.	¥2,545 million

Accounting Auditor's Report
Concerning the Consolidated Financial Statements: Full Copy

Independent Auditor's Report

May 9, 2013

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

KPMG AZSA LLC

Designated Limited Liability and Engagement Partner, Certified Public Accountant	Masahiko Kobayashi	Seal
Designated Limited Liability and Engagement Partner, Certified Public Accountant	Naoto Yokoi	Seal
Designated Limited Liability and Engagement Partner, Certified Public Accountant	Koji Yoshida	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 statements of income, the consolidated statements of changes in net assets and the notes to the consolidated financial statements of the Company applicable to the fiscal year from April 1, 2012 to March 31, 2013.

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 are necessary to enable the presentation and fair presentation of the consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. 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 misstatements.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our 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, we 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, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, 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 the results of operations of COSMO OIL CO., LTD. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter
Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act.

- END -

Accounting Auditor's Report
Concerning the Financial Statements: Full Copy

Independent Auditor's Report

May 9, 2013

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

KPMG AZSA LLC

Designated Limited Liability and Engagement Partner, Certified Public Accountant	Masahiko Kobayashi	Seal
Designated Limited Liability and Engagement Partner, Certified Public Accountant	Naoto Yokoi	Seal
Designated Limited Liability and Engagement Partner, Certified Public Accountant	Koji Yoshida	Seal

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statements of income, the statements of changes in net assets and the notes to the financial statements and the supplementary schedules of the Company applicable to the 107th fiscal year from April 1, 2012 to March 31, 2013.

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

Auditor's Responsibility
Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. 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 financial statements and the supplementary schedules are free from material misstatements.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the 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 financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of COSMO OIL CO., LTD. for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter
Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act.

- END -

Audit & Supervisory Board's Audit Report: Full Copy

<u>Audit Report</u>

The Audit & Supervisory Board, based on the audit reports made by each Audit & Supervisory Board Member concerning the execution of duties by Directors for the 107th fiscal year from April 1, 2012 to March 31, 2013, prepared this Audit Report after deliberation and hereby submit it as follows:

1. The Methods and Details of the Audit Conducted by the Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board determined auditing policies and allocation of duties, received reports from each Audit & Supervisory Board Member 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 Auditor concerned, and requested explanations as necessary.

In accordance with the audit standards for the Audit & Supervisory Board Members as established by the Audit & Supervisory Board, the auditing policies and allocation of duties, each Audit & Supervisory Board Member communicated with 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 employees; 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, with regard to the resolution of the Board of Directors concerning the establishment of the system to ensure that the execution of duties by Directors complies with the laws and regulations and the Articles of Incorporation of the Company and other systems stipulated in Article 100, Paragraph 1 and 3 of the Ordinance for Enforcement of Companies Act as being necessary in order to ensure the appropriateness of the business activities as a joint stock company, as well as the system (the internal control system) developed based on such resolution, the Audit & Supervisory Board Members received reports as needed and requested explanation as necessary from the Directors and employees on the establishment and operation of such systems, and also expressed their opinion. With respect to subsidiaries, the Audit & Supervisory Board Members communicated and exchanged information with Directors, Audit & Supervisory Board Members, and other relevant personnel of the subsidiaries, and received business reports from subsidiaries as necessary. Based on the methods as described above, the Audit & Supervisory Board deliberated the Business Report and supplementary schedules for the period under review.

Furthermore, the Audit & Supervisory Board Members monitored and confirmed if the Accounting Auditor holding independent position and performing appropriate audit; received reports on auditing operations from the Accounting Auditor; requested explanation as necessary. Also, the Audit & Supervisory Board Members received a report from the Accounting Auditor 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 Audit & Supervisory Board deliberated the financial statements (the balance sheet, statements of income, statements of changes in net assets and the notes to financial statements) and supplementary schedules and the consolidated financial statements (the consolidated balance sheet, 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 no 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 financial statements and supplementary schedules

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

(3) Audit results of the consolidated financial statements

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

May 14, 2013

COSMO OIL CO., LTD. Audit & Supervisory Board

Full-time Audit & Supervisory Board Member	Hideo Suzuki	Seal
Full-time Audit & Supervisory Board Member	Hirokazu Ando	Seal
Full-time Audit & Supervisory Board Member	Kazuto Ichikawa	Seal
Audit & Supervisory Board Member	Yoshitsugu Kondo	Seal

(Note 1) Full-time Audit & Supervisory Board Member Hirokazu Ando and an Audit & Supervisory Board Member Yoshitsugu Kondo are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 and Article 335, Paragraph 3 of the Companies Act.

(Note 2) Audit & Supervisory Board Member Hajime Miyamoto passed away on January 30, 2013 and therefore, his name and seal are not presented above in this Audit Report. As for the required number of Audit & Supervisory Board Members, the Company meets the requirement stipulated under laws and regulations, and the Articles of Incorporation.

- END -