COSMO OIL CO., LTD.

Annual Report 2012

for the year ended March 31, 2012

Back to the Growth Track

Profile

The Cosmo Oil Group operates under a vertically integrated business model spanning from oil exploration and production to the sale of petroleum and petrochemical products. Amid a substantially changing market environment for petroleum products characterized by declining demand in Japan and increasing demand in emerging countries, particularly in Asia, Cosmo Oil Group is advancing "rationalization and reform" of its petroleum refining and sales business and continues to invest overseas in the oil exploration and production and petrochemical businesses, which are its growth businesses.

We will continue making every effort to ensure the safe and stable operation of our refineries while also strengthening our competitiveness to realize the Cosmo Oil Group's mission of providing a stable supply of energy.

Disclaimer Regarding Forward-Looking Statements

This annual report contains forward-looking statements regarding the Cosmo Oil Group's future plans and strategies, as well as its results, estimates and forecasts. These statements are not based on historical fact, but represent management's assumptions and beliefs based on information currently available, and involve certain risks and uncertainties. Potential risks and uncertainties include, but are not limited to, intense competition, market demand and various regulations relevant to the petroleum industry. Actual results and business performance may differ materially from these statements. Accordingly, investors are cautioned not to base investment decisions exclusively on forward-looking statements. Further, the forecasts included in this report are those that were announced in May 2012.

Note: In this report, "FY2011" indicates the period that began on April 1, 2011 and ended on March 31, 2012.

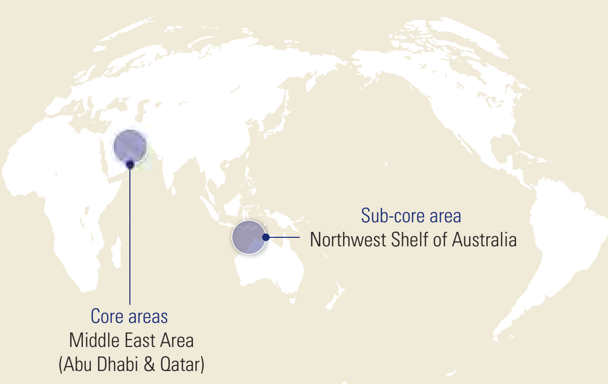
Contents

Our Value Chain

OIL EXPLORATION AND PRODUCTION BUSINESS

The core areas for this business are the United Arab Emirates and Qatar in the Middle East, where we are engaged in oil exploration and production through Abu Dhabi Oil Co., Ltd. and United Petroleum Development Co., Ltd., and through Qatar Petroleum Development Co., Ltd., respectively. We are also conducting oil exploration in Australia, which we have designated a sub-core area. Our basic policy is to conduct exploration and development by limiting risks with a focus on already discovered and undeveloped areas in oil-producing nations where we have established relationships of strong trust.

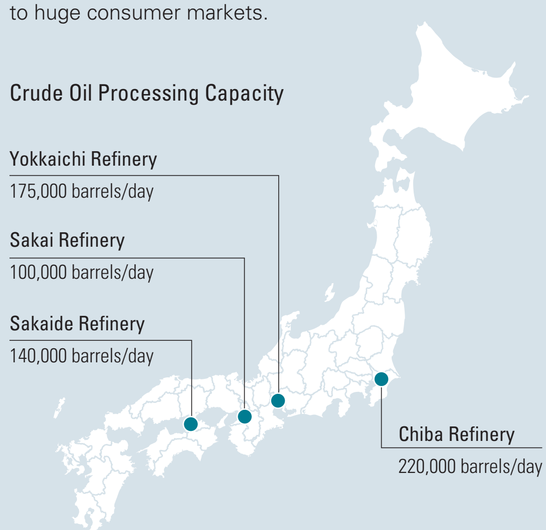
Core Areas and Sub-core Areas



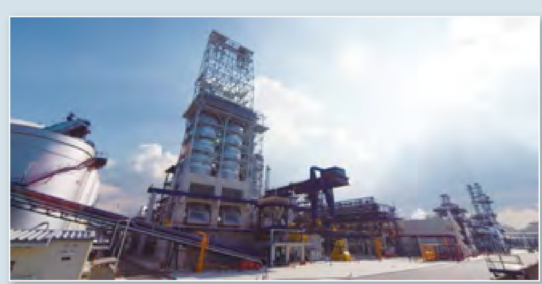
PETROLEUM REFINING AND SALES BUSINESS

We operate crude oil refineries at four locations in Japan situated near the major metropolitan centers in the Kanto, Chubu, and Kansai regions, giving us the key advantage of producing petroleum products close to huge consumer markets.

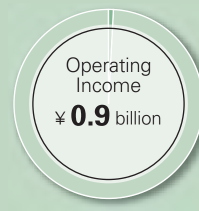
Crude Oil Processing Capacity

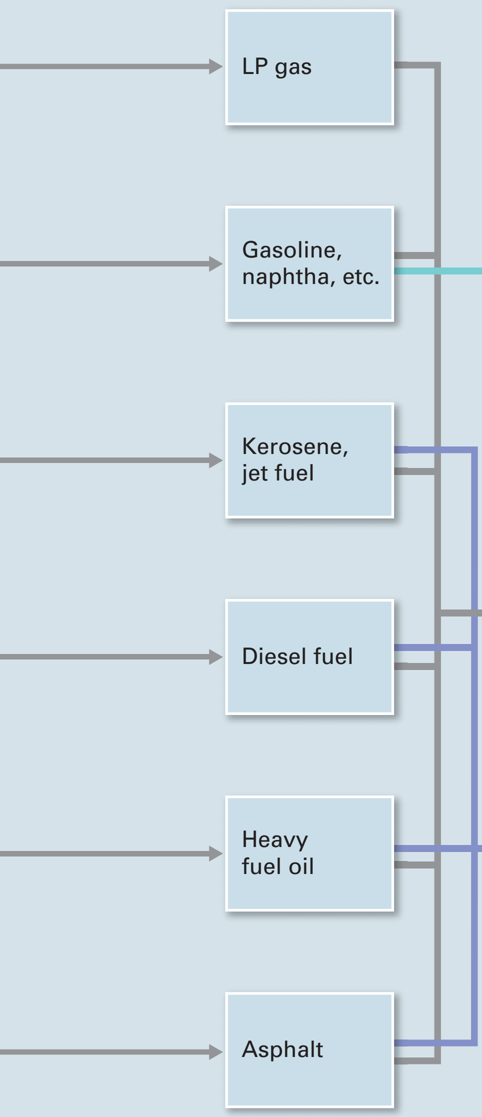


Crude oil



PETROCHEMICAL BUSINESS





Equity-method affiliate Maruzen Petrochemical Co., Ltd. produces ethylene and functional chemicals, and subsidiaries CM Aromatics Co., Ltd., and Cosmo Matsuyama Oil Co., Ltd., produce mixed xylene. In addition, Hyundai Cosmo Petrochemical Co., Ltd., a joint venture with Hyundai Oilbank Co., Ltd., commenced production and sales of para-xylene in 2010.

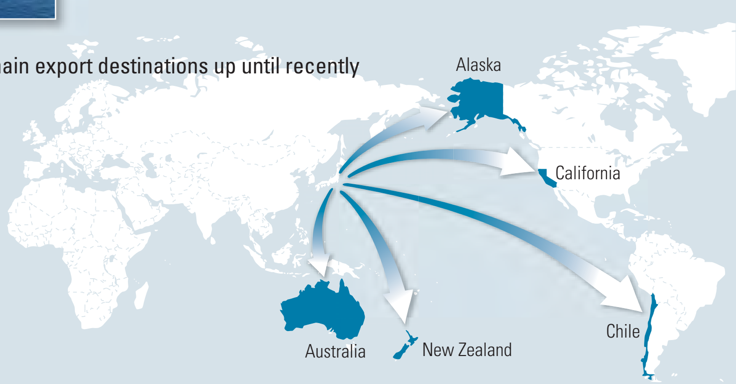
Domestic Sales

The petroleum products produced at our refineries are sold to individual customers mainly as gasoline and diesel fuel through our nationwide network of approximately 3,500 service stations. Naphtha, heavy fuel oil C and jet fuel are sold to major consumers, primarily petrochemical companies, electric power companies and airline companies.

Overseas Sales

Overseas, we secure stable sales channels that are resilient to changes in the market environment by entering into direct long-term contracts with users in regions with high entry barriers due to strict environmental regulations, such as Chile and Australia.

Cosmo's main export destinations up until recently



Market Environment for Cosmo Oil Group

Demand for petroleum products is showing an ongoing decline due to structural factors in advanced nations, including Japan. In contrast, demand is forecast to continue expanding in China, India, and other emerging economies into the long term, and overall global demand for petroleum products is also expected to increase in the future.

> CRUDE OIL PRICES AND FOREIGN EXCHANGE IMPACT

In Cosmo Oil's petroleum and oil exploration and production businesses, the higher price of crude oil and the yen's depreciation both contribute to a gain in profits. In fiscal year 2012, the Group forecasts an average crude oil price of US$115/barrel and an exchange rate of ¥80.0 per U.S. dollar (forecasts as of May 2012).

Projected Impact on Fiscal Year 2012 Earnings

	Petroleum Business	Oil Exploration and Production Business
Crude oil +$1/bbl	Up ¥1.2 billion	Up ¥0.6 billion
Foreign exchange +¥1/$	Up ¥1.7 billion	Up ¥0.8 billion

*The figures above refer to the impact of fluctuations in crude oil prices and exchange rates on inventory valuation gains, in-house fuel costs and timing differences in accounting processing (but does not take into consideration the impact of the lower of cost or market method).

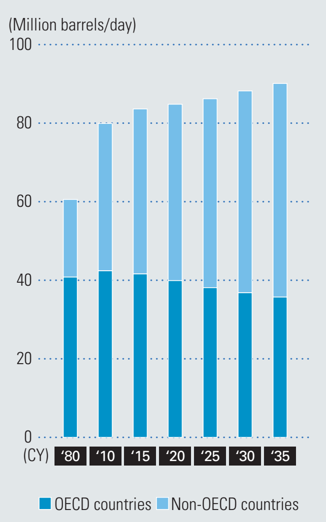
*Petroleum business figures represent a 12-month period from April 2012 to March 2013; the oil exploration and production business figures represent a nine-month period, from April 2012 to December 2012.

> OUTLOOK FOR DOMESTIC AND OVERSEAS DEMAND FOR PETROLEUM PRODUCTS

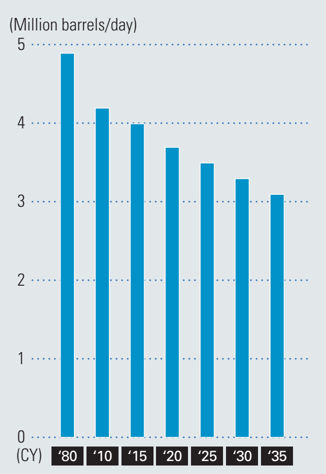
We anticipate declining demand for petroleum products in Japan in the long term, owing to structural factors, such as improved fuel efficiency, the conversion to alternative fuels, and the declining population. We also forecast a declining trend in demand in North America and other advanced nations that are members of the Organization for Economic Co-operation and Development (OECD). We expect demand in emerging economies that are not OECD members, such as China and India, to drive long-term growth in demand for petroleum products.

The International Energy Agency (IEA) report World Energy Outlook 2011 forecasts worldwide demand for petroleum products to grow 1.1 times from 2010 to 2035, with combined demand in China and India growing roughly 1.8 times and representing over 20% of worldwide demand.

Outlook for Global Demand for Petroleum Products



Outlook for Domestic Demand for Petroleum Products



Source: IEA "World Energy Outlook 2011"

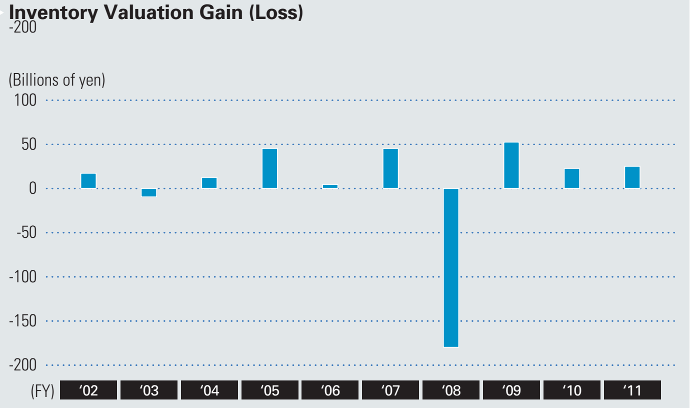
> CRUDE OIL PRICES AND INVENTORY VALUATION GAIN (LOSS)

External conditions have caused crude oil prices to fluctuate since the start of 2012, with prices first rising as a result of political instability in the Middle East, then falling amid a worsening debt crisis in Europe. Nevertheless, the growing demand in China, India, and other emerging economies is supporting ongoing tight conditions for crude oil supply and demand, and prices are fundamentally expected to continue showing a rising trend over the medium and long term.

The Cosmo Oil Group uses the weighted average method to value crude oil inventories, and the monthly differences between cost of sales and purchase costs of crude oil has a material impact on inventory valuation. A rise in the price of crude oil produces an inventory valuation gain, while a drop in the price produces an inventory valuation loss, both of which affect the Group's earnings.

Crude Oil CIF Prices (April 2002–March 2012)

Inventory Valuation Gain (Loss)



> MARKET CONDITIONS FOR PARA-XYLENE

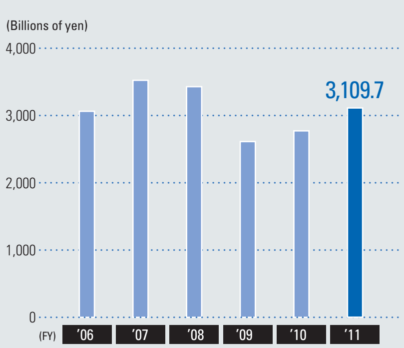
Para-xylene is a constituent of the polyester used in clothing, PET bottles, and other essential consumer items, and demand for para-xylene moves in close relation to the rising standard of living in emerging economies. With China expected to be a major driver in the growth of para-xylene demand, the Cosmo Oil Group plans to vastly expand its para-xylene business in South Korea in 2013.

Consolidated Financial Highlights

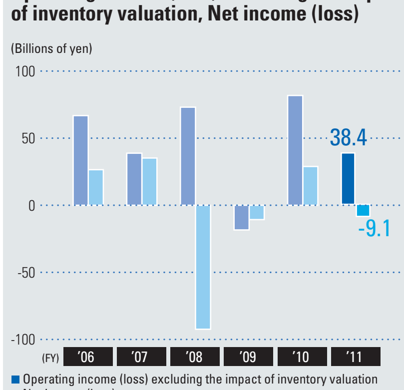
	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011 (Millions of yen)	FY2011 (Thousands of U.S. dollars)
For the Year:							
Net sales	¥ 3,062,744	¥ 3,523,087	¥ 3,428,211	¥ 2,612,141	¥ 2,771,523	¥ 3,109,746	$ 37,836,063
Operating income (loss)	69,643	83,797	(107,006)	34,207	104,097	63,570	773,452
Inventory valuation gain (loss)	2,800	45,000	(180,100)	52,600	22,300	25,200	306,607
Operating income (loss) excluding the impact of inventory valuation	66,843	38,797	73,094	(18,393)	81,797	38,370	466,845
Net income (loss)	26,536	35,153	(92,430)	(10,741)	28,933	(9,084)	(110,524)
Capital expenditures	36,127	48,958	67,025	87,677	64,369	27,933	339,859
Depreciation and amortization	37,788	42,776	41,492	42,746	51,068	50,601	615,659
Cash flows from operating activities	25,005	(4,215)	82,136	2,262	26,297	43,616	530,673
Cash flows from investing activities	(35,868)	(32,806)	(55,953)	(93,306)	(73,109)	(25,805)	(313,968)
Cash flows from financing activities	80,023	(5,229)	57,854	159,302	(86,077)	11,606	141,209
Cash and cash equivalents at end of year	126,106	82,675	159,920	228,908	94,343	122,431	1,489,609
At Year-End:							
Total assets	¥ 1,579,156	¥ 1,627,904	¥ 1,440,396	¥ 1,645,048	¥ 1,579,424	¥ 1,675,070	$ 20,380,460
Net assets excluding minority interests	339,701	442,912	328,434	315,747	332,730	316,931	3,856,077
Interest-bearing debt	609,890	521,605	598,609	777,739	700,131	721,203	8,774,827
						Yen	U.S. dollars
Amounts per Share:							
Net income (loss)	¥ 39.54	¥ 46.72	¥ (109.11)	¥ (12.68)	¥ 34.16	¥ (10.72)	$ (0.13)
Net assets	506.15	522.84	387.71	372.74	392.80	374.15	4.55
Cash dividends	8.00	8.00	8.00	8.00	8.00	8.00	0.10
Ratios:							
Return on assets (ROA) (%)	1.7	2.2	(6.0)	(0.7)	1.8	(0.6)	—
Return on equity (ROE) (%)	8.0	9.0	(24.0)	(3.3)	8.9	(2.8)	—
Debt-to-equity ratio (times)	1.8	1.2	1.8	2.5	2.1	2.3	—
Payout ratio (%)	25.30	15.28	—	—	23.42	—	—

Notes: 1. U.S. dollar amounts are translated from Japanese yen, for the convenience of readers only, at the rate of ¥82.19 to US$1.00, the approximate rate of exchange prevailing on March 31, 2012.
2. Recorded inventory valuation gains (losses) from FY2000 through FY2007 are based on the periodic average method of inventory valuation, whereas recorded inventory valuation gains (losses) from FY2008 are based on the lower of cost or market method as dictated by ASBJ (Accounting Standards Board of Japan) Statement No. 9, "Accounting Standard for Measurement of Inventories."
3. Depreciation and amortization includes recovery of recoverable accounts under production sharing from FY2006 through FY2010. In FY2011, depreciation and amortization includes recovery of recoverable accounts under production sharing as well as depreciation applicable to fixed assets idled as a result of the fire at the Chiba Refinery caused by the Great East Japan Earthquake.
4. Up to and including FY2005, net assets excluding minority interests per share was presented rather than net assets per share.
5. Up to and including FY2005, ROE was calculated as net income divided by net assets excluding minority interests.
6. Up until FY2009, the figures had been rounded up or down to the nearest million. From FY2010 onward, the figures have been rounded off to the nearest million.

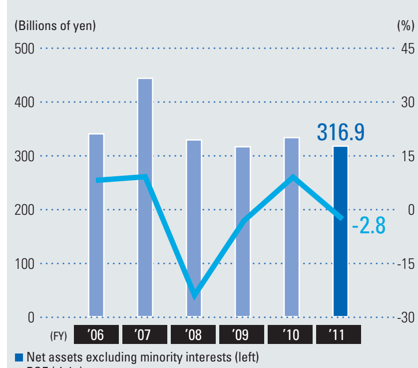
Net sales



Operating income (loss) excluding the impact of inventory valuation, Net income (loss)



Net assets excluding minority interests, ROE



>Net sales

Net sales totaled ¥**3,109.7** billion, an increase of ¥**338.2** billion from the previous fiscal year.

- ▲ Product prices rose in tandem with the rise in the purchase price of crude oil (full-year average).
- ▲ Higher capacity utilization rates of thermal power plants accompanying the shutting down of Japan's nuclear power plants led to an increase in sales volume of heavy fuel oil C used for electric power generation.
- ▼ Sales volumes declined for gasoline, kerosene, naphtha, jet fuel, and heavy fuel oil A owing to the structural factors of improving fuel efficiency and the conversion to alternative fuels as well as the slow pace of economic recovery.
- ▼ The export volume of middle distillates (diesel fuel and jet fuel) declined due to the shutdown of the Chiba Refinery and the priority on domestic supply.

>Operating income excluding the impact of inventory valuation

Operating income amounted to ¥**63.6** billion, a decline of ¥**40.5** billion from the previous fiscal year.

Operating income excluding the impact of inventory valuation (see page 5) amounted to ¥**38.4** billion, a decline of ¥**43.4** billion from the previous fiscal year.

- ▲ Oil exploration and production business earnings increased with support from rising crude oil prices.
- ▼ Petroleum business earnings declined as a result of the narrowing margins as the supply and demand balance eased and the cost burden of securing alternative supply owing to the Chiba Refinery shutdown.
- ▲ Petrochemical business earnings increased as market conditions recovered and margins improved.

>Net loss

Net income declined ¥**38.0** billion from the previous fiscal year to represent a net loss of ¥**9.1** billion.

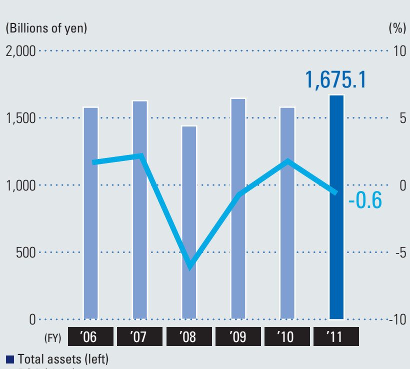
- ▼ The Great East Japan Earthquake incurred extraordinary losses of ¥22.7 billion. Fixed costs of the assets rendered unusable at the Chiba Refinery accounted for ¥16.2 billion of the loss.
- ▼ Tax system revisions led to a partial reversal of deferred tax assets.

>ROA and ROE

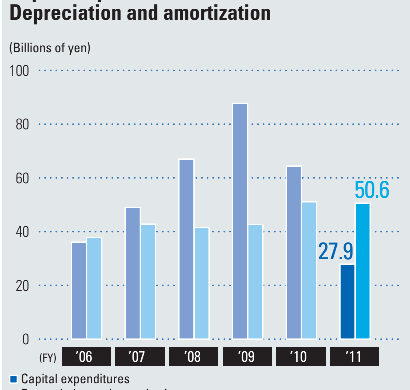
The ¥**9.1** billion net loss resulted in negative figures for ROA and ROE.

- ▼ The shareholders' equity ratio declined 2.2 percentage points, from 21.1% to 18.9%.
- ▼ The debt-to-equity ratio was 2.3 times, a deterioration of 0.2 point from 2.1 times at the end of the previous fiscal year.

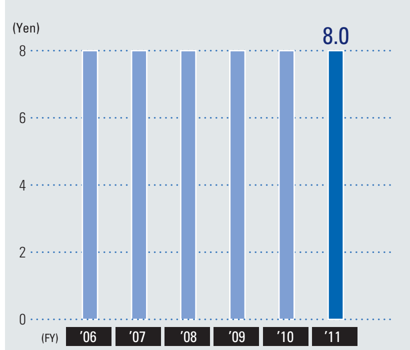
Total assets, ROA



Capital expenditures, Depreciation and amortization



Cash dividends per share



Interview with the President

RETURNING TO A GROWTH TRAJECTORY

To Our Shareholders

It is my honor to address you as the new president of Cosmo Oil Co., Ltd.

In fiscal 2011, ended March 31, 2012, the Chiba Refinery, which accounts for around 40% of the Company's total refining capacity, was shut down for practically the entire year, which had a huge impact on earnings. We will establish countermeasures to prevent a similar disaster in the future while targeting a full-fledged resumption of operations at the Chiba Refinery in fiscal 2012. At the same time, we will make efforts to return the Company to a growth trajectory, as outlined in our Fourth Medium-Term Management Plan, which began in fiscal 2010. This is an urgent priority for the near term.

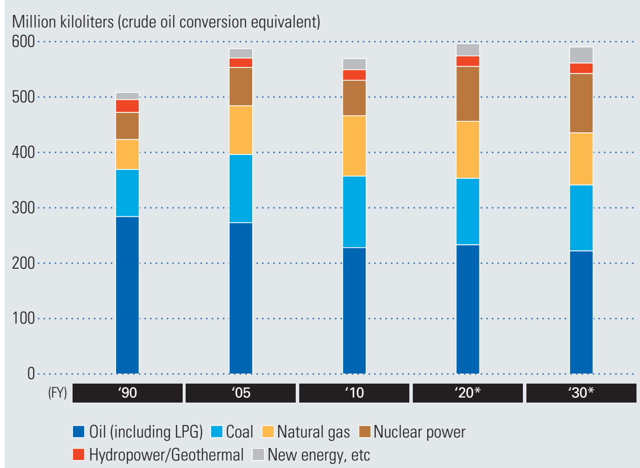
I look forward to the ongoing support of shareholders and other investors as we embrace the challenges of the future.

Q:01 Since the Great East Japan Earthquake in March 2011, there has been broad-ranging debate about the ideal energy policy for Japan. In this context, how do you envisage Cosmo Oil Group's future in your role as the newly appointed president?

It is clear that demand for petroleum products in Japan will continue on a downtrend in light of various factors. These include economic saturation, the declining population (accompanied by an aging of the population and a falling birthrate), heightened awareness about saving energy, advances in hybrid and electric vehicles, and conversion to LNG, among other reasons. Although predictions differ significantly according to research organization and analyst, it is estimated that annual domestic demand for oil will decline from the current level of approximately 190 million kiloliters to between 130 million and 180 million kiloliters in 2030.

While we are on a downtrend, oil is and will remain a core energy source in the future. Without doubt, it is an essential element of people's lives in Japan. The Cosmo Oil Group intends to play a central role in ensuring stable energy supplies for the nation, maintaining a vertically integrated framework that ranges from oil exploration and production to refining and marketing of petroleum products and petrochemicals.

Long-term Outlook for Primary Energy Supplies (Japan)



* Regarding FY2020 and FY2030, these forecasts assume the case in which continuous efforts are being made to reduce CO_2 emissions using existing technologies (Source: METI's report, "The Long-Term Energy Supply and Demand Outlook," of August 2010).
Source: The Ministry of Economy, Trade and Industry (METI) and the Petroleum Association of Japan (PAJ)

Keizo Morikawa

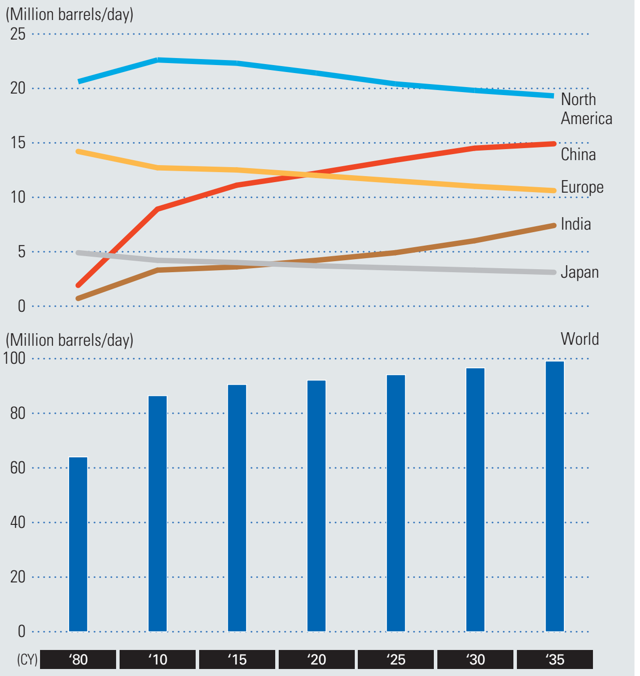
April 1971	Joined Daikyo Oil Co., Ltd.
June 2000	Director of the Company
June 2002	Managing Director
June 2004	Senior Managing Director
June 2006	Representative Senior Managing Director
June 2008	Executive Vice President, Representative Director
June 2010	Representative Director, Executive Vice President
June 2012	President, Representative Director, Chief Executive Officer (current position)

In the context of falling domestic demand, what kind of growth picture do you have for the Group?

Demand for oil is declining in Japan and other industrialized nations. Looking at the worldwide picture, however, demand for fuel (jet fuel, gasoline, diesel fuel) and petrochemical products will continue growing annually in emerging nations—notably China and India, which have the world's largest and second-largest populations, respectively. This is due to industrialization and rising living standards. By expediting our global business development, we will strive to improve the overall value of our vertically integrated value chain.

To cite specific examples, we are focusing on exports of high-value-added products with exceptional environmental qualities. We have also entered the para-xylene business targeted toward the markets of emerging nations, where demand for para-xylene is expected to grow. Mixed xylene is a raw material of para-xylene, which is one of the basic constituents of gasoline. Conversion of surplus raw materials of gasoline would be a countermeasure for the reduced domestic demand of gasoline. In the oil exploration and production business, meanwhile, we will expand production volume by taking further advantage of the merits of high oil prices.

International Oil Demand Outlook

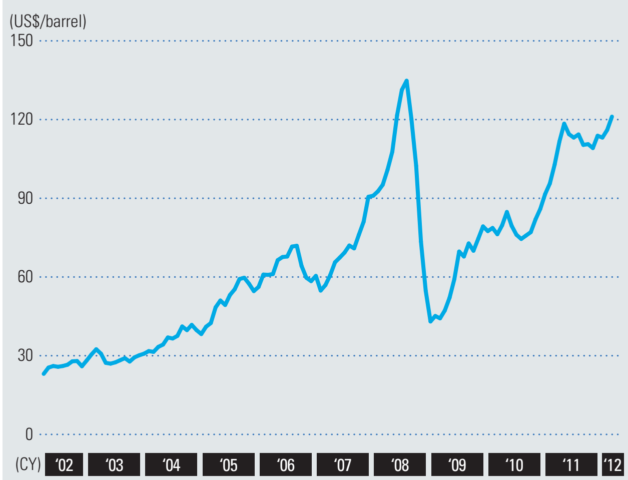


Source: IEA "World Energy Outlook 2011"

Do you think that crude oil prices will remain high in the future?

In the past few years, we saw crude oil prices peaking at above US$140/barrel at one stage. After the collapse of Lehman Brothers, the prices suddenly plummeted to the US$30 range, then returned to around US$100/barrel. With the current debt crisis in Europe, prices have continued to swing wildly. Nevertheless, I feel there is a strong possibility that the price will remain high at close to US$100/barrel. As I explained earlier, the general consensus is that worldwide demand for petroleum will continue growing further. From the perspective of oil-producing nations as well, the US$100 level is sufficient to generate profits without having a dampening effect on demand. If the price moves to extremes away from this level, there will be natural adjustments in supply and demand.

Crude oil CIF prices (April 2002–March 2012)



Do you believe that the so-called "shale gas revolution" will have a major impact on the supply-demand situation for crude oil?

The potential profitability of shale gas investments has increased due to advances in low-cost development technologies and peaking oil prices. Accordingly, the production of shale gas is being heavily promoted, especially in the United States. However, the extraction method entails capturing gas by creating cracks in the shale layer using water pressure. This requires huge volumes of water, which results in various environmental issues as well. At present, the impact of shale gas on the worldwide petroleum supply-demand situation is limited. However, the global energy supply structure may change dramatically over the medium and long terms, so we are closely watching trends in shale gas production.

Q:02 Despite a significant year-on-year increase in earnings from the oil exploration and production business segment, Cosmo Oil Group posted a consolidated net loss of ¥9.1 billion in fiscal 2011. How do you view these results?

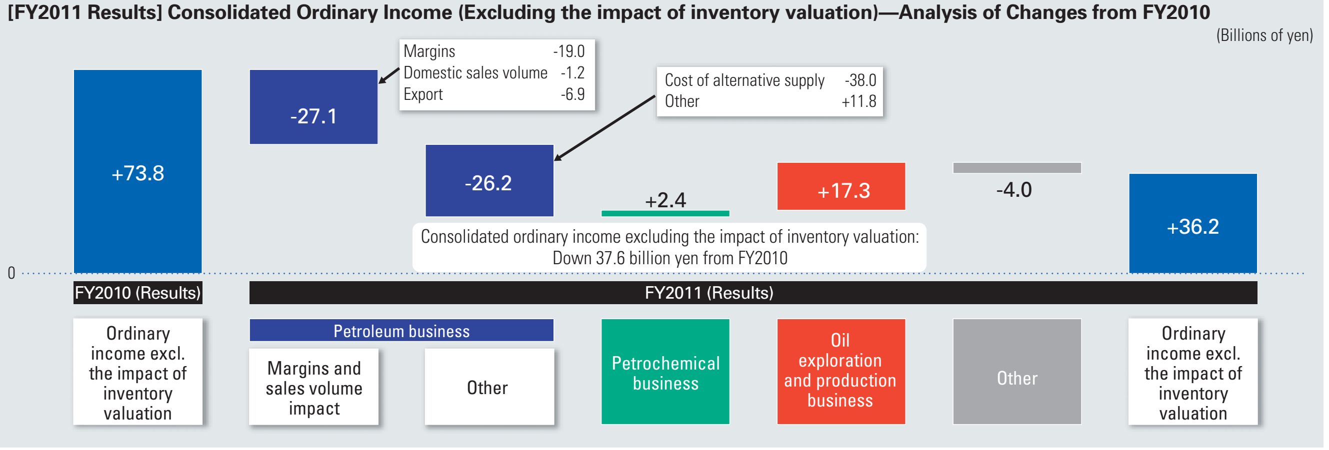
Consolidated net sales for the year amounted to ¥3,109.7 billion, up 12.2% from the previous year. Operating income declined 38.9%, to ¥63.6 billion, and ordinary income fell 36.1%, to ¥61.4 billion. After accounting for extraordinary items and deducting income taxes, we reported a net loss of ¥9.1 billion, compared with net income of ¥28.9 billion in fiscal 2010.

To explain briefly the loss, operations at the Chiba Refinery, which account for around 40% of the annual production volume of our four refineries, were suspended throughout the year. The shutdown of the Chiba Refinery led to an extremely difficult earnings situation for our petroleum business. By contrast, rising crude oil prices had a bolstering effect on our oil exploration and production business, which enabled us to maintain real ordinary income (excluding the impact of inventory valuation) at the stable level of ¥36.2 billion. Due to expenses associated with the Great East Japan Earthquake, however, we posted extraordinary losses of ¥22.7 billion, which regretfully resulted in a net loss of ¥9.1 billion.

While we responded to the disaster-affected area of the Tohoku Region immediately after the earthquake, our foremost priority was to fulfill our responsibility to ensure domestic supplies. Therefore, we increased production capacity at our other three refineries and stopped overseas exports. Although there was still a shortfall, we sought to boost supplies by importing oil into Japan and purchasing from other companies. The cost of finding alternative supplies through the aforementioned imports and purchases was ¥38.0 billion higher than the previous year, which was a major factor in our profit decline. Moreover, Cosmo Oil and other companies held substantial reserves to ensure stable supplies in the winter months. This had a loosening effect on the nationwide demand-supply balance and led to a ¥19.0 billion year-on-year decline in overall margins on petroleum products.

Nevertheless, the average price of crude oil for the year was in the US$110/barrel range, up US$26 from the previous year. In this context, the oil exploration and production business reported ordinary income of ¥52.0 billion, up ¥17.3 billion from fiscal 2010. However, this was insufficient to cover losses resulting from the shutdown of the Chiba Refinery.

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



Q:03 Resumption of operations at the Chiba Refinery is a major prerequisite for achieving a recovery in earnings going forward. Can you elaborate on those resumption plans?

Due to the fire that broke out in the wake of the Great East Japan Earthquake, 17 of the 25 LPG tanks at the Chiba Refinery were destroyed. We hope to complete reconstruction of the tanks in March 2013. Until then, we will make do with the eight remaining tanks.

In January 2012, we commissioned direct desulfurization units to produce heavy fuel oil C for thermal power generation plants. Subsequently, we restarted operation of two core topping units at the end of March and April, respectively.

As of this writing, plant operations have been halted for regularly scheduled maintenance and safety checks. Updates on the plant operating conditions will be provided on the Company website.

What initiatives are you taking to prevent a recurrence in the future?

On April 1, 2011, we set up an Accident Investigation Committee, which includes intellectuals from outside the Group, charged with identifying the cause of the fire and preventing a recurrence. At present, we are monitoring the Committee's progress and expanding coverage to our other refineries.

Upon deep reflection, we conclude that we had failed to conduct the appropriate risk assessments in preparation for emergencies and unusual situations. Accordingly, we are reinforcing our system of meticulous checking functions, including from outside perspectives. In my position as head of the Group, I plan to create a system that eliminates communication errors between administrative departments and refineries. We will also swiftly devise countermeasures for risks newly uncovered through input from external sources and local meetings, so that we have an air-tight system that is prepared for unprecedented events. In addition, we are reassessing the maintenance systems for all refineries and studying ways to strengthen them.

Q:04 The suspension of operations at the Chiba Refinery will cease having an impact in fiscal 2012. What are your performance forecasts for the year?

The greatest factor in achieving an earnings recovery in fiscal 2012 will be the elimination of alternative supply costs associated with restarting operations at the Chiba Refinery. We also look forward to a possible full-scale recommencement of exports. Meanwhile, other companies' refineries, where production was suspended due to the disaster, are also expected to resume full-scale production, which should lead to greater flexibility of production adjustments in the overall industry. The need to stockpile large amounts of inventory, as was the case in fiscal 2011, should dissipate, allowing margins for petroleum products to return to more appropriate levels.

Our consolidated forecasts for fiscal 2012 are net sales of ¥3,350 billion (up 7.7% year on year), operating income of ¥96.0 billion (up 51.0%), ordinary income of ¥94.0 billion (up 53.0%), and net income of ¥35.0 billion (from a net loss of ¥9.1 billion in fiscal 2011). These forecasts assume an average annual crude oil price of US$115/barrel and an average exchange rate of ¥80/US dollar.

Since other companies are also restarting their refining operations, isn't it possible that margins might instead deteriorate?

Three oil refineries suffered severe damage as a result of the disaster, including our Chiba Refinery. It took a considerable amount of time to completely restore each facility, but we don't think that the restarting of those refineries will lead to excess supply. Although each of the companies has experienced tough times when excess supply has hurt the bottom line, in fiscal 2011 they had no choice but to stockpile significant inventories, as they prioritized stable supplies of petroleum products to the nation, especially in the winter months. If the situation returns to normal, therefore, we would end up with a supply system that reflects demand depending on methods employed by the various companies. These include lowering production or shifting to exports in times of weak domestic demand. We anticipate domestic inventories will decline to optimal levels in fiscal 2012, resulting in the recovery of profit margins.

What is the progress status of your business rationalization measures, which were temporarily suspended by the earthquake?

Under our medium-term plan, we were targeting ¥25.0 billion in rationalization measures over the three-year period ending March 2013. This was to include cost-cutting efforts by sales and indirect departments and also by affiliates. At first, these measures progressed faster than planned, but due to the earthquake we do not expect to reach the target. Under our Fifth Medium-Term Management Plan, however, we will formulate new rationalization targets that include those carried over from the fourth plan, as we shift to a more robust earnings structure.

What are your thoughts about reinforcing your financial base?

Having completed investments in coking facilities aimed at raising the profitability of our petroleum business, we are laying the foundation for generating cash from our domestic operations. We will then use cash flows created from our core petroleum business to make reinvestments, mainly in petrochemicals and non-petroleum businesses. In the oil exploration and production business, where we derived exceptional cash flows thanks to high crude oil prices, we will reinvest in oil exploration. Step by step, we are building a sustainable growth structure for developing and advancing our business portfolio.

In the short term, however, disaster-related expenses, including the cost of suspending operations at the Chiba Refinery, have ballooned, and interest-bearing debt has also risen. In fiscal 2012, therefore, we will work hard to improve our financial position while exercising careful discretion in our selection of investments targeting growth. One of our most important priorities is to improve our equity ratio and otherwise reinforce our financial base.

Earnings, Financial and Management Targets under the Fourth Medium-Term Management Plan

Earnings Targets

(Billions of yen)

	FY2012 Target (Change from FY2009)	FY2012 Forecast	FY2011 Result	FY2010 Result
Net sales	2,643.0 (+30.9)	3,350.0	3,109.7	2,771.5
Operating income	69.0 (+34.8)	96.0	63.6	104.1
Ordinary income	65.0 (+28.6)	94.0	61.4	96.1
Operating income excluding the impact of inventory valuation	65.0 (+81.2)	94.0	36.2	73.8
Net income (loss)	33.0 (+43.7)	35.0	(9.1)	28.9

Financial and Management Targets

(Billions of yen)

	FY2012 Target (Change from FY2009)	FY2011 Result	FY2010 Result
Interest-bearing debt	602.0 (-175.7)	721.2	700.1
Shareholders' equity	374.0 (+58.3)	316.9	332.7
ROE (%)	9.1 (+12.4 points)	-2.8	8.9
Equity ratio (%)	25.4 (+6.2 points)	18.9	21.1
D/E ratio (times)	1.6 (-0.9 point)	2.3	2.1
Net D/E ratio (times)	1.3 (-0.4 point)	1.9	1.8

Q:05 What are your thoughts about capital strategies and shareholder returns over the medium and long terms?

The decline in earnings stemming from the shut-down of the Chiba Refinery was a temporary event, so we decided to maintain annual dividends at ¥8.00 per share for fiscal 2011, reflecting our policy of paying stable dividends.

In fiscal 2012, investments in the oil exploration and production business will expand as part of our capital strategy. However, we will study ways to provide even better shareholder returns while delivering improved business results.

Capital Expenditure Plan

(Billions of yen)

	FY2012 Forecast	FY2011 Result	Change
Petroleum Business	27.4	17.5	+9.9
Petrochemical Business	0.9	0.5	+0.4
Oil Exploration and Production Business	64.1	9.6	+54.5
Other	3.5	0.2	+3.3
Adjustment	-1.2	0.1	-1.3
Total	94.7	27.9	+66.8

Special Feature:
Growth Story in the Words of the President

INITIATIVES AIMED AT SUSTAINABLE GROWTH

In fiscal 2012, we will work to restore operations at the Chiba Refinery and further improve the competitiveness of our petroleum business. In the oil exploration and production business, we will increase our crude oil production volume and fortify our earnings bases overseas, including by advancing our petrochemical business in South Korea. These initiatives together represent the growth story of the Cosmo Oil Group.

Q:01 The oil exploration and production business is expected to contribute more and more to Group earnings. Can you please describe your growth strategies for this business?

The core areas for oil exploration and production are the United Arab Emirates (U.A.E.) and Qatar. Both regions are politically stable and have oil fields in shallow waters, bringing the advantages of lower risk and lower costs relative to oil exploration in deep waters. Our basic policy is to expand our oil exploration and production business by concentrating on already discovered areas as well as undeveloped areas with limited exploration and development risks.

What is your future production plan for the core areas?
Qatar Petroleum Development Co., Ltd. (QPD), in which Cosmo Oil has a 75% equity stake, began production at the A-South Oil Field in fiscal 2011, complementing production at its two existing oil fields. In fiscal 2012, QPD projects production volume of approximately 7,000 barrels/day.

In February 2011, Abu Dhabi Oil Co., Ltd. (ADOC), in which we have a 63% equity stake, obtained a 30-year renewal of its concession agreement covering three existing oil fields in the U.A.E. Owing to our long-standing partnership of trust with the Emirate of Abu Dhabi, we successfully concluded an agreement for a new concession area, the Hail Oil Field, which is anticipated to have similar production capacity to those of the three existing fields. Hail Field has the advantage of permitting cost reductions because it is located close to the other three fields, enabling us to use existing equipment and thus shorten the time to production. In fiscal 2012, ADOC estimates production volume of around 23,000 barrels/day.

Also in the U.A.E., United Petroleum Development Co., Ltd. (UPD), an equity-method affiliate in which Cosmo Oil has a 45% equity investment, is operating smoothly. In fiscal 2012, UPD projects production volume of around 12,000 barrels/day.

What is the exploration status in Australia, noted as a significant sub-core area?

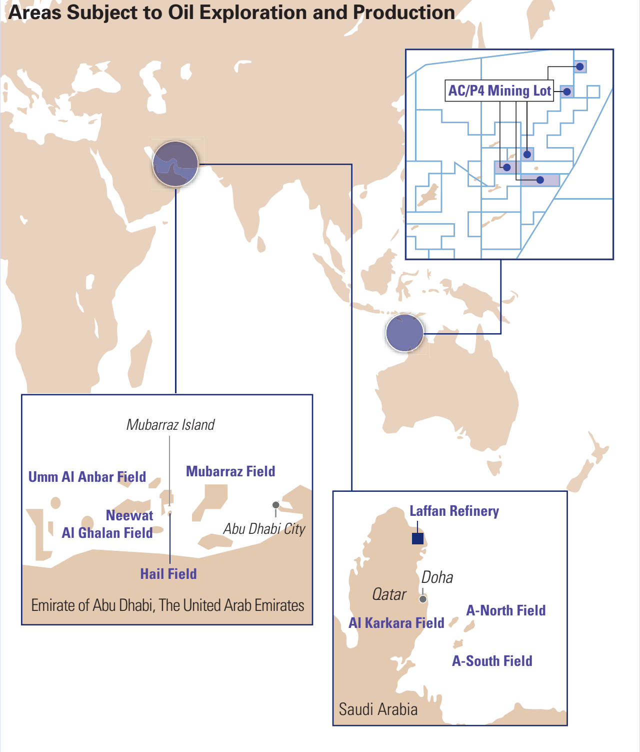
After conducting in-depth analytical work and other studies, we recently concluded that Australia's AC/P4 mining lot holds significant promise, with multiple structures potentially containing several tens of millions of barrels. At present, these are only theoretical calculations, but we are confident that recoverable reserves will be sufficient economically to warrant independent development. Therefore, we plan to drill exploration wells and, depending on the outcome, we will make a decision whether or not to continue exploration.

How high do you expect your equity crude oil production ratio to reach in the future?

Our current equity production ratio is around 5%,* but we aim to raise that figure to around 10% after starting production at the Hail Field in Abu Dhabi. Given that total crude oil imports into Japan are declining due to falling domestic demand, we feel that the equity production ratio may rise to just above 10% if we take into account the increase in the self-development of crude oil.

*Equity crude oil production ratio = Ratio of crude oil volume taken up by Cosmo Oil in proportion to its equity holdings to total crude oil imports.

Areas Subject to Oil Exploration and Production

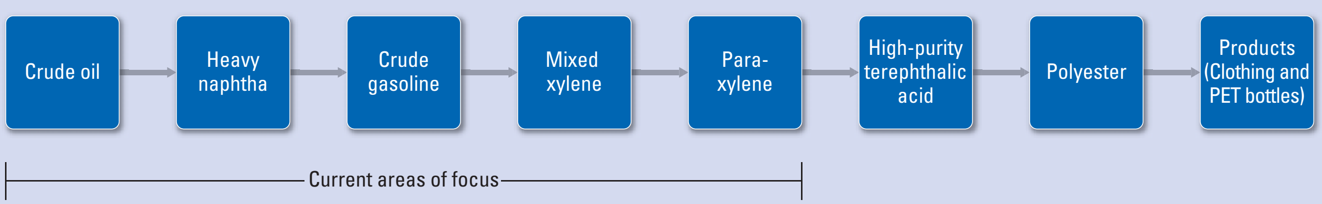


Q:02 Can you describe your growth strategies for the petrochemical business as a means to counter falling gasoline demand in Japan and a way to expand business overseas?

Demand for petroleum products is expected to continue declining in Japan due to improvements in automobile fuel efficiency and the rise of electric vehicles, as well as the nation's declining population and aging, low-birthrate society. By contrast, in countries like China and India, where economic growth is continuing, demand for polyester fiber, PET bottles, and other petrochemical products regarded as daily necessities is growing steadily. An important basic material for such products is para-xylene.

Cosmo Oil is looking to China, where 70% of the world's clothing is produced. By diverting surplus gasoline constituents in Japan to para-xylene production, we are targeting a new growth strategy for our petrochemical business.

Para-xylene Refining Process

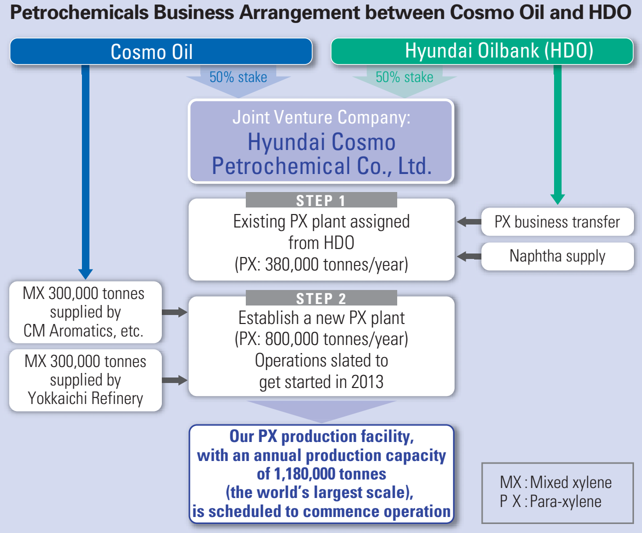


What specific initiatives are you taking?

In 2009, Cosmo Oil and South Korea-based Hyundai Oilbank Co., Ltd. (HDO) established a joint venture, Hyundai Cosmo Petrochemical Co., Ltd. (HCP), with Cosmo Oil holding a 50% equity stake. In addition to taking possession of an existing para-xylene production facility from HDO (annual capacity of 380,000 tonnes), HCP plans to build a new facility in 2012 with a capacity of 800,000 tonnes. This will raise HCP's production capacity to 1,180,000 tonnes, making South Korea home to one of the world's largest para-xylene production lines.

The Cosmo Oil Group also produces mixed xylene, a basic constituent of para-xylene, in Japan. At present, mixed xylene production is undertaken by our wholly owned subsidiary Cosmo Matsuyama Oil Co., Ltd. (annual capacity of 30,000 tonnes), and by CM Aromatics Co., Ltd. (annual capacity of 270,000 tonnes), which is located adjacent to the Chiba Refinery, where operations have been suspended due to the Great East Japan Earthquake. In 2011, we built a new mixed xylene production facility (annual capacity of 300,000 tonnes) within the Yokkaichi Refinery. Once operations are restarted at CM Aromatics in the latter half of FY2012, we plan to supply a total of 600,000 tonnes of mixed xylene to HCP in 2013.

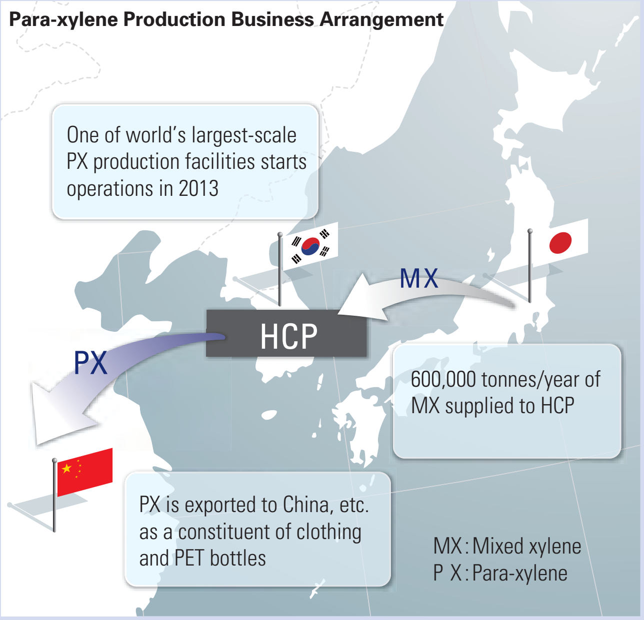
Petrochemicals Business Arrangement between Cosmo Oil and HDO



How do you view the status of the para-xylene market, given that competing companies have entered the business?

Demand for para-xylene is trending upwards, but past experience shows that the market moves in cycles of around three to five years, shifting from periods of over-supply to under-supply. Profit margins also change significantly in cycles. This is because product supply capacity increases in stages, while demand continues to grow moderately in a straight line. Major discrepancies in short-term earnings can emerge depending on the timing of entry into the business.

In 2013, the Cosmo Oil Group will commence operations at a new para-xylene production facility, one of the largest in the world in a single location. In China, the number of facilities making purified terephthalic acid (PTA), a basic constituent of para-xylene, is growing sharply, and we expect the demand-supply situation for para-xylene to tighten significantly in 2013. Taking advantage of this timing, Cosmo Oil will forge ahead with its plan to supply para-xylene. Of course, there are signs of economic slowdown in China, and other companies plan to make large-scale para-xylene production increases in 2014 and beyond. So we cannot dismiss the possibility that the market will soften. However, we feel that our advantage as a "first mover" will provide adequate benefits.



Are your mixed xylene and para-xylene businesses positioned to counter fluctuations in domestic demand for gasoline?

Earlier, I explained that the Cosmo Oil Group will produce 600,000 tonnes of mixed xylene, a basic constituent for para-xylene, in Japan in 2013. This is equivalent to 1.4 million kiloliters of gasoline. Since the Group sells around 6 million kiloliters of gasoline annually, if we diverted some gasoline reformate to the production of mixed xylene, we would be able to lower gasoline production by around 20%, enabling a flexible shift from "fuel" to "basic constituents."

With our integrated oil refining and petrochemical production system, covering everything from crude oil to para-xylene, we are able to raise profitability across the entire value chain.

Q:03 What kind of activities are you undertaking in new businesses outside of the petroleum domain?

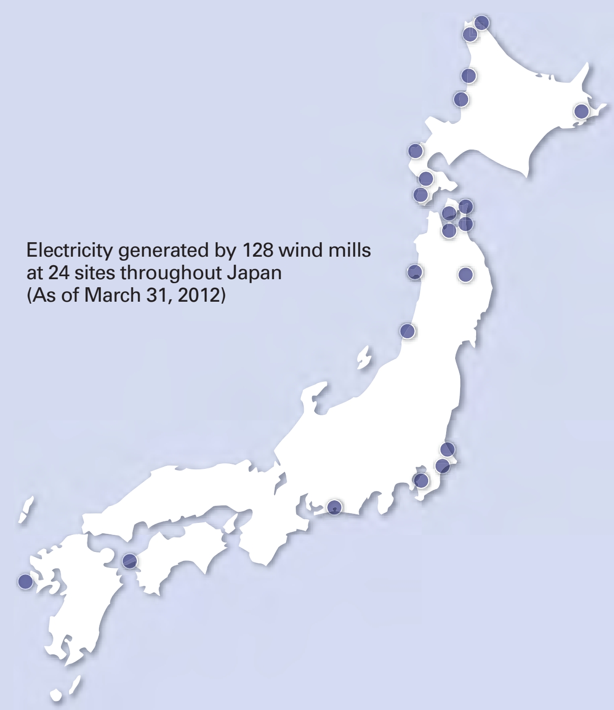
Since our foremost mission is to ensure stable supplies of energy, we are also involved in the renewable energy sector. For example, we entered the wind power generation business in 2010 when we acquired EcoPower Co., Ltd., from Ebara Corporation. As of March 31, 2012, EcoPower operated 128 wind turbines in 24 sites, with a total generation capacity of approximately 140,000 kilowatts, making it the fourth-largest wind power generation company in Japan.

Can you describe the profitability status of the wind power generation business?

EcoPower turned a profit just one year after being acquired, but this business has not made a significant contribution to Group income. The extent to which the equipment utilization rate can be raised, in other words, the ability to minimize suspension of operations due to troubles is a factor that directly affects the profitability of this business. EcoPower's achievement of profitability in just one year underscores the success of its maintenance capabilities.

Japan has introduced a feed-in tariff (FIT) scheme covering all electricity generated from renewable sources. The FIT scheme is also applicable to previously installed systems. This is expected to bring greater opportunities for the wind power generation business. Seeking to boost the earnings of this business, we are currently examining three new sites in Japan as potential locations for wind power business development. We will increase the speed of such studies while considering our capital expenditure balance.

Main Wind Power Generation Sites Operated by EcoPower



You are also active in the ALA business, which bears no relationship with energy. How did you become involved in this area?

ALA (5-Amino Levulinic Acid) is a type of amino acid that has been around since life on earth began around 3.6 billion years ago. It is said to be essential for sustaining life. Because it exists in the human body, therefore, it is by no means an unusual substance. Until now, however, ALA was used only as a reagent in laboratory experiments for research purposes, due to the difficulty of producing this substance in large quantities.

Back in the latter half of the 1980s, when Cosmo Oil was seeking to diversify its operations, the Company devoted attention to biotechnological research. As part of this effort, we focused on developing methods to realize low-cost volume production of ALA, and we obtained a manufacturing technology patent in 2000. As a result, ALA production costs have since declined while applications for this substance in fertilizers, animal feed, pharmaceuticals, cosmetics, and health food products have expanded, opening up new market opportunities. At present, Cosmo Oil accounts for around 80% of the world's supply of ALA as an active ingredient.

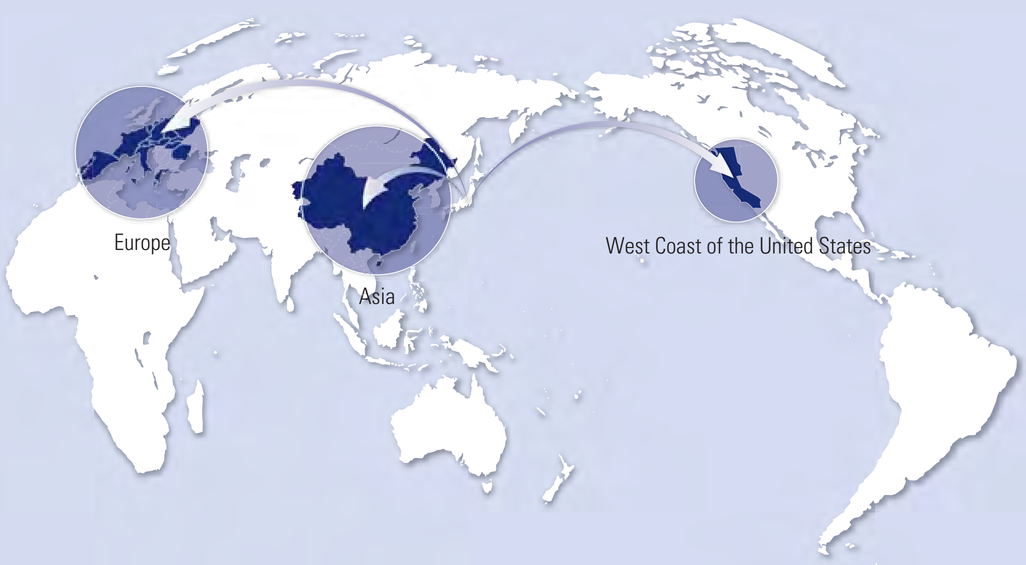
What is the progress status of your ALA business development?

We set up a wholly owned subsidiary, Cosmo Seiwa Agriculture Co., Ltd., to develop agricultural fertilizers. That company has since developed the world's first functional liquid fertilizer containing ALA. In addition to Japan, it has also built a sales network covering Europe, including the Netherlands and Germany, and is looking to launch sales in other major agricultural nations, namely the United States and China.

Cosmo Oil also has a joint business agreement with Milbon Co., Ltd., a Japanese maker of hair treatment products. Under the agreement, we are developing and manufacturing hair-growth agents using ALA, and we have already filed an application to the Ministry of Health, Labour and Welfare for assignment of "quasi drug" designation.

In cosmetics and health food products, SBI Pharmaceuticals Co., Ltd., a joint venture with SBI Holdings, Inc. in which Cosmo Oil has an approximately 14.4% equity position, develops cosmetics and health food products using ALA as an active ingredient supplied by Cosmo Oil. In the field of pharmaceuticals, as well, SBI Pharmaceuticals has commenced intraoperative diagnosis of encephaloma and clinical trials of cancer treatment.

Major Overseas Markets for ALA



Review of Operations:
At a Glance

	NET SALES	OPERATING INCOME(LOSS)

OIL EXPLORATION AND PRODUCTION BUSINESS

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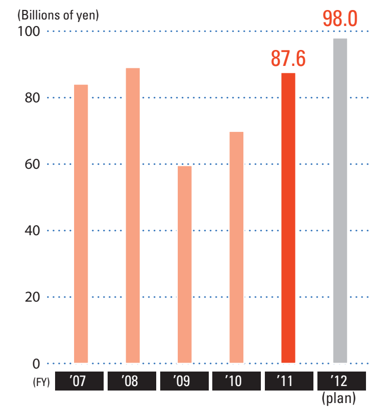

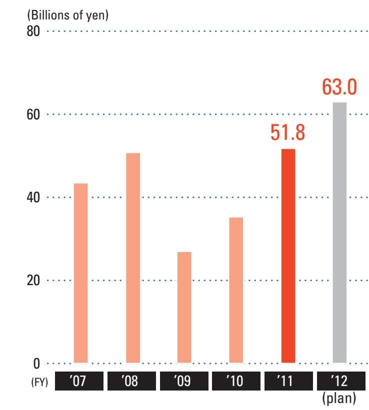

PETROLEUM BUSINESS

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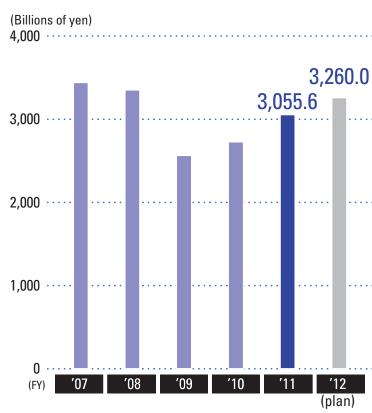
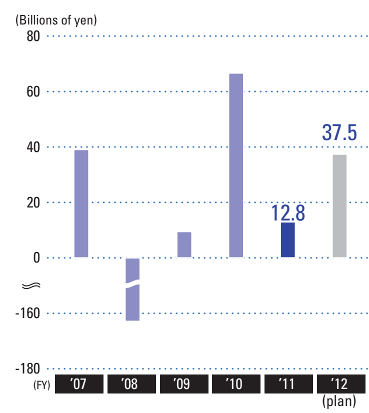
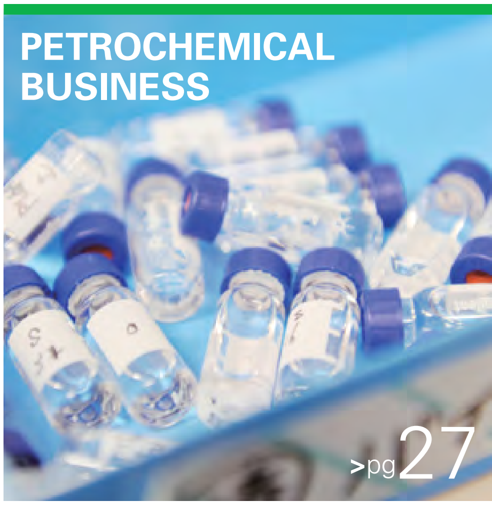




The Petrochemical Business, which had previously been included in the Petroleum Business segment, was made a separate segment from FY2010.

PETROCHEMICAL BUSINESS



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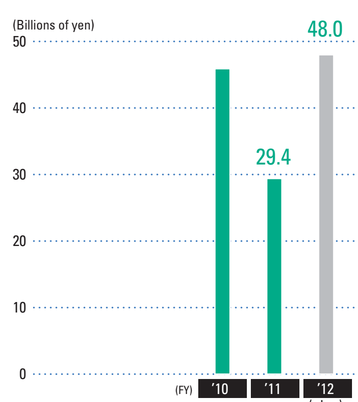
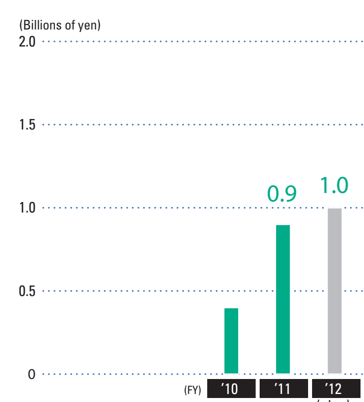




OVERVIEW	THE UNIQUE FEATURES OF EACH BUSINESS

Oil Exploration and Production Business

Overview

- The core area for the Cosmo Oil Group is the Middle East. In the United Arab Emirates (U.A.E.), we are engaged in oil exploration and production through Abu Dhabi Oil Co., Ltd. (ADOC), and United Petroleum Development Co., Ltd. In Qatar, we conduct such activities through Qatar Petroleum Development Co., Ltd.
- In Australia, a sub-core area for the Cosmo Oil Group, oil exploration is conducted by Cosmo Oil Ashmore Ltd.

The Unique Features of Each Business

- **Solid ties with oil-producing nations** — For over 40 years, the Cosmo Oil Group has built unshakable relationships of trust with oil-producing nations. For example, we recently obtained renewal of ADOC's Concession Agreement in February 2011 for a 30-year extension and acquired a new concession area. Our close ties with oil-producing nations provide a firm foundation for stable earnings over the long term, backed by steady crude oil production and peaking oil prices.

Petroleum Business

Petroleum Refining and Sales

- We refine crude oil imported from oil-producing countries into gasoline and other petroleum products at four refineries in Japan, which are located in Chiba, Yokkaichi, Sakai, and Sakaide. In addition to direct sales of refined products to large users in Japan, we sell on a wholesale basis to service station operators, as well as to our sales subsidiaries. Overseas, we mainly export our diesel fuel products to the West Coast of the United States, Chile, Oceania and elsewhere.

The Unique Features of Each Business

- **Cutting-edge coker facilities** — Cosmo Oil began full-scale operation of heavy oil cracking facilities (coker unit) at the Sakai Refinery in FY2010. By permitting more efficient production of high-value-added products from relatively cheap crude oil, this facility will help improve the Group's overall profitability.
- **A rock-solid customer base** — Self-service stations boast a high degree of sales efficiency. In Japan, Cosmo Oil is ahead of the industry average with respect to the proportion of self-service stations in its network. We have a rock-solid customer base built on customer brand loyalty, as evidenced by our industry-leading card membership rate.
- **Stable sales network around the Pacific Rim** — Regarding overseas sales operations, Cosmo Oil has formed direct, long-term contracts with end users in overseas regions where environmental regulations are strict and barriers to entry high. This gives us strong, stable sales channels that are resilient to changing market conditions.

Other

- We are developing business for 5-Amino Levulinic Acid (ALA), which has broad potential applications in such areas as pharmaceuticals and fertilizers.

The Unique Features of Each Business

- **Technologies enabling low-cost volume production of ALA** — Cosmo Oil has proprietary technologies allowing the low-cost volume production of ALA, which represents a core new business. We are currently tapping markets for products that use ALA.

Petrochemical Business

Overview

- In Japan, petrochemical products are manufactured and sold by Cosmo Matsuyama Oil Co., Ltd., CM Aromatics Co., Ltd., and Maruzen Petrochemical Co., Ltd. Also, in South Korea, Hyundai Cosmo Petrochemical Co., Ltd., a joint venture with Hyundai Oilbank Co., Ltd. (HDO), began production and sale of petrochemical products.

The Unique Features of Each Business

- **Largest-scale production facility for para-xylene** — Cosmo Oil entered the para-xylene business through a joint venture with HDO. We are now constructing one of the world's largest-scale production facilities for para-xylene (Planned for completion in the latter half of 2012). After construction, the Company plans to utilize merit of scale to become highly cost competitive.

Other Businesses

Overview

- EcoPower Co., Ltd. operates in the wind power generation business in Japan.
- Cosmo Oil Group is engaged in the construction of petroleum-related facilities, leasing, and insurance sales.

The Unique Features of Each Business

- Stable earnings can be obtained in businesses which are less subject to fluctuations in crude oil prices.

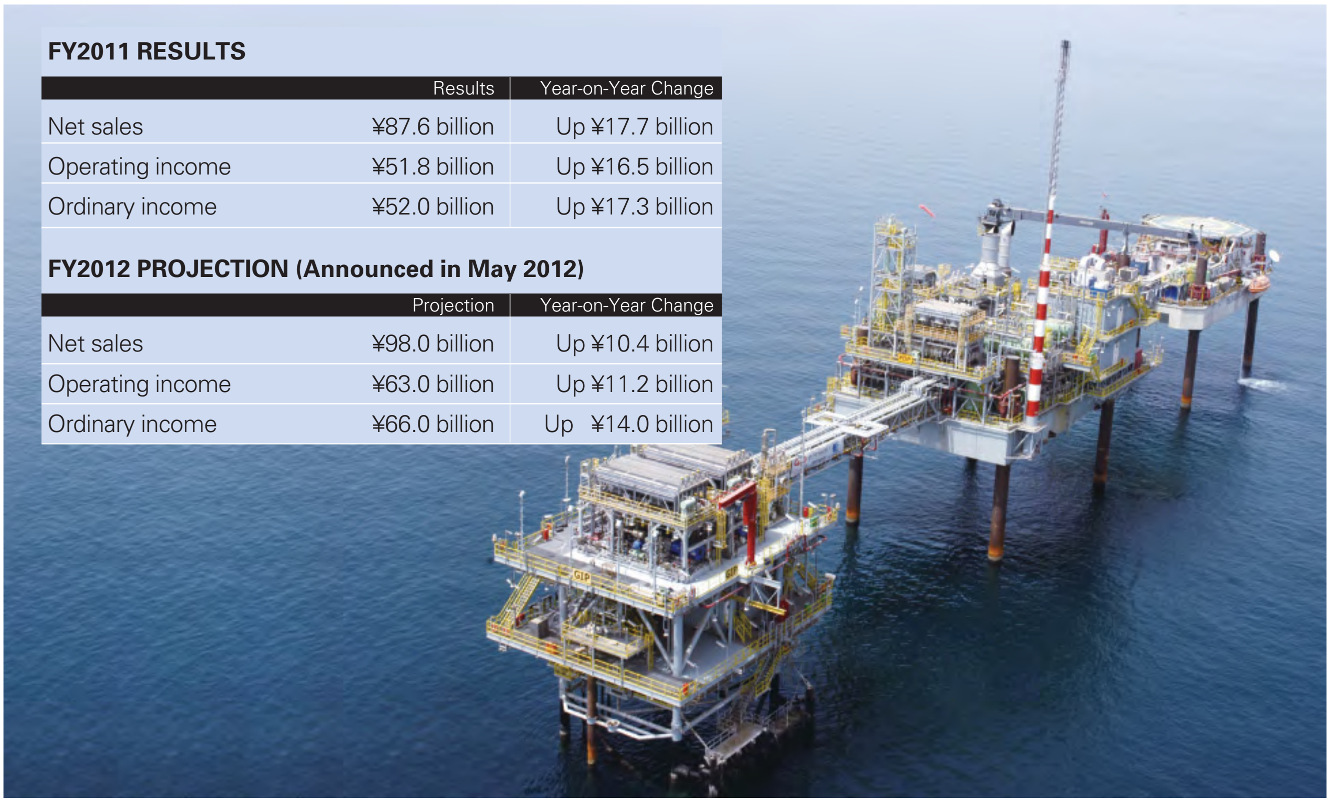
Review of Operations:
Oil Exploration and Production Business

FY2011 RESULTS

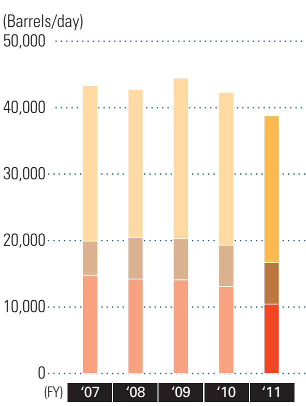
	Results	Year-on-Year Change
Net sales	¥87.6 billion	Up ¥17.7 billion
Operating income	¥51.8 billion	Up ¥16.5 billion
Ordinary income	¥52.0 billion	Up ¥17.3 billion

FY2012 PROJECTION (Announced in May 2012)

	Projection	Year-on-Year Change
Net sales	¥98.0 billion	Up ¥10.4 billion
Operating income	¥63.0 billion	Up ¥11.2 billion
Ordinary income	¥66.0 billion	Up ¥14.0 billion



Crude Oil Production by the Three Project Companies



Abu Dhabi Oil Co., Ltd.
Qatar Petroleum Development Co., Ltd.
United Petroleum Development Co., Ltd.

Notes: 1. Average production volume during the term for the three companies combined
2. Production volume from January to December 2011

STRATEGIES

The Oil Exploration and Production Business will strive to increase the total crude oil production volume through the stable operation of existing oil fields and the development of newly discovered fields, underpinned by the Group's relationships with oil-producing nations.

FY2011 PERFORMANCE

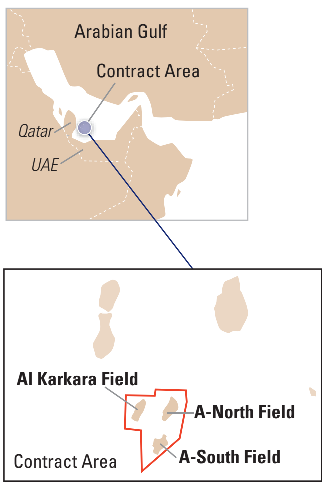
In the year under review, total oil production by the three project companies in the Cosmo Oil Group amounted to 38,678 barrels/day, down 8.2% from the previous year. This decline stemmed mainly from temporary production problems at Abu Dhabi Oil Co., Ltd. (ADOC), and United Petroleum Development Co., Ltd. (UPD).

Dubai crude oil averaged US$110/barrel for the year, up about US$26 from fiscal 2010. Contributing factors included soaring demand from emerging nations and rising tensions over Iran.

Against this backdrop, an increase in earnings owing to soaring crude oil prices more than compensated for the fall in earnings due to a decline in production. As a result, the

Oil Exploration and Production Business segment posted a ¥17.7 billion year-on-year increase in net sales, to ¥87.6 billion, and a ¥17.3 billion rise in ordinary income, to ¥52.0 billion.

Mine Lot Map in Qatar



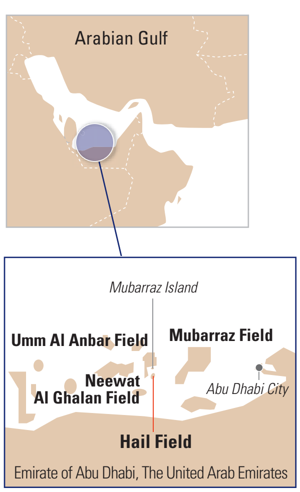
OUTLOOK FOR FY2012

In the year ending March 2013, we forecast higher production volumes owing to the resolution of production problems and increased production at the new oil field operated by Qatar Petroleum Development Co., Ltd. (QPD). Accordingly, we forecast further increases in segment revenue and earnings, with projected net sales of ¥98.0 billion, up ¥10.4 billion from the previous year, and ordinary income of ¥66.0 billion, up ¥14.0 billion. These forecasts assume an average crude oil price (Dubai crude oil) of US$115/barrel and an exchange rate of ¥80.00 per U.S. dollar.

In the Middle East, we will work hard to boost oil production from the A-South Oil Field, which QPD began operating in April 2011. At the Hail Oil Field recently acquired by ADOC, preparations are underway with a view to commencing production as soon as possible.

In Australia, meanwhile, recent results of testing and analysis of the AC/P4 mining claim indicate the existence of ample reserves to warrant sufficient profitability under sole development. Going forward, we plan to drill exploratory wells, and once we have studied the results, we will make a decision on whether to proceed with development.

Mine Lot Map in Abu Dhabi



CRUDE OIL PRODUCTION BY COSMO OIL GROUP PROJECT COMPANIES IN CORE AREAS

(Barrels/day)

Company	Oil fields currently producing	2011	2010	Change	Investment ratio
ADOC	•Mubarraz Field •Umm Al Anbar Field •Neewat Al Ghalan Field	22,059	22,909	-3.7%	63%
QPD	•A- North Field •Al Karkara Field •A- South Field	6,208	6,236	- 0.4%	75%
UPD	•El Bunduq Field	10,411	13,009	-20.0%	45%
Total for the three companies		38,678	42,154	-8.2%	

* Production volumes: The average annual production volumes for each of the three project companies (production volumes are for the calendar year, as all three companies have book-closing periods ending in December).
* On July 20, 2010, the investment ratio for QPD decreased from 85.7% to 75.0%.
* On March 29, 2010, the investment ratio for UPD increased from 35.0% to 45.0%.

Review of Operations:
Petroleum Business

FY2011 RESULTS

	Results	Year-on-Year Change
Net sales	¥3,055.6 billion	Up ¥326.8 billion
Operating income	¥12.8 billion	Down ¥53.5 billion
Ordinary income	¥8.0 billion	Down ¥50.4 billion
Impact of inventory valuation	¥25.2 billion	Up ¥2.9 billion

FY2012 PROJECTION (Announced in May 2012)

	Projection	Year-on-Year Change
Net sales	¥3,260.0 billion	Up ¥204.4 billion
Operating income	¥37.5 billion	Up ¥24.7 billion
Ordinary income	¥30.0 billion	Up ¥22.0 billion
Impact of inventory valuation	¥0.0 billion	Down ¥25.2 billion

STRATEGIES

With the full-scale resumption of operations at the Chiba Refinery, the Petroleum Business will strive to return to profitability by aggressively increasing export volumes and optimizing petroleum product profit margins by responding flexibly to supply-demand conditions.

FY2011 PERFORMANCE

In FY2011, regarding the total domestic sales volume of petroleum products, demand from thermal power plants for heavy fuel oil C increased as a result of the suspension of operations at nuclear power plants throughout Japan due to the impact of the Great East Japan Earthquake. Demand for diesel fuel also rose on the back of reconstruction-related demand. However, the sales volumes of gasoline and other oil products declined due to the spread of cars with high fuel economy and conversion to other fuel sources.

Export volumes fell 81.4% year on year. This huge decrease was inevitable given the low volume available for export due to the suspension of operations at the Chiba Refinery. The temporary shutdown also resulted in a ¥38.0 billion year-on-year increase in the cost of alternative supplies. We reported a ¥19.0 billion decline in the profit margin on petroleum products. This was primarily due to an easing in the supply-demand balance nationwide, stemming from the increased stockpiling of inventories by oil companies to enable stable supply during the winter season.

As a result, the Petroleum Business segment posted net sales of ¥3,055.6 billion, up ¥326.8 billion, owing to high crude oil prices. The segment posted ordinary income of ¥8.0 billion, down ¥50.4 billion from FY2010, which included a ¥25.2 billion inventory valuation gain.

OUTLOOK FOR FY2012

In the year ending March 2013, demand from thermal power plants for heavy fuel oil C is expected to continue rising. Accordingly, we project a 2.1% increase in the total domestic sales volume of petroleum products. As for exports, assuming the resumption of operations at the Chiba Refinery and the recovery of sufficient levels of production to allow for exports, we expect to achieve exports of approximately 2 million kiloliters of middle distillates, approximately a ten-fold increase compared with FY2011.

We project an improvement in the profit margin on petroleum products owing to an export-driven optimization of the supply-demand situation and a decline in alternative supply costs due to the reopening of the Chiba Refinery.

As a result, in FY2012, we forecast segment net sales of ¥3,260.0 billion, up ¥204.4 billion, and ordinary income of ¥30.0 billion, up ¥22.0 billion.

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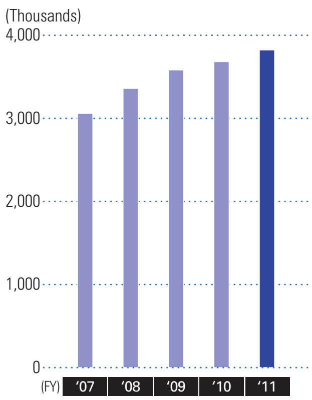
COSMO OIL'S TOTAL SALES VOLUME AND ESTIMATES (ANNOUNCED IN MAY 2012)

(Thousand kiloliters)

	FY2011	FY2010	Change	FY2012 Estimate (% change from FY2011)
Domestic sales	24,732	24,950	-0.9%	+2.1%
Gasoline	6,249	6,316	-1.1%	+0.4%
Kerosene	2,416	2,442	-1.1%	-1.9%
Diesel fuel	4,615	4,462	+3.4%	-1.4%
Heavy fuel oil A	2,196	2,429	-9.6%	-9.5%
Naphtha	6,224	6,693	-7.0%	+7.4%
Jet fuel	477	533	-10.5%	+3.3%
Heavy fuel oil C	2,555	2,075	+23.1%	+12.9%
Middle distillate export volume (Diesel fuel and jet fuel)	209	1,125	-81.4%	+849.2%
Total sales volume	37,094	38,825	-4.5%	+5.9%

Number of Active Cosmo the Card (Credit Cards)



MAIN INITIATIVES

Reinforce Safe and Stable Refinery Operations

In the wake of a fire that broke out in the LPG tank yard at the Chiba Refinery, the Company established an Accident Investigation Committee to determine the cause of the accident. The Committee has since formulated an action plan to prevent the recurrence of a similar event. At present, we are managing the progress of further safety measures, which we are also rolling out to the Group's other refineries. We will promptly devise measures to address new risks that have come to light. In addition to being fully prepared for all possible full-scale disasters and reviewing maintenance systems at all Group refineries, we plan to continue reinforcing safety measures.

Develop Stable Overseas Sales Channels

The suspension of operations at the Chiba Refinery resulted in a significant decline in export volumes in FY2011. Owing to the long-term contracts we have with overseas customers, in the wake of the refinery's closure we worked hard to procure products from Japan and overseas to continue supplying to our customers and maintain these long-term contracts.

In FY2012, once operations at the Chiba Refinery resume, the Group will recommence full-scale exporting. Consequently, we will actively pursue exports centering on the stable overseas sales channels we maintained in FY2011.

Bolstering the Competitiveness of Cosmo Oil's Service Stations

Amid ongoing declines in domestic demand for gasoline and diesel fuel, we are working to enhance the competitiveness of our service stations in order to ensure stable sales channels in Japan.

In order to increase the number of regular customers, we will boost Cosmo the Card credit card membership, which can be used to purchase fuel and car-care products. We are steadily building a rock-solid customer base, which increased by 260,000 in the year under review, to approximately 3,810,000 cardholders.

In addition, with the commencement of our new business Cosmo B-cle Lease, we not only supply fuel at our service stations but also offer customers a complete package of services—from vehicle sales through to routine car maintenance. By encouraging customer loyalty in this way, we will continue improving the profitability of our service stations.

Review of Operations: Petrochemical Business

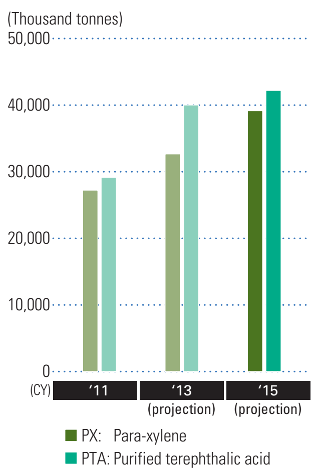
FY2011 RESULTS

	Results	Year-on-Year Change
Net sales	¥29.4 billion	Down ¥16.5 billion
Operating income	¥0.9 billion	Up ¥0.5 billion
Ordinary income	¥2.1 billion	Up ¥2.4 billion
Impact of inventory valuation	¥0.0 billion	¥0.0 billion

FY2012 PROJECTION (Announced in May 2012)

	Results	Year-on-Year Change
Net sales	¥48.0 billion	Up ¥18.6 billion
Operating income	¥1.0 billion	Up ¥0.1 billion
Ordinary income	¥2.5 billion	Up ¥0.4 billion
Impact of inventory valuation	¥0.0 billion	¥0.0 billion

PX/PTA Production Capacity



* Production capacity in the Asia, Oceania and Middle East regions
* The above chart developed by Cosmo Oil by referring to CMAI, Chemical Daily, etc.

STRATEGIES

Amid declining domestic demand for gasoline, the Petrochemical Business will endeavor to stem the decrease in demand for its products and improve profitability. We will do this by accelerating the shift to the production of para-xylene and its main ingredient, mixed xylene.

FY2011 PERFORMANCE

Damage caused by the Great East Japan Earthquake resulted in the closure of two facilities. One is the methyl ethyl ketone production facility used to manufacture inks, belonging to equity-method affiliate Maruzen Petrochemical Co., Ltd. The other is the mixed xylene production facility owned by CM Aromatics Co., Ltd., which is situated next to the Chiba Refinery and has an annual production capacity of 270,000 tonnes/year.

Meanwhile, the mixed xylene distillation facility at the Yokkaichi Refinery was completed on schedule in November 2011. The facility, which has an annual production capacity of 300,000 tonnes, began full-scale operation from fiscal 2012.

As a result, in the year under review, the Petrochemical Business reported ordinary income of ¥2.1 billion, a significant increase of ¥2.4 billion from the previous year. Improved earnings by South Korean equity-method affiliate Hyundai Cosmo Petrochemical Co., Ltd. (HCP) , a 50-50 joint venture in South Korea, owing mainly to a healthier para-xylene market, contributed to the segment's solid performance.

Expansion of the Aromatics Business

Expand mixed xylene production
Existing 300,000 tonnes + new facility with 300,000-tonne capacity (began operating in April 2012) → 600,000 tonnes
Expand para-xylene production
Existing 380,000 tonnes + new facility with 800,000-tonne capacity (scheduled to start production in 2013) → 1.18 million tonnes

OUTLOOK FOR FY2012

Maruzen Petrochemical's methyl ethyl ketone production facility, which suspended operations due to damage caused by the Great East Japan Earthquake, is already back in production. The plant belonging to CM Aromatics is scheduled to resume operation in the second half of the term. As a result of the aforementioned, in FY2012 we forecast an ¥18.6 billion year-on-year increase in segment net sales, to ¥48.0 billion, and a ¥0.4 billion rise in ordinary income, to ¥2.5 billion.

In emerging economies in Asia, particularly China, production capacity for purified terephthalic acid (PTA), which is used to make polyester fiber, is increasing. This growth in demand is expected to put pressure on the supply of para-xylene, which is used to make PTA. HCP intends to take advantage of this opportunity by completing construction of the world's largest-scale para-xylene production facility by the end of 2012. The plant, which is being built by HCP, is scheduled to commence production in 2013.

Review of Operations:
New Businesses

STRATEGIES

In new businesses, the Cosmo Oil Group is focusing on renewable energy and ALA.

EcoPower's Wind Power Mills

WIND POWER GENERATION BUSINESS

In March 2010, the Group acquired EcoPower Co., Ltd. Since then, improvements to maintenance have boosted the utilization rate and enabled that company to turn a profit.

At present, with annual generation capacity of around 140,000 kilowatts, EcoPower is Japan's fourth-largest wind power generator. Business opportunities in the wind power generation field are expected to increase owing to recent legislation that introduced a buyback system for all power produced using renewable energy sources. EcoPower has already begun examining three potential development sites in Japan, and will accelerate such steps while taking capital investment into consideration.

"PENTA GARDEN Value for Vegetables and Fruits" suitable for fruits and vegetables growing (left)
"PENTA GARDEN Pro One-Push" for keen home gardeners (right)

ALA BUSINESS

ALA (5-Amino Levulinic Acid) is a naturally occurring amino acid present in all living organisms. Proprietary technology for a fermentation process developed by the Cosmo Oil Group has enabled mass production of this substance. There are many applications for ALA, including fertilizers, animal feed, pharmaceuticals, cosmetics and health food products. The Group is currently developing products made using ALA through joint ventures.

In FY2011, we expanded our lineup of liquid fertilizers containing ALA for home gardening. Fertilizers containing ALA already have an excellent reputation not only in Japan, but also in Europe and other parts of the world. We are considering selling this product to the United States and China, the biggest consumer of fertilizer in the world, in the future.

Cosmo Oil has a stake of nearly 14.4% in SBI Pharmaceutical Co., Ltd. (SBI Pharma), a joint venture with SBI Holdings, Inc. SBI Pharma conducts research on medical supplements that contain ALA and is developing medicines that use ALA characteristics to enable intraoperative diagnosis and treatment of brain cancer and other kinds of cancer lesions. We supply ALA as an active ingredient to SBI Pharma.

Overview of ALA Operations

Corporate Governance/CSR:
CSR Management

COSMO OIL GROUP MANAGEMENT VISION AND CSR MANAGEMENT

COSMO OIL GROUP MANAGEMENT VISION

In striving for harmony and symbiosis between our planet, humankind, and society, we aim for sustainable growth toward a future of limitless possibilities.

Harmony and Symbiosis

- Harmony and Symbiosis with the Global Environment
- Harmony and Symbiosis between Energy and Society
- Harmony and Symbiosis between Companies and Society

Creating Future Value

- Creating the Value of "Customer First"
- Creating Value from the Diverse Ideas of the Individual
- Creating Value by Expressing Collective Wisdom

Management Vision

Cosmo Oil Group Code of Conduct

- Live up to customer expectations concerning reliability and satisfaction
- We aspire to become a safe, accident-free company
- We value people
- We take care of the global environment
- We value communications with society
- We strive to maintain our position as an honest company

Consolidated Medium-Term CSR Management Plan

- Improve functioning of CSR promotion structure
- Strengthen safety management
- Enhance human rights/personnel policies
- Promote environmental initiatives
- Promote communication activities that respond to society

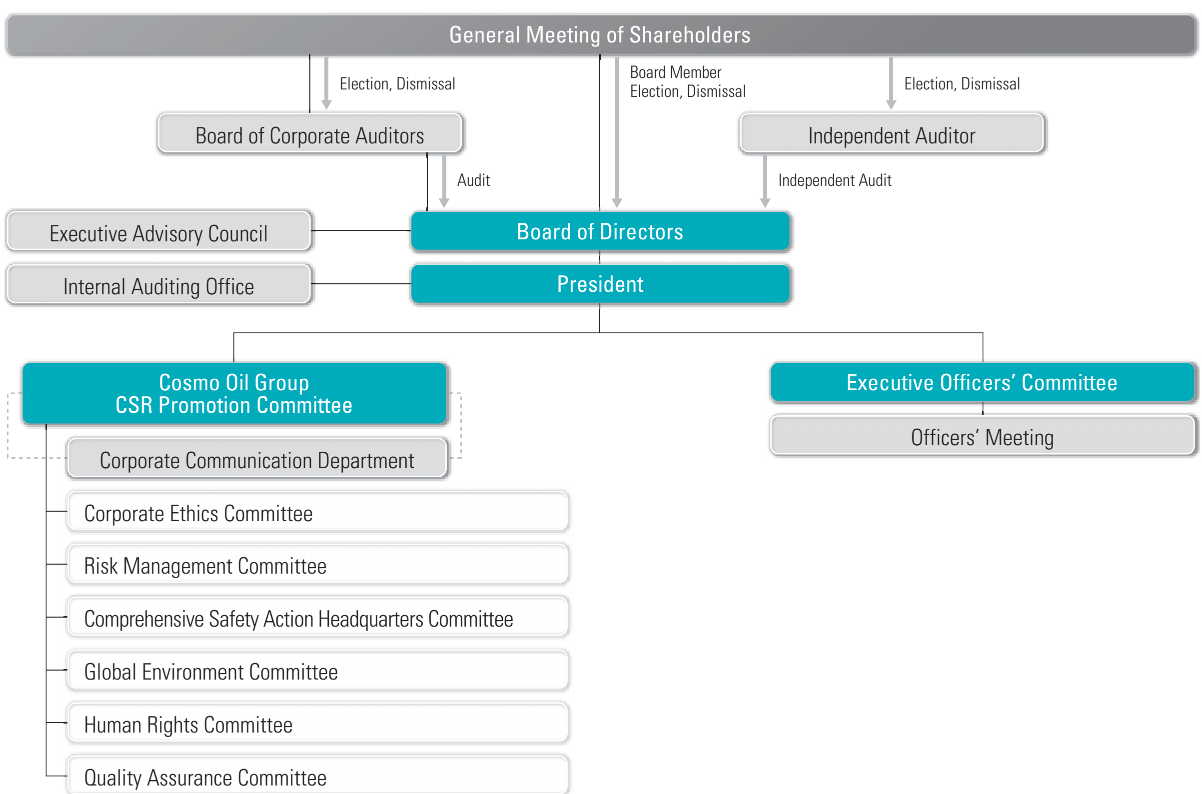
Corporate Governance

BASIC STANCE ON CORPORATE GOVERNANCE

Aiming to satisfy the requirements of investors and all other stakeholders to the utmost, we seek to achieve corporate governance that "manages operations more transparently and efficiently, implements decisions swiftly, and thoroughly scrutinizes risk management and compliance." We have established the Cosmo Oil Group Management Vision, and the Cosmo Oil Group Code of Conduct, which serve as our guiding principles for achieving our goals.

The Group recognizes that the standards of corporate governance are susceptible to change along with global trends and revisions to corporate legislation. Accordingly, while keeping an eye on these trends, we will continue to examine the best possible system for the Group by drawing on cases of excellent corporate governance systems in other countries.

Corporate governance structure (As of June 26, 2012)



Note: Each of these committees receives management support from relevant departments.

CORPORATE GOVERNANCE STRUCTURE, MEASURES AND IMPLEMENTATION STATUS

DIRECTORS AND BOARD OF DIRECTORS

• Board of Directors

The Board of Directors is the Group's top decision-making organ. It is responsible for resolving legal and regulatory issues and items in the Articles of Incorporation. The Board also establishes management policy and supervises directors' execution of business duties.

To enable prompt decision-making on management-related matters, we have set the maximum number of directors at 15.

• Appointment and Term

A provision in the Articles of Incorporation stipulates that directors shall be appointed by a method other than accumulative voting.

In order to clarify evaluation and responsibility for fiscal year results, the term of appointment has been shortened to the period from appointment through to the conclusion of the general meeting of shareholders held to finalize matters regarding the fiscal year that ends within a year of a director's appointment.

• Outside Directors

Two of the Board's 10 directors are appointed from outside the Group. Although outside directors do not have dedicated staff, they have immediate access to necessary information via the Corporate Planning Department.

• Separation of Roles of Chairman and President

Under the structure adopted by the Cosmo Oil Group, the Chairman heads meetings of the Board of Directors (except when concurrently president).

• Frequency and Attendance

Regulations governing the Board of Directors stipulate that in principle meetings are to be held once monthly, and that extraordinary meetings are to be held when necessary. At meetings, directors make decisions on important management-related matters and examine progress on business initiatives and measures for resolving problems.

In the period from the 2011 Ordinary General Meeting of Shareholders to the 2012 General Meeting, the Board of Directors met on 13 occasions. Major topics covered at these meetings included the future direction of oil exploration and development projects in Australia. Reports on sales, imports and exports, supply and demand, and monthly income summaries were presented at each meeting.

Directors		Board of Directors (13 times) Attendance Ratio*	
8 Directors		100%	
2 Outside Directors	Mohamed Al Hamli	69%	9 of 13
	Nasser Alsowaidi	38%	5 of 13

* Attendance ratios are calculated for the period from the Ordinary General Meeting of Shareholders, held on June 23, 2011, to the General Meeting held on June 26, 2012.

• Nominations and Evaluation by the Executive Advisory Council

The Council is responsible for evaluating the performance of directors, determining director remuneration, and deliberating on the selection of directors and auditors nominated for election at general meetings of shareholders. As an organ responsible for clarifying responsibility for management outcomes, the Council has been separated from the Board of Directors to ensure greater fairness and transparency.

	Remuneration
Remuneration for 12 Directors*	¥365.7 million
Remuneration for 4 Outside Directors included in the above	¥24.0 million

* Includes two directors (including two outside directors) who retired upon the completion of the 105th Ordinary General Meeting of Shareholders held on June 23, 2011.
Payments to directors exclude employee bonuses paid to directors who are also employees.

EXECUTIVE OFFICER SYSTEM

The Company has introduced an executive officer system to separate management oversight and business execution, as well as to facilitate swift responses to changes in the operating environment. To clarify the roles and responsibilities of "Directors" in charge of decision-making and management oversight and those of "Executive Officers" in charge of business execution, beginning on June 6, 2010, the Group began appointing, as necessary, individuals to the executive officer positions of "Chief Executive Officer" and "Executive Vice President."

• Appointment and Term

The Board of Directors appoints executive officers recommended by the Executive Advisory Council for one-year terms. The executive officers work under the Board of Directors and the president.

Important decision-making, deliberation, and information sharing concerning the execution of business are the responsibilities of the following committees.

Executive Officers' Committee

This committee is charged with making decisions and deliberating on basic policies and important matters concerning the execution of business in accordance with basic management policies determined by the Board of Directors. Regulations governing the Committee stipulate that it meets once weekly, and that additional meetings are convened as required. With the president as the chair of the committee, its membership comprises executive officers and auditors nominated by the President.

Officers' Meeting

This group was established below the Executive Officers' Committee to ensure the swift Group-wide implementation of matters decided by the Executive Officers' Committee. The Officers' Meeting convenes once monthly.

AUDITORS

• Board of Corporate Auditors

Members of the Board of Corporate Auditors attend Board of Directors' meetings and Executive Officers' Committee meetings to monitor the execution of business activities by directors and executive officers. They conduct effective audits in a fair manner by working closely with accounting auditors, internal audit entities, and the auditors of affiliates.

At present, the Board consists of five auditors: two full-time auditors, one full-time outside auditor, and two outside auditors.

• Outside Auditors

To ensure the objective auditing of the Company's operations, three of the five corporate auditors are outside auditors, one of whom works full time. The full-time outside auditor attends Board of Directors' meetings and other important committee meetings. The Company's audit secretariat provides administrative support to all auditors.

• Background and Reason for Selection of Outside Auditors

Name	Hirokazu Ando (full-time)
Background	Former executive officer and general manager of the Group Planning Department at Mitsubishi UFJ Financial Group (formerly UFJ Holdings Inc.) Currently, an independent officer of Cosmo Oil.
Reason for selection	Mr. Ando has extensive experience in a broad range of industries besides the petroleum industry. He is a former executive officer and general manager of UFJ Holdings Inc. (currently Mitsubishi UFJ Financial Group), one of the Company's main business partners. A considerable period of time has elapsed since Mr. Ando retired from UFJ Holdings in June 2003, and the business relationship between the Company and UFJ Holdings is not deemed excessive. Consequently, Mr. Ando maintains a position of independence with no conflicts of interest between himself and regular shareholders.

Name	Hajime Miyamoto
Background	Former chairman and representative director of Kansai International Airport Co., Ltd. Currently, an independent officer of Cosmo Oil.
Reason for selection	Mr. Miyamoto is not an executive of a subsidiary or major client of the Company as defined in the Guidelines Concerning Listed Company Compliance, etc., which prescribes measures for determining the independence of independent directors and auditors. Consequently, Mr. Miyamoto maintains a position of independence with no conflicts of interest between himself and regular shareholders.

Name	Yoshitsugu Kondo
Background	Partner attorney at SANOCONDOW LAW OFFICE. Currently, an independent officer of Cosmo Oil.
Reason for selection	As an attorney, Mr. Kondo has expertise in corporate law and possesses ample knowledge of corporate governance. Although Mr. Kondo is a partner attorney at a law office with which Cosmo Oil has a legal advisory contract, the value of this contract is not sufficient to cause pecuniary dependence on the Company. Consequently, Mr. Kondo maintains a position of independence with no conflicts of interest between himself and regular shareholders.

• Meetings and Attendance

In principle, the Board of Corporate Auditors meets once monthly, and at other times as necessary. The Board receives reports from the auditors based on the audit policies, plans, and schedule determined by the Board, and presents proposals to directors as required. The Board convened 13 times in the period between the 2011 and 2012 Ordinary General Meetings.

Outside Auditors	Board of Directors (13 times)		Board of Corporate Auditors (12 times)	
	Attendance Ratio		Attendance Ratio	
Hirokazu Ando	100%	13 of 13	100%	12 of 12
Hajime Miyamoto	100%	13 of 13	100%	12 of 12
Yoshitsugu Kondo	100%	13 of 13	100%	12 of 12

• Corporate Auditor Remuneration

	Remuneration
Remuneration for 5 auditors	¥100.2 million
Remuneration for 3 outside auditors included in the above	¥46.2 million

INTERNAL AUDITING SYSTEM

The Company's Internal Auditing Office, which is under the direct supervision of the president, has 12 full-time staff members. The Office conducts audits of the Company and Group subsidiaries in accordance with the annual internal auditing plan formulated by the Executive Officers' Committee. In addition to making specific suggestions for improving business efficiency, the Internal Auditing Office submits audit reports to senior management, the Executive Officers' Committee, and corporate auditors.

ACCOUNTING AUDITS

In the fiscal year ended March 31, 2012, the Group's accounts were audited independently by KPMG AZSA LLC in accordance with Japan's Corporation Law and the Financial Instruments and Exchange Law. Designated limited liability and certified public accountants Naoto Yokoi, Masahiko Kobayashi, and Hiroshi Takasaki were assigned by KPMG AZSA LLC to audit the Company's accounts. Seven additional certified public accountants and 17 assistants also participated in the audit.

• Independent Audit Company Remuneration

	Remuneration
Remuneration for audit certification*	¥160.0 million
Remuneration for purposes other than the above	¥1.0 million
Total	¥161.0 million

* Remuneration was made for services rendered in accordance with Article 2-1 of the Certified Public Accountants Law.

INTERNAL CONTROL SYSTEM: COMPLIANCE AND RISK MANAGEMENT

INTERNAL CONTROL SYSTEM FUNDAMENTALS

Cosmo Oil is establishing systems to ensure effective risk management, internal auditing, and auditing by corporate auditors. The Cosmo Oil Group CSR Promotion Committee, which is under the direct supervision of the president, manages the Group's CSR initiatives and internal controls. The Committee also shares information concerning CSR management with affiliates.

• Compliance with Japan's Financial Instruments and Exchange Law

Since April 2008, it has been mandatory for all corporations in Japan to comply with new standards for the evaluation and auditing of internal controls over financial reporting in accordance with Japan's Financial Instruments and Exchange Law. An evaluation of internal controls relating to the reliability of financial reporting as required by the Law found that as of March 31, 2012, the internal control systems of the Company and its subsidiaries were "effective." An evaluation by the Company's independent auditor found its internal controls were appropriate.

PROMOTION OF CORPORATE ETHICS

The Cosmo Oil Group's Corporate Ethics Committee is charged with determining, promoting, and implementing its basic policy on corporate ethics. The Corporate Ethics Promotion Office assists the Committee with these tasks. Each of the Group's refineries has its own compliance committee to ensure rigorous compliance at these sites.

• Corporate Ethics Training

The Cosmo Oil Group conducts annual corporate ethics training for Group employees with the objective of maintaining a high level of awareness of corporate ethics. In addition to providing training tailored to job levels, Group company presidents lead training sessions following specific themes at each affiliated company.

In FY2011, the Group increased the number of training opportunities for employees, and the total number of participants in FY2011 rose to 3,790, an increase of 179 participants over the previous fiscal year. During the year, the Group concentrated on raising awareness of information security issues among all of the employees. In addition, ethics training sessions specifically designed for engineers, which we began offering last year, were held again this year following the theme "deficiencies in safety management and environmental management" with the aim of reconfirming full awareness of legal compliance issues.

• Corporate Ethics Consultation Helpline Overview and Case Record

The Cosmo Oil Group has set up internal and external helplines for consultation or reporting of legal or ethical problems concerning Group operations. Internal consultation is available through the Corporate Ethics Consultation helpline located in the Corporate Ethics Promotion Office and a consultation helpline for matters related to sexual or power harassment located in the Personnel Department. A helpline has also been established to enable direct consultation with external experts to ensure anonymity and avoid any adverse repercussions for the person seeking consultation. In FY2011, two consultation cases were recorded.

• Risk Management Measures and Business Continuity Plan Revisions

The Cosmo Oil Group has established the Risk Management Committee under the CSR Promotion Committee charged with companywide; 1) risk examination and 2) categorization, 3) countermeasures consideration and 4) implementation, and 5) a monitoring and evaluation cycle implementation. Recent risk issues encompass cyberterrorism, mental health, and new strains of influenza as well as earthquakes. The committee responds to and considers those risks together with related committees and departments to ensure that nothing is overlooked.

Regarding the business continuity plan (BCP) in the case of an earthquake, we conducted a comprehensive review of our response to the Great East Japan Earthquake and made revisions to the Group's Tokyo Earthquake BCP Manual. We also prepared a Tokai, East Nankai, and Nankai Earthquake BCP Manual. In addition, the Company conducted its fifth comprehensive BCP drill on March 12 of this year. The latest drill was conducted based on a scenario of damage caused by an earthquake in the Tokai, East Nankai, and Nankai region and served as an important supplement to our past drills focused on a Tokyo Earthquake. BCP drills will be an ongoing part of our risk management activities as we seek to further strengthen our preparedness framework for a major disaster.

INITIATIVES AIMED AT REINFORCING CORPORATE GOVERNANCE

• Share Acquisition Guidelines

In June 2006, the Cosmo Oil Group established share acquisition guidelines as an internal standard for executives who own Company shares to encourage continued long-term increases in corporate value. The Group does not grant stock options to directors.

• Basic Policy on Large-Scale Share Acquisition

At the present time, the Cosmo Oil Group does not have a specific policy in place for handling shareholders with multiple voting rights that would enable them to control resolutions on the Group's financial and business policies. Nor has the Company introduced measures for defending such attempts to gain control. However, we plan to examine whether such measures are required in order to maintain and enhance shareholder value. We will do this by considering changes to laws and regulations, changes in the operating environment, the wishes of shareholders, and cases of the introduction of such measures by other companies.

• Ordinary General Meeting of Shareholders

In Japan, there is a tendency for companies to hold their annual general shareholder meetings around the same time. In order to encourage as many Cosmo Oil shareholders as possible to attend our meetings, the Group schedules its annual meeting so that it does not clash with the majority of other meetings. In addition to introducing a system enabling shareholders to exercise their voting rights via the Internet, institutional investors are able to exercise their rights promptly and accurately using our institutional investor electronic proxy voting platform.

CSR Activities

A company is a part of society. For a company to grow and develop, therefore, it must earn the recognition of society. Moreover, society must be peaceful and healthy, and the global environment must be properly protected. We are committed to fulfilling our corporate responsibilities and making broad contributions to society. To this end, we seek to serve as a company where each and every employee embraces a social contribution mindset.

Concept of social contribution activity

- To educate children who will be part of the future society
- To preserve the global environment—the foundations of a sustainable society
- To form a peaceful, considerate and cultural society

Basic policy of social contribution activity

- Activities unique to the Cosmo Oil Group
- Full personnel participation
- Lasting presence regardless of the Group's business status

Activities for Children, the Environment, and Society

Cosmo Oil contributes to creating a flourishing society by offering environmental education programs and various welfare programs for children, who are the future of society. We also encourage each of our employees to participate as we seek to foster the spirit of social contribution.

Cosmo Waku Waku Camp

The Cosmo Oil Group has deep ties with automobile-based society. With this in mind, since 1993 we have held the annual "Cosmo Waku Waku Camp," a nature-oriented program for primary school children orphaned by traffic accidents. Employees from the Cosmo Oil Group volunteer in the planning and running of the event. The theme of the August 2011 Cosmo Waku Waku Camp was "Let's have an Adventure: Living in the Forest!" Children spent three days at a campsite surrounded by green forest learning about the abundant gifts that nature provides to our daily lives and diets.

Spreading the Environmental Message

The Cosmo Oil Group holds various events under the theme of the environment. We also provide relevant information via radio, our corporate website, and publications, thus expanding opportunities for people to consider and act in the interests of the environment.

Clean Campaign

Each year, the Cosmo Oil Group conducts "Clean Campaigns" at mountains, rivers, beaches, lakes, parks, and other locations across Japan with the aims of maintaining a pristine environment and promoting familiarity with nature. Last year's campaign was conducted with the message, "Everyone pick up! Everyone help!" with Cosmo Oil pledging to donate ¥10 for every liter of refuse collected during the campaign to send to aid areas devastated by the March 2011 Great East Japan Earthquake.

SRI Index

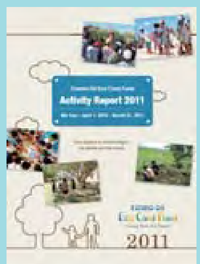
As of July 2011, Cosmo Oil was included in two internationally recognized SRI indexes: FTSE4Good Global Index (since March 2003) and Morningstar Socially Responsible Investment Index (since July 2003).

MS-SRI

FTSE4Good

Information on CSR Activities

For more detailed information on the Group's CSR and environmental activities, please visit the following site
http://www.cosmo-oil.co.jp/eng/csr/sustain/index.html



Social Contribution Activities: Cosmo Oil Eco Card Fund Activity Report 2011
http://www.cosmo-oil.co.jp/eng/envi/ecoreport/index.html
Note: Cosmo Oil Eco Card Fund Activity Report 2012 will be available for viewing on this website.

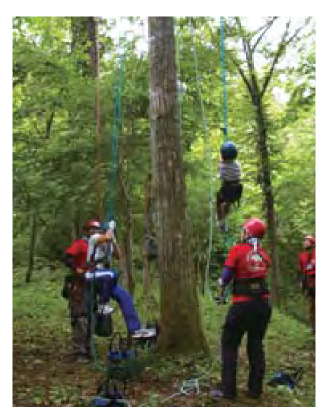
CSR Activities: Corporate Report 2011
http://www.cosmo-oil.co.jp/eng/csr/sustain/index.html
Note: Corporate Report 2012 will be available for viewing on this website from December 2012.

Cosmo Oil Eco Card Fund

The Cosmo Oil Eco Card Fund aims to help realize a sustainable society following the themes "restoration and preservation of the environment in Japan and overseas" and "education of the next generation." The Cosmo Oil Eco Card Fund "Living with Our Planet" projects are run in partnership with NPOs, nongovernmental organizations (NGOs), and research institutes along with local communities and governments. The Fund operates with donations from Cosmo The Card Opus Eco and Cosmo The Card House Eco cardholders and a portion of sales donated by the Cosmo Oil Group.

Supporting Reforestation in Stricken Areas

In fiscal year 2011, the Cosmo Oil Group provided support to "Mori wa Umi no Koibito," an NPO working to preserve forests for the role they play in preserving marine life, in its reforestation activities in Miyagi Prefecture, which was devastated by the Great East Japan Earthquake. In the spirit of restoration, we also conducted a tree planting ceremony in a stricken area of Iwate Prefecture during which we planted some 1,000 saplings.



Directors and Auditors

(As of June 26, 2012)

Representative Directors

Chairman
Yaichi Kimura

President, Chief Executive Officer
Keizo Morikawa

Directors

Honorary Chairman
Keiichiro Okabe

Senior Executive Officer
Satoshi Miyamoto
Accounting Dept., Finance Dept., and Project Development Dept.

Senior Executive Officer
Hideto Matsumura
Refining & Technology Dept., Maintenance & Engineering Dept., and Safety & Environment Control Dept.

Senior Executive Officer
Atsuto Tamura
General Affairs Dept., Affiliate Relations Dept., Information System Planning Dept., and Purchasing Center

Senior Executive Officer
Hisashi Kobayashi
Sales Dept., Wholesale Marketing Dept., Industrial Fuel Marketing Dept., and Distribution Dept.

Senior Executive Officer
Isao Kusakabe
Petroleum E&P Dept., International Ventures Dept., Crude Oil & Tanker Dept., and Petroleum Products Trading Dept.

Outside Directors

Mohamed Al Hamli

Mohamed Al Mehairi

Auditors

Hirokazu Ando*
Hideo Suzuki
Kazuto Ichikawa
(*Outside Auditor)

Independent Auditors

Hajime Miyamoto*
Yoshitsugu Kondo*
(*Outside Auditor)

Senior Executive Officers

Hirohiko Ogiwara
Corporate Communication Dept., Personal Dept., and Demand & Supply Coordination Dept.

Katsuhisa Ohtaki
General Manager, Chiba Refinery

Hiroshi Kiriyama
Corporate Planning Dept., and R&D Dept.

Muneyuki Sano
General Manager, Finance Dept.

Takashi Shono
General Manager, Refining & Technology Dept.

Yasushi Ohe
General Manager, Crude Oil & Tanker Dept.

Executive Officers

Katsuyuki Ihara
General Manager, Yokkaichi Refinery

Yoshimitsu Watanabe
General Manager, Information System Planning Dept.

Koji Goto
General Manager, Sakaide Refinery

Kenichi Taki
General Manager, Accounting Dept.

Kiyoshi Kumazawa
General Manager, Distribution Dept.

Kimio Katayanagi
General Manager, Petroleum E & P Dept.

Hirohiko Kato
General Manager, Industrial Fuel Marketing Dept.

Shunichi Tanaka
General Manager, Personal Dept.

Hiroo Iura
General Manager, Tokyo Branch

Note: The Internal Auditing Office reports directly to the President.

Financial Section

Note: On pages 40-41, the figures up until FY2009 had been rounded up or down to the nearest million. From FY2010 onward, the figures have been rounded off to the nearest million. On pages 42-68, the figures have been rounded up or down to the nearest million.

11-Year Selected Financial and Operating Data

Cosmo Oil Company, Limited and Consolidated Subsidiaries

Millions of yen

	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
For The Year						
Net sales	¥1,813,838	¥1,902,768	¥1,916,278	¥2,154,559	¥2,670,628	¥3,062,744
Petroleum*	1,749,882	1,832,598	1,863,091	2,105,257	2,617,446	2,984,516
Petrochemical	—	—	—	—	—	—
Oil exploration and production	30,532	33,397	31,646	36,903	50,476	78,132
Other	77,221	73,928	66,734	83,006	69,369	85,517
Elimination and corporate	(43,797)	(37,157)	(45,194)	(70,607)	(66,663)	(85,421)
Cost of sales	1,659,438	1,754,853	1,758,858	1,956,160	2,422,272	2,852,242
Selling, general and administrative expenses	132,343	123,748	132,174	132,701	137,108	140,859
Operating income (loss)	22,057	24,167	25,246	65,698	111,248	69,643
Inventory valuation gain (loss)	(9,000)	17,300	(9,500)	12,600	45,400	2,800
Operating income (loss) excluding the impact of inventory valuation	31,057	6,867	34,746	53,098	65,848	66,843
Income (loss) before income taxes and minority interests	(1,881)	12,966	17,592	47,533	120,393	71,243
Net income (loss)	(5,190)	3,426	8,179	26,415	61,795	26,536
Capital expenditures	25,430	24,132	36,573	30,113	31,762	36,127
R&D costs	3,805	3,867	3,558	3,635	3,483	3,753
Depreciation and amortization	23,492	22,843	23,632	24,927	28,313	37,788
Cash flows from operating activities	76,646	(26,975)	101,827	40,494	(20,685)	25,005
Cash flows from investing activities	(13,944)	(12,811)	(32,709)	(36,577)	(1,348)	(35,868)
Cash flows from financing activities	(88,546)	10,127	(7,679)	(70,163)	39,608	80,023
At Year-End						
Total assets	¥1,242,171	¥1,246,730	¥1,260,092	¥1,323,149	¥1,463,579	¥1,579,156
Minority interests	23,395	24,773	24,887	17,945	20,803	21,912
Net assets excluding minority interests	194,303	193,595	204,806	227,897	312,504	339,701
Total current assets	535,125	557,460	560,843	611,213	762,404	882,082
Total current liabilities	635,358	659,223	659,402	692,620	733,452	811,846
Interest-bearing debt	548,653	562,649	559,259	497,804	522,430	609,890
Shares of common stock issued (thousands)	631,705	631,705	631,705	631,705	671,705	671,705

Yen

	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
Per Share Data						
Net income (loss)	¥ (8.24)	¥ 5.42	¥ 12.95	¥ 41.73	¥ 94.54	¥ 39.54
Diluted net income	—	—	12.74	—	92.17	37.91
Net assets	308.65	306.67	324.43	360.93	465.48	506.15
Cash dividends	6.00	6.00	6.00	8.00	10.00	8.00
Ratios						
Return on assets (ROA) (%)	—	0.3	0.7	2.0	4.4	1.7
Return on equity (ROE) (%)	—	1.8	4.1	12.2	22.9	8.0
Equity ratio (%)	15.6	15.5	16.3	17.2	21.4	21.5
Debt-to-total capital ratio (%)	73.8	74.4	73.2	68.6	62.6	64.2
Debt-to-total assets (%)	44.2	45.1	44.4	37.6	35.7	38.6
Debt-to-equity ratio (times)	2.8	2.9	2.7	2.2	1.7	1.8

Notes: 1. U.S. dollar amounts are translated from Japanese yen, for the convenience of readers only, at the rate of ¥82.19 to US$1.00, the approximate rate of exchange prevailing on March 31, 2012.
2. Effective from FY2002, the Company adopted a new standard for earnings per share; prior-year figures have not been restated.
3. Recorded inventory valuation gains (losses) from FY2000 through FY2007 are based on the periodic average method of inventory valuation, whereas recorded inventory valuation gains (losses) from FY2009 are based on the lower of cost or market method as dictated by ASBJ (Accounting Standards Board of Japan) Statement No. 9, "Accounting Standard for Measurement of Inventories." Regarding the effect of inventory gain (loss) for FY2000, stated inventory valuation gain reflects a change in accounting for inventory valuation from the last-in, first-out (LIFO) accounting method to the overall average price method.

	FY2007	FY2008	FY2009	FY2010	FY2011 (Millions of yen)	FY2011 (Thousands of U.S. dollars)
For The Year						
Net sales	¥3,523,087	¥3,428,211	¥2,612,141	¥2,771,523	¥3,109,746	$37,836,063
Petroleum*	3,442,186	3,352,916	2,565,153	2,728,754	3,055,628	37,177,613
Petrochemical	—	—	—	45,940	29,422	357,975
Oil exploration and production	84,069	89,054	59,553	69,938	87,644	1,066,358
Other	99,010	91,790	88,470	68,652	71,628	871,493
Elimination and corporate	(102,178)	(105,549)	(101,035)	(141,762)	(134,577)	(1,637,389)
Cost of sales	3,290,688	3,389,408	2,435,366	2,539,032	2,918,238	35,505,998
Selling, general and administrative expenses	148,602	145,809	142,568	128,393	127,937	1,556,601
Operating income (loss)	83,797	(107,006)	34,207	104,097	63,570	773,452
Inventory valuation gain (loss)	45,000	(180,100)	52,600	22,300	25,200	306,607
Operating income (loss) excluding the impact of inventory valuation	38,797	73,094	(18,393)	81,797	38,370	466,845
Income (loss) before income taxes and minority interests	95,561	(117,180)	35,527	73,451	35,381	430,478
Net income (loss)	35,153	(92,430)	(10,741)	28,933	(9,084)	(110,524)
Capital expenditures	48,958	67,025	87,677	64,369	27,933	339,859
R&D costs	3,840	3,863	3,657	3,834	3,791	46,125
Depreciation and amortization	42,776	41,492	42,746	51,068	50,601	615,659
Cash flows from operating activities	(4,215)	82,136	2,262	26,297	43,616	530,673
Cash flows from investing activities	(32,806)	(55,953)	(93,306)	(73,109)	(25,805)	(313,968)
Cash flows from financing activities	(5,229)	57,854	159,302	(86,077)	11,606	141,209
At Year-End						
Total assets	¥1,627,904	¥1,440,396	¥1,645,048	¥1,579,424	¥1,675,070	$20,380,460
Minority interests	26,815	19,016	15,833	17,508	20,506	249,495
Net assets excluding minority interests	442,912	328,434	315,747	332,730	316,931	3,856,077
Total current assets	933,722	688,310	845,337	793,363	920,412	11,198,589
Total current liabilities	812,028	683,883	744,174	622,173	744,275	9,055,542
Interest-bearing debt	521,605	598,609	777,739	700,131	721,203	8,774,827
Shares of common stock issued (thousands)	847,705	847,705	847,705	847,705	847,705	
					Yen	U.S. dollars
Per Share Data						
Net income (loss)	¥ 46.72	¥ (109.11)	¥ (12.68)	¥ 34.16	¥ (10.72)	$ (0.13)
Diluted net income	44.98	—	—	33.58	—	—
Net assets	522.84	387.71	372.74	392.80	374.15	4.55
Cash dividends	8.00	8.00	8.00	8.00	8.00	0.10
Ratios						
Return on assets (ROA) (%)	2.2	(6.0)	(0.7)	1.8	(0.6)	
Return on equity (ROE) (%)	9.0	(24.0)	(3.3)	8.9	(2.8)	
Equity ratio (%)	27.2	22.8	19.2	21.1	18.9	
Debt-to-total capital ratio (%)	54.1	64.6	71.1	67.8	69.5	
Debt-to-total assets (%)	32.0	41.6	47.3	44.3	43.1	
Debt-to-equity ratio (times)	1.2	1.8	2.5	2.1	2.3	

4. Depreciation and amortization includes recovery of recoverable accounts under production sharing from FY2006 through FY2010. In FY2011, depreciation and amortization includes recovery of recoverable accounts under production sharing as well as depreciation applicable to fixed assets idled as a result of the fire at the Chiba Refinery caused by the Great East Japan Earthquake.
5. Up to and including FY2005, net assets excluding minority interests per share was presented rather than net assets per share.
6. Up to and including FY2005, ROE was calculated as net income divided by net assets excluding minority interests.
7. Up to and including FY2005, the debt-to-equity ratio was calculated using net assets excluding minority interests.
8. Up until FY2009, the figures had been rounded up or down to the nearest million. From FY2010 onward, the figures have been rounded off to the nearest million.

* The Petrochemical Business, which had previously been included in the Petroleum Business segment, was made a separate segment from FY2010.

Management's Discussion and Analysis

Operating Environment

In the fiscal year ended March 31, 2012, the Japanese economy was seriously affected by the Great East Japan Earthquake, which struck in March 2011. Despite subsequent recovery and reconstruction efforts aimed at swiftly rebuilding the nation's supply chain, the sharp appreciation of the yen from the summer onwards, as well as a slowdown in the global economy due to the European debt crisis and damage caused by floods in Thailand, had a dampening impact on Japan's economic recovery, causing economic activity to remain sluggish throughout the year.

Domestic demand for petroleum products remained mostly unchanged from the previous fiscal year. There was an increase in demand for heavy fuel oil C used to generate electricity at thermal power plants due to their increased capacity ratios caused by suspended operations at nuclear power plants, as well as increased demand for diesel fuel for the restoration from the earthquake. However, this contrasted with lower demand for gasoline, kerosene and heavy fuel oil A due to structural factors, such as improvements in fuel efficiency and conversion to other fuels.

As for crude oil prices, the average Dubai crude oil price, which started the period in the mid-US$110/barrel range, remained stable for the first half of the year, but then plummeted to the US$96/barrel range in October 2011. From January 2012, however, the situation in Iran caused the price to turn sharply upward, ending the fiscal year in the mid-US$120/barrel range. As a result, the average price for the entire year was in the US$110/barrel range, up around US$26 from the previous year.

With respect to exchange rates, the yen started out at the ¥83 per U.S. dollar level. In the first half of the year, the yen strengthened on the back of sluggish economic conditions in the United States brought about by delays in that nation's employment recovery. The European debt crisis and a reduction in the ratings of U.S. government bonds prompted the yen to rise to a record-high level of ¥75.32 per U.S. dollar in October 2011. In January 2012, Japan's trade balance turned into a deep deficit. This, together with monetary relaxation measures taken by the Bank of Japan, pushed down the yen, which ended the year in the ¥82 range.

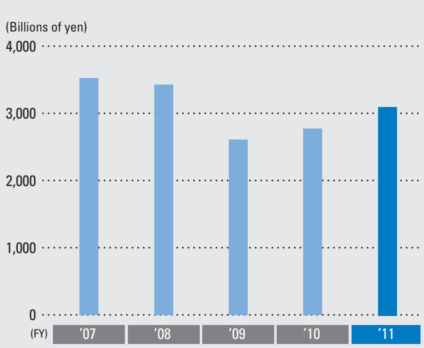
Domestic market conditions for petroleum products moved in accordance with fluctuations in crude oil prices. Retail prices of mass market products and industrial fuels followed a downward trend from the beginning of the period, but increased significantly from February 2012.

Results of Operations

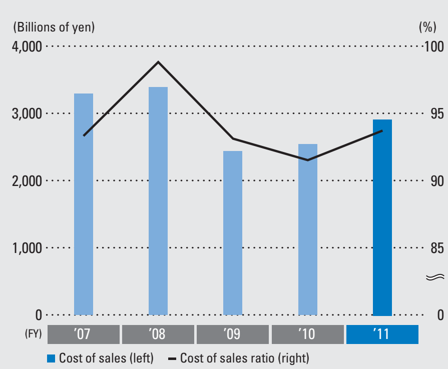
Overview

Consolidated net sales for the year amounted to ¥3,109.7 billion, up ¥338.2 billion from the previous year. Operating income declined ¥40.5 billion, to ¥63.6 billion. After accounting for extraordinary items and deducting income taxes, the Group posted a net loss of ¥9.1 billion, compared

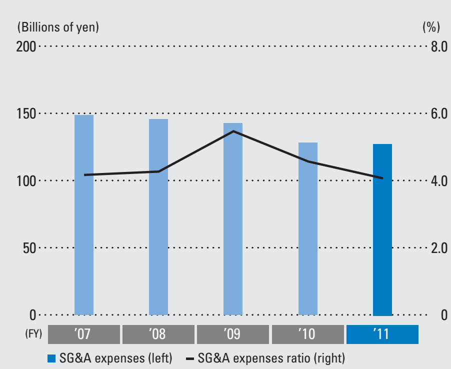
Net sales



Cost of sales, Cost of sales ratio



SG&A expenses, SG&A expenses ratio



with net income of ¥28.9 billion in the previous year. Due to increases in crude oil prices, the Group reported an inventory valuation gain of ¥25.2 billion. Excluding the impact of inventory valuation, operating income was ¥38.4 billion.

Net Sales

Although domestic demand followed a recovery trend in the aftermath of the Great East Japan Earthquake, the total sales volume declined 4.5% year on year, to 37,094,000 kiloliters. Due to increases in sales prices associated with high crude oil prices, however, consolidated net sales rose ¥338.2 billion, to ¥3,109.7 billion.

Operating Income

Owing to rigorous rationalization measures, the ratio of selling, general and administrative expenses to net sales edged down 0.5 point, to 4.1%. However, the cost of sales rose ¥379.2 billion due to the increase in the purchase price of crude oil and the cost burden of supplying alternative fuels following the suspension of operations at the Chiba Refinery. In the previous fiscal year, the Group enjoyed favorable margins thanks to increased demand stemming from an extremely hot summer and a harsh winter, as well as the success of supply-demand adjustments. In the year under review, by comparison, stabilizing domestic supplies assumed top priority in the aftermath of the Great East Japan Earthquake. This prompted oil companies to reduce highly profitable exports and maintain larger inventories than in a usual year in order to give priority to meeting domestic demand, which caused the supply-demand balance to worsen and margin conditions to deteriorate.

As a result, operating income declined ¥40.5 billion, to ¥63.6 billion. Excluding the impact of inventory valuation, operating income fell ¥43.4 billion, to ¥38.4 billion.

Ordinary Income

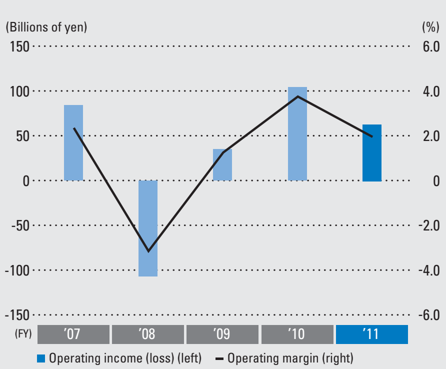
After adding/deducting non-operating items incurred in regular business activities, ordinary income declined ¥34.7 billion, to ¥61.4 billion. This was despite a ¥2.5 billion gain from equity in earnings of affiliates and a ¥1.7 billion valuation of derivatives. Ordinary income excluding the impact of inventory valuation fell ¥37.6 billion, to ¥36.2 billion.

Ordinary income by segment (including the impact of inventory valuation) is shown below.

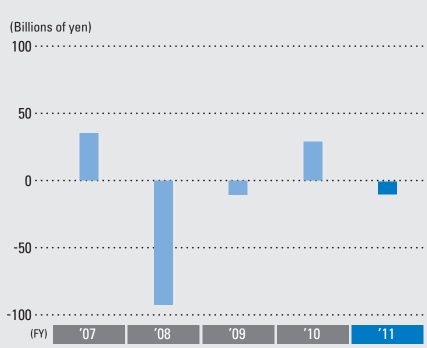
(Billions of yen)

	FY2011	FY2010	Change
Petroleum	**8.0**	58.4	-50.4
Petrochemical	**2.1**	-0.3	+2.4
Oil Exploration and Production	**52.0**	34.7	+17.3
Other	**2.9**	2.7	+0.2
Adjustments	**-3.6**	0.6	-4.2
Consolidated	**61.4**	96.1	-34.7
Purchase price of crude oil	**US$110.87/bbl**	US$82.17/bbl	+US$28.70/bbl
JPY/USD Exchange rate	**¥79.02/US$**	¥86.04/US$	-¥7.02/US$

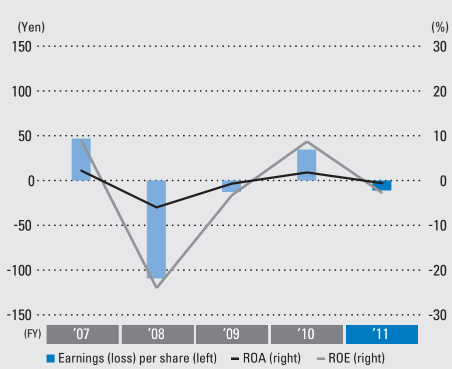
Operating income (loss), Operating margin



Net income (loss)



Earnings (loss) per share, ROA, ROE



Net Income

Income before income taxes and minority interests totaled ¥35.4 billion, down ¥38.1 billion from the previous year. This was due largely to a loss on disaster of ¥22.7 billion, up from ¥5.7 billion in the previous year. The Group posted a net loss of ¥9.1 billion, compared with net income of ¥28.9 billion in the previous year, due mainly to a reversal of deferred tax assets associated with an amendment to the tax system.

Outlook

The period ending March 2013 is the final year of the Group's Fourth Consolidated Medium-Term Management Plan. During the year, we will steadily implement various measures under the plan. Specifically, we will rationalize and reform our petroleum refining and petroleum sales businesses while pursuing medium- and long-term growth strategies in the Oil Exploration and Production and Petrochemical Business segments.

For the year, the Group expects a purchase price of crude oil of around the US$115/barrel level and an exchange rate of ¥80.0 per U.S. dollar. On a consolidated basis, and excluding the impact of inventory valuation, we forecast net sales of ¥3,350.0 billion (up ¥240.3 billion year on year), operating income of ¥96.0 billion (up ¥32.4 billion), ordinary income of ¥94.0 billion (up ¥32.6 billion), and net income of ¥35.0 billion (from a net loss of ¥9.1 billion in the year under review).

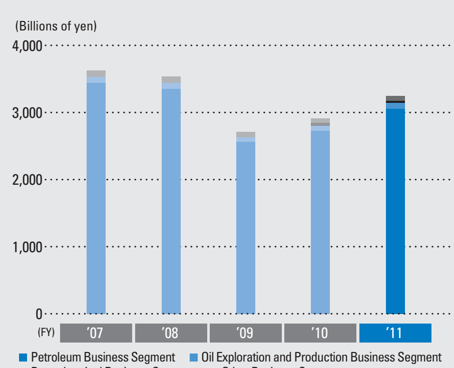
Segment Information

Petroleum

In the year under review, sales of diesel fuel for trucks and the heavy construction machinery used for the recovery of disaster-affected areas increased, as domestic demand was boosted by steady restoration-related demand related to the Great East Japan Earthquake. There was also higher demand for heavy fuel oil C used for thermal power generation following suspension of operations at nuclear power generation plants. However, demand for gasoline, kerosene, and heavy fuel oil A declined due to rising fuel efficiency and the conversion to other fuels. Exports of middle distillates (diesel fuel and jet fuel) fell significantly year on year, as priority was placed on stabilizing domestic supplies in the wake of the earthquake. As a result, sales volume declined 4.5%. Thanks to increases in sales prices stemming from high crude oil prices, however, sales in the Petroleum Business segment increased ¥326.8 billion, to ¥3,055.6 billion. Ordinary income dropped ¥50.4 billion, to ¥8.0 billion, due primarily to the ballooning cost of supplying alternative fuels stemming from the suspension of operations at the Chiba Refinery.

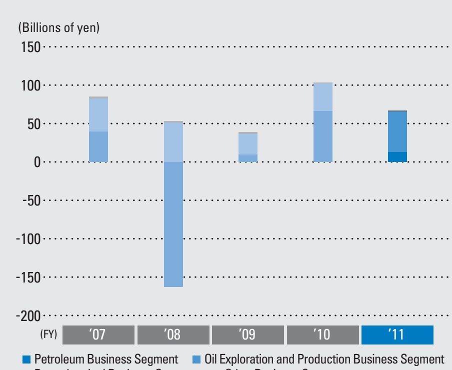
In the year ending March 2013, we expect a decline in alternative fuel supply costs with the possible resumption of operations at the Chiba Refinery, as well as improved margins on petroleum products and an increase in exports. For the

Segment sales



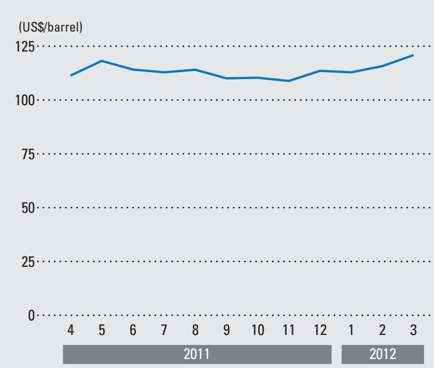
Note: The Petrochemical Business, which had previously been included in the Petroleum Business segment, was made a separate segment from FY2010.

Segment operating income (loss)



Note: The Petrochemical Business, which had previously been included in the Petroleum Business segment, was made a separate segment from FY2010.

Crude oil price (CIF)



year, we forecast segment sales of ¥3,260.0 billion (up ¥204.4 billion) and ordinary income of ¥30.0 billion (up ¥22.0 billion).

Petrochemicals

Sales in the Petrochemical Business segment declined ¥16.5 billion, to ¥29.4 billion. Owing to recovery in market conditions for para-xylene, ordinary income amounted to ¥2.1 billion (from a segment loss of ¥0.3 billion in the previous year).

In the year ending March 2013, we look forward to improved capacity utilization ratios at our facilities. We forecast segment sales of ¥48.0 billion (up ¥18.6 billion) and ordinary income of ¥2.5 billion (up ¥0.4 billion).

Oil Exploration and Production

Due to increases in crude oil prices, sales in the Oil Exploration and Production Business segment rose ¥17.7 billion, to ¥87.6 billion, and ordinary income jumped ¥17.3 billion, to ¥52.0 billion.

In the year ahead, we anticipate continued increases in crude oil prices and higher production volumes. We forecast segment sales of ¥98.0 billion (up ¥10.4 billion) and ordinary income of ¥66.0 billion (up ¥14.0 billion).

Sources of Liquidity and Funds

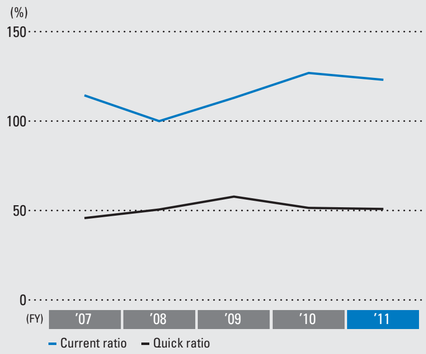
The Cosmo Oil Group's core petroleum business is its principal source of income. While rising crude oil prices benefit sales and operating income in the Company's Oil Exploration and Production Business segment, high tax rates in oil producing countries mean that the negative impact in terms of cash inflow is limited.

In the Petroleum Business segment, there is a noticeable lag between the import of crude oil and the receipt of funds from the sale of petroleum products. This is because the transportation of crude oil requires a significant amount of time. Also, the Company is obligated to maintain reserves equivalent to 70 days of domestic sales volume. Because it is entirely dependent on imports of raw materials, Cosmo Oil Group is also affected significantly by fluctuations in exchange rates, which influence import costs, and in domestic sales prices. The Company engages in forward foreign exchange contracts to hedge this risk.

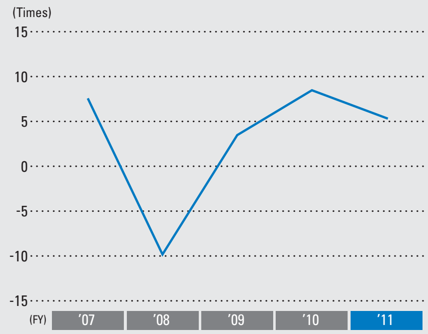
The Company must undertake short-term borrowings from time to time to provide additional working capital to facilitate crude oil imports. Long-term debt at the fiscal year-end totaled ¥456.8 billion, down ¥10.0 billion, or 2.1%, from a year earlier. Total interest-bearing debt increased ¥21.1 billion, or 3.0%, to ¥721.2 billion.

Regarding our credit rating, in November 2007 Japan Credit Rating Agency, Ltd. raised the Company's rating for senior debt of the issuer to BBB+, from BBB. In July 2011, meanwhile, we received a Baa3 rating from Moody's Investors Service, Inc.

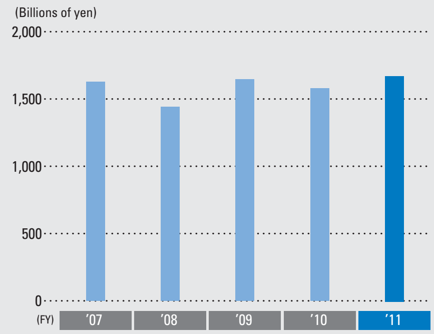
Current ratio, Quick ratio



Interest coverage ratio



Total assets



The Cosmo Oil Group plans strategic capital investments under its Fourth Consolidated Medium-Term Management Plan. Moving forward, the Company will seek to flexibly raise funds while monitoring market trends, and at the same time endeavor to optimize its balance sheet, thereby reinforcing its financial condition and ensuring its ability to support strategic investments.

Financial Position

Assets

As of March 31, 2012, total assets amounted to ¥1,675.1 billion, up ¥95.7 billion from a year earlier. This was mainly due to a ¥127.0 billion rise in current assets, to ¥920.4 billion. Major factors boosting current assets were increases in cash and deposits and in notes and accounts receivable-trade, stemming from high crude oil prices and the fact that the fiscal year ended on a business holiday.

Liabilities and Net Assets

Total liabilities at fiscal year-end stood at ¥1,337.6 billion, up ¥108.4 billion from a year earlier. This was mainly due to a ¥122.1 billion rise in current liabilities, to ¥744.3 billion, stemming primarily from increases in inventories and payables associated with high crude oil prices. The fact that the fiscal year ended on a business holiday also had an upward impact on notes and accounts payable. At fiscal year-end, total interest-bearing debt amounted to ¥721.2 billion, up ¥21.1 billion from a year earlier.

Net assets declined ¥12.8 billion, to ¥337.4 billion, and the equity ratio was 18.9% at fiscal year-end.

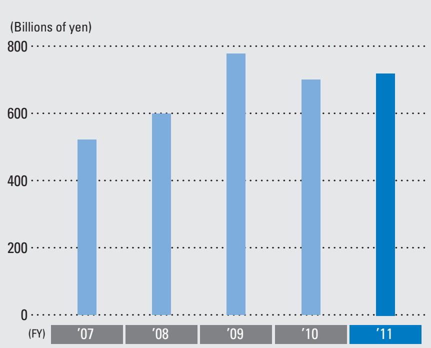
Cash Flows

Net cash provided by operating activities amounted to ¥43.6 billion, up ¥17.3 billion from the previous year. The main factor boosting cash flows was a year-on-year increase in payables related to accrued volatile oil and other petroleum taxes incurred due to the fiscal year-end falling on a business holiday. By contrast, there was a decline in income before income taxes and minority interests.

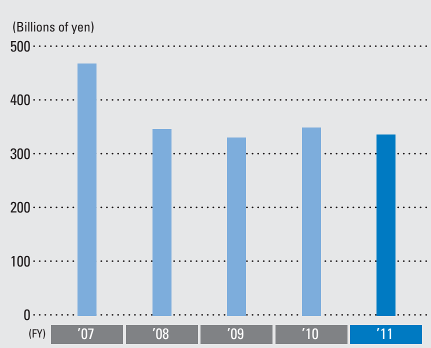
Net cash used in investing activities totaled ¥25.8 billion, down ¥47.3 billion from the previous year. This stemmed mainly from decreases in payments for the purchase of fixed assets.

Net cash provided by financing activities was ¥11.6 billion, compared with net cash used in financing activities of ¥86.1 billion in the previous year. This was due mainly to increases in borrowings.

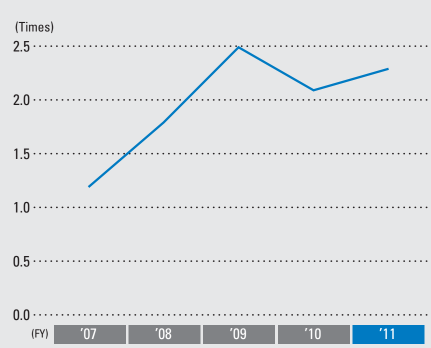
Interest-bearing debt



Net assets



Debt-to-equity ratio



As a result, cash and cash equivalents at the fiscal year-end totaled ¥122.4 billion, up ¥28.1 billion from a year earlier.

(Billions of yen)

	FY2011	FY2010	Change
Cash flows from operating activities	**43.6**	26.3	+17.3
Cash flows from investing activities	**-25.8**	-73.1	+47.3
Cash flows from financing activities	**11.6**	-86.1	+97.7
Cash and cash equivalents at fiscal year-end	**122.4**	94.3	+28.1
Ratio of cash flows to interest-bearing debt (years)	**16.5**	26.6	-10.1

Note: Interest-bearing debt divided by operating cash flow

Capital Expenditures

In the year under review, the Company made total capital expenditures of ¥27.9 billion, down ¥36.5 billion from the previous year. This was mainly due to the end of a series of expenditures related to heavy oil cracking facilities (coker unit) at the Sakai Refinery, which was completed in the previous fiscal year, as well as the Group's adoption of a meticulous investment selection policy.

Capital expenditures by segment are summarized below.

(Billions of yen)

	FY2011	FY2010	Change
Petroleum	**17.5**	42.6	-25.1
Petrochemical	**0.5**	1.1	-0.6
Oil Exploration and Production	**9.6**	22.0	-12.4
Depreciation and amortization	**50.6**	51.1	-0.5

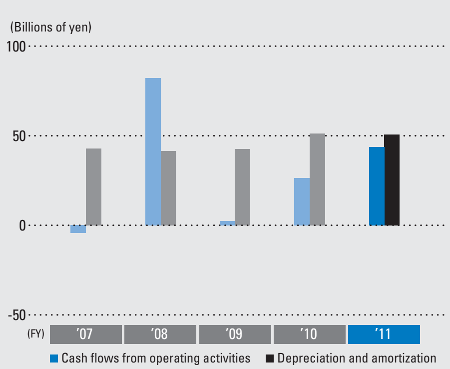
Notes: 1. Capital expenditure figures shown above mainly involve investments in plants and other fixed assets and are reported on an actual work basis.
2. Depreciation and amortization includes recovery of recoverable accounts under production sharing in FY2010. In FY2011, depreciation and amortization includes recovery of recoverable accounts under production sharing as well as depreciation applicable to fixed assets idled as a result of the fire at the Chiba Refinery caused by the Great East Japan Earthquake.

Basic Policy Regarding Earnings Appropriation

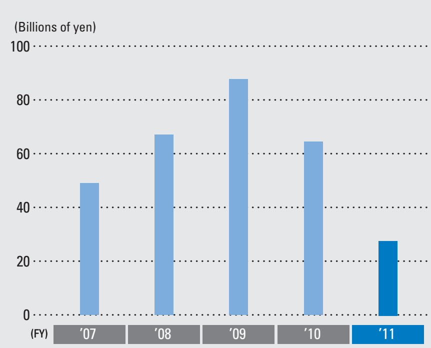
Cosmo Oil places particular emphasis on shareholder returns, and its basic policy is to maintain stable dividend payments, taking into account the enhancement of its earnings structure, future business developments, performance results, and the financial structure. In line with this policy, the Company declared dividends for the year of ¥8.00 per share.

With respect to appropriation of retained earnings, the Group emphasizes capital expenditures related to equipment maintenance and renewal and strategic projects related to business rationalization and the creation of added value, while at the same time giving ample consideration to the enhancement of financial position. The generation of cash flows is also a key point when selecting expenditure targets.

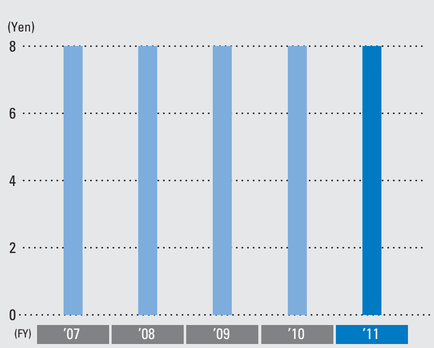
Cash flows from operating activities, Depreciation and amortization



Capital expenditures



Cash dividends per share



Business and Other Risks

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

(1) Supply and Demand Trends

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

(2) Crude Oil Prices and Procurement

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

The Group uses the weighted average method to value crude oil inventories. Therefore, lower crude oil prices can have a material impact on the Group's operating performance and financial condition, such as a heavier cost burden the Group might have to bear for actual market conditions.

(3) Foreign Exchange Rate Fluctuations

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

Foreign exchange rate fluctuations can also have a material impact when the financial statements of consolidated subsidiaries outside Japan and associated companies accounted for in the equity method are restated in Japanese yen.

(4) Market Impact

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

(5) Interest Rate Fluctuations

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

(6) Asset Valuation Fluctuations

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

(7) Competition Risk

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

(8) Impact by Natural Disasters and Accidents

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

(9) Impact by Regulations Applicable to the Oil Industry

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

(10) Information Management

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

Consolidated Balance Sheets

Cosmo Oil Company, Limited and Consolidated Subsidiaries

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

	FY2010 (As of March 31, 2011)	FY2011 (As of March 31, 2012)
		Millions of yen
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	¥ 243,914	¥ 294,906
Short-term loans payable	176,366	207,447
Current portion of bonds with subscription rights to shares	—	840
Accounts payable-other	80,336	100,184
Accrued volatile oil and other petroleum taxes	71,431	99,786
Income taxes payable	7,252	12,181
Accrued consumption taxes	13,222	3,744
Accrued expenses	11,023	9,279
Deferred tax liabilities	567	5
Provision for loss on disaster	4,237	3,512
Other	13,823	12,388
Total current liabilities	622,173	744,275
Noncurrent liabilities		
Bonds payable	57,000	56,160
Long-term loans payable	466,765	456,755
Deferred tax liabilities	11,268	10,042
Deferred tax liabilities for land revaluation	33,210	29,027
Provision for special repairs	6,689	7,984
Provision for retirement benefits	5,647	6,795
Negative goodwill	5,027	3,769
Other	21,403	22,821
Total noncurrent liabilities	607,011	593,357
Total liabilities	1,229,185	1,337,632

	FY2010 (As of March 31, 2011)	FY2011 (As of March 31, 2012)
NET ASSETS		
Shareholders' equity		
Capital stock	107,246	107,246
Capital surplus	89,440	89,440
Retained earnings	119,803	103,454
Treasury stock	(138)	(140)
Total shareholders' equity	316,351	300,001
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	669	1,540
Deferred gains or losses on hedges	6,459	2,579
Revaluation reserve for land	14,147	18,776
Foreign currency translation adjustment	(4,898)	(5,965)
Total accumulated other comprehensive income	16,378	16,930
Minority interests	17,508	20,506
Total net assets	350,239	337,437
Total liabilities and net assets	¥ 1,579,424	¥ 1,675,070

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

Cosmo Oil Company, Limited and Consolidated Subsidiaries

Millions of yen

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

(Consolidated Statements of Comprehensive Income)

Cosmo Oil Company, Limited and Consolidated Subsidiaries

Millions of yen

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

Consolidated Statements of Changes in Net Assets

Cosmo Oil Company, Limited and Consolidated Subsidiaries

Millions of yen

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

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

Consolidated Statements of Cash Flows

Cosmo Oil Company, Limited and Consolidated Subsidiaries

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

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

Notes to Consolidated Financial Statements

1 Notes to Going Concerns

None

2 Notes Concerning Important Items that Provide the Basic Information for the Development of the Consolidated Financial Statements

1. Items Concerning the Scope of Consolidation for Reporting

(1) Number of consolidated subsidiaries: 37

(2) Number of Non-consolidated Subsidiaries: 21

2. Items Concerning the Application of the Equity Method

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

Chubu Tsubame Co., Ltd. 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 FY2011.

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

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

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

Reasons for Exclusion from the Application of the Equity Method:

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

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

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

3. Items Concerning the Accounting Periods of the Consolidated Subsidiaries

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

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

4. Items Concerning the Accounting Standards

(1) Significant Asset Valuation Standards and Methods

1) Securities

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

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

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

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

3) Derivative financial instruments:
Stated at fair value

(2) Significant Depreciable Assets and Depreciation Methods

1) Property, Plant and Equipment (except lease assets):
The straight line method is mainly adopted to calculate depreciation expenses for these asset items. The number of years of their useful lives and their residual value are calculated based on the criteria defined under the Corporate Income 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, it has adopted the years of useful life standard as stipulated under its interest rights agreement with its investment partners. As for EcoPower Co., Ltd. and its subsidiaries, consolidated subsidiaries of the Company, an economic useful life of 20 years is mainly adopted for the wind mills run by them.

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

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

4) Long-term Prepaid Expenses
The equal installment method is adopted to calculate depreciation expenses for these account items over the period defined under the Corporate Income Tax Law of Japan.

(3) Accounting Process Applied to Deferred Assets

Bond Issuance Cost:
The cost for bond issuance is amortized by the straight-line method over the term of redemption.

(4) Standards for Recording Significant Allowances

1) Allowance for Doubtful Accounts
An estimated amount of irrecoverable debts is set aside against any potential losses on the failure to collect the accounts receivable.
a. Ordinary accounts receivable:
The amount of allowance calculated at the actual ratio of bad debts.

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

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

2) Provision for loss on disaster

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

3) Provision for special repairs

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

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

4) Provision for retirement benefits

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

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

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

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

(5) Important Standards for Revenue and Cost Recognition

Standards for Recognition of Construction Revenue and Cost

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

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

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

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

(7) Significant Hedge Accounting Methods

1) Hedge Accounting Methods

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

2) Hedging Instruments and Hedged Items

(Currency)

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

(Interest rate)

Hedging Instrument	Hedged Item
Interest rate swap	Borrowings

(Commodity)

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

3) Hedging Policy

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

4) Method of Evaluating Hedge Effectiveness

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

(8) Items Concerning Amortization on Goodwill

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

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

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

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

1) Accounting Process for Consumption Tax

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

2) Accounting Process for Cost Recovery under Production Sharing

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

3 Changes in Representation Methods

[Consolidated Balance Sheets]

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

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

[Consolidated Statements of Cash Flows]

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

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

4 Additional Information

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

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

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

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

5 Notes to Consolidated Financial Statements

(Notes to Consolidated Balance Sheets)

(Millions of yen)

	FY2010 (As of March 31, 2011)	FY2011 (As of March 31, 2012)
1. Accumulated depreciation for property, plant and equipment	¥ 736,646	¥ 766,731
2. Pledged assets		
1) Plant foundation		
Pledged assets	¥ 333,804	¥ 329,320
Secured liabilities	¥ 120,199	¥ 99,833
2) Fixed assets other than plant foundation		
Pledged assets	¥ 16,541	¥ 11,701
Secured liabilities	¥ 5,615	¥ 4,171

3. Contingencies

1) Guaranty Liabilities	¥ 13,813	¥ 11,714

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

2) Suits, etc.

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

4. Revaluation of land

The Company and two of its consolidated subsidiaries revalued their land properties used for business under the "Law concerning Revaluation Reserve for Land" (Law No. 34 issued on March 31, 1998). The income tax portion on variances due to revaluation is stated in the "Deferred taxes for revaluation reserve for land" 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 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)

(Millions of yen)

	FY2010 (As of March 31, 2011)	FY2011 (As of March 31, 2012)
— Difference between the total amount of the revalued land at fair value as of March 31 of each year and their total carrying amount after revaluation	¥ (96,143)	¥ (101,499)

(Notes to Consolidated Statements of Income)

(Millions of yen)

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

3. Loss on disaster

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

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

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

(Notes to Consolidated Statements of Changes in Net Assets)

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

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

(Number of shares)

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

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

2. Distribution of Surplus

(1) Dividend Payments

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

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

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

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

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

(Number of shares)

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

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

2. Distribution of Surplus

(1) Dividend Payments

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

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

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

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

(Notes to Consolidated Statements of Cash Flows)

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

(Millions of yen)

	FY2010 From April 1, 2010 to March 31, 2011 (As of March 31, 2011)
Cash and deposits	¥ 94,343
Cash and cash equivalents	¥ 94,343

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

(Segment information)

1. Overview of Reporting Segments

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

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

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

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

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

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

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

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

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

(Millions of yen)

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

Note: 1 Other includes construction works, insurance agency, leasing, travel agency and wind power generation, etc.
2 Segment Income (Loss) in "Adjustments" 721 million yen includes -52 million yen for internal eliminations, 1,029 million yen for inventory adjustments and -250 million yen for adjustment of fixed assets.
3 Segment Income (Loss) is adjusted to ordinary income of Consolidated statements of income.
4 No asset allocation is made into each segment, so that the description of such information is omitted.

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

(Millions of yen)

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

Note: 1 Other includes construction works, insurance agency, leasing, travel agency and wind power generation, etc.
2 Segment Income (Loss) in "Adjustments" -3,558 million yen includes -724 million yen for internal eliminations, -2,735 million yen for inventory adjustments and -93 million yen adjustment of fixed assets.
3 Segment Income (Loss) is adjusted to ordinary income of Consolidated statements of income.
4 No asset allocation is made into each segment, so that the description of such information is omitted.

(Per-share Information)

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

Note: 1 Since no diluted securities exist, diluted net income per share for FY2011 is omitted.
2 The basic information used to calculate net income (loss) per share and diluted net income per share for FY2010 and 2011 is as follows.

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

(Material Contingencies)

None

Facts and Figures

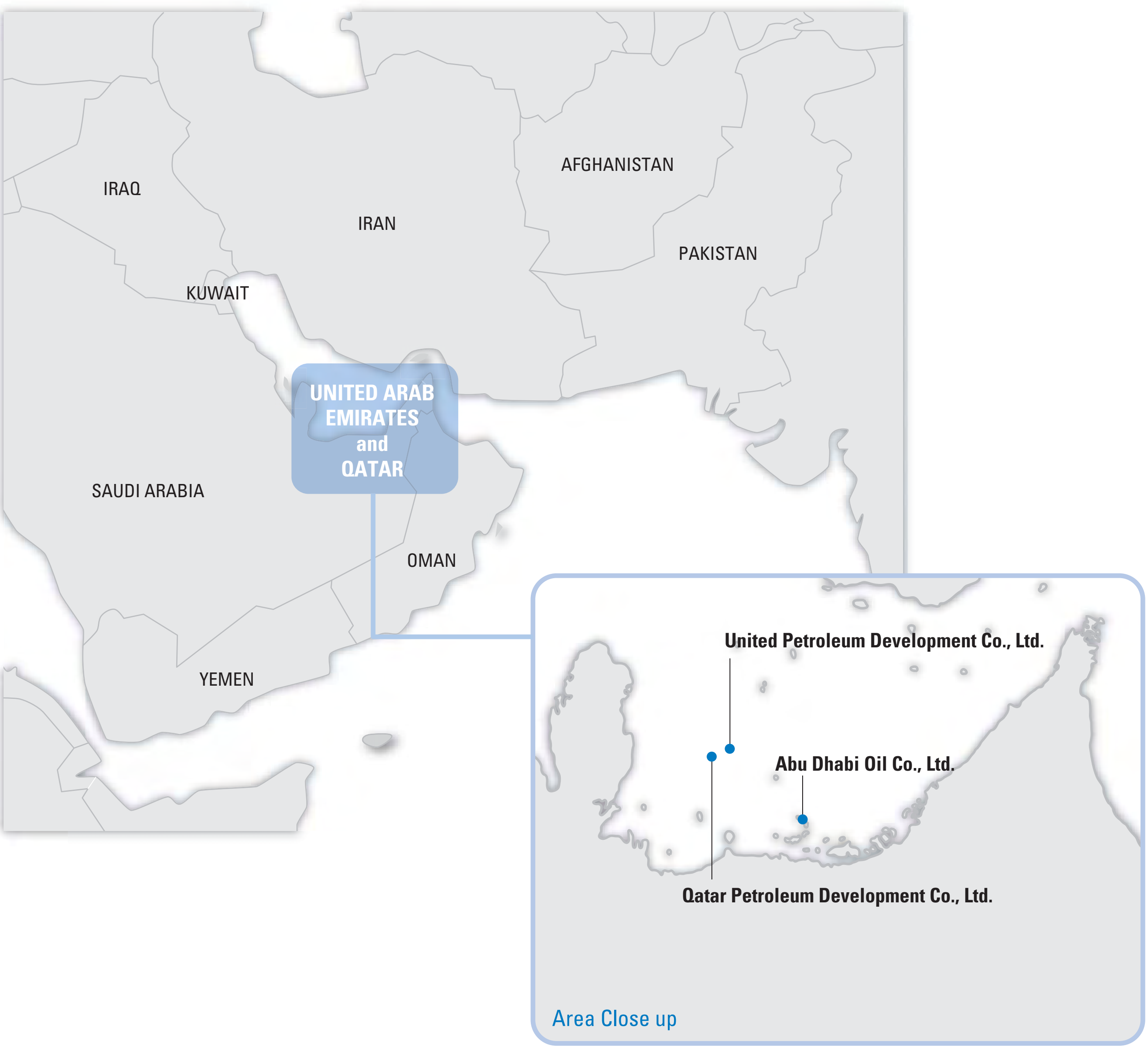
Notes: 1. Unless otherwise indicated, "FY2011" indicates the period that began on April 1, 2011 and ended on March 31, 2012.
2. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥82.19 = US$1, the approximate exchange rate prevailing on March 31, 2012.
3. The data ascribed to Cosmo Oil in this fact book represent figures for Cosmo Oil Company, Limited, its consolidated subsidiaries and affiliated companies that are accounted for by the equity method. Data has been reclassified in certain sections so as to allow comparisons with overseas companies.
4. On pages 70–83, the figures up until FY2009 had been rounded up or down to the nearest million. From FY2010 onward, the figures have been rounded off to the nearest million. On pages 84–91, the figures have been rounded up or down to the nearest million.

Oil Exploration and Production

Major Petroleum Development Companies (Fiscal year to March 31, 2012 actual)

	Abu Dhabi Oil Co., Ltd.	Qatar Petroleum Development Co., Ltd.	United Petroleum Development Co., Ltd.
Crude oil production (Barrels/day)	22,059	6,208	10,411
Shareholders (%)			
Cosmo Oil Co., Ltd.	63.0	75.0	45.0
Other Private Sector	37.0	25.0	55.0

Note: Average production volume for January-December, as the company's financial year ends in December.

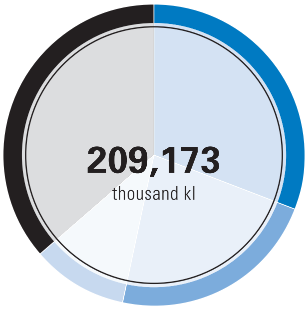


Crude Oil Imports

Crude Oil Import Share by Country (Total Industry/Cosmo Oil) (Fiscal year to March 31, 2012 actual)

(%)

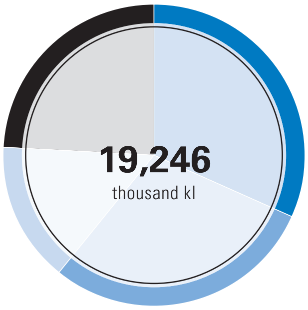
Total industry



Saudi Arabia	31.1
United Arab Emirates	22.5
Qatar	10.2
Others	36.2

Note: Others includes countries where percentage of imports is less than 10%.
Source: Petroleum Association of Japan, "Crude Oil Import by Countries"

Cosmo Oil



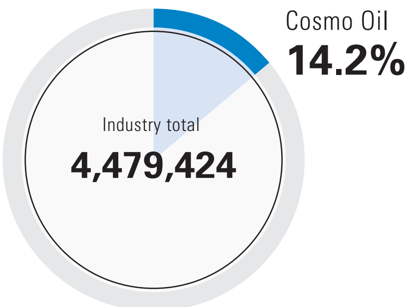
Saudi Arabia	31.7
United Arab Emirates	29.3
Kuwait	14.9
Others	24.1

Note: Others includes countries where percentage of imports is less than 10%.

Refining: 1

Processing Capacity by Refinery (As of April 30, 2012)

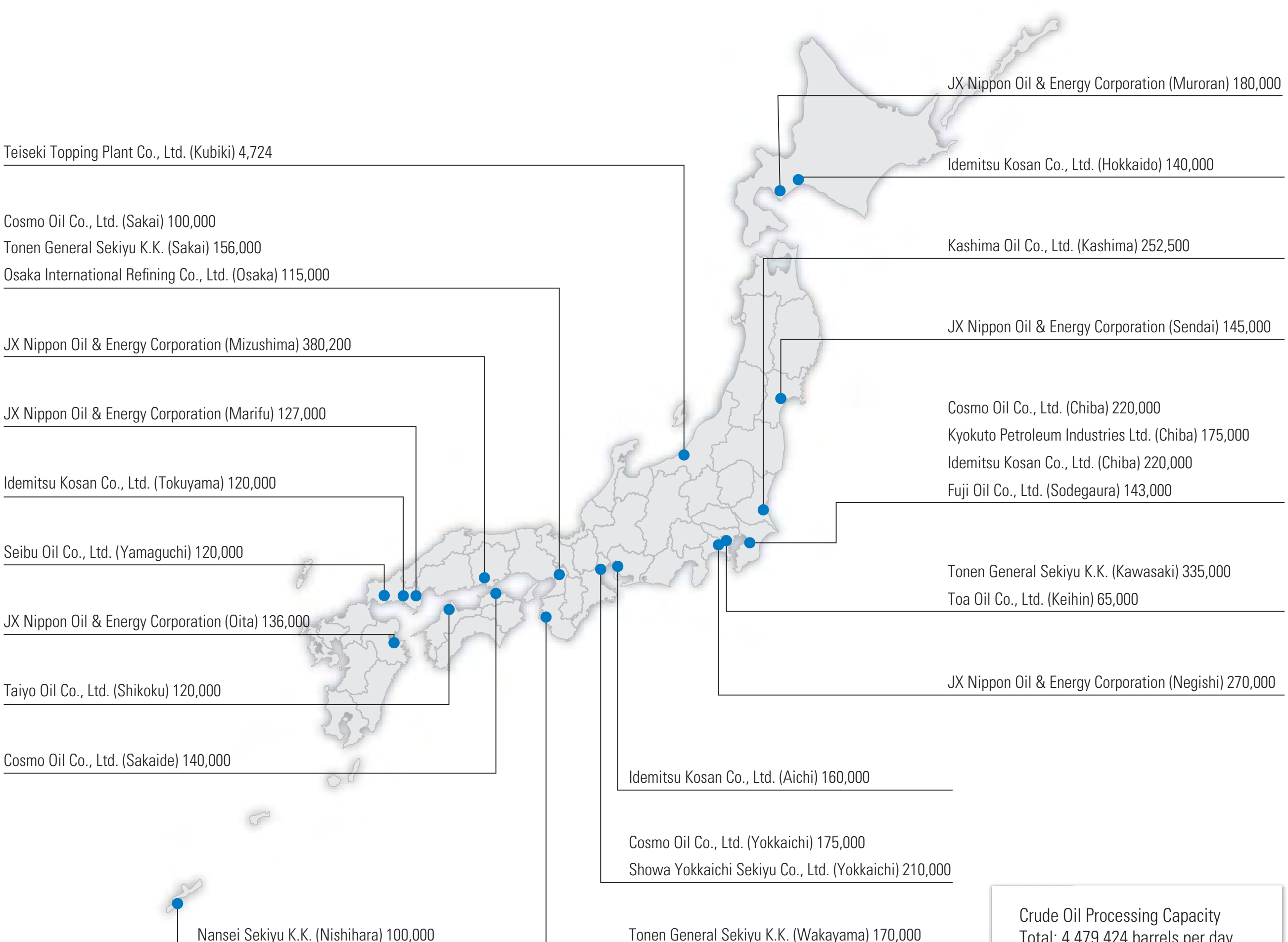
(Barrels/day)



Chiba Refinery	220,000
Yokkaichi Refinery	175,000
Sakai Refinery	100,000
Sakaide Refinery	140,000
Cosmo Oil total	635,000
Industry total	4,479,424
Cosmo Oil share of Japan's total topper capacity	14.2%

Refinery Location and Crude Oil Processing Capacity in the Japanese Petroleum Industry (As of April 30, 2012)

(Barrels/day)



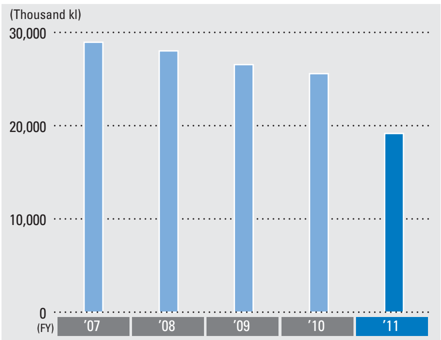
Crude Oil Processing Capacity
Total: 4,479,424 barrels per day
(27 refineries)

Source: Statistics Information, Petroleum Association of Japan

Refining: 2

Volume of Crude Oil Processed

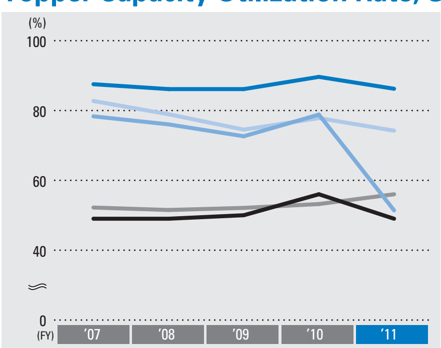
(Thousand kl)



	FY2007	FY2008	FY2009	FY2010	FY2011
Volume of crude oil processed	28,928	27,999	26,231	25,562	19,148

Topper Capacity Utilization Rate, Secondary Unit Ratio

(%)



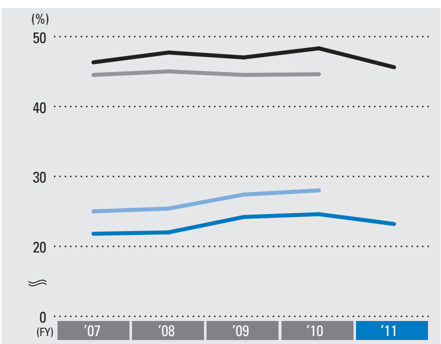
	FY2007	FY2008	FY2009	FY2010	FY2011
Topper capacity utilization rate					
Cosmo Oil (SD)	87.5	86.1	86.1	89.6	86.2
Cosmo Oil (CD)	78.3	76.0	72.6	78.8	51.4
Industry average (CD)	82.7	78.9	74.5	77.8	74.2
FCC capacity utilization rate					
Cosmo Oil	76.5	72.7	78.0	73.5	49.8
Secondary unit ratio					
Cosmo Oil	49.0	49.0	50.0	56.0	49.0
Industry average	52.2	51.5	52.1	53.2	56.0

Notes: 1. SD: stream-day basis CD: calendar-day basis
2. Secondary units include direct desulfurization units, catalytic reformer units, fluid catalytic cracking units and alkylation units. Secondary unit ratio is based on Petroleum Association of Japan data.

Source: Figures for the industry average topper capacity utilization rate are from the Petroleum Association of Japan, and the volume of crude oil processed is the moving average for the period, based on the newest capacity data as of April 1, 2011.

Yields of Gasoline and Four Middle Distillates (Jet Fuel, Kerosene, Diesel Fuel, and Heavy Fuel Oil A)

(%)

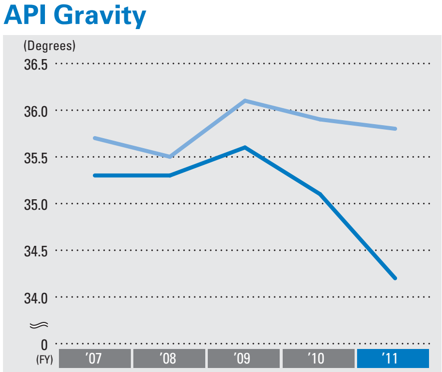


	FY2007	FY2008	FY2009	FY2010	FY2011
Gasoline					
Cosmo Oil	21.8	22.0	24.2	24.6	23.2
Industry average	25.0	25.4	27.4	28.0	N.A.
Four middle distillates					
Cosmo Oil	46.3	47.7	47.0	48.3	45.6
Industry average	44.5	45.0	44.5	44.6	N.A.

Source: Japan Petroleum Statistics Association, "Statistical Indicator No. 11"; Ministry of Economy, Trade and Industry, "Petroleum Data"

API Gravity

(Degrees)



	FY2007	FY2008	FY2009	FY2010	FY2011
Cosmo Oil	35.3	35.3	35.6	35.1	34.2
Industry average	35.7	35.5	36.1	35.9	35.8

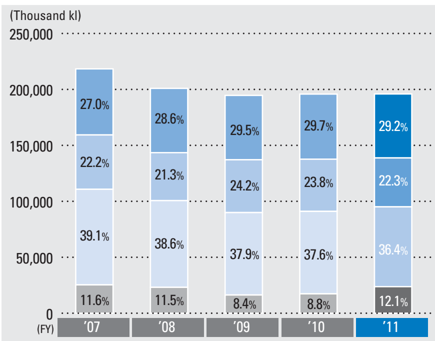
Source: Japan Petroleum Statistics Association, "Statistical Indicator No. 11"; Ministry of Economy, Trade and Industry, "Petroleum Data"

Sales: 1

Domestic Sales by Product (Total Industry/Cosmo Oil)

(Thousand kl)

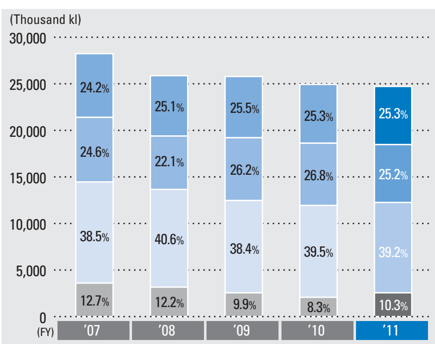
Total industry



	FY2007	FY2008	FY2009	FY2010	FY2011
Gasoline	59,076	57,473	57,522	58,197	57,214
Naphtha	48,548	42,873	47,225	46,668	43,728
Four middle distillates	85,514	77,539	73,731	73,753	71,370
Jet fuel	5,916	5,676	5,229	5,154	4,204
Kerosene	22,672	20,250	20,062	20,332	19,619
Diesel fuel	35,557	33,722	32,391	32,864	32,866
Heavy fuel oil A	21,369	17,891	16,049	15,404	14,680
Heavy fuel oil C	25,341	23,158	16,277	17,330	23,743
Total	218,479	201,042	194,755	195,948	196,055

Source: Ministry of Economy, Trade and Industry, "Natural Resources and Energy Statistics"

Cosmo Oil

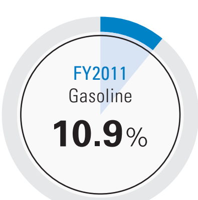


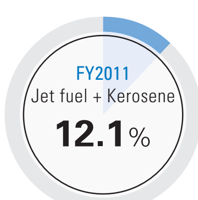
	FY2007	FY2008	FY2009	FY2010	FY2011
Gasoline	6,848	6,486	6,584	6,316	6,249
Naphtha	6,940	5,734	6,749	6,693	6,224
Four middle distillates	10,872	10,504	9,916	9,867	9,704
Jet fuel	445	424	443	533	477
Kerosene	2,811	2,687	2,458	2,442	2,416
Diesel fuel	4,864	4,728	4,526	4,462	4,615
Heavy fuel oil A	2,752	2,665	2,489	2,429	2,196
Heavy fuel oil C	3,597	3,165	2,553	2,075	2,555
Total	28,258	25,891	25,802	24,950	24,732

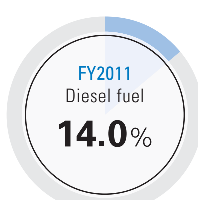
Source: Ministry of Economy, Trade and Industry, "Natural Resources and Energy Statistics"

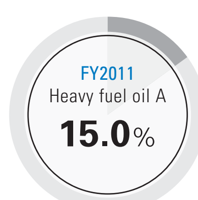
Market Share by Product

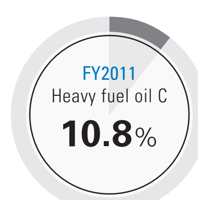
(%)

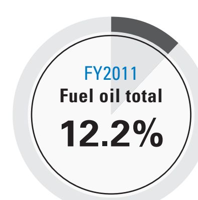












	FY2007	FY2008	FY2009	FY2010	FY2011
Gasoline	11.6	11.3	11.4	10.9	10.9
Jet fuel + Kerosene	11.4	12.0	11.5	11.7	12.1
Diesel fuel	13.7	14.0	14.0	13.6	14.0
Heavy fuel oil A	12.9	14.9	15.5	15.8	15.0
Heavy fuel oil C	14.2	13.7	15.7	12.0	10.8
Fuel oil total	12.5	12.7	12.9	12.2	12.2

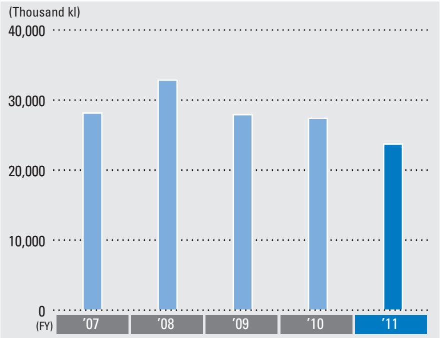
Note: The total market share for fuel oil excludes naphtha sales (on a volume basis).
Source: Ministry of Economy, Trade and Industry, "Natural Resources and Energy Statistics"

Sales: 2

Exports by Product (Total Industry/Cosmo Oil)

(Thousand kl)

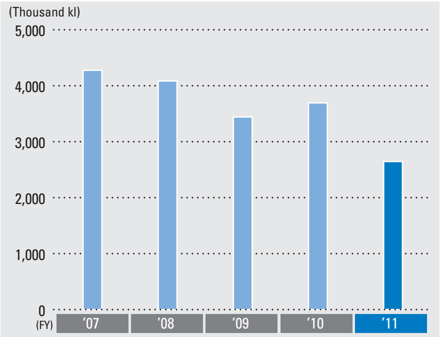
Total industry Total exports



	FY2007	FY2008	FY2009	FY2010	FY2011
Diesel	9,027	13,020	11,358	11,046	7,619
Kerosene/Jet fuel	N.A.	N.A.	N.A.	N.A.	N.A.
Total	9,027	13,020	11,358	11,046	7,619
Bonded products sales, others					
Jet fuel	9,277	10,080	8,376	8,936	8,694
Heavy fuel oil C	9,183	9,274	7,798	7,172	6,792
Others	644	444	357	198	600
Total	19,104	19,798	16,531	16,306	16,086
■ Total exports	28,132	32,819	27,888	27,352	23,705

Source: Ministry of Economy, Trade and Industry, "Natural Resources and Energy Statistics"

Cosmo Oil Total exports

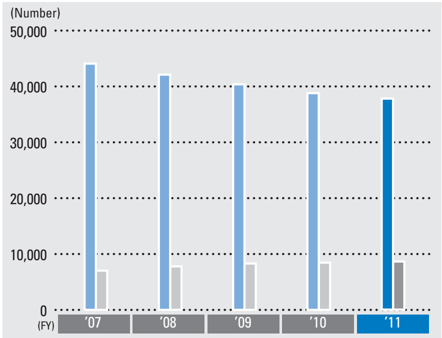


	FY2007	FY2008	FY2009	FY2010	FY2011
Diesel	1,331	1,457	991	907	145
Kerosene/Jet fuel	259	101	110	219	64
Total	1,590	1,558	1,101	1,125	209
Bonded products sales, others					
Jet fuel	1,766	1,587	1,478	1,598	1,535
Heavy fuel oil C	783	716	716	542	492
Others	135	222	145	426	408
Total	2,684	2,525	2,339	2,566	2,435
■ Total exports	4,274	4,083	3,440	3,691	2,644

Source: Ministry of Economy, Trade and Industry, "Natural Resources and Energy Statistics"

Sales: 3

Number of Service Stations (Nationwide)

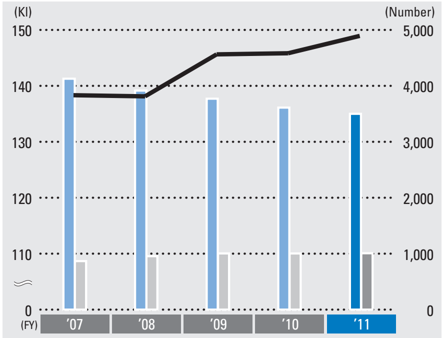


	FY2007	FY2008	FY2009	FY2010	FY2011
Nationwide					
Number of national brand SS	33,670	31,831	30,339	29,001	27,918
Number of non-brand SS	10,387	10,259	10,018	9,776	9,825
■ **Total (SS)**	44,057	42,090	40,357	38,777	37,743
Number of national brand self SS	6,004	6,596	6,906	6,935	7,001
Number of non-brand self SS	1,019	1,178	1,390	1,514	1,595
■ **Total (Self SS)**	7,023	7,774	8,296	8,449	8,596

Notes: 1. Total number of SS in Japan is based on "Law on the Quality Control of Gasoline and Other Fuels."
2. The number of self SS is included in the number of SS.

Source: Number of nationwide SS compiled by the Agency for Natural Resources and Energy, number of wholesaler SS compiled by the Daily Nenryo Yushi Japan, number of other SS represents the difference between the number of nationwide SS and the number of distributor SS.

Gasoline Volume Sold per Service Station (Cosmo Oil)

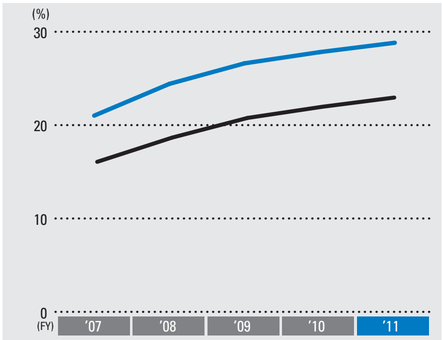


	FY2007	FY2008	FY2009	FY2010	FY2011
Cosmo Oil					
■ Number of SS (right scale)	4,125	3,913	3,768	3,609	3,498
■ Number of self SS (right scale)	867	955	1,004	1,003	1,007
– Gasoline volume sold per SS (kl/month/SS) (left scale)	138.3	138.1	145.6	145.8	148.9

Notes: 1. Gasoline volume sold per SS = The annual volume of gasoline sold by the Group ÷ number of SS at the end of each year ÷ 12 months
2. The number of self SS is included in the number of SS.

Self-service Station Ratio

(%)

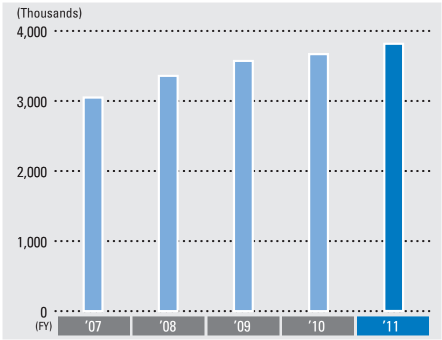


	FY2007	FY2008	FY2009	FY2010	FY2011
– Cosmo Oil	21.0	24.4	26.6	27.8	28.8
– Nationwide	15.9	18.5	20.6	21.8	22.8

Source: Nationwide SS is based on data provided by the Oil Information Center and National Federation of Petroleum Commercial Associations and National Federation of Petroleum Co-op Associations.

Number of Active Cosmo the Card (Credit Cards)

(Thousands)

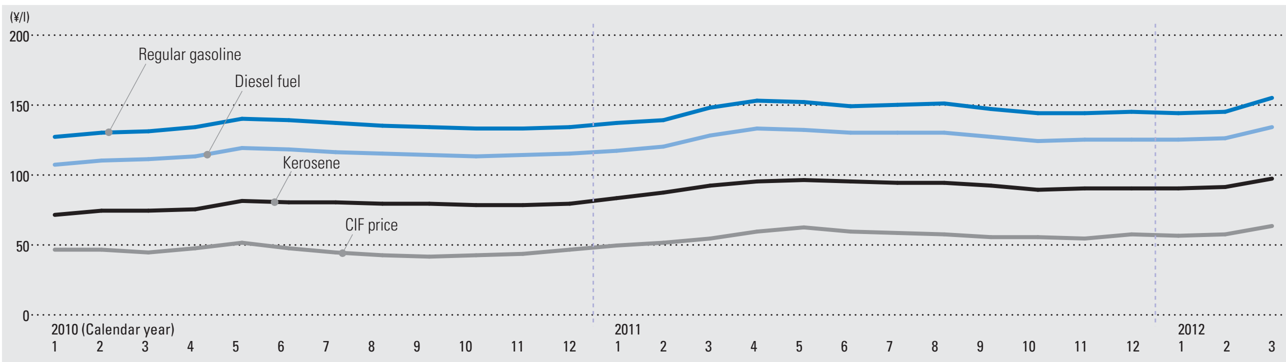


	FY2007	FY2008	FY2009	FY2010	FY2011
■ Total number of active cards	3,049	3,357	3,570	3,667	3,813

Note: Total number of active cards = Total number of cards issued – Total number of deactivated cards

Price

Retail Prices for Petroleum Products (Regular Gasoline, Diesel Fuel, and Kerosene) (Industry Average)



2010	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Regular gasoline (¥/l)	126	129	130	133	139	138	136	134	133	132	132	133
Diesel fuel (¥/l)	106	109	110	112	118	117	115	114	113	112	113	114
Kerosene (¥/l)	70	73	73	74	80	79	79	78	78	77	77	78
CIF price (¥/l)	45	45	43	46	50	46	43	41	40	41	42	45

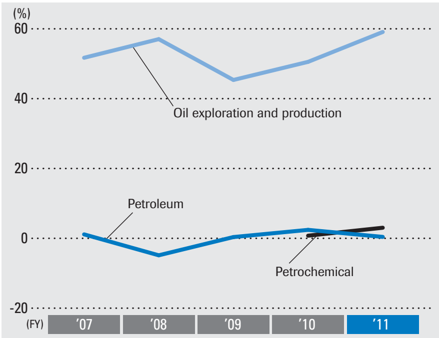
2011	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Regular gasoline (¥/l)	136	138	147	152	151	148	149	150	146	143	143	144
Diesel fuel (¥/l)	116	119	127	132	131	129	129	129	126	123	124	124
Kerosene (¥/l)	82	86	91	94	95	94	93	93	91	88	89	89
CIF price (¥/l)	48	50	53	58	61	58	57	56	54	54	53	56

2012	Jan.	Feb.	Mar.
Regular gasoline (¥/l)	143	144	154
Diesel fuel (¥/l)	124	125	133
Kerosene (¥/l)	89	90	96
CIF price (¥/l)	55	56	62

Note: Figures for regular gasoline and diesel fuel prices include crude oil tariffs, either gasoline taxes or diesel fuel transaction taxes and consumption taxes. Kerosene prices include oil tariffs, oil taxes and consumption taxes.
Source: Agency for Natural Resources and Energy "Petroleum Product Price Data" and Petroleum Association of Japan "Oil Statistics"

Segment Performance

Segment Operating Income Ratio

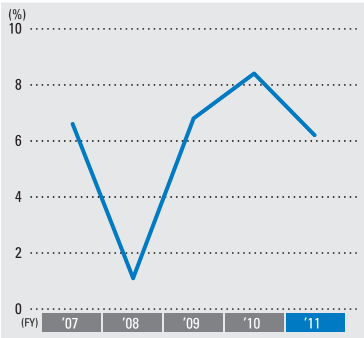


	FY2007	FY2008	FY2009	FY2010	FY2011 (Millions of yen)	FY2011 (Thousands of U.S. dollars)
Segment sales						
Petroleum	¥3,442,186	¥3,352,916	¥2,565,153	¥2,728,754	¥3,055,628	$37,177,613
Petrochemical	—	—	—	45,940	29,422	357,975
Oil exploration and production	84,069	89,054	59,553	69,938	87,644	1,066,358
Others	99,010	91,790	88,470	68,652	71,628	871,493
Elimination and corporate	(102,178)	(105,549)	(101,035)	(141,762)	(134,577)	(1,637,389)
Total	3,523,087	3,428,211	2,612,141	2,771,523	3,109,746	37,836,063
Segment operating income (loss)						
Petroleum	39,315	(162,646)	9,470	66,268	12,778	155,469
Petrochemical	—	—	—	356	894	10,877
Oil exploration and production	43,454	50,780	27,001	35,334	51,768	629,858
Others	2,576	2,242	2,073	1,298	1,534	18,664
Elimination and corporate	(1,548)	2,618	(4,337)	842	(3,405)	(41,428)
Total	83,797	(107,006)	36,411	104,098	63,570	773,452
						(%)
Segment operating income ratio						
Petroleum	1.14	(4.85)	0.37	2.43	0.42	—
Petrochemical	—	—	—	0.77	3.04	—
Oil exploration and production	51.69	57.02	45.34	50.52	59.07	—

Notes: 1. Effective from the beginning of the consolidated fiscal year ending March 31, 2012, the Company adopted the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (the ASBJ Statement No. 17 issued on March 27, 2009) and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (the ASBJ Guidance No. 20 issued on March 21, 2008).
2. The Petrochemical Business, which had previously been included in the Petroleum Business segment, was made a separate segment from FY2010.

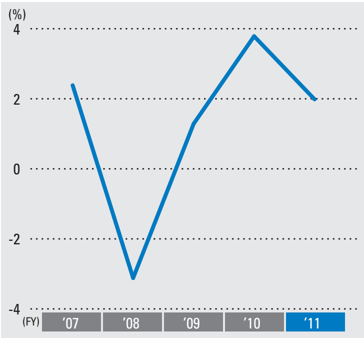
Profitability

Gross Profit Ratio



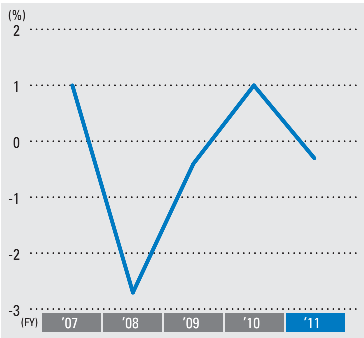
	Millions of yen					Thousands of U.S. dollars
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2011
Net sales	¥3,523,087	¥3,428,211	¥2,612,141	¥2,771,523	¥3,109,746	$37,836,063
Gross profit	232,399	38,803	176,775	232,490	191,508	2,330,064
Gross profit ratio (%)	6.6	1.1	6.8	8.4	6.2	—

Operating Income Ratio



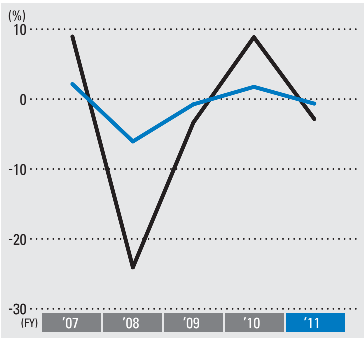
	Millions of yen					Thousands of U.S. dollars
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2011
Net sales	¥3,523,087	¥3,428,211	¥2,612,141	¥2,771,523	¥3,109,746	$37,836,063
Operating income (loss)	83,797	(107,006)	34,207	104,097	63,570	773,452
Operating income ratio (%)	2.4	(3.1)	1.3	3.8	2.0	—

Return on Sales



	Millions of yen					Thousands of U.S. dollars
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2011
Net sales	¥3,523,087	¥3,428,211	¥2,612,141	¥2,771,523	¥3,109,746	$37,836,063
Net income (loss)	35,153	(92,430)	(10,741)	28,933	(9,084)	(110,524)
Return on sales (%)	1.0	(2.7)	(0.4)	1.0	(0.3)	—

ROA/ROE

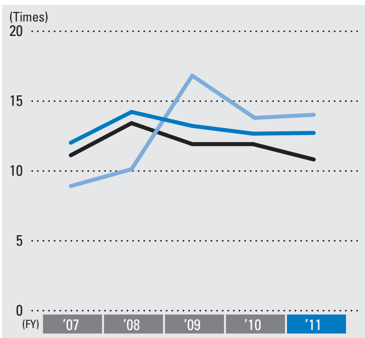


	Millions of yen					Thousands of U.S. dollars
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2011
Net income (loss)	¥ 35,153	¥ (92,430)	¥ (10,741)	¥ 28,933	¥ (9,084)	$ (110,524)
Total assets	1,627,904	1,440,396	1,645,048	1,579,424	1,675,070	20,380,460
Total shareholders' equity	442,912	328,434	315,747	332,730	316,931	3,856,077
Return on assets (ROA) (%)	2.2	(6.0)	(0.7)	1.8	(0.6)	—
Return on equity (ROE) (%)	9.0	(24.0)	(3.3)	8.9	(2.8)	—

Notes: 1. ROA = Net income ÷ Average total assets at beginning and end of the fiscal year X 100
2. ROE = Net income ÷ Average shareholders' equity at beginning and end of the fiscal year X 100

Efficiency/Productivity

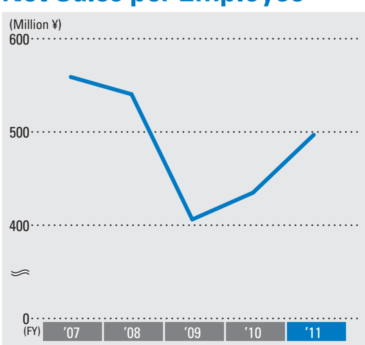
Trade Receivables Turnover, Inventory Turnover, Accounts Payable Turnover



	Millions of yen					Thousands of U.S. dollars
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2011
Notes and accounts receivable, trade	¥ 293,549	¥ 189,037	¥ 206,168	¥ 229,618	¥ 261,067	$ 3,176,384
Inventories	440,092	239,092	311,542	402,975	443,562	5,396,788
Trade receivables turnover (times)*	12.0	14.2	13.2	12.7	12.7	—
Inventory turnover (times)*	8.9	10.1	16.8	13.8	14.0	—
Notes and accounts payable, trade	312,657	191,883	216,112	243,914	294,906	3,588,101
Cost of sales	3,290,688	3,389,408	2,435,366	2,539,032	2,918,238	35,505,998
Accounts payable turnover (times)*	11.1	13.4	11.9	11.0	10.8	—

* Calculated based on average trade receivables, total assets, and inventories at the beginning and end of each fiscal year.

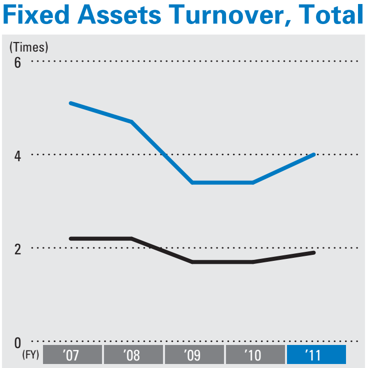
Net Sales per Employee



	Millions of yen					Thousands of U.S. dollars
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2011
Net sales per employee	¥559.7	¥541.2	¥407.0	¥435.3	¥497.7	$ 6,055.5
Consolidated number of employees	6,295	6,335	6,418	6,366	6,247	—

Note: Net sales per employee are based on the average number of employees at the beginning and end of each fiscal year.

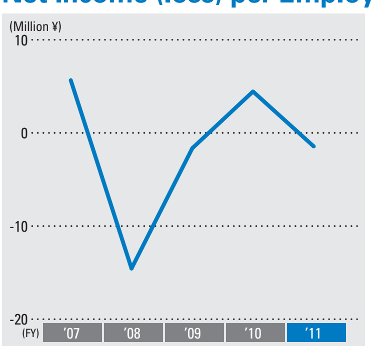
Fixed Assets Turnover, Total Assets Turnover



	Millions of yen					Thousands of U.S. dollars
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2011
Total assets	¥1,627,904	¥1,440,396	¥1,645,048	¥1,579,424	¥1,675,070	$ 2,038,460
Fixed assets	694,182	752,086	799,569	785,736	754,400	9,178,732
Fixed assets turnover (times)*	5.1	4.7	3.4	3.5	4.0	—
Total assets turnover (times)*	2.2	2.2	1.7	1.7	1.9	—

* Calculated based on average trade receivables, total assets, and inventories at the beginning and end of each fiscal year.

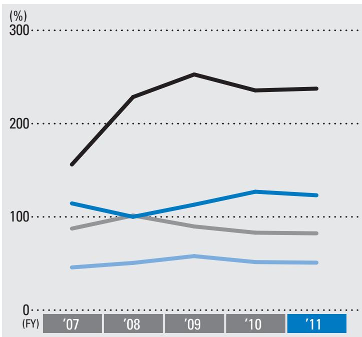
Net Income (loss) per Employee



	Millions of yen					Thousands of U.S. dollars
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2011
Net income (loss) per employee	¥ 5.6	¥ (14.6)	¥ (1.7)	¥ 4.5	¥ (1.5)	$ (17.7)
Consolidated number of employees	6,295	6,335	6,418	6,366	6,247	—

Stability

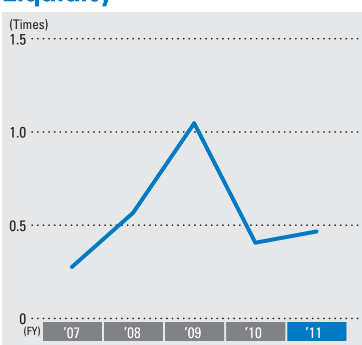
Current Ratio, Quick Ratio, Fixed Ratio, Fixed Assets Capitalization



	Millions of yen					Thousands of U.S. dollars
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2011
Current ratio (%)	115.0	100.6	113.6	127.5	123.7	—
Quick ratio (%)	46.4	51.2	58.5	52.1	51.5	—
Fixed ratio (%)	156.7	229.0	253.2	236.1	238.0	—
Fixed assets capitalization (%)	88.0	102.0	90.3	83.6	82.9	—
Short-term debt	¥259,600	¥261,778	¥269,514	¥176,366	¥208,287	$2,534,213
Long-term debt, less current maturities	262,005	336,831	490,225	523,765	512,915	6,240,601

Notes: 1. Short-term debt includes the current maturities of long-term debt.
2. Current ratio = Current assets at fiscal year-end ÷ Current liabilities X 100
3. Quick ratio = (Cash and bank deposits + Notes and accounts receivable + Marketable securities) ÷ Current liabilities X 100
4. Fixed ratio = Fixed assets ÷ Net assets excluding minority interests X 100
5. Fixed assets capitalization = Fixed assets ÷ (Net assets excluding minority interests + Long-term liabilities)

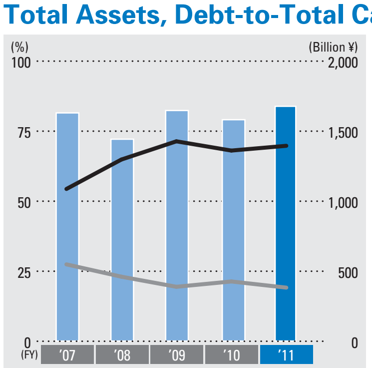
Liquidity



	Millions of yen					Thousands of U.S. dollars
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2011
Cash and deposits and marketable securities	¥83,185	¥161,435	¥228,919	¥94,343	¥122,445	$1,489,780
Liquidity (times)	0.28	0.57	1.05	0.41	0.47	—

Note: Liquidity = (Cash deposits + Securities) ÷ Net sales (monthly average)

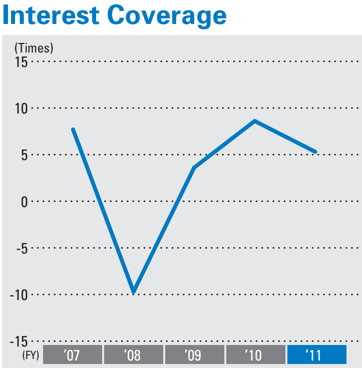
Total Assets, Debt-to-Total Capital Ratio, Equity Ratio



	Millions of yen					Thousands of U.S. dollars
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2011
Total assets (right scale)	¥1,627,904	¥1,440,396	¥1,645,048	¥1,579,424	¥1,675,070	$ 20,380,460
Interest-bearing debt	521,605	598,609	777,739	700,131	721,203	8,774,827
Net assets excluding minority interests	442,912	328,434	315,747	332,730	316,931	3,856,077
Debt-to-total capital ratio (%) (left scale)	54.1	64.6	71.1	67.8	69.5	—
Total debt to total assets (%)	32.0	41.6	47.3	44.3	43.1	—
Equity ratio (%) (left scale)	27.2	22.8	19.2	21.1	18.9	—
Debt-to-equity ratio (times)	1.2	1.8	2.5	2.1	2.3	—

Note: Debt-to-total capital ratio = Interest-bearing debt ÷ (Interest-bearing debt + Net assets excluding minority interests)

Interest Coverage

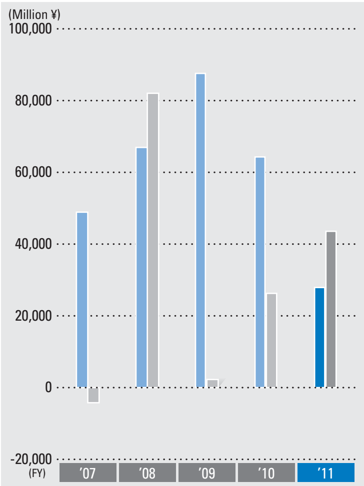


	Millions of yen					Thousands of U.S. dollars
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2011
Interest expenses	¥11,358	¥ 10,767	¥ 9,855	¥ 12,242	¥ 12,323	$ 149,933
Interest and dividend income	3,488	2,317	1,411	1,321	2,017	24,541
Operating income (loss)	83,797	(107,006)	34,207	104,097	63,570	773,452
Interest coverage (times)	7.7	(9.7)	3.6	8.6	5.3	—

Note: Interest coverage = (Operating income + Interest and dividend income) ÷ Interest expense

Cash Flows

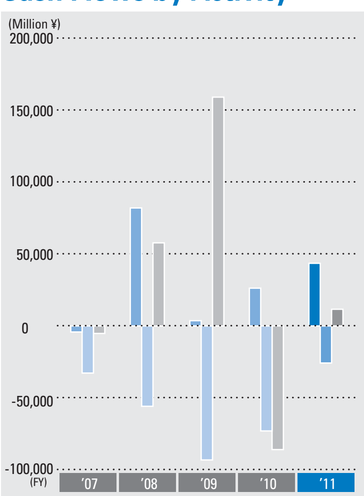
Cash Flows from Operating Activities and Capital Expenditures



	Millions of yen					Thousands of U.S. dollars
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2011
■ Capital expenditures	¥48,958	¥ 67,025	¥ 87,677	¥64,369	¥27,933	$ 339,859
Depreciation and amortization	42,776	41,492	42,746	51,068	50,601	615,659
Net income (loss)	35,153	(92,430)	(10,741)	28,933	(9,084)	(110,524)
Cash dividends paid and bonuses to directors and statutory auditors	5,372	6,780	4,237	6,779	6,779	82,480
■ Cash flows from operating activities	(4,215)	82,136	2,262	26,297	43,616	530,673

Notes: 1. Figures for capital investment include intangible fixed assets and long-term prepaid expenses.
2. Depreciation and amortization includes recovery of recoverable accounts under production sharing from FY2007 through FY2010. In FY2011, depreciation and amortization includes recovery of recoverable accounts under production sharing as well as depreciation applicable to fixed assets idled as a result of the fire at the Chiba Refinery caused by the Great East Japan Earthquake.

Cash Flows by Activity

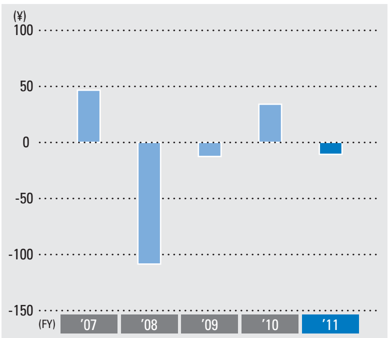


	Millions of yen					Thousands of U.S. dollars
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2011
■ Cash flows from operating activities	¥ (4,215)	¥ 82,136	¥ 2,262	¥ 26,297	¥ 43,616	$ 530,673
■ Cash flows from investing activities	(32,806)	(55,953)	(93,306)	(73,109)	(25,805)	(313,968)
■ Cash flows from financing activities	(5,229)	57,854	159,302	(86,077)	11,606	141,209
Cash and cash equivalents at the end of year	82,675	159,920	228,908	94,343	122,431	1,489,609
Simplified cash flows	63,021	(64,243)	23,017	66,372	23,875	290,485

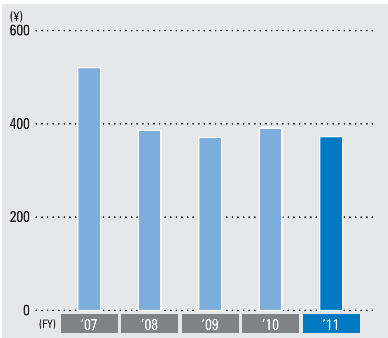
Note: Simplified cash flows are calculated as the sum of depreciation and net income after deducting cash dividends paid and bonuses to directors and statutory auditors.

Per Share Data

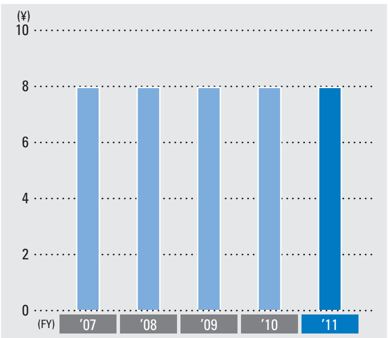
Net Income (Loss) per Share



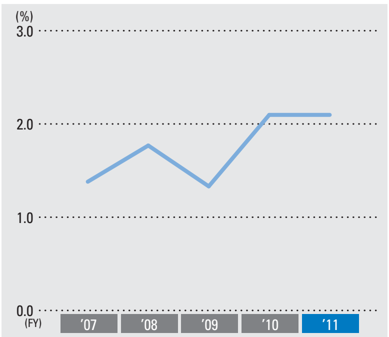
Net Assets per Share



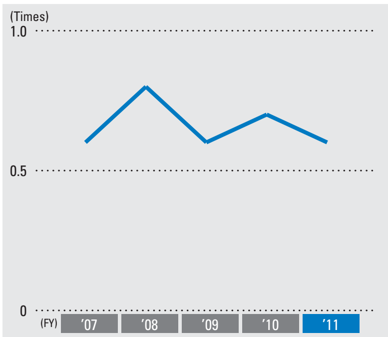
Cash Dividends per Share



Dividends on Equity



Price Book Value Ratio (PBR)



					Millions of yen	Thousands of U.S. dollars
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2011
Stock price at the end of fiscal year (¥, $)	¥ 313	¥ 298	¥ 226	¥ 259	¥ 230	$ 2.80
Cash dividends per share (¥, $)	8.00	8.00	8.00	8.00	8.00	0.10
Cash dividends	5,372	6,780	4,237	6,779	6,779	82,480
Number of shares of common stock (millions)	847.7	847.7	847.7	847.7	847.7	—
Net income (loss)	35,153	(92,430)	(10,741)	28,933	(9,084)	(110,524)
Net assets excluding minority interests	442,912	328,434	315,747	332,730	316,931	3,856,077
Payout ratio (%)	15.28	—	—	23.42	—	—
Dividends on equity (%)	1.37	1.76	1.32	2.09	2.09	—
					Yen	U.S. dollars
Net income (loss) per share (¥, $)	¥ 46.72	¥ (109.11)	¥ (12.68)	¥ 34.16	¥ (10.72)	$ (0.13)
Diluted net income per share (¥, $)	44.98	—	—	33.58	—	—
Net assets per share (¥, $)	522.84	387.71	372.74	392.80	374.15	4.55
PER (times)	6.7	—	—	7.6	—	—
PBR (times)	0.6	0.8	0.6	0.7	0.6	—

Notes: 1. Dividend value is cash flow base.
2. DOE = Dividend amount ÷ Average beginning and end of period shareholders' equity X 100
3. Net income (loss) per share is based on the average number of outstanding shares.
4. Figures for PER and PBR are calculated based on the closing price of the Company's shares listed on the First Section of the Tokyo Stock Exchange on the last trading day in March of each year. These figures are for the parent company only.
5. Dividend payout ratio, diluted net income, and PER are not presented for fiscal years with a net loss.

Consolidated Financial Statements

Consolidated Balance Sheets (March 31, 2008, 2009, 2010, 2011 and 2012)

Millions of yen

	FY2007 (As of March 31, 2008)	FY2008 (As of March 31, 2009)	FY2009 (As of March 31, 2010)	FY2010 (As of March 31, 2011)	FY2011 (As of March 31, 2012)
ASSETS					
Current assets					
Cash and deposits	¥ 72,193	¥ 147,451	¥ 226,608	¥ 94,343	¥ 122,031
Notes and accounts receivable-trade	293,549	189,036	206,168	229,618	261,067
Short-term investment securities	10,992	13,983	2,310	14	413
Inventories	440,091	—	—	—	—
Merchandise and finished goods	—	116,732	145,720	204,867	232,505
Work in process	—	1,198	469	985	1,051
Raw materials and supplies	—	121,160	165,351	197,122	210,004
Accounts receivable-other	60,804	57,781	50,844	28,405	60,861
Deferred tax assets	5,448	7,321	3,890	3,680	6,712
Other	50,994	34,046	44,193	34,659	26,056
Allowance for doubtful accounts	(352)	(402)	(222)	(332)	(292)
Total current assets	933,721	688,310	845,336	793,363	920,412
Noncurrent assets					
Property, plant and equipment					
Buildings and structures, net	95,978	94,611	102,058	103,949	100,167
Oil storage depots, net	11,251	11,030	14,233	16,551	17,381
Machinery, equipment and vehicles, net	79,689	76,732	104,156	163,298	149,529
Land	308,277	305,565	303,104	302,808	299,772
Lease assets, net	—	91	659	641	575
Construction in progress	26,810	46,665	65,157	9,026	6,346
Other, net	7,016	8,719	8,322	7,362	6,474
Total property, plant and equipment	529,023	543,416	597,693	603,639	580,246
Intangible assets					
Leasehold right	1,211	1,201	1,142	1,125	986
Software	4,001	3,206	4,236	3,587	3,090
Goodwill	181	107	17	10	3
Other	4,385	7,668	7,166	6,794	5,436
Total intangible assets	9,779	12,183	12,563	11,517	9,517
Investments and other assets					
Investment securities	103,614	88,471	100,950	99,668	102,062
Investments in capital	213	185	188	202	214
Long-term loans receivable	2,643	1,987	1,790	1,314	1,434
Long-term prepaid expenses	7,838	6,970	6,095	4,840	4,315
Deferred tax assets	3,473	63,179	46,888	35,081	32,230
Other	38,819	36,570	34,275	30,384	25,243
Allowance for doubtful accounts	(1,224)	(878)	(876)	(912)	(863)
Total investments and other assets	155,378	196,485	189,312	170,579	164,635
Total noncurrent assets	694,182	752,085	799,569	785,736	754,400
Deferred assets					
Bond issuance cost	—	—	142	324	257
Total deferred assets	—	—	142	324	257
Total assets	¥ 1,627,903	¥ 1,440,395	¥ 1,645,048	¥ 1,579,424	¥ 1,675,070

Millions of yen

	FY2007 (As of March 31, 2008)	FY2008 (As of March 31, 2009)	FY2009 (As of March 31, 2010)	FY2010 (As of March 31, 2011)	FY2011 (As of March 31, 2012)
LIABILITIES					
Current liabilities					
Notes and accounts payable-trade	¥ 312,656	¥ 191,883	¥ 216,111	¥ 243,914	¥ 294,906
Short-term loans payable	257,100	261,778	269,514	176,366	207,447
Current portion of bonds with subscription rights to shares	2,500	—	18,000	—	840
Accounts payable-other	86,252	71,523	95,337	80,336	100,184
Accrued volatile oil and other petroleum taxes	77,240	112,663	107,457	71,431	99,786
Income taxes payable	21,688	5,770	9,194	7,252	12,181
Accrued consumption taxes	3,844	201	613	13,222	3,744
Accrued expenses	12,437	11,202	10,525	11,023	9,279
Deferred tax liabilities	10,363	4	2,330	567	5
Provision for loss on disaster	—	—	—	4,237	3,512
Provision for loss on construction contracts	—	327	—	—	—
Other	27,944	28,537	15,091	13,823	12,388
Total current liabilities	812,027	683,883	744,174	622,173	744,275
Noncurrent liabilities					
Bonds payable	—	—	15,000	57,000	56,160
Bonds with subscription rights to shares	18,000	18,000	—	—	—
Long-term loans payable	244,004	318,830	475,225	466,765	456,755
Deferred tax liabilities	16,806	6,957	8,806	11,268	10,042
Deferred tax liabilities for land revaluation	33,946	33,492	33,293	33,210	29,027
Provision for special repairs	7,367	6,676	6,333	6,689	7,984
Provision for retirement benefits	6,300	6,096	5,899	5,647	6,795
Negative goodwill	—	—	6,284	5,027	3,769
Other	19,722	19,009	18,449	21,403	22,821
Total noncurrent liabilities	346,149	409,063	569,293	607,011	593,357
Total liabilities	1,158,176	1,092,946	1,313,468	1,229,185	1,337,632

	FY2007	FY2008	FY2009	FY2010	FY2011
NET ASSETS					
Shareholders' equity					
Capital stock	107,246	107,246	107,246	107,246	107,246
Capital surplus	89,442	89,440	89,440	89,440	89,440
Retained earnings	215,388	115,732	99,685	119,803	103,454
Treasury stock	(125)	(129)	(134)	(138)	(140)
Total shareholders' equity	411,952	312,290	296,239	316,351	300,001
Accumulated other comprehensive income					
Valuation difference on available-for-sale securities	5,909	(2,099)	(529)	669	1,540
Deferred gains or losses on hedges	14,603	8,084	8,761	6,459	2,579
Revaluation reserve for land	11,084	11,523	12,593	14,147	18,776
Foreign currency translation adjustment	(638)	(1,365)	(1,318)	(4,898)	(5,965)
Total accumulated other comprehensive income*	30,960	16,142	19,507	16,378	16,930
Minority interests	26,814	19,015	15,832	17,508	20,506
Total net assets	469,726	347,449	331,579	350,239	337,437
Total liabilities and net assets	¥ 1,627,903	¥ 1,440,395	¥ 1,645,048	¥ 1,579,424	¥ 1,675,070

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

Consolidated Statements of Income (Years ended March 31, 2008, 2009, 2010, 2011 and 2012)

Millions of yen

	FY2007 (From April 1, 2007 to March 31, 2008)	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)	FY2010 (From April 1, 2010 to March 31, 2011)	FY2011 (From April 1, 2011 to March 31, 2012)
Net sales	¥3,523,086	¥3,428,211	¥2,612,141	¥2,771,523	¥3,109,746
Cost of sales	3,290,687	3,389,407	2,435,365	2,539,032	2,918,238
Gross profit	232,399	38,803	176,775	232,490	191,508
Selling, general and administrative expenses	148,602	145,809	142,568	128,393	127,937
Operating income	83,796	(107,005)	34,207	104,097	63,570
Non-operating income					
Interest income	1,976	1,485	495	150	119
Dividends income	1,511	831	915	1,171	1,898
Rent income on noncurrent assets	913	982	1,136	1,190	1,221
Amortization of negative goodwill	—	—	—	1,251	1,251
Foreign exchange gains	8,886	—	2,581	106	451
Equity in earnings of affiliates	8,662	—	7,348	407	2,933
Oil price change gains	—	—	223	—	1,668
Other	6,083	5,897	3,832	3,519	3,955
Total non-operating income	28,033	9,197	16,533	7,797	13,498
Non-operating expenses					
Interest expenses	11,357	10,767	9,855	12,242	12,323
Equity in losses of affiliates	—	1,126	—	—	—
Foreign exchange losses	—	9,325	—	—	—
Other	6,142	5,975	4,474	3,557	3,324
Total non-operating expenses	17,499	27,195	14,329	15,799	15,648
Ordinary income	94,330	(125,004)	36,411	96,094	61,420
Extraordinary income					
Gain on sales of noncurrent assets	5,417	6,899	5,206	1,044	642
Gain on sales of investment securities	726	4,193	110	—	67
Reversal of allowance for doubtful accounts	456	—	—	—	—
Gain on allotment of investment securities	—	—	—	151	—
Gain on sales of subsidiaries and affiliates' stocks	—	—	1,994	13	946
Gain on abolishment of retirement benefit plan	3,155	—	—	—	—
Gain on exchange of stock	393	—	—	—	—
Gain on insurance adjustment	—	1,749	—	—	—
Insurance income	—	—	—	—	4,639
Compensation income	—	—	—	—	186
Other	82	182	389	—	—
Total extraordinary income					
Extraordinary loss					
Loss on sales of noncurrent assets	100	216	96	213	70
Loss on disposal of noncurrent assets	2,554	3,417	3,752	3,521	3,140
Impairment loss	4,510	1,239	1,976	3,857	3,397
Loss on sales of investment securities	—	—	450	—	—
Loss on sales of stocks of subsidiaries and affiliates	—	—	—	22	—
Loss on valuation of investment securities	—	—	2,183	2,983	1,240
Loss on valuation of stocks of subsidiaries and affiliates	—	—	—	29	19
Loss on adjustment for changes of accounting standard	—	—	—	1,660	—
Loss on disaster	—	—	—	5,749	22,694
Loss on disposal of recoverable accounts under production sharing	—	—	—	3,523	—
Loss on litigation	—	—	—	2,291	—
Loss on valuation of membership	56	—	—	—	—
Loss on liquidation of business of subsidiaries and affiliates	1,625	—	—	—	—
Retirement benefit expenses	—	—	—	—	1,844
Other	155	327	125	—	112
Total extraordinary losses	9,002	5,200	8,584	23,852	32,520
Income before income taxes and minority interests	95,560	(117,179)	35,526	73,451	35,381
Income taxes-current	47,982	43,828	21,948	27,958	37,973
Income taxes-deferred	7,088	(71,522)	21,540	14,175	944
Total income taxes	55,070	(27,694)	43,488	42,133	38,917
Income (loss) before minority interests	—	—	—	31,318	(3,535)
Minority interests in income	5,337	2,944	2,778	2,384	5,548
Net income (loss)	¥ 35,152	¥ (92,429)	¥ (10,740)	¥ 28,933	¥ (9,084)

Consolidated Statements of Comprehensive Income (Years ended March 31, 2011 and 2012)

Millions of yen

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

Consolidated Statements of Changes in Net Assets (Year ended March 31, 2012)

Millions of yen

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

	Millions of yen FY2011 (From April 1, 2011 to March 31, 2012)
Revaluation reserve for land	
Balance at the beginning of current period	¥ 14,147
Changes of items during the period	
Reversal of revaluation reserve for land	485
Net changes of items other than shareholders' equity	4,143
Total changes of items during the period	4,628
Balance at the end of current period	18,776
Foreign currency translation adjustment	
Balance at the beginning of current period	(4,898)
Changes of items during the period	
Net changes of items other than shareholders' equity	(1,067)
Total changes of items during the period	(1,067)
Balance at the end of current period	(5,965)
Total accumulated other comprehensive income	
Balance at the beginning of current period	16,378
Changes of items during the period	
Reversal of revaluation reserve for land	485
Net changes of items other than shareholders' equity	66
Total changes of items during the period	551
Balance at the end of current period	16,930
Minority interests	
Balance at the beginning of current period	17,508
Changes of items during the period	
Net changes of items other than shareholders' equity	2,997
Total changes of items during the period	2,997
Balance at the end of current period	20,506
Total net assets	
Balance at the beginning of current period	350,239
Changes of items during the period	
Dividends from surplus	(6,779)
Net income (loss)	(9,084)
Change of scope of equity method	—
Reversal of revaluation reserve for land	—
Purchase of treasury stock	(1)
Disposal of treasury stock	0
Net changes of items other than shareholders' equity	3,063
Total changes of items during the period	(12,801)
Balance at the end of current period	¥ 337,437

Consolidated Statements of Cash Flows (Years ended March 31, 2008, 2009, 2010, 2011 and 2012)

Millions of yen

	FY2007 (From April 1, 2007 to March 31, 2008)	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)	FY2010 (From April 1, 2010 to March 31, 2011)	FY2011 (From April 1, 2011 to March 31, 2012)
Net cash provided by (used in) operating activities					
Income (loss) before income taxes and minority interests	¥ 95,560	¥ (117,179)	¥ 35,526	¥ 73,451	¥ 35,381
Depreciation and amortization	33,240	34,966	37,994	44,218	39,738
Amortization of goodwill	45	75	89	—	—
Amortization of negative goodwill	—	—	—	(1,251)	(1,251)
Impairment loss	4,510	1,239	1,976	3,857	3,397
Loss (gain) on sales of noncurrent assets	(5,317)	(6,682)	(5,110)	(831)	(572)
Loss (gain) on disposal of noncurrent assets	2,554	3,417	3,748	3,521	3,140
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	—	—	1,660	—
Loss on disaster	—	—	—	5,749	22,694
Loss on disposal of recoverable accounts under production sharing	—	—	—	3,523	—
Loss on litigation	—	—	—	2,291	—
Loss (gain) on sales of investment securities	—	—	340	—	(67)
Loss (gain) on sales of stocks of subsidiaries and affiliates	—	—	(1,994)	9	(946)
Loss (gain) on valuation of investment securities	—	—	2,183	2,983	1,240
Loss on valuation of stocks of subsidiaries and affiliates	—	—	—	29	19
Gain on allotment of investment securities	—	—	—	(151)	—
Gain on insurance claim	—	(1,749)	—	—	—
Insurance income	—	—	—	—	(4,639)
Interest and dividends income	(3,488)	(2,317)	(1,410)	(1,322)	(2,017)
Interest expenses	11,357	10,767	9,855	12,242	12,323
Foreign exchange losses (gains)	—	—	(833)	1,440	911
Equity in (earnings) losses of affiliates	(8,662)	1,126	(7,348)	(407)	(2,933)
Increase (decrease) in allowance for doubtful accounts	(937)	(293)	(182)	145	(88)
Increase (decrease) in provision for special repairs	(520)	(690)	(342)	355	1,294
Increase (decrease) in provision for retirement benefits	2,020	(158)	(227)	(252)	1,148
Increase (decrease) in other provision	(238)	303	(323)	1	(7)
Decrease (increase) in notes and accounts receivable-trade	(1,562)	103,774	(16,570)	(24,048)	(31,449)
Recovery of recoverable accounts under production sharing	9,536	6,524	4,750	6,850	7,512
Decrease (increase) in inventories	(92,345)	200,933	(72,346)	(92,696)	(40,547)
Increase (decrease) in notes and accounts payable-trade	31,130	(120,036)	39,808	27,802	50,992
Decrease (increase) in other current assets	(7,058)	12,281	(135)	15,244	(25,549)
Increase (decrease) in other current liabilities	(34,136)	28,466	(14,679)	(33,138)	31,149
Decrease (increase) in investments and other assets	(271)	2,692	5,272	4,731	3,964
Increase (decrease) in other noncurrent liabilities	2,265	(279)	(2,975)	(330)	1,613
Other, net	(2,838)	1,675	393	(127)	(1,316)
Subtotal	34,847	158,856	17,457	55,553	105,136
Interest and dividends income received	4,360	5,545	10,871	4,230	5,910
Interest expenses paid	(11,871)	(10,872)	(9,818)	(12,726)	(12,743)
Payments for loss on disaster	—	—	—	(118)	(16,811)
Payments for loss on litigation	—	—	—	(31)	(2,259)
Proceeds from insurance income	—	930	—	132	3,547
The amount of the money deposit paid	—	—	—	—	(3,225)
Income taxes paid	(31,551)	(72,325)	(16,248)	(20,742)	(35,937)
Net cash provided by (used in) operating activities	¥ (4,214)	¥ 82,135	¥ 2,261	¥ 26,297	¥ 43,616

Millions of yen

	FY2007 (From April 1, 2007 to March 31, 2008)	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)	FY2010 (From April 1, 2010 to March 31, 2011)	FY2011 (From April 1, 2011 to March 31, 2012)
Net cash provided by (used in) investing activities					
Purchase of short-term investment securities	¥ (1,906)	¥ (508)	¥ (9)	¥ (9)	¥ (9)
Proceeds from sales and redemption of securities	—	—	1,510	10	11
Proceeds from sales of short-term investment securities	4,956	509	—	—	—
Purchase of investment securities	(4,583)	(5,029)	(7,784)	(276)	(776)
Proceeds from sales and redemption of investment securities	—	—	3,462	140	226
Proceeds from sales of investment securities	2,460	6,416	—	—	—
Purchase of stocks of subsidiaries and affiliates	—	—	(13,976)	(6,131)	(3,791)
Proceeds from sales of stocks of subsidiaries and affiliates	—	923	2,614	482	1,444
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	—	—	1,333	—	—
Purchase of property, plant and equipment	(34,822)	(55,213)	(72,956)	(59,600)	(17,497)
Payments for disposal of property, plant and equipment	(1,188)	(1,761)	(2,807)	(1,403)	(1,526)
Proceeds from sales of property, plant and equipment	9,461	10,815	9,829	5,901	1,763
Payments for purchases of intangible fixed assets and long-term prepaid expenses	(8,640)	(14,026)	(10,466)	(13,682)	(7,104)
Decrease (increase) in short-term loans receivable	545	1,378	(4,600)	869	1,204
Payments of long-term loans receivable	(784)	(796)	(55)	(55)	(79)
Collection of long-term loans receivable	1,708	1,444	414	482	264
Other, net	(10)	(104)	187	163	65
Net cash provided by (used in) investing activities	(32,805)	(55,953)	(93,305)	(73,109)	(25,805)
Net cash provided by (used in) financing activities					
Net increase (decrease) in short-term loans payable	(11,736)	46,840	12,757	(107,286)	17,436
Proceeds from long-term loans payable	7,454	111,230	177,476	36,289	50,140
Repayment of long-term loans payable	(53,868)	(77,914)	(34,892)	(30,836)	(46,504)
Proceeds from issuance of bonds	—	—	15,000	41,775	—
Proceeds from issuance of common stock	89,281	—	—	—	—
Redemption of portion of bonds with subscription rights to shares	—	—	—	(18,000)	—
Redemption of bonds	(30,300)	(2,500)	—	—	—
Cash dividends paid	(5,371)	(6,779)	(4,237)	(6,779)	(6,779)
Cash dividends paid to minority shareholders	(616)	(13,548)	(6,741)	(1,126)	(2,576)
Proceeds from stock issuance to minority shareholders	—	541	—	—	28
Other, net	(72)	(15)	(60)	(114)	(137)
Net cash provided by (used in) financing activities	(5,229)	57,853	159,301	(86,077)	11,606
Effect of exchange rate change on cash and cash equivalents	(1,244)	(6,791)	729	(1,674)	(1,329)
Net increase (decrease) in cash and cash equivalents	(43,494)	77,245	68,987	(134,564)	28,088
Cash and cash equivalents at beginning of period	126,105	82,674	159,919	228,907	94,343
Increase in cash and cash equivalents from newly consolidated subsidiaries	63	—	—	—	—
Cash and cash equivalents at end of period	¥ 82,674	¥ 159,919	¥ 228,907	¥ 94,343	¥ 122,431

Group Information

(As of March 31, 2012)

Oil Exploration and Production Business

Oil exploration and production

- ● ABU DHABI OIL CO., LTD. (JAPAN) ¥10,090 million 63.0%
- ● QATAR PETROLEUM DEVELOPMENT CO., LTD. (JAPAN) ¥3,148 million 75.0%
- ■ UNITED PETROLEUM DEVELOPMENT CO., LTD. ¥2,010 million 45.0%

Others: ● 1 company, □ 1 company

Petroleum Business

Import and export of crude oil and oil products

- ● COSMO OIL INTERNATIONAL PTE. LTD. S$19,500,000 100%
- ● COSMO OIL (U.K.) PLC. US$4,982,000 100%

Others: ● 1 company

Marine transportation of crude oil and oil products

- □ NIPPON GLOBAL TANKER CO., LTD. ¥50 million 35.0%

Other Businesses

Engineering, insurance, leasing, etc.

- ● COSMO ENGINEERING CO., LTD. ¥390 million 87.6%
- ● COSMO TRADE & SERVICE CO., LTD. ¥200 million 58.7%

Others: ● 2 companies, ○ 13 companies, □ 2 companies

Crude oil & oil products

Marine transportation

Construction of refining plants and others

COSMO OIL CO., LTD.

Refining of crude oil/Sales of petroleum products/Management of leased real estate

Lubricant-base oil

Lubricating oil production

- ● COSMO OIL LUBRICANTS CO., LTD. ¥1,620 million 100%

Petrochemical material

Manufacturing and sales of petrochemical products

- ● COSMO MATSUYAMA OIL CO., LTD. ¥3,500 million 100%
- ● CM AROMATICS CO., LTD. ¥100 million 65.0%
- ■ MARUZEN PETROCHEMICAL CO., LTD. ¥10,000 million 43.9%
- ■ HYUNDAI COSMO PETROCHEMICAL CO., LTD. ₩469,600 million 50.0%

Stockpiling

- ● HOKUTO KOGYO CO., LTD. ¥20 million 100%
- ■ TOZAI OIL TERMINAL CO., LTD. ¥480 million 50.0%
- ■ OKINAWA CTS CORP. ¥495 million 35.0%

Others: ● 2 companies, □ 4 companies

Distribution and shipping

- ● COSMO KAIUN CO., LTD. ¥330 million 100%
- ● SAKAIDE COSMO KOSAN CO., LTD. ¥30 million 100%
- ● COSMO DELIVERY SERVICE CO., LTD. ¥50 million 100%

Others: ● 6 companies, ○ 3 companies, □ 8 companies

Marketing & sales of petroleum products

- ● COSMO PETROLEUM GAS CO., LTD. ¥3,500 million 100%
- ● COSMO OIL LUBRICANTS CO., LTD.
- ● COSMO OIL SALES CORP. ¥80 million 100%

Others: ● 3 companies, ○ 5 companies, □ 10 companies

Research and development

- ● COSMO RESEARCH INSTITUTE ¥50 million 100%

Production and distribution of ALA-containing products

- ● COSMO SEIWA AGRICULTURE CO., LTD. ¥462 million 100%
- ● COSMO OIL (SHANGHAI) CO., LTD. US$300,000 100%

Management of leased real estate

- ● COSMO BUSINESS SUPPORT CO., LTD. ¥90 million 100%

Others: □ 1 company

Wind power generation business

- ● ECOPOWER CO., LTD. ¥6,164 million 98.7%

Others: ● 8 companies, ■ 1 company

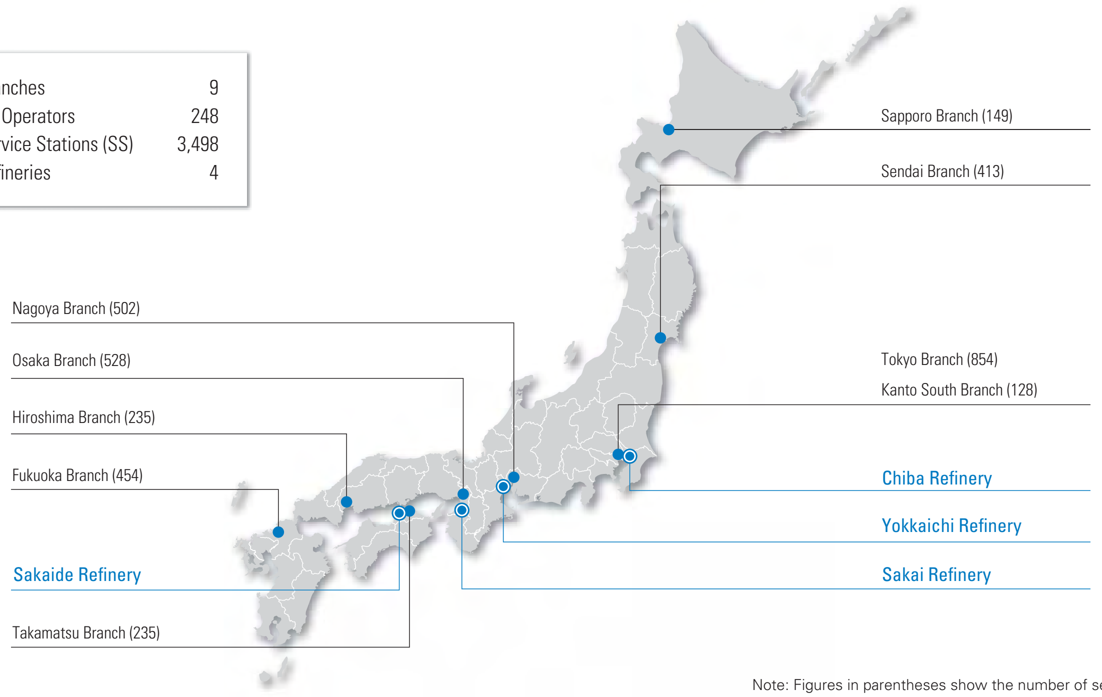
CUSTOMERS

● Consolidated subsidiaries
■ Affiliated companies accounted for under the equity method
○ Unaffiliated companies accounted for under the equity method
□ Affiliated companies not accounted for under the equity method

Lower line: Amount of money = Capital % = Percentage of voting rights

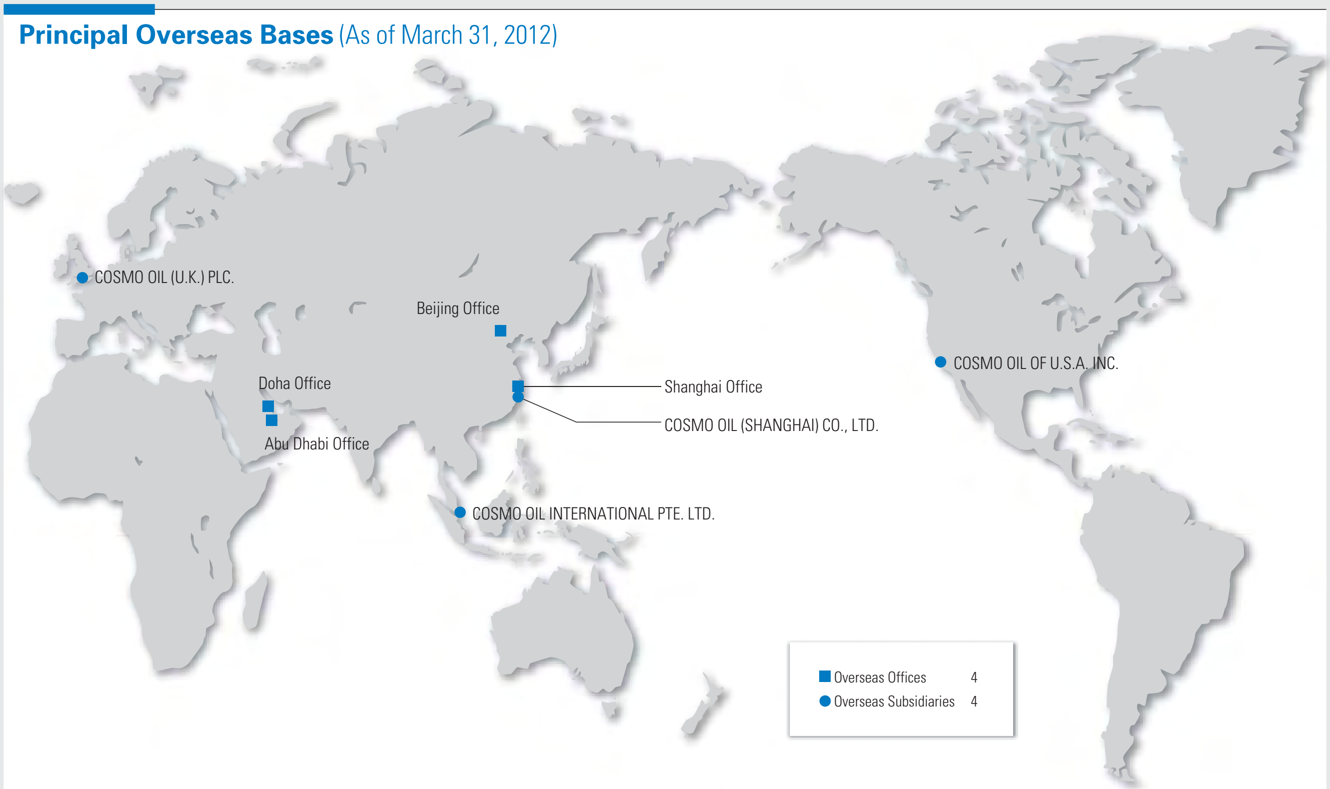
Branches and Refineries (As of March 31, 2012)

Branches	9
SS Operators	248
Service Stations (SS)	3,498
Refineries	4



Note: Figures in parentheses show the number of service stations.

Principal Overseas Bases (As of March 31, 2012)



Share Information

(As of March 31, 2012)

Ordinary general meeting of shareholders	June
Transfer agent for common stock	The Chuo Mitsui Trust & Banking Co., Ltd.
Number of common shares issued	847,705,087 shares
Number of shareholders	40,248
Number of shares per trading unit	1,000 shares
Stock listing	Tokyo, Osaka, Nagoya

Principal Shareholders (As of March 31, 2012)

Shareholder	Investment in the Company: Number of shares owned (Thousands)	Investment in the Company: Percentage of total shares issued (%)
Infinity Alliance Limited*	176,000	20.76
Japan Trustee Services Bank, Ltd. (Trust account)	54,720	6.45
Mizuho Corporate Bank, Ltd.	31,320	3.69
The Master Trust Bank of Japan, Ltd. (Trust account)	23,666	2.79
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	19,750	2.33
Mitsui Sumitomo Insurance Co., Ltd.	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

* Special-purpose company established by the International Petroleum Investment Company (IPIC)

Bond Issue Information

Unsecured Bonds (No. 20)	
Date of issue	January 29, 2010
Balance of debt at March 31, 2011	¥15 billion
Balance of debt at March 31, 2012	¥15 billion
Due date	January 31, 2017

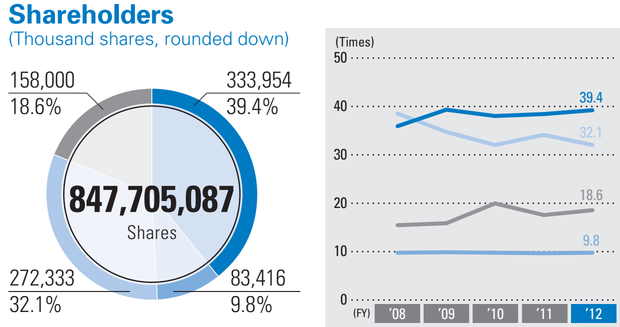
Unsecured Bonds (No. 21)	
Date of issue	September 21, 2010
Balance of debt at March 31, 2011	¥22 billion
Balance of debt at March 31, 2012	¥22 billion
Due date	September 18, 2015

Unsecured Bonds (No. 22)	
Date of issue	December 9, 2010
Balance of debt at March 31, 2011	¥10 billion
Balance of debt at March 31, 2012	¥10 billion
Due date	December 9, 2014

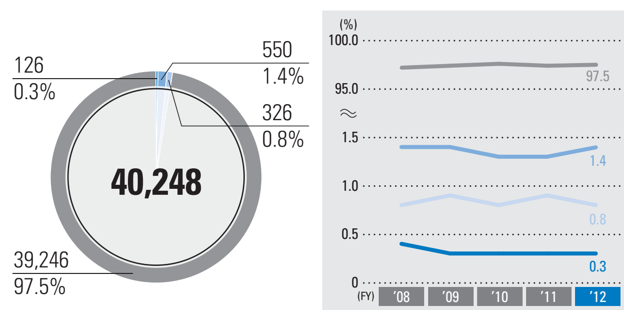
Unsecured Bonds (No. 23)	
Date of issue	December 9, 2010
Balance of debt at March 31, 2011	¥10 billion
Balance of debt at March 31, 2012	¥10 billion
Due date	December 9, 2016

Number of Shares/Trend of Shares by Types of Shareholders

(Thousand shares, rounded down)

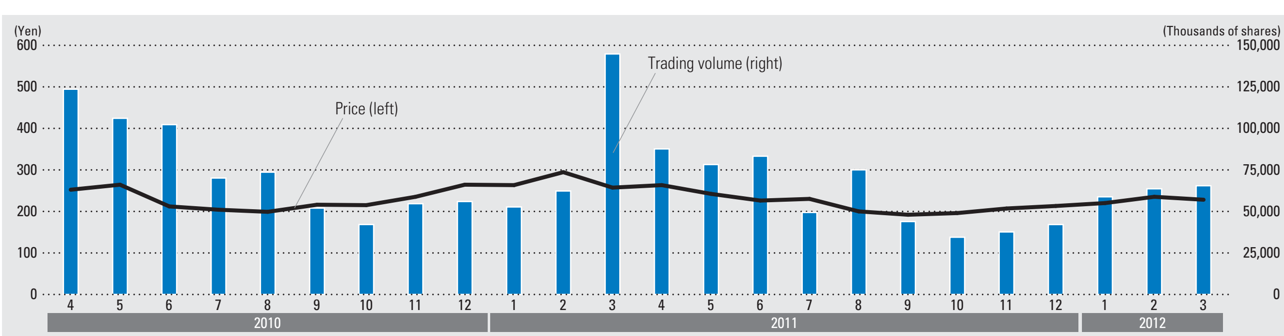


Number of Shareholders/Trend of Shareholders



■ – Japanese financial institutions and securities firms (including trust accounts) ■ – Other Japanese companies and corporations ■ – Foreign investors ■ – Japanese individuals and others

Stock Information



Corporate Data

(As of March 31, 2012)

Company Name	COSMO OIL CO., LTD.
Head Office	Toshiba Bldg., 1-1, Shibaura 1-chome, Minato-ku
Phone	+81-3-3798-3211
Fax	+81-3-3798-3237
URL	http://www.cosmo-oil.co.jp
Established	April 1, 1986
Common Shares	Authorized: 1,700,000,000, Issued: 847,705,087
Paid-in Capital	¥107,246,816,126
Type of Business	Refining and sales of oil products
Fiscal Year-End	March 31
Number of Employees	2,025
Branches (9 locations)	Sapporo, Sendai, Tokyo, Kanto South, Nagoya, Osaka, Hiroshima, Takamatsu, Fukuoka
Refineries (4 locations)	Chiba, Yokkaichi, Sakai, Sakaide
Principal Overseas Bases	• Overseas Offices (4 locations) Beijing, Shanghai, Abu Dhabi, Doha • Subsidiaries (4 locations) COSMO OIL OF U.S.A. INC. COSMO OIL INTERNATIONAL PTE. LTD. COSMO OIL (U.K.) PLC. COSMO OIL (SHANGHAI) CO., LTD.
Number of SS Operators	248

Inquiries:

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COSMO OIL CO., LTD.