Annual Report 2015

April 1, 2014 – March 31, 2015

RELIABILITY IN ENERGY SUPPLY

Fuji Oil Company, Ltd.

Profile

As a comprehensive energy-focused group, the Fuji Oil Group (the Group) seeks to fulfill its responsibilities as a corporate citizen by contributing to the future affluence of society and the realization of a safe and comfortable environment. Based on this mission, the Group provides a stable supply of energy products, which are indispensable to people's daily lives and industrial activities.

Contents

Cautionary Statement with Respect to Forward-Looking Statements

This annual report contains forward-looking statements that reflect FOC and its consolidated subsidiaries' forecast, targets, plans, and strategies. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, and various other factors that may cause FOC's actual results, performance, achievements, or financial position to be materially different from any future results, performance, achievements, or financial position expressed or implied by these forward-looking statements.

To Our Shareholders and Investors

Business Environment in the Petroleum Industry:

Inventory Valuation Losses due to Sharp Drop in Crude Oil Prices

During the fiscal year ended March 31, 2015, an increase in production by US shale oil producers and other factors caused crude oil prices to drop significantly following the summer of 2014. As a result, inventory valuation effects have become a major burden on the financial results of oil companies.

Domestic Demand Fell 5%

Domestic demand for fuel products fell around 5% owing to such ongoing factors as the growing number of fuel efficient vehicles and fuel conversion, coupled with the downturn following the consumption tax hike and irregular weather conditions. As a result, the petroleum industry has had a difficult year on the demand side as well.

Production and Sales:

Flexible Operations Based on Product Demand

Given these conditions, our Sodegaura Refinery processed a larger quantity of extra-heavy crude oil by fully capitalizing on its refining facilities, including its vacuum residue thermal cracking unit (Eureka Thermal Cracking Unit) and conducted flexible operation based on product demand. As a result, the Sodegaura Refinery increased both production and sales by more than 10% compared to the previous fiscal year when once-every-four-years full-scale periodic maintenance was carried out.

Consolidated Performance:

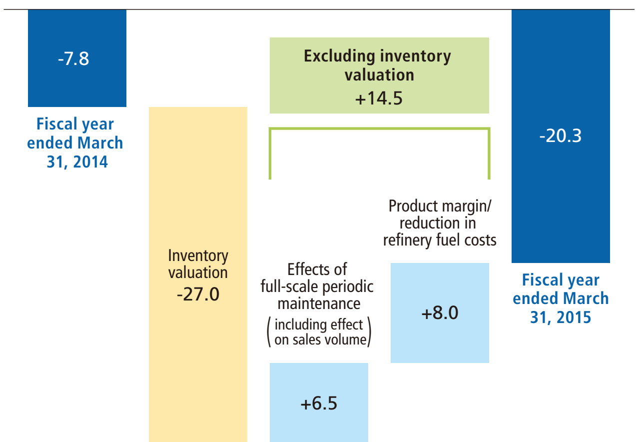
Declines in both Sales and Profits due to Falling Crude Oil Prices

The Fuji Oil Group recorded a decline in both sales and profits for the consolidated fiscal year ended March 31, 2015 due to a significant drop in oil prices and falling inventory valuations, which caused overall losses to

Atsuo Shibota
President and Representative Director

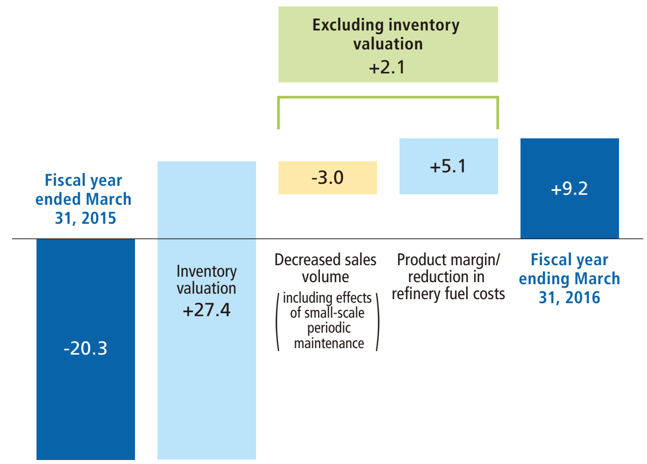
■ **Main factors of change in operating income**

(Billions of Yen)



■ **Main factors of change in operating income (Forecast)**

(Billions of Yen)



increase. Net sales fell ¥36.7 billion fiscal year on year to ¥666.1 billion, operating losses increased ¥12.5 billion to ¥20.3 billion, ordinary losses rose ¥8.5 billion to ¥18.6 billion, and net losses also increased ¥6.2 billion to ¥18.1 billion.

Operating income and ordinary income excluding inventory valuations stood at ¥4.7 billion and ¥6.4 billion, respectively, marking a strong improvement over operating loss of ¥9.7 billion and ordinary loss of ¥12.0 billion from the previous fiscal year. These gains are attributable to a significant decrease in cost of products manufactured (including repair and maintenance cost), a drop in refinery fuel costs due to lower crude oil prices, and improving profitability of asphalt pitch, whose selling price is linked to the price of coking coal.

The Outlook Suggests Fuji Oil will Return to the Black Next Fiscal Year Thanks to Lower Crude Oil Prices

The Fuji Oil Group's operating income, ordinary income and net income are forecast to return to the black in the fiscal year ending March 31, 2016 owing to the continuing benefits of depressed crude oil prices, that is, lower costs for refinery fuel and improving profitability of asphalt pitch.

Future Business Development:

Challenges to Be Addressed

While worldwide demand for oil is expected to rise in the future, particularly in Asia, domestic oil demand will continue its downward trend due to changes in social structure, such as Japan’s declining birthrate and aging population as well as advances in energy conservation and fuel conversion. This necessitates the entire petroleum industry to pursue further streamlining and enhance competitiveness.

Given this business environment, we have designated the three-year period from the fiscal year ended March 31, 2015 to the fiscal year ending March 31, 2017 as one in which the new Fuji Oil Company will secure a stable revenue base and mark its first step as a newly-born energy company under our Medium-Term Business Plan which was established in November 2013. Our goal is to improve the corporate value by securing every business opportunity to enhance competitiveness and fully leveraging our strengths, which include our prime location in the Tokyo metropolitan region, a stable client base, an excellent heavy crude oil cracking capacity, one of the finest export facilities in Japan, as well as stable and safe operations underpinned by talented human resources and advanced facilities.

Specifically, with the aim of achieving the quantitative targets of the Medium-Term Business Plan, we will continue to address the challenges of maintaining stable operations and a high operating rate at the Sodegaura Refinery, maintaining its first-rate cost competitiveness, and the introduction of an asphalt pitch-fueled boiler turbine generator (ASP-BTG). The construction of the ASP-BTG, which will be the key to improving competitiveness, officially got under way in March 2015 and steady progress is now being made for commencing operations in July 2017. In addition, the installation of a power recovery turbine generator on the No. 2 Fluid Catalytic Cracking (FCC) unit is moving ahead as scheduled as part of another project for in-house power production aimed at improving energy efficiency. Its operations are slated to begin in September 2015.

In July 2014, new evaluation standards were released under the Law Concerning Sophisticated Methods of Energy Supply Structure (known as the Secondary Sophistication Act). All oil refiners in Japan are required to further raise their residue oil cracking capacity by the end of the fiscal year ending March 31, 2017. We are and will be examining all possible measures to meet the requirement, including adjustments in our equipment capacities and business alliances with other companies.

Shareholder Return Policy

The distribution of profit to shareholders is one of the highest priorities for the Fuji Oil Group. We work diligently to ensure the stable payment of dividends to shareholders while taking into account a range of factors, such as a sufficient level of internal reserves to support business expansion over the medium- and long-term, earnings performance and the cash balance.

In line with this policy and comprehensively taking into consideration the financial results for the fiscal year ended March 31, 2015 and the financial forecasts for the fiscal year ending March 31 2016, we have decided to pay ¥3 per share in dividends for the fiscal year ended March 31, 2015. For the fiscal year ending March 31, 2016, we plan to pay dividends of ¥6 per share.

Improving Corporate Value through the Fulfillment of Social Responsibilities

Our corporate philosophy includes commitments to "ensure stable supplies of energy" and "maintain safety and protect the global environment." In order to meet these commitments, we engage in fair and honest business activities that include supply chain management for stable supplies of energy and initiatives to reduce our impacts on the environment. As a company that has a responsibility to supply the energy which is indispensable to economic activities and everyday life, we are working to enhance our total corporate value through stable supplies of energy, safe operations and environmental protection.

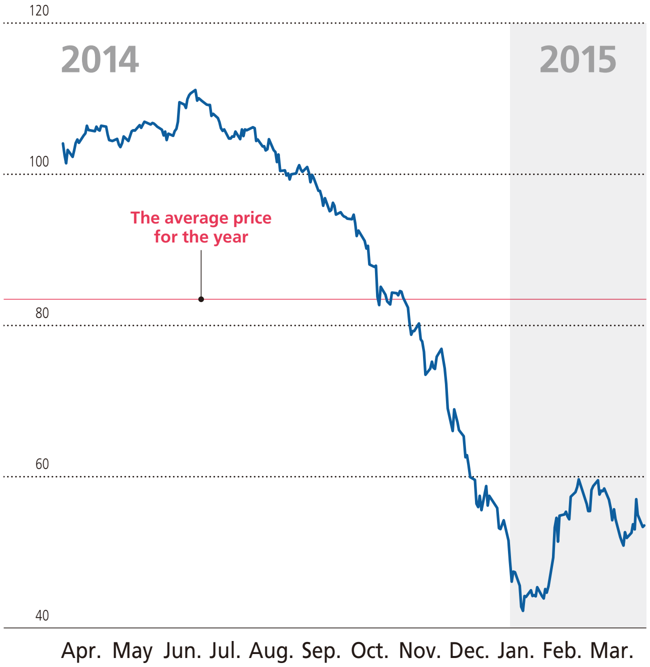
August 2015

Atsuo Shibota
President and Representative Director

Market Data

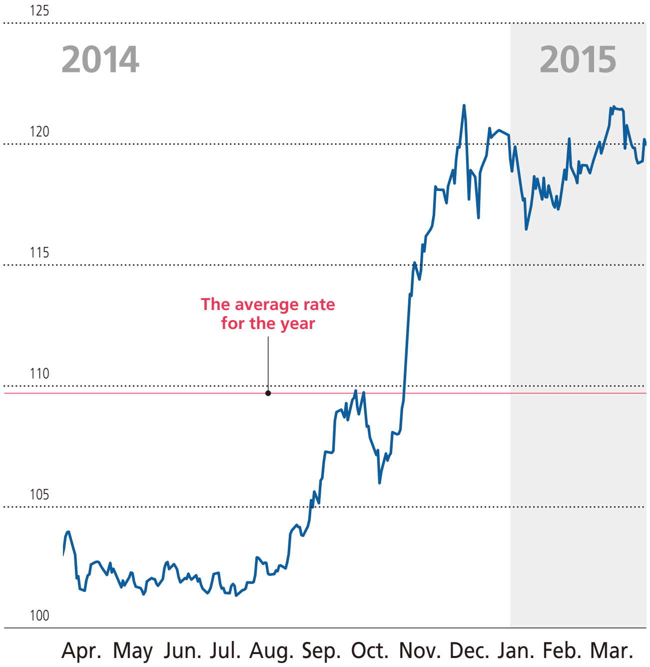
Dubai Crude Oil Prices (April 1, 2014 – March 31, 2015)

(Dollars per Barrel)



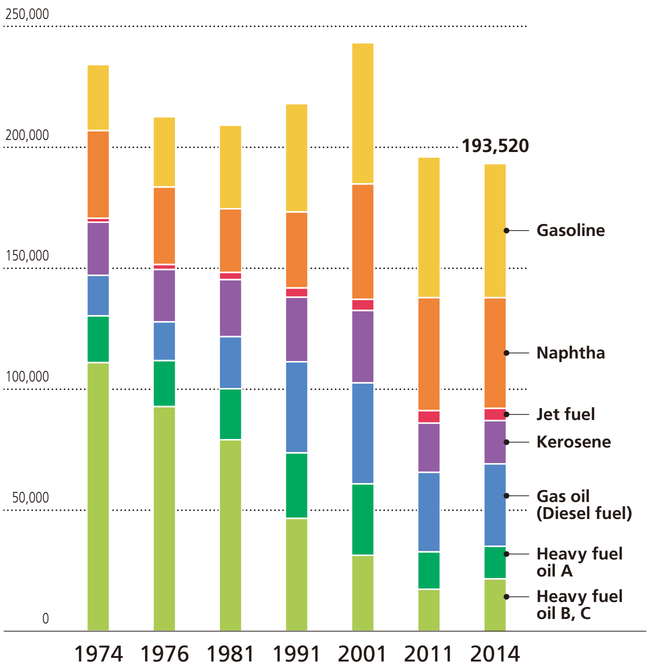
Exchange Rate (April 1, 2014 – March 31, 2015)

(Japanese Yen per One U.S. Dollar)



Petroleum Product (Fuel) Domestic Demand (Years ended March 31)

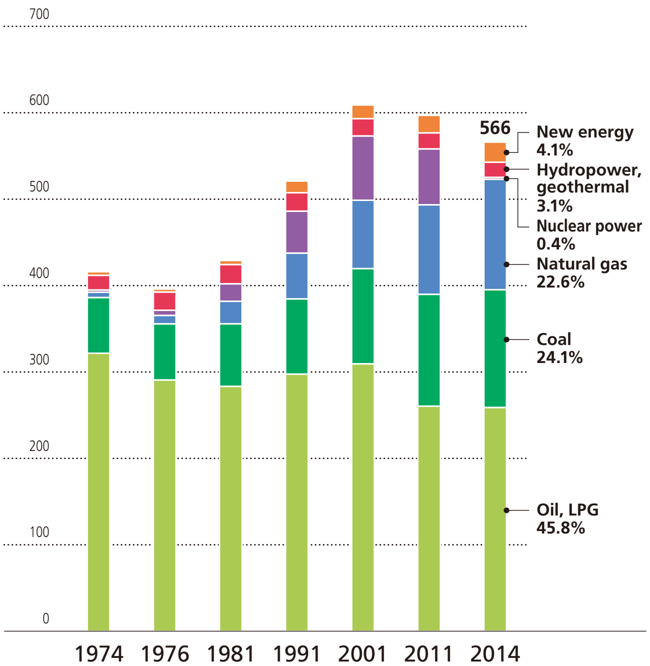
(Thousands of Kiloliters)



Source: Ministry of Economy, Trade and Industry (METI)

Share of Primary Energy Supply (Years ended March 31)

(Millions of Kiloliters Crude Oil Equivalent, %)



Source: METI

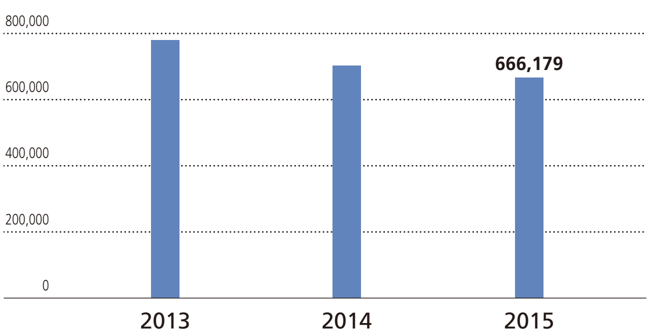
Consolidated Financial Highlights

Years ended March 31	Millions of Yen					Thousands of U.S. Dollars[1]
	2011	2012	2013	2014	**2015**	**2015**
For the year:						
Net sales	¥571,149	¥701,650	¥780,028	¥702,942	**¥666,179**	**$5,543,638**
Operating income (loss)	4,363	5,281	1,548	(7,817)	**(20,327)**	**(169,152)**
Income (loss) before income taxes and minority interests	1,318	1,001	(21,771)	(10,886)	**(18,683)**	**(155,471)**
Net income (loss)	4,019	3,371	(13,025)	(11,897)	**(18,109)**	**(150,695)**
Capital expenditures[2]	6,236	5,922	3,583	7,640	**2,801**	**23,309**
Depreciation and amortization	13,464	11,658	9,804	9,176	**8,564**	**71,266**
At year-end:						
Total assets	¥370,542	¥409,950	¥360,891	¥380,242	**¥287,889**	**$2,395,681**
Total net assets	93,067	94,766	81,116	75,347	**58,351**	**485,570**
Interest-bearing debt	172,800	166,211	151,448	193,377	**133,227**	**1,108,654**
Interest-bearing debt[3]	151,191	153,734	146,279	193,377	**133,227**	**1,108,654**
Debt-equity ratio (times)	1.76	1.65	1.73	2.51	**2.30**	
Debt-equity ratio[3] (times)	1.54	1.52	1.67	2.51	**2.30**	
Per share (yen and U.S. dollars[1])**:**						
Basic net income (loss) per share	¥ 52.06	¥ 43.66	¥ (168.69)	¥ (154.39)	**¥ (234.99)**	**$ (1.96)**
Cash dividends per share attributable to the year	6	6	6	5	**3**	**0.025**
Number of employees	605	581	557	643	**643**	

1: The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made, as a matter of arithmetic computation only, at the rate of ¥120.17 = U.S.$1.00, the approximate rate of exchange on March 31, 2015.
2: This represents "increase in property, plant and equipment."
3: Excluding borrowings for lending funds under the loan agreement with Kuwait Gulf Oil Company, which is substantially liable for repayment.

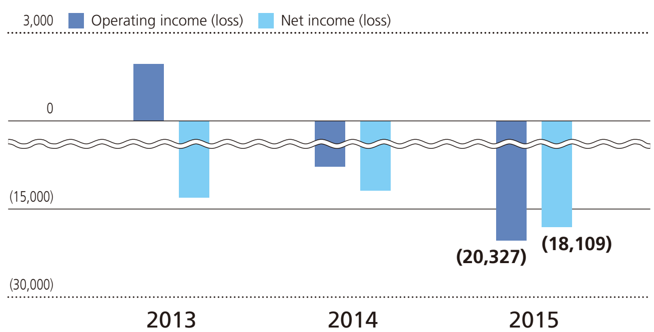
Net Sales

(Millions of Yen)



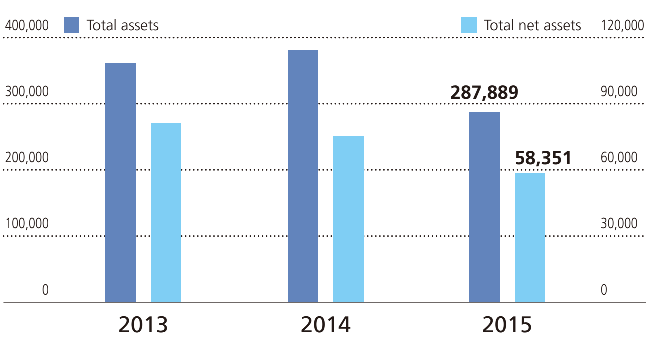
Operating Income (Loss) / Net Income (Loss)

(Millions of Yen)



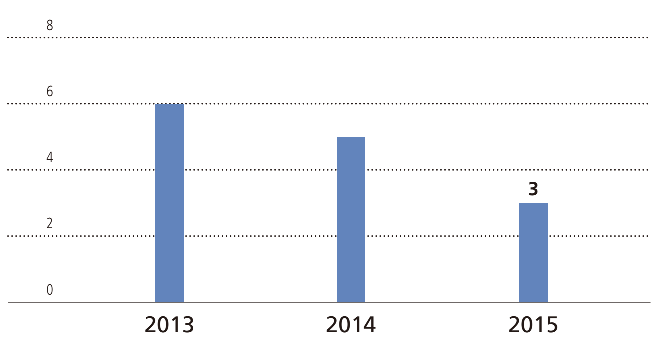
Total Assets / Total Net Assets

(Millions of Yen)



Cash Dividends per Share Attributable to the Year

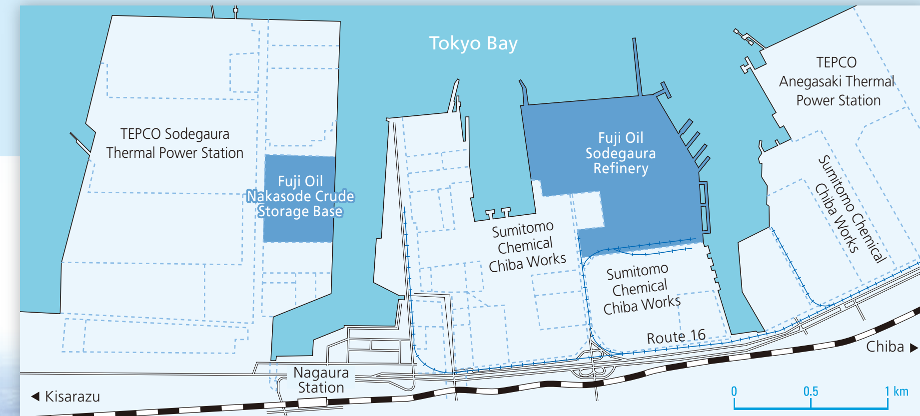
(Yen)

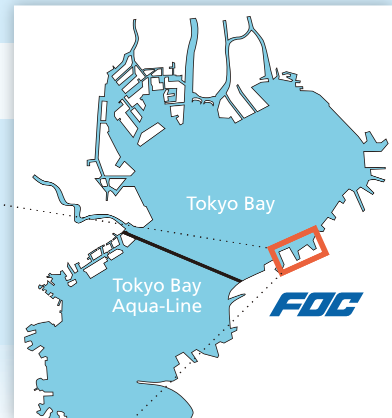


Special Feature

Four Strengths Underpinning Corporate Value

1 *The Sodegaura Refinery's Prime Location*



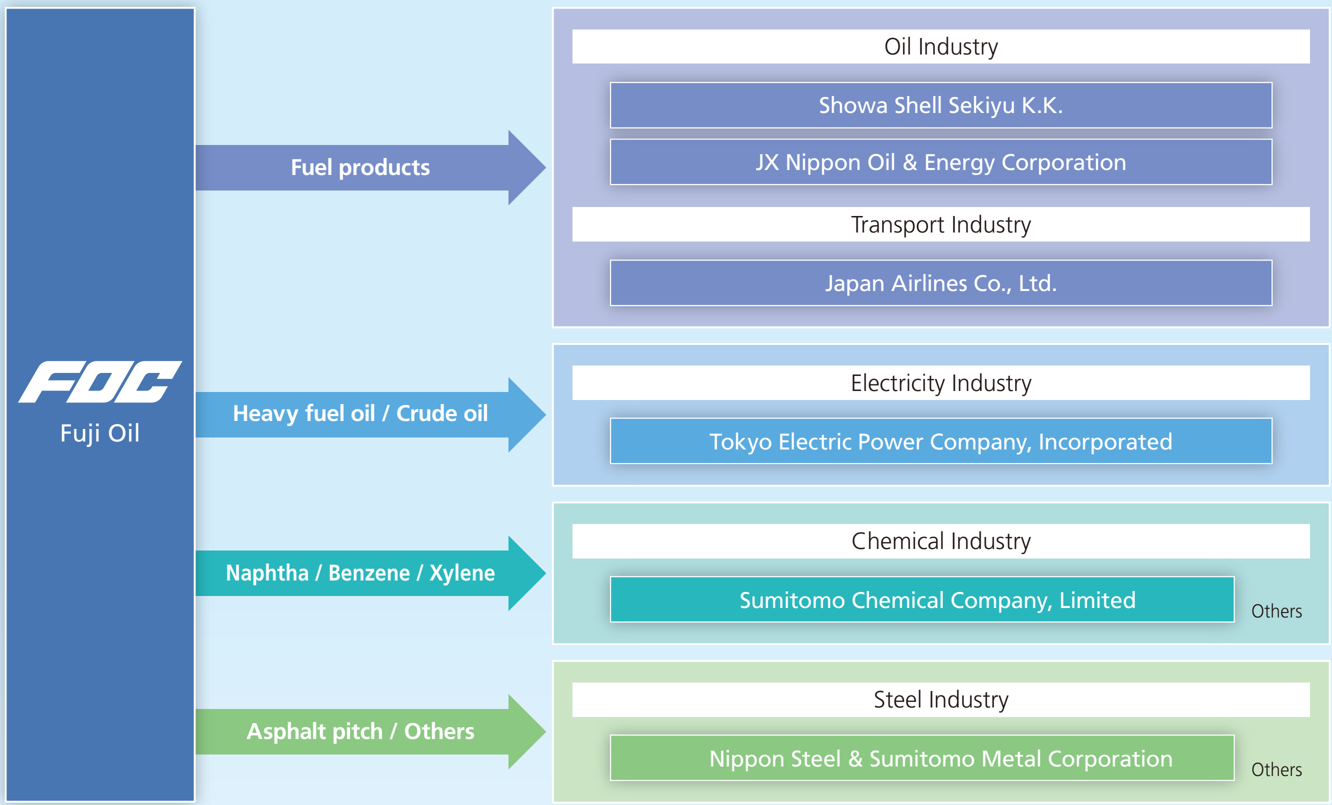


Sky view of the Sodegaura Refinery

The Sodegaura Refinery is located in the Tokyo-Chiba industrial belt, on Tokyo Bay, in Chiba port, one of Japan's busiest cargo ports. The site offers excellent access to import routes for crude oil and domestic shipping routes for petroleum products, as well as to export routes for petroleum products by large tankers. It is also connected to the overland transportation infrastructure, such as the Tateyama Expressway and the Metropolitan Intercity Expressway, which provides excellent access not only to the major metropolitan consumption area, but also to the Kanto and Tohoku regions. The refinery's location is extremely advantageous.

2 *A Strong and Stable Client Base*

Supply of Petroleum Products



By making the most of the Sodegaura Refinery's prime location and other advantages, Fuji Oil has created a strong and stable client base. With long-term contracts with Showa Shell Sekiyu K.K., JX Nippon Oil & Energy Corporation and Japan Airlines Co., Ltd., sales of fuel products at Fuji Oil, its main product, are focused on the Metropolitan region.

Tokyo Electric Power Company, Incorporated (TEPCO) and Sumitomo Chemical Company, Limited have both been clients since the Sodegaura Refinery first went into operation. The refinery began its operations together with the adjacently located power plant and petrochemical plant of each of these companies, forming an industrial complex. Supply to TEPCO has since shifted from its original model, which relied on a pipeline feeding directly into the adjacent power plant, to the current model, which relies on maritime shipping via oil tanker to the TEPCO thermal power plants that dot the Tokyo Bay and eastern Japan coast. Fuji Oil has been the company's consistent supplier of fuel for power generation, such as low-sulfur heavy fuel oil C. Petrochemical feedstocks, meanwhile, are still supplied via pipeline to the adjacent Sumitomo Chemical Chiba Works. The Sodegaura Refinery and Sumitomo Chemical Chiba Works collaborate to raise the efficiency of operations, with reciprocal use of steam and effective use of waste heat. We also worked with Nippon Steel & Sumitomo Metal Corporation (formerly Sumitomo Metal Industries, Ltd.) to develop effective uses for asphalt pitch,* and have since been stably supplying the company with asphalt pitch, a feedstock for coke.

Our strong links with these leading Japanese companies underpin lasting and stable business relationships, resulting in an operating structure with minimal exposure to sales risk.

* Asphalt pitch or petroleum pitch: An end-product residue material remaining after heavy residual material in the crude oil refining process is cracked further in the vacuum residue thermal cracking unit (Eureka Thermal Cracking Unit) and cracked oil is extracted from the heavy residual material. Asphalt pitch works as a binder for coke production in the steelmaking industry and a fuel for boilers.

Special Feature

Four Strengths Underpinning Corporate Value

3 *One of Japan's Top Ranking Heavy Crude Oil Cracking Capacities*


Crude Distillation Unit (CDU)


Fluid Catalytic Cracking (FCC) Unit


Eureka Thermal Cracking Unit

In addition to fuel products such as gasoline, kerosene, jet fuel, gas oil and heavy fuel oil, the Sodegaura Refinery produces a variety of products including petrochemical feedstocks such as benzene and xylene, and asphalt pitch. We are able to produce more light petroleum products from heavy crude oils than other companies. Our proprietary refining unit allows us to flexibly meet changes in the demand structure, including increased demand for light petroleum products particularly in fast developing Asia.

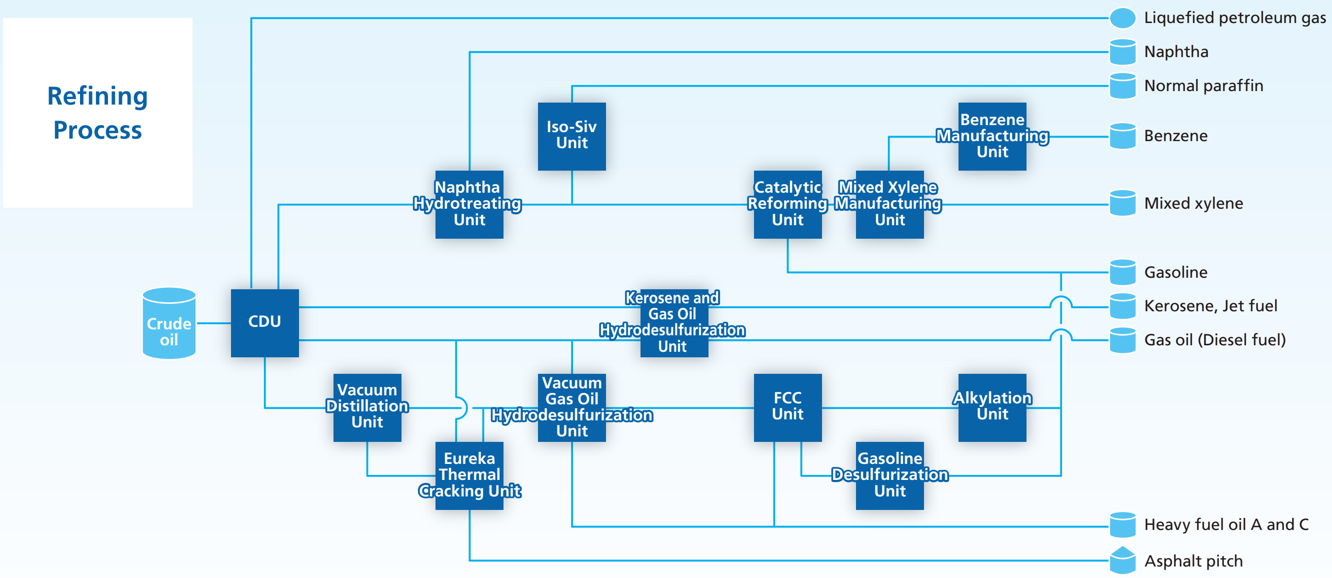
Secondary processes after distillation need to have a high cracking ratio to increase yields of lighter distillates from the same input of crude oil by reducing the proportion of residue such as heavy fuel oil and asphalt in the final product. Heavy crude oil contains many impurities, such as sulfur, leading to a significant environmental impact. A high cracking ratio of heavy crude oil of refineries indicates that they are able to process crude oils more effectively and produce high-value added and good quality petroleum products. It also means refineries can deal with both higher demands for lighter distillates and increasing supplies of heavier crude oils. When cracking heavy crude oils to create high-value added petroleum products, processing capacity in secondary processes is important. Generally, this involves the use of catalytic reforming, catalytic cracking, desulfurization, hydrocracking and thermal cracking units.

The Sodegaura Refinery operates two fluid catalytic cracking (FCC) units and a vacuum residue thermal cracking unit (Eureka Thermal Cracking Unit). Those units contribute directly to heavy crude oil cracking during secondary processes. The Eureka Thermal Cracking Unit can take asphalt, heavy residual material in the crude oil refining process, and further crack and refine it to create distillates which are used as a blending component for gasoline and diesel fuel. Fuji Oil is the only company in the world with this type of cracker. Dividing the total processing capacity of these units by actual crude oil processing output gives a high ratio of approximately 50%, illustrating the Sodegaura Refinery's significant heavy crude oil refining capacity. We have reduced the ratio of crude oil residue after the distillation process from about 20% to just 6% by using the Eureka Thermal Cracking Unit.

Various types of crude oil are imported into Japan from many oil producing countries.

Refineries do not process a single type of crude oil all year, but rather employ a variety of crude oil in their processing depending on the season and trends in product demand.

The Sodegaura Refinery is one of the refineries which process the heaviest crude oils in Japan, which contributes to our Company's high competitiveness through lower crude oil costs.



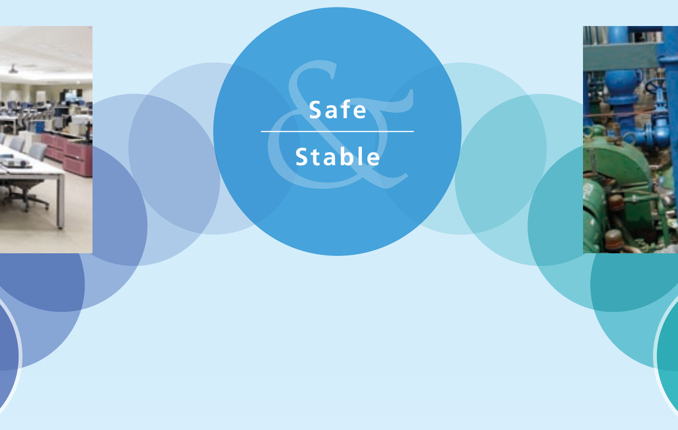
4 World-Class Safety Initiatives

Since the Sodegaura Refinery first went into operation, ensuring safety has been one of the fundamental principles at Fuji Oil. The company has been working in unison towards this goal. To ensure safe and reliable operations at our Sodegaura Refinery, we implement various measures, believing that both initiatives at an infrastructure level (facilities and systems) and at a personnel level, such as HR asset* development, are indispensable for this goal.

* HR asset: We refer to our human resources as an asset, because we believe that our workforce is one of our most important resources.


Comprehensive Powerplay Inspection


Integrated control room




Safety coaches on patrol

Integration of Control Rooms and Operational Control Systems

The Sodegaura Refinery control rooms, which had been previously dispersed over four areas, were integrated into a single location in 2009. Operation control systems were also integrated. The creation of an integrated control room has made information more centralized and accessible, allowing faster sharing of key data, and helped to encourage greater cooperation across the production division. Integration of operational control systems, meanwhile, made central control of all units possible, and greatly improved not only operational efficiency but also safety.

Emergency Depressurization System

Processing units in the refinery are shut down during major earthquakes and other emergencies. These units contain a large volume of flammable gas. A refinery therefore requires an advanced system that can safely vent the gas while rapidly shutting down facilities. The Sodegaura Refinery has been one of the first in the industry to introduce an electronic control system based on safety logic that meets international safety standards. This system has been incorporated into emergency shutdown programs for individual units and is part of a comprehensive emergency shutdown and venting system for the whole refinery, which automatically activates in the event of a large earthquake. These systems ensure all units are shutdown safely and automatically during an emergency such as a major earthquake.

Company-Wide Initiatives

The president and other top management at Fuji Oil carry out safety inspections of the Sodegaura Refinery twice per year, at fixed intervals. Inspecting facilities directly and communicating face-to-face with operators allows management and staff to share in awareness of and responsibility for safety.

There are also many other initiatives for safe and stable operations at the refinery, which involve all employees. These include Comprehensive Powerplay Inspection, where employees in all the refinery's departments inspect facilities and clean processing areas once every month. Other company-wide initiatives include daily patrols carried out by safety coaches chosen from veteran staff with ample knowledge and experience in safety, near-miss incident initiatives, disaster prevention drills involving all staff, danger awareness initiatives, and accident and disaster-free campaigns.

Consolidated Balance Sheets

Fuji Oil Company, Ltd. and Consolidated Subsidiaries
As of March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
Assets	**2015**	2014	**2015**
Current assets:			
Cash and deposits (Notes 4 and 15)	**¥ 15,217**	¥ 12,837	**$ 126,629**
Notes and accounts receivable—trade (Note 4)	**61,569**	89,244	**512,349**
Short-term investment securities (Notes 4, 5 and 15)	**235**	254	**1,956**
Inventories (Note 3)	**79,072**	129,460	**658,001**
Accounts receivable—other (Note 4)	**4,497**	18,633	**37,422**
Deferred tax assets (Note 11)	**215**	786	**1,789**
Other	**1,826**	1,497	**15,195**
Total current assets	**162,633**	252,714	**1,353,358**
Property, plant and equipment (Note 6)**:**			
Buildings and structures, net (Note 10)	**10,498**	11,319	**87,360**
Storage tanks, net (Note 10)	**3,220**	3,090	**26,795**
Machinery, equipment and vehicles, net (Note 10)	**24,530**	30,668	**204,127**
Land (Note 10)	**51,664**	51,794	**429,924**
Construction in progress	**1,315**	290	**10,943**
Other, net	**237**	270	**1,972**
Total property, plant and equipment	**91,466**	97,434	**761,138**
Intangible assets	**579**	828	**4,818**
Investments and other assets:			
Investment securities (Notes 4, 5 and 10)	**13,827**	10,676	**115,062**
Long-term loans receivable (Note 4)	**958**	996	**7,972**
Deferred tax assets (Note 11)	**—**	140	**—**
Net defined benefit asset (Note 12)	**47**	158	**391**
Long-term accounts receivable—other (Note 4)	**18,296**	16,959	**152,251**
Other (Note 10)	**545**	791	**4,535**
Allowance for doubtful accounts (Note 4)	**(466)**	(458)	**(3,878)**
Total investments and other assets	**33,208**	29,265	**276,342**
Total assets	**¥287,889**	¥380,242	**$2,395,681**

See notes to consolidated financial statements.

Liabilities and Net assets	Millions of Yen 2015	2014	Thousands of U.S. Dollars (Note 1) 2015
Current liabilities:			
Accounts payable—trade (Note 4)	**¥ 29,892**	¥ 55,544	**$ 248,748**
Short-term loans payable (Notes 4 and 10)	**90,394**	146,603	**752,218**
Current portion of long-term loans payable (Notes 4 and 10)	**6,368**	5,980	**52,992**
Accounts payable—other (Note 4)	**21,839**	13,876	**181,734**
Excise taxes payable on gasoline and other fuels (Note 4)	**21,492**	17,678	**178,847**
Income taxes payable (Notes 4 and 11)	**95**	153	**791**
Other (Note 10)	**4,872**	6,561	**40,543**
Total current liabilities	**174,955**	246,399	**1,455,896**
Noncurrent liabilities:			
Long-term loans payable (Notes 4 and 10)	**36,464**	40,792	**303,437**
Deferred tax liabilities (Note 11)	**9,630**	11,041	**80,136**
Provision for special repairs	**2,265**	2,206	**18,848**
Provision for repairs	**2,962**	987	**24,648**
Net defined benefit liability (Note 12)	**2,848**	3,020	**23,700**
Provision for directors' retirement benefits	**40**	33	**333**
Other	**369**	414	**3,071**
Total noncurrent liabilities	**54,582**	58,496	**454,207**
Commitments and contingent liabilities (Note 14)			
Net assets (Note 13)			
Shareholders' equity:			
Capital stock:			
Authorized—200,000,000 shares in 2015 and 2014			
Issued—78,183,677 shares in 2015 and 2014	**24,467**	24,467	**203,603**
Capital surplus	**57,215**	57,215	**476,117**
Retained earnings	**(22,330)**	(3,176)	**(185,820)**
Treasury stock (Note 13)	**(1,431)**	(1,431)	**(11,908)**
Total shareholders' equity	**57,921**	77,074	**481,992**
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	**242**	115	**2,014**
Deferred gains or losses on hedges	**—**	0	**—**
Revaluation reserve for land	**1**	1	**8**
Foreign currency translation adjustments	**(600)**	(2,295)	**(4,993)**
Remeasurements of defined benefit plans (Note 12)	**503**	217	**4,186**
Total accumulated other comprehensive income	**146**	(1,961)	**1,215**
Minority interests	**284**	234	**2,363**
Total net assets	**58,351**	75,347	**485,570**
Total liabilities and net assets	**¥287,889**	¥380,242	**$2,395,681**

See notes to consolidated financial statements.

Consolidated Statements of Operations

Fuji Oil Company, Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	**2015**
Net sales (Note 18)	**¥ 666,179**	¥702,942	**$5,543,638**
Cost of sales (Note 3)	**683,083**	706,721	**5,684,306**
Gross loss	**(16,904)**	(3,779)	**(140,667)**
Selling, general and administrative expenses (Note 7)	**3,422**	4,038	**28,476**
Operating loss	**(20,327)**	(7,817)	**(169,152)**
Non-operating income (expenses):			
Interest and dividends income	**292**	263	**2,430**
Equity in earnings (losses) of affiliates	**1,702**	(11)	**14,163**
Interest expenses	**(2,766)**	(2,712)	**(23,017)**
Foreign exchange gains, net	**3,152**	1,179	**26,230**
Loss on retirement of noncurrent assets (Note 8)	**(23)**	(282)	**(191)**
Loss on sales of noncurrent assets (Note 9)	**(38)**	—	**(316)**
Impairment losses	**(0)**	(7)	**(0)**
Loss on liquidation of business	—	(532)	—
Gain on transfer of business	—	200	—
Integration related costs	—	(151)	—
Other, net	**(675)**	(1,014)	**(5,617)**
	1,644	(3,069)	**13,681**
Loss before income taxes and minority interests	**(18,683)**	(10,886)	**(155,471)**
Income taxes (Note 11)**:**			
Income taxes—current	**120**	151	**999**
Income taxes—deferred	**(746)**	841	**(6,208)**
	(626)	992	**(5,209)**
Loss before minority interests	**(18,056)**	(11,879)	**(150,254)**
Minority interests in income	**52**	18	**433**
Net Loss	**¥ (18,109)**	¥ (11,897)	**$ (150,695)**

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Fuji Oil Company, Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	**2015**
Loss before minority interests	**¥(18,056)**	¥(11,879)	**$(150,254)**
Other comprehensive income (loss):			
Valuation difference on available-for-sale securities	**126**	138	**1,049**
Deferred gains or losses on hedges	**(0)**	0	**(0)**
Foreign currency translation adjustments	**308**	2,531	**2,563**
Remeasurements of defined benefit plans	**258**	—	**2,147**
Share of other comprehensive income of associates accounted for using equity method	**1,386**	1,500	**11,534**
Total other comprehensive income	**2,080**	4,171	**17,309**
Comprehensive income (Note 17)	**¥(15,976)**	¥ (7,707)	**$(132,945)**
Comprehensive income attributable to:			
Owners of the parent	**¥(16,028)**	¥ (7,726)	**$(133,378)**
Minority interests	**52**	18	**433**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Fuji Oil Company, Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2015 and 2014

	Millions of Yen					
		Shareholders' equity				
	Number of shares of capital stock	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Net assets as of April 1, 2013	78,183,677	¥24,467	¥57,215	¥ 6,940	¥(1,239)	¥ 87,384
Dividends from surplus				(463)		(463)
Net loss				(11,897)		(11,897)
Change in scope of consolidation				2,020	(192)	1,827
Change in scope of equity method				220		220
Reversal of revaluation reserve for land				1		1
Net changes of items other than shareholders' equity						
Total changes during the period		—	—	(10,117)	(192)	(10,310)
Net assets as of April 1, 2014	78,183,677	24,467	57,215	(3,176)	(1,431)	77,074
Cumulative effect of changes in accounting policies				**(658)**		**(658)**
Restated balance		**24,467**	**57,215**	**(3,834)**	**(1,431)**	**76,416**
Dividends from surplus				**(386)**		**(386)**
Net loss				**(18,109)**		**(18,109)**
Net changes of items other than shareholders' equity						
Total changes during the period		**—**	**—**	**(18,495)**	**—**	**(18,495)**
Balance as of March 31, 2015	**78,183,677**	**¥24,467**	**¥57,215**	**¥(22,330)**	**¥(1,431)**	**¥ 57,921**

	Millions of Yen							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Net assets as of April 1, 2013	¥ (22)	—	¥2	¥(6,328)	—	¥(6,348)	¥ 80	¥ 81,116
Dividends from surplus								(463)
Net loss								(11,897)
Change in scope of consolidation								1,827
Change in scope of equity method								220
Reversal of revaluation reserve for land								1
Net changes of items other than shareholders' equity	138	0	(1)	4,032	217	4,386	154	4,540
Total changes during the period	138	0	(1)	4,032	217	4,386	154	(5,769)
Net assets as of April 1, 2014	115	0	1	(2,295)	217	(1,961)	234	75,347
Cumulative effect of changes in accounting policies								**(658)**
Restated balance	**115**	**0**	**1**	**(2,295)**	**217**	**(1,961)**	**234**	**74,689**
Dividends from surplus								**(386)**
Net loss								**(18,109)**
Net changes of items other than shareholders' equity	**126**	**(0)**		**1,695**	**285**	**2,107**	**50**	**2,158**
Total changes during the period	**126**	**(0)**	**—**	**1,695**	**285**	**2,107**	**50**	**(16,337)**
Balance as of March 31, 2015	**¥242**	**—**	**¥1**	**¥ (600)**	**¥503**	**¥ 146**	**¥284**	**¥ 58,351**

See notes to consolidated financial statements.

		Thousands of U.S. Dollars (Note 1)				
		Shareholders' equity				
	Number of shares of capital stock	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Net assets as of April 1, 2014	78,183,677	$203,603	$476,117	$ (26,429)	$(11,908)	$ 641,375
Cumulative effect of changes in accounting policies				**(5,476)**		**(5,476)**
Restated balance		**203,603**	**476,117**	**(31,905)**	**(11,908)**	**635,899**
Dividends from surplus				**(3,212)**		**(3,212)**
Net loss				**(150,695)**		**(150,695)**
Net changes of items other than shareholders' equity						
Total changes during the period		**—**	**—**	**(153,907)**	**—**	**(153,907)**
Balance as of March 31, 2015	**78,183,677**	**$203,603**	**$476,117**	**$(185,820)**	**$(11,908)**	**$ 481,992**

	Thousands of U.S. Dollars (Note 1)							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive loss	Minority interests	Total net assets
Net assets as of April 1, 2014	$ 957	$ 0	$8	$(19,098)	$1,806	$(16,319)	$1,947	$ 627,003
Cumulative effect of changes in accounting policies								**(5,476)**
Restated balance	**957**	**0**	**8**	**(19,098)**	**1,806**	**(16,319)**	**1,947**	**621,528**
Dividends from surplus								**(3,212)**
Net loss								**(150,695)**
Net changes of items other than shareholders' equity	**1,049**	**(0)**		**14,105**	**2,372**	**17,533**	**416**	**17,958**
Total changes during the period	**1,049**	**(0)**	**—**	**14,105**	**2,372**	**17,533**	**416**	**(135,949)**
Balance as of March 31, 2015	**$2,014**	**—**	**$8**	**$ (4,993)**	**$4,186**	**$ 1,215**	**$2,363**	**$ 485,570**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Fuji Oil Company, Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	**2015**
Net cash flows from operating activities:			
Loss before income taxes and minority interests	**¥(18,683)**	¥(10,886)	**$(155,471)**
Depreciation and amortization	**8,564**	9,176	**71,266**
Impairment losses	**0**	7	**0**
Increase (decrease) in provision for repairs	**1,975**	(2,236)	**16,435**
Decrease in net defined benefit liability	**(588)**	(197)	**(4,893)**
Increase in allowance for doubtful accounts	**7**	15	**58**
Increase in provision for special repairs	**59**	31	**491**
Increase (decrease) in provision for directors' retirement benefits	**6**	(233)	**50**
Decrease in provision for loans receivable agreement expenses	**—**	(55)	**—**
Interest and dividends income	**(292)**	(263)	**(2,430)**
Interest expenses	**2,766**	2,712	**23,017**
Equity in (earnings) losses of affiliates	**(1,702)**	11	**(14,163)**
Loss on retirement of noncurrent assets	**23**	282	**191**
Gain on sale of noncurrent assets	**(1)**	(0)	**(8)**
Loss on sale of noncurrent assets	**38**	—	**316**
Gain on transfer of business	**—**	(200)	**—**
Gain on sales of investment securities	**(5)**	—	**(42)**
Integration related costs	**—**	151	**—**
Loss on liquidation of business	**—**	532	**—**
Decrease in notes and accounts receivable—trade	**27,675**	11,748	**230,299**
Decrease (increase) in inventories	**50,388**	(33,080)	**419,306**
(Decrease) increase in notes and accounts payable—trade	**(25,651)**	3,592	**(213,456)**
Increase (decrease) in excise taxes payable on gasoline and other fuels	**3,813**	(6,257)	**31,730**
Increase (decrease) in accrued consumption taxes	**6,083**	(2,266)	**50,620**
Other, net	**12,746**	(13,683)	**106,066**
Subtotal	**67,223**	(41,098)	**559,399**
Interest and dividends income received	**506**	462	**4,211**
Interest expenses paid	**(2,785)**	(2,770)	**(23,176)**
Payments for integration related costs	**—**	(151)	**—**
Payments for liquidation of business	**—**	(532)	**—**
Income taxes paid	**(399)**	(351)	**(3,320)**
Income taxes refund	**45**	478	**374**
Net cash provided by (used in) operating activities	**64,589**	(43,962)	**537,480**

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	**2015**
Net cash flows from investing activities:			
Payments into time deposits	**(863)**	—	**(7,181)**
Proceeds from withdrawal of time deposits	**120**	—	**999**
Proceeds from capital reduction of short-term investment securities	—	93	—
Proceeds from redemption of short-term investment securities	**19**	—	**158**
Purchase of investment securities	**(102)**	(1)	**(849)**
Proceeds from sales of investment securities	**29**	28	**241**
Proceeds from liquidation of subsidiaries	—	63	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	1,438	—
Purchase of property, plant and equipment	**(2,450)**	(7,049)	**(20,388)**
Proceeds from sales of property, plant and equipment	**121**	0	**1,007**
Proceeds from national subsidies	**191**	—	**1,589**
Purchase of intangible assets	**(61)**	(191)	**(508)**
Payments of loans receivable	—	(0)	—
Collection of loans receivable	**38**	5,534	**316**
Proceeds from transfer of business	—	200	—
Other, net	**(37)**	40	**(308)**
Net cash (used in) provided by investing activities	**(2,995)**	155	**(24,923)**
Net cash flows from financing activities:			
Net (decrease) increase in short-term loans payable	**(56,224)**	48,216	**(467,871)**
Proceeds from long-term loans payable	**2,060**	27,256	**17,142**
Repayment of long-term loans payable	**(6,000)**	(33,963)	**(49,929)**
Cash dividends paid	**(385)**	(463)	**(3,204)**
Cash dividends paid to minority shareholders	**(2)**	(0)	**(17)**
Other, net	**(116)**	(128)	**(965)**
Net cash (used in) provided by financing activities	**(60,668)**	40,916	**(504,851)**
Effect of exchange rate changes on cash and cash equivalents	**622**	499	**5,176**
Net increase (decrease) in cash and cash equivalents	**1,547**	(2,391)	**12,873**
Cash and cash equivalents at beginning of year (Note 15)	**12,701**	13,264	**105,692**
Increase in cash and cash equivalents resulting from change in scope of consolidation	—	1,828	—
Cash and cash equivalents at end of year (Note 15)	**¥ 14,249**	¥ 12,701	**$ 118,574**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Fuji Oil Company, Ltd. and Consolidated Subsidiaries

1. Basis of Presenting the Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared from the accounts maintained by Fuji Oil Company, Ltd. (the "Company") and its domestic and foreign subsidiaries (the "Companies"), and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

The Company and its domestic subsidiaries maintain their accounting records in accordance with accounting principles and practices generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. Foreign subsidiary maintains its accounting records in accordance with International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law of Japan. Certain supplementary information included in the statutory consolidated financial statements in Japanese, but not required for fair disclosure, is not disclosed in the accompanying consolidated financial statements.

As permitted by the Financial Instruments and Exchange Law, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made, as a matter of arithmetic computation only, at the rate of ¥120.17 = U.S.$1.00, the approximate rate of exchange on March 31, 2015. This translation should not be construed as a representation that yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its all nine significant subsidiaries as of March 31, 2015 and 2014. Consolidated subsidiaries as of March 31, 2015 are as follows:

- Petro Progress, Inc.
- Petro Progress Pte Ltd.
- Fuji Tanker Company, Ltd.
- Fuji Oil Sales Co., Ltd.
- Fuji Rinkai Co., Ltd.
- Arabian Oil Company, Ltd.
- Japan Oil Engineering Co. Ltd.
- Tokyo Oil Promotion Inc.
- Ain Jptc Company, Ltd.

Japan Oil Engineering Co. Ltd. and Tokyo Oil Promotion Inc., which were excluded from the scope of consolidation but accounted for under the equity method in the fiscal year ended March 31, 2013, and Ain Jptc Company, Ltd., which was excluded from consolidation and not accounted for under the equity method in the fiscal year ended March 31, 2013, had been included in the scope of consolidation since the fiscal year ended March 31, 2014 as they became more material. Norske AEDC AS had been removed from the scope of consolidation since the fiscal year ended March 31, 2014 because all the shares were sold. The Company (former AOC Holdings, Inc.) merged with its specified subsidiary (former Fuji Oil Company, Ltd.) on October 1, 2013, with the Company as the surviving company, and changed its name to Fuji Oil Company, Ltd. Thus, former Fuji Oil Company, Ltd. was absorbed and removed from consolidated subsidiaries from the fiscal year ended March 31, 2014.

Two other subsidiaries are excluded from the scope of consolidation in 2015 and 2014 because they are less material in terms of total assets, net sales, net income (loss) and retained earnings and do not have a material effect on the consolidated financial statements as a whole. Non-consolidated subsidiaries as of March 31, 2015 are as follows:

- Sigma Techno Co., Ltd.
- Middle East Construction Co., Ltd.

Petro Progress Pte Ltd. has a fiscal year-end of December 31. The consolidated financial statements incorporate the accounts of the above company for the fiscal year ended December 31 with adjustments for significant transactions arising after the year-end.

(b) Equity method

The equity method is applied to the investments in two affiliates in 2015 and 2014. Affiliates accounted for under the equity method as of March 31, 2015 are as follows:

- Aramo Shipping (Singapore) Pte Ltd.
- Tokai Engineering & Construction Co., Ltd.

Tokai Engineering & Construction Co., Ltd., which was not accounted for under the equity method in the fiscal year ended March 31, 2013, had been accounted for under the equity method since the fiscal year ended March 31, 2014 as the company became more material.

Investment securities (equity) in other non-consolidated subsidiaries and affiliates (four companies in 2015 and 2014) are not accounted for under the equity method, but stated at cost, because the corresponding amounts of net income (loss) and retained earnings have immaterial impact and do not have a material effect on the consolidated financial statements as a whole. Non-consolidated subsidiaries and affiliates not accounted for under the equity method as of March 31, 2015 are as follows:

- Sigma Techno Co., Ltd.
- Middle East Construction Co., Ltd.
- Kyodo Terminal Co., Ltd.
- Keiyo Sea Berth Co., Ltd.

The accounts of a certain affiliate with a different fiscal year-end are consolidated on the basis of the affiliate's fiscal year-end.

(c) Cash and cash equivalents

In preparing the consolidated statements of cash flows, cash equivalents comprise of readily-available deposits and all highly liquid short-term investments exposed to immaterial risk of fluctuations in the value with an original maturity of three months or less.

(d) Short-term investment securities and investment securities

Securities other than equity securities issued by subsidiaries and affiliates are classified as either held-to-maturity securities or available-for-sale securities. Held-to-maturity securities are carried at amortized cost. Short-term investment securities and investment securities classified as available-for-sale securities are carried at fair value with any changes in valuation on available-for-sale securities, net of taxes, included directly in accumulated other comprehensive income under net assets. The cost of marketable available-for-sale securities sold is calculated by the moving-average method. Non-marketable securities classified as available-for-sale securities are carried at cost determined by the moving-average method.

(e) Inventories

Inventories held for sale in the ordinary course of business are measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate.

Finished goods and semi-finished goods are stated at cost determined by the gross average method. Stored goods are stated at cost determined by the moving-average method.

(f) Impairment of long-lived assets

Long-lived assets, such as property, plant and equipment, and acquired intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of by sale are reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated.

(g) Depreciation and amortization

Depreciation of manufacturing plant equipment for petrochemical products and in-house power generating equipment is calculated principally by the declining-balance method, and depreciation of other property, plant and equipment is calculated principally by the straight-line method, except for one consolidated subsidiary using the declining-balance method for the fiscal year ended March 31, 2014, based on the estimated useful lives of the respective assets. The useful lives of major property, plant and equipment are summarized as follows:

■ Buildings and structures	2 to 60 years
■ Storage tanks	10 to 15 years
■ Machinery and equipment	2 to 17 years

Intangible assets are amortized by the straight-line method over their respective estimated useful lives. Software intended for internal use is amortized by the straight-line method over an estimated useful life of five years.

(h) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount determined based on the historical experience of bad debts with respect to ordinary receivables, plus an estimate of uncollectible amounts determined by reference to specific doubtful receivables.

(i) Provision for repairs

The provision for repairs is provided at an amount equivalent to the estimated amount of statutory periodical maintenance expenses for machinery and equipment.

(j) Provision for special repairs

The provision for special repairs is provided at an amount determined based on historical experience with respect to the periodical inspection and maintenance expenses for storage tanks required by the Fire Defense Law.

(k) Provision for directors' retirement benefits

Provision for directors' retirement benefits is estimated based on the amount calculated in accordance with internal rules.

(l) Employees' retirement benefits

(i) Periodic allocation method for projected retirement benefits

Regarding determination of retirement benefit obligations, the benefit formula basis for the fiscal year ended March 31, 2015, and straight-line basis for the fiscal year ended March 31, 2014, respectively, is adopted as the method of attributing expected benefit to the periods until this fiscal year end.

Please refer to "(q) Application of new accounting standards" for the application of new accounting standards.

(ii) Method for processing actuarial gains and losses and prior service costs

Prior service costs are amortized by the straight-line method over a period (10 years) within the average remaining years of service of the eligible employees. Actuarial gains and losses are amortized from the year following the year in which the gain or loss is incurred by the straight-line method over a period (10 years) within the average remaining years of service of the eligible employees.

(m) Derivatives and hedge accounting

Derivatives are principally stated at fair value. If certain hedging criteria are met, the gain or loss on a derivative designated as a hedging instrument is deferred as part of accumulated other comprehensive income in the accompanying consolidated balance sheets until the hedged item is settled.

Alternatively, foreign currency denominated receivables and payables hedged by forward exchange contracts are translated at the respective forward contract rates ("allocation method").

Furthermore, in cases where interest rate swap contracts are used as hedge and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contracts are added to or deducted from the interest on the assets or liabilities for which the swap contracts were executed ("special treatment").

Hedge effectiveness is assessed based on hedged item and hedging instrument's fluctuations by comparing those cumulative market fluctuation totals from inception to the effectiveness test.

The hedge effectiveness test for the forward exchange contracts under the allocation method and the interest rate swap contracts under the special treatment is omitted.

(n) Income taxes

Deferred tax assets and liabilities are recognized for expected future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, and operating loss and tax loss carryforwards. A valuation allowance is recorded to reduce deferred income tax assets to their net realizable value if it is more likely than not that some portion or all of the deferred tax asset will not be realized. The Company and certain domestic subsidiaries have adopted a consolidated tax filing system.

(o) Foreign currency translation

All monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at the balance sheet date, except for foreign currency denominated monetary receivables and payables hedged by forward exchange contracts as noted above. Income and expenses in foreign currencies are translated at the rates prevailing at the time of the transactions. The resulting exchange gains or losses are credited or charged to income as incurred.

Financial statements of foreign subsidiaries and affiliates are translated into Japanese yen at the balance sheet exchange rates for all assets and liabilities, at historical exchange rates for shareholders' equity and average exchange rates during the year for all income and expense accounts. Foreign currency translation adjustments resulting from the above translation procedures are reported as a component of accumulated other comprehensive income under net assets in the accompanying consolidated balance sheets.

(p) Reclassifications

Certain amounts in the consolidated financial statements for the year ended March 31, 2014 have been reclassified to conform to the current year presentation.

(q) Application of new accounting standards

From the fiscal year ended March 31, 2014, the Companies applied the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan ("ASBJ") Statement No. 26, revised on May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, revised on May 17, 2012) except the main clause of the Article 35 of the accounting standard and the main clause of the Article 67 of the guidance. The amount of retirement benefit obligations after deducting plan assets is recognized as net defined benefit asset and liability.

At the adoption, the transitional treatment stated in Article 37 of the accounting standard was applied and effects of this change were recognized as "remeasurements of defined benefit plans" of accumulated other comprehensive income at the end of the fiscal year ended March 31, 2014. As a result, "net defined benefit liability" and "net defined benefit asset" were recognized at ¥3,020 million and ¥158 million as of March 31, 2014, respectively. In addition, accumulated other comprehensive income increased by ¥217 million.

At the beginning of the fiscal year ended March 31, 2015, the Companies applied the main clause of the Article 35 of the accounting standard and the main clause of the Article 67 of the guidance. The Companies reviewed the calculation methods for retirement benefit obligations and service costs, and changed the method of attributing expected benefit to periods from the straight-line basis to the benefit formula basis. The Companies also changed the bond maturity which is used to determine the discount rate, from the use of an approximate period over the expected average remaining working lives of employees to the use of a single weighted average discount rate reflecting the estimated timing and amount of each benefit payment.

At the adoption, the transitional treatment stated in Article 37 of the accounting standard was applied and effects of the change in calculation method for retirement benefit obligations and service costs were recognized as "retained earnings" at the beginning of the fiscal year ended March 31, 2015. As a result, "net defined benefit liability" increased by ¥499 million ($4,152 thousand), "net defined benefit asset" decreased by ¥158 million ($1,315 thousand), and "retained earnings" decreased by ¥658 million ($5,476 thousand) as of April 1, 2015. The effects on net income/loss and per share information were immaterial.

3. Inventories

Inventories as of March 31, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	**2015**
Merchandise and finished goods	**¥27,500**	¥ 42,562	**$228,842**
Raw materials and supplies	**51,571**	86,897	**429,150**
Total	**¥79,072**	¥129,460	**$658,001**

Write-down (net of reversal) of inventories held for sale amounted to ¥1,880 million ($15,645 thousand) and ¥1,734 million for the years ended March 31, 2015 and 2014, respectively, and are included in cost of sales in the consolidated statements of operations.

4. Financial Instruments

(1) Qualitative information on financial instruments

(a) Policies for using financial instruments

The Companies limit their investment of temporary surpluses to short-term deposits and procure funds for capital investment and working capital through bank loans. Derivatives are employed to hedge against the risks described below; The Companies do not engage in speculative transactions.

(b) Policies and systems for risk management

Trade notes and accounts receivable, which are claimable assets, are subject to customer credit risk. Also, certain imported commodities are denominated in foreign currencies, and therefore entail exchange rate fluctuation risk, as are products for export that are denominated in foreign currencies. The Company uses forward foreign exchange contracts to hedge this risk. As the allocation method is employed for forward exchange contracts, an evaluation of hedge effectiveness is not performed.

Short-term investment securities and investment securities are mainly equity securities and the Company reviews the market values on a quarterly basis for listed securities.

Most accounts payable, which are trade liabilities, are payable within four months. Certain accounts payable and the below-mentioned short-term loans payable related to crude oil imports are denominated in foreign currencies and are therefore subject to exchange rate fluctuation risk.

Forward exchange contracts are used to hedge this risk. As the allocation method is applied for forward foreign exchange contracts, an evaluation of hedge effectiveness is not performed.

Short-term loans payable includes mainly funds raised as working capital in relation to crude oil imports. Long-term loans payable mainly comprise funds raised for capital expenditure. Floating-rate loans are subject to interest rate fluctuation risk, but for most long-term loans the Company minimizes the risk of fluctuations in interest payments by fixing payment interest rates, employing interest rate swap transactions to hedge individual contracts. With regard to the evaluation of hedge effectiveness, as interest rate swaps meet the conditions for the application of special treatment as described in Note 2 (m), an evaluation of hedge effectiveness is not performed.

With regard to the execution and control of derivative transactions, authorizations and monetary limits on transactions and controls are determined in accordance with internal rules.

When employing derivatives, the Company selects as contractual counterparties Japanese banks, major trading companies and securities firms with high credit ratings. Consequently, the credit risk arising from counterparties being unable to fulfill their contractual obligations is considered negligible.

Trade liabilities and loans are subject to liquidity risk. To manage this risk, the Company creates and updates cash flow plans in a timely manner on the basis of reports from individual departments.

66.1% of claimable assets as of March 31, 2015 are for the specific major customer.

(c) Supplemental information on fair values

In Note 4 (2) Fair values of financial instruments, market risk related to derivative financial instruments is not included in the contract amounts of those instruments.

(2) Fair values of financial instruments

Carrying values and fair values of the financial instruments on the consolidated balance sheets as of March 31, 2015 and 2014 are set out in the table below.

The following table does not include financial instruments for which their fair values are not readily determinable.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
Assets	**2015**	2014	**2015**
Carrying value:			
Cash and deposits	**¥ 15,217**	¥ 12,837	**$126,629**
Notes and accounts receivable—trade	**61,569**	89,244	**512,349**
Short-term investment securities and investment securities:			
Held-to-maturity debt securities	—	100	—
Available-for-sale securities	**2,151**	1,898	**17,900**
Accounts receivable—other	**4,497**	18,633	**37,422**
Long-term loans receivable, net of allowance for doubtful accounts	**543**	537	**4,519**
Long-term accounts receivable—other	**18,296**	16,959	**152,251**
Total	**102,276**	140,211	**851,094**
Fair value:			
Cash and deposits	**15,217**	12,837	**126,629**
Notes and accounts receivable—trade	**61,569**	89,244	**512,349**
Short-term investment securities and investment securities:			
Held-to-maturity debt securities	—	100	—
Available-for-sale securities	**2,151**	1,898	**17,900**
Accounts receivable—other	**4,497**	18,633	**37,422**
Long-term loans receivable, net of allowance for doubtful accounts	**543**	537	**4,519**
Long-term accounts receivable—other	**18,212**	16,873	**151,552**
Total	**102,192**	140,125	**850,395**
Difference:			
Cash and deposits	—	—	—
Notes and accounts receivable—trade	—	—	—
Short-term investment securities and investment securities:			
Held-to-maturity debt securities	—	—	—
Available-for-sale securities	—	—	—
Accounts receivable—other	—	—	—
Long-term loans receivable, net of allowance for doubtful accounts	—	—	—
Long-term accounts receivable—other	**(83)**	(85)	**(691)**
Total	**¥ (83)**	¥ (85)	**$ (691)**

Liabilities	Millions of Yen 2015	Millions of Yen 2014	Thousands of U.S. Dollars (Note 1) 2015
Carrying value:			
Accounts payable—trade	**¥ 29,892**	¥ 55,544	**$ 248,748**
Short-term loans payable	**90,394**	146,603	**752,218**
Accounts payable—other	**21,839**	13,876	**181,734**
Excise taxes payable on gasoline and other fuels	**21,492**	17,678	**178,847**
Income taxes payable	**95**	153	**791**
Long-term loans payable	**42,832**	46,773	**356,428**
Total	**206,547**	280,630	**1,718,790**
Fair value:			
Accounts payable—trade	**29,892**	55,544	**248,748**
Short-term loans payable	**90,394**	146,603	**752,218**
Accounts payable—other	**21,839**	13,876	**181,734**
Excise taxes payable on gasoline and other fuels	**21,492**	17,678	**178,847**
Income taxes payable	**95**	153	**791**
Long-term loans payable	**42,904**	46,955	**357,028**
Total	**206,618**	280,811	**1,719,381**
Difference:			
Accounts payable—trade	—	—	—
Short-term loans payable	—	—	—
Accounts payable—other	—	—	—
Excise taxes payable on gasoline and other fuels	—	—	—
Income taxes payable	—	—	—
Long-term loans payable	**71**	181	**591**
Total	**¥ 71**	¥ 181	**$ 591**

Method of calculating the fair value of financial instruments and matters related to investment securities and derivative transactions

Assets:

(a) Cash and deposits, notes and accounts receivable—trade and accounts receivable—other

As these instruments are settled within a short term, their carrying value approximates fair value.

(b) Short-term investment securities and investment securities

The fair values of equity securities are determined by their quoted prices on stock exchanges. The fair values of bonds are determined by discounting their value at maturity to present value at the corresponding interest rate. See Note 5 for an analysis of securities by classification.

(c) Long-term loans receivable

Fair value is calculated based on the present value of estimated future cash flows, using an interest rate based on borrower credit risk. For loans in risk of default, the fair value may be taken as the current value of estimated future cash flows, or, as estimated loan losses are calculated based on the expected recoverable amount, the fair value determined by subtracting current loan loss estimates from the book value as of the balance sheet date.

(d) Long-term accounts receivable—other

Fair values for long-term accounts receivable—other is calculated at the present value of the estimated collectible amounts at maturity discounted by a low risk interest rate corresponding to the remaining period.

Liabilities:

(a) Accounts payable—trade, short-term loans payable, accounts payable—other, income taxes payable and excise taxes payable on gasoline and other fuels

As these instruments are settled within a short term, their carrying value approximates fair value.

(b) Long-term loans payable

For floating-rate loans, the Company assumes that interest rates reflect market rates over the short term and credit conditions will not change significantly after loans have gone into effect, so that the carrying value approximates fair value. For fixed-rate loans, the total amount of principal and interest is discounted to present value using the assumed rate of interest on new loans of the same type to calculate fair value.

(*) Method used for lease obligations is omitted since the amount is immaterial.

Derivatives:

(a) Hedge accounting not applied

There are no outstanding derivative transactions for which hedge accounting is not applied as of March 31, 2015 and 2014.

(b) Hedge accounting applied

The Company has applied hedge accounting for forward exchange contracts to hedge risks of changes in foreign exchange rates on accounts receivable, accounts payable and short-term loans payable. The contract amounts as of March 31, 2015 and 2014 are ¥61,373 million ($510,718 thousand) and ¥99,464 million for accounts payable and short-term loans payable, respectively. As stated in Note 2 (m), foreign currency denominated receivables and payables hedged by forward exchange contracts are translated at the respective forward contract rates. Therefore, the fair value of accounts receivable, accounts payable, and short-term loans payable include the fair value of the forward exchange contracts.

The Company has applied hedge accounting for interest rate swap contracts to hedge risks of changes in floating interest rates on long-term loans payable. The contract amount as of March 31, 2015 is ¥26,259 million ($218,515 thousand) and the amount of contracts for which terms are more than one year is ¥3,255 million ($27,087 thousand). The contract amount as of March 31, 2014 was ¥27,993 million and the amount of contracts for which terms are more than one year was ¥25,399 million. As stated in Note 2 (m), if interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed. Therefore, the fair value of long-term loans payable includes the fair value of the interest swap contracts.

Financial instruments for which fair value is not readily determinable

The carrying value of financial instruments for which their values are not readily determinable as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
Assets	**2015**	2014	**2015**
Unlisted equity securities	**¥ 252**	¥ 252	**$ 2,097**
Stocks of affiliates	**11,557**	8,680	**96,172**
Other	**¥ 101**	¥ 0	**$ 840**

Monetary claims and securities with maturities after the balance sheet date and their expected maturity values

The redemption schedule for monetary claims and securities with maturity dates as of March 31, 2015, are summarized as follows:

	Millions of Yen			
	One year or less	More than one year, within five years	More than five years, within ten years	More than ten years
	2015			
Cash and deposits	**¥15,217**	**¥ —**	**¥ —**	**¥ —**
Notes and accounts receivable—trade	**61,569**	**—**	**—**	**—**
Accounts receivable—other	**4,497**	**—**	**—**	**—**
Long-term loans receivable	**38**	**129**	**828**	**—**
Long-term accounts receivable—other	**—**	**12,287**	**6,008**	**—**
Total	**¥81,323**	**¥12,417**	**¥6,837**	**¥ —**

	Thousands of U.S. Dollars (Note 1)			
	One year or less	More than one year, within five years	More than five years, within ten years	More than ten years
	2015			
Cash and deposits	**$126,629**	**$ —**	**$ —**	**$ —**
Notes and accounts receivable—trade	**512,349**	**—**	**—**	**—**
Accounts receivable—other	**37,422**	**—**	**—**	**—**
Long-term loans receivable	**316**	**1,073**	**6,890**	**—**
Long-term accounts receivable—other	**—**	**102,247**	**49,996**	**—**
Total	**$676,733**	**$103,329**	**$56,894**	**$ —**

The redemption schedule for monetary claims and securities with maturity dates as of March 31, 2014, are summarized as follows:

	Millions of Yen			
	One year or less	More than one year, within five years	More than five years, within ten years	More than ten years
	2014			
Cash and deposits	¥ 12,837	¥ —	¥ —	¥ —
Notes and accounts receivable—trade	89,244	—	—	—
Short-term investment securities and investment securities:				
Held-to-maturity debt securities	100	—	—	—
Available-for-sale securities	19	—	—	—
Accounts receivable—other	18,633	—	—	—
Long-term loans receivable	37	808	187	—
Long-term accounts receivable—other	—	6,667	10,292	—
Total	¥120,873	¥7,466	¥10,479	¥ —

5. Short-Term Investment Securities and Investment Securities

There were no balances of held-to-maturity securities as of March 31, 2015.

The following tables summarize carrying value and fair value of held-to-maturity securities with available fair values as of March 31, 2014:

	Millions of Yen		
	Carrying value	Fair value	Difference
		2014	
Securities with fair value exceeding carrying value:			
Held-to-maturity securities	¥ —	¥ —	¥ —
Securities with fair value not exceeding carrying value:			
Held-to-maturity securities	100	100	—
Total	¥100	¥100	¥ —

Short-term investment securities and investment securities classified as available-for-sale securities as of March 31, 2015 and 2014 are set out in the table below.

The following table does not include financial instruments for which their fair values are not readily determinable.

	Millions of Yen			Thousands of U.S. Dollars (Note 1)		
	Acquisition cost	Carrying Value	Difference	Acquisition cost	Carrying value	Difference
			2015			
Securities with carrying value exceeding acquisition cost:						
Equity securities	**¥1,596**	**¥1,916**	**¥319**	**$13,281**	**$15,944**	**$2,655**
Securities with carrying value not exceeding acquisition cost:						
Other securities	**235**	**235**	**—**	**1,956**	**1,956**	**—**
Total	**¥1,832**	**¥2,151**	**¥319**	**$15,245**	**$17,900**	**$2,655**

	Millions of Yen		
	Acquisition cost	Carrying value	Difference
		2014	
Securities with carrying value exceeding acquisition cost:			
Equity securities	¥1,596	¥1,717	¥122
Securities with carrying value not exceeding acquisition cost:			
Equity securities	28	25	(3)
Other securities	154	154	—
Total	¥1,779	¥1,898	¥118

There were no significant available-for-sale securities sold during the years ended March 31, 2015 and 2014.

6. Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation in the accompanying consolidated balance sheets. The accumulated depreciation as of March 31, 2015 and 2014 are ¥261,912 million ($2,179,512 thousand) and ¥253,990 million, respectively.

Deferred proceeds from national subsidies and insurance claims

Deferred proceeds from national subsidies and insurance claims are directly deducted from the acquisition cost of the related machinery, equipment and vehicles in the accompanying consolidated balance sheets as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	**2015**
Proceeds from national subsidies	**¥645**	¥453	**$5,367**
Proceeds from insurance claims	**¥128**	¥128	**$1,065**

7. Selling, General and Administrative Expenses

The significant components of selling, general and administrative expenses for the years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	**2015**
Directors' compensation	**¥513**	¥ 483	**$4,269**
Provision for directors' retirement benefits	**1**	27	**8**
Salaries and allowances	**953**	1,118	**7,930**
Retirement benefit expenses	**¥139**	¥ 132	**$1,157**

8. Loss on Retirement of Noncurrent Assets

The significant components of loss on retirement of noncurrent assets for the years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	**2015**
Buildings and structures, net	**¥ 0**	¥ 29	**$ 0**
Machinery, equipment and vehicles, net	**0**	111	**0**
Construction in progress	**—**	110	**—**
Software	**14**	3	**117**
Facility removal cost	**2**	19	**17**
Other	**5**	8	**42**
Total	**¥23**	¥282	**$191**

9. Gain or Loss on Sales of Noncurrent Assets

The significant components of gain or loss on sales of noncurrent assets for the years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	**2015**
Gain on sales of noncurrent assets			
Buildings and structures, net	**¥ 1**	¥ —	**$ 8**
Machinery, equipment and vehicles, net	**—**	0	**—**
Loss on sales of noncurrent assets			
Buildings and structures, net	**¥ 0**	¥ —	**$ 0**
Land	**38**	—	**316**

10. Short-Term Loans Payable, Long-Term Loans Payable, and Lease Obligations

Short-term loans payable, long-term loans payable, and lease obligations as of March 31, 2015 and 2014 and the weighted average interest rates on the loans payable outstanding as of March 31, 2015 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	**2015**
Short-term loans payable—1.0%	**¥ 90,394**	¥146,603	**$ 752,218**
Current portion of long-term loans payable—2.5%	**6,368**	5,980	**52,992**
Lease obligation due within one year	**17**	22	**141**
Long-term loans payable, maturing in 2016-2024—2.4%	**36,464**	40,792	**303,437**
Lease obligation due in 2016-2018	**12**	30	**100**
Total	**¥133,257**	¥193,429	**$1,108,904**

Annual maturities of long-term loans payable as of March 31, 2015 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
Year ending March 31,	**2015**	
2016	**¥ 6,368**	**$52,992**
2017	**11,463**	**95,390**
2018	**10,471**	**87,135**
2019	**11,078**	**92,186**
2020	**1,673**	**13,922**
2021 and thereafter	**1,778**	**14,796**

Annual maturities of long-term loans payable as of March 31, 2014 are as follows:

	Millions of Yen
Year ending March 31,	2014
2015	¥ 5,980
2016	6,138
2017	11,103
2018	10,231
2019	10,758
2020 and thereafter	2,561

Future lease payments as of March 31, 2015 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
Year ending March 31,	**2015**	
2016	**¥17**	**$141**
2017	**11**	**92**
2018	**0**	**0**
2019	—	—
2020	—	—

Future lease payments as of March 31, 2014 are as follows:

	Millions of Yen
Year ending March 31,	2014
2015	¥22
2016	17
2017	11
2018	0
2019	—

Pledged Assets

The following assets are pledged as collateral for long-term loans payable and other current liabilities amounting to ¥39,392 million ($327,802 thousand) and ¥43,373 million, including current portion of ¥4,868 million ($40,509 thousand) and ¥5,980 million, as of March 31, 2015 and 2014, respectively.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	**2015**
Investments and other assets, other	**¥ —**	¥ 11	**$ —**
Buildings and structures	**9,702**	10,463	**80,736**
Storage tanks	**3,220**	3,090	**26,795**
Machinery, equipment and vehicles	**24,068**	30,599	**200,283**
Land	**48,952**	49,042	**407,356**
Total carrying value of pledged assets	**¥85,944**	¥93,206	**$715,187**

11. Income Taxes

Income taxes applicable to the Company and its domestic subsidiaries comprise corporation, enterprise, and inhabitants' taxes which, in the aggregate, resulted in a statutory tax rate of 35.4% and 37.8% for the years ended March 31, 2015 and 2014, respectively.

The Company and certain domestic subsidiaries have adopted a consolidated tax filing system. Income taxes also include foreign income taxes.

The significant components of deferred tax assets and liabilities as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	**2015**
Deferred tax assets:			
Tax loss carryforwards	**¥ 30,930**	¥ 29,168	**$ 257,385**
Net defined benefit liability	**914**	1,144	**7,606**
Foreign corporate income tax	**352**	332	**2,929**
Provision for repairs	**958**	349	**7,972**
Provision for special repairs	**643**	601	**5,351**
Depreciation	**363**	401	**3,021**
Impairment losses	**195**	215	**1,623**
Other	**1,479**	1,129	**12,308**
Subtotal	**35,839**	33,342	**298,236**
Valuation allowance	**(34,910)**	(32,308)	**(290,505)**
Total deferred tax assets	**929**	1,034	**7,731**
Deferred tax liabilities:			
Valuation difference on assets of consolidated subsidiaries	**(9,849)**	(10,866)	**(81,959)**
Undistributed earnings of foreign subsidiaries	**(192)**	(180)	**(1,598)**
Adjustment assets for gains or losses on assets transfer to intercompany	**(92)**	(101)	**(766)**
Other	**(211)**	—	**(1,756)**
Total deferred tax liabilities	**(10,344)**	(11,148)	**(86,078)**
Net deferred tax assets (liabilities)	**¥ (9,415)**	¥(10,114)	**$ (78,347)**

The above net deferred tax assets and liabilities are recorded under the following accounts in the accompanying consolidated balance sheets:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	**2015**
Current assets—Deferred tax assets	**¥ 215**	¥ 786	**$ 1,789**
Noncurrent assets—Deferred tax assets	—	140	—
Long-term liabilities—Deferred tax liabilities	**¥(9,630)**	¥(11,041)	**$(80,136)**

Reconciliation between the statutory income tax rate and the effective income tax rate for the years ended March 31, 2015 and 2014 is omitted since loss before income taxes and minority interests was recorded.

Effect of changes in the corporate income tax rate

Following the promulgation of the "Act on the Partial Revision of the Income Tax Act" (Act No. 10 of 2014) on March 31, 2014, special income tax for reconstruction has been abolished for the fiscal years beginning on or after April 1, 2014. Accordingly, the effective statutory income tax rate used for the calculation of deferred tax assets and deferred tax liabilities has been changed from 37.8% to 35.4% for temporary differences expected to be realized or settled in the fiscal years beginning on or after April 1, 2014. The impact of this change is immaterial.

In addition, following the promulgation of the "Act for Partial Amendment of the Income Tax Act, etc. (Act No. 9 of 2015)" and "Act for Partial Revision of the Local Tax Act, etc. (Act No. 2 of 2015)" on March 31, 2015, corporate income tax rates are to be lowered from the fiscal years beginning on or after April 1, 2015. Accordingly, the effective statutory income tax rate used for the calculation of deferred tax assets and deferred tax liabilities has been changed from 35.4% to 32.8% for temporary differences expected to be realized or settled in the fiscal years beginning on April 1, 2015 and 32.1% for the fiscal years beginning on April 1, 2016 and onwards.

As a result of this change, deferred tax assets and deferred tax liabilities decreased by ¥17 million ($141 thousand) and ¥990 million ($8,238 thousand), respectively. In addition, income taxes-deferred decreased by ¥962 million ($8,005 thousand) and valuation difference on available-for-sale securities increased by ¥10 million ($83 thousand) for the year ended March 31, 2015.

12. Retirement Benefits Plans

As of March 31, 2015 and 2014, the Company and certain consolidated subsidiaries operate defined benefit corporate pension plans, lump-sum severance plans and others, which cover substantially all employees who are entitled upon retirement to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rate of pay, length of service, and the conditions under which termination occurs.

The reconciliation of retirement benefit obligation of beginning and ending balances for the years ended March 31, 2015 and 2014 (except for the adoption of a simplified method in computing their retirement benefit obligations as permitted by Japanese GAAP) are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	**2015**
Retirement benefit obligation at the beginning of the year	**¥5,193**	¥5,337	**$43,214**
Cumulative effect of changes in accounting policies	**658**	—	**5,476**
Restated balance	**5,851**	5,337	**48,689**
Service cost	**115**	202	**957**
Interest cost	**74**	68	**616**
Actuarial gains and losses arising during the period	**22**	27	**183**
Defined benefit retirement plans paid	**(683)**	(443)	**(5,684)**
Retirement benefit obligation at the end of the year	**¥5,379**	¥5,193	**$44,762**

The reconciliation of plan assets of beginning and ending balances for the years ended March 31, 2015 and 2014 (except for the adoption of a simplified method stated above) are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	**2015**
Plan assets at the beginning of the year	**¥2,637**	¥2,352	**$21,944**
Expected return on plan assets	**42**	37	**350**
Actuarial gains and losses arising during the period	**335**	254	**2,788**
Contribution from employer	**150**	157	**1,248**
Defined benefit retirement plans paid	**(265)**	(164)	**(2,205)**
Plan assets at the end of the year	**¥2,899**	¥2,637	**$24,124**

The reconciliation of net defined benefit liability of beginning and ending balances for the years ended March 31, 2015 and 2014 for the adoption of a simplified method are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	**2015**
Net defined benefit liability at the beginning of the year	**¥305**	¥ 35	**$2,538**
Retirement benefit expenses	**41**	36	**341**
Defined benefit retirement plans paid	**(26)**	(11)	**(216)**
Other	—	245	—
Net defined benefit liability at the end of the year	**¥320**	¥305	**$2,663**

The reconciliation of plan assets, retirement benefit obligation and net defined benefit liability and assets on the consolidated balance sheets as of March 31, 2015 and 2014 (included in the adoption of a simplified method stated above) are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	**2015**
Retirement benefit obligation of funded plans	**¥ 3,099**	¥ 2,562	**$ 25,788**
Plan assets	**(2,974)**	(2,705)	**(24,748)**
	125	(142)	**1,040**
Retirement benefit obligation of unfunded plans	**2,675**	3,004	**22,260**
Net amount of liabilities after deducting assets on the consolidated balance sheets	**2,800**	2,861	**23,300**
Net defined benefit liability	**2,848**	3,020	**23,700**
Net defined benefit asset	**(47)**	(158)	**(391)**
Net amount of liabilities after deducting assets on the consolidated balance sheets	**¥ 2,800**	¥ 2,861	**$ 23,300**

The components of retirement benefit expenses for the years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	**2015**
Service cost	**¥115**	¥202	**$ 957**
Interest cost	**74**	68	**616**
Expected return on plan assets	**(42)**	(37)	**(350)**
Amortization of actuarial difference during the year	**(35)**	(26)	**(291)**
Amortization of prior service cost during the year	**0**	0	**0**
Retirement benefit expenses which adopted a simplified method	**41**	36	**341**
Retirement benefit expenses related to defined benefit plans	**¥154**	¥245	**$1,282**

The components of remeasurements of defined benefit plans (before income taxes) for the years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	**2015**
Prior service costs	**¥ 0**	¥ —	**$ 0**
Actuarial gains and losses	**277**	—	**2,305**
Total	**¥278**	¥ —	**$2,313**

The components of remeasurements of defined benefit plans-accumulated (before income taxes) for the years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	**2015**
Unrecognized prior service costs	**¥ (3)**	¥ (4)	**$ (25)**
Unrecognized actuarial gains and losses	**506**	228	**4,211**
Total	**¥503**	¥224	**$4,186**

The component ratio of main items included in plan assets for the years ended March 31, 2015 and 2014 are as follows:

	2015	2014
Bonds	**26%**	26%
Stocks	**54%**	52%
General accounts	**18%**	20%
Other	**2%**	2%
Total	**100%**	100%

The actuarial assumptions for the years ended March 31, 2015 and 2014 are as follows:

	2015	2014
Discount rate	**1.3%**	1.3%
Long-term expected rate of return on plan assets	**1.6%**	1.6%

Long-term expected rate of return on plan assets is determined on the basis of the current/future expected distribution of plan assets and expected current/future return from various assets that composes plan assets.

13. Net Assets

Under the Japanese Corporate Law (the "Law") and related regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the lesser of an amount equal to 10% of the dividend or the excess, if any, of 25% of capital stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. However, all additional paid-in capital and legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Law.

Treasury stock

The number of treasury stock owned by the Companies as of March 31, 2015 and 2014 was 1,121,076 common stock shares. Due to the scope of consolidation change as of March 31, 2014, the number of treasury stock increased by 155,000 common stock shares.

14. Contingent Liabilities

The Companies had the following guarantees of liabilities as of March 31, 2015 and 2014.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	**2015**
Employees (for home purchase):			
Indebtedness to financial institutions	**¥ 34**	¥ 51	**$ 283**
Japan Biofuels Supply LLP:			
Guarantee of obligations related to overdraft facility	**460**	376	**3,828**
Guarantee of obligations related to deferred payment of consumption taxes on imports	**109**	44	**907**
Guarantee of obligations related to letter of credit agreements	**¥466**	¥365	**$3,878**

15. Cash Flow Information

Reconciliation of "Cash and cash equivalents" in the consolidated statements of cash flows and "Cash and deposits" in the consolidated balance sheets as of March 31, 2015 and 2014 is as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	**2015**
Cash and deposits	**¥15,217**	¥12,837	**$126,629**
Short-term investment securities	**235**	254	**1,956**
Subtotal	**15,453**	13,092	**128,593**
Time deposits maturing over three months	**(1,203)**	(371)	**(10,011)**
Debt securities maturing over three months	**—**	(19)	**—**
Cash and cash equivalents	**¥14,249**	¥12,701	**$118,574**

Assets and liabilities of the subsidiary which became non-consolidated subsidiary due to sales of the shares are as follows:

Name of subsidiary: Norske AEDC AS

	Millions of Yen
	2014
Current assets	¥ 678
Noncurrent assets	20,310
Total assets	20,988
Current liabilities	304
Noncurrent liabilities	4,614
Total liabilities	¥ 4,919

16. Per Share Data

	Yen		U.S. Dollars (Note 1)
	2015	2014	**2015**
Net assets per share	**¥ 753.51**	¥ 974.70	**$ 6.27**
Basic net (loss) income per share	**(234.99)**	(154.39)	**(1.96)**
Cash dividends per share attributable to the year	**3.00**	5.00	**0.025**

Net assets per share is computed based on the net assets available for distribution to the shareholders of capital stock and the number of shares of capital stock outstanding at the year-end.

Basic net income and loss per share are computed based on the net income available for distribution and loss attributable to shareholders of capital stock and the weighted average number of shares of capital stock outstanding during the year. Diluted net income per share has been omitted because no potentially dilutive instruments were outstanding during the years ended March 31, 2015 and 2014.

Cash dividends per share represent the cash dividends declared as applicable to the respective years, including dividends to be paid after the end of the year and not accrued in the accompanying consolidated financial statements.

17. Comprehensive Income

Each component of other comprehensive income for the years ended March 31, 2015 and 2014 are the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	**2015**
Valuation difference on available-for-sale securities:			
Amount arising during the year	**¥ 208**	¥ 181	**$ 1,731**
Reclassification adjustments	**(5)**	—	**(42)**
Amount before income tax effect	**203**	181	**1,689**
Income tax effect	**(76)**	(42)	**(632)**
Total	**126**	138	**1,049**
Net deferred gains on hedges:			
Amount arising during the year	—	0	—
Reclassification adjustments	**(0)**	(0)	**(0)**
Amount before income tax effect	**(0)**	0	**(0)**
Income tax effect	—	(0)	—
Total	**(0)**	0	**(0)**
Foreign currency translation adjustments:			
Amount arising during the year	**308**	283	**2,563**
Reclassification adjustments	—	2,248	—
Amount before income tax effect	**308**	2,531	**2,563**
Income tax effect	—	0	—
Total	**308**	2,531	**2,563**
Remeasurements of defined benefit plans:			
Amount arising during the year	**313**	—	**2,605**
Reclassification adjustments	**(34)**	—	**(283)**
Amount before income tax effect	**278**	—	**2,313**
Income tax effect	**(20)**	—	**(166)**
Total	**258**	—	**2,147**
Share of other comprehensive income of associates accounted for using equity method:			
Amount arising during the year	**1,386**	1,500	**11,534**
Total other comprehensive income	**¥2,080**	¥4,171	**$17,309**

18. Segment Information

Disclosure of segment information is omitted for the years ended March 31, 2015 and 2014 because the Companies have one segment.

(1) Related information

(a) Information on sales by products

Since the sales amount of a single product attributable to the external customers accounts for more than 90% of sales in the consolidated statements of operations, disclosure of sales by products for the years ended March 31, 2015 and 2014 have been omitted.

(b) Geographic information

Since the sales and property, plant and equipment attributable to the "Japan" segment account for more than 90% of the total of all geographic segments, geographical segment information has not been presented for the years ended March 31, 2015 and 2014.

(c) Sales to major customers

Sales to major customers for the years ended March 31, 2015 and 2014 are as follows:

		Millions of Yen		Thousands of U.S. Dollars (Note 1)
Name of customer	Related segments	**2015**	2014	**2015**
Showa Shell Sekiyu K.K.	Oil/gas development and sales, Oil refinery and sales	**¥431,503**	¥395,535	**$3,590,771**
JX Nippon Oil & Energy Corporation	Oil refinery and sales	**74,661**	—	**621,295**

(2) Information of impairment losses on noncurrent assets by reporting segment

Information of impairment losses on noncurrent assets by reporting segment for the years ended March 31, 2015 and 2014 have been omitted since the Companies have one segment.

19. Related Party Transactions

The following are the Company's transactions with its related parties for the years ended March 31, 2015 and 2014.

(1) The Company's directors and major shareholders (Individuals)

For the year ended March 31, 2015

Name	Relationship	Transaction type	Transaction amount	Account	Balance at year-end
Shigeya Kato	Director of the Company and representative chairman and group CEO of Showa Shell Sekiyu K.K.	Sale of crude oil and products	**¥431,503 million ($3,590,771 thousand)**	Accounts receivable—trade	**¥40,673 million ($338,462 thousand)**
		Accommodation of crude oil	**¥75,725 million ($630,149 thousand)**	Accounts receivable—other	—
		Purchase of crude oil and products	**¥99,317 million ($826,471 thousand)**	Accounts payable—trade	**¥3,335 million ($27,752 thousand)**
Osamu Ishitobi	Director of the Company and executive chairman and CEO of Sumitomo Chemical Company, Limited	Sale of petrochemical products	**¥44,129 million ($367,221 thousand)**	Accounts receivable—trade	**¥3,721 million ($30,964 thousand)**

For the year ended March 31, 2014

Name	Relationship	Transaction type	Transaction amount	Account	Balance at year-end
Shigeya Kato	Director of the Company and representative chairman and group CEO of Showa Shell Sekiyu K.K.	Sale of crude oil and products	¥395,535 million	Accounts receivable—trade	¥55,203 million
		Accommodation of crude oil	¥66,077 million	Accounts receivable—other	¥6,033 million
		Purchase of crude oil and products	¥175,440 million	Accounts payable—trade	¥17,740 million
Osamu Ishitobi	Director of the Company and executive chairman and CEO of Sumitomo Chemical Company, Limited	Sale of petrochemical products	¥39,016 million	Accounts receivable—trade	¥5,325 million

Notes: 1. The transaction amounts are exclusive of consumption tax, while the balances at year-end are inclusive of consumption tax.
2. Basis of transactions
The selling and purchase price of crude oil and petroleum products is determined based on usual general business terms in consideration of market prices. The price of crude oil accommodated is determined based on market prices.
3. The transactions with Shigeya Kato, director of the Company, represent the transactions between the Company and Showa Shell Sekiyu K.K. of which Shigeya Kato is representative chairman.
4. Shigeya Kato retired as representative chairman and group CEO of Showa Shell Sekiyu K.K. on March 26, 2015. For the year ended March 31, 2015, the disclosed amounts are the transaction amount till the end of the retirement month and the balance at the end of the retirement month.
5. The transactions with Osamu Ishitobi, director of the Company, represent the transactions between the Company and Sumitomo Chemical Company, Limited of which Osamu Ishitobi is executive chairman.
6. The transactions disclosed above are the transactions for the benefit of a third party. The terms and conditions are determined based on usual general business terms.

(2) Non-consolidated subsidiaries and affiliates of the Company

For the year ended March 31, 2015

Name	Location	Capital or contribution	Voting rights holding or held	Relationship or nature of business	Transaction type	Transaction amount	Account	Balance at year-end
Tokai Engineering & Construction Co., Ltd.	Ichihara City Chiba	¥40 million	40%	Affiliate company, construction and maintenance of plant	Sales of Buildings and Land:			
					Proceeds from the sales	**¥104 million ($865 thousand)**	—	—
					Loss on the sales	**¥35 million ($291 thousand)**	—	—

Notes: 1. The transaction amounts and the balances at year-end are exclusive of consumption tax.
2. The transaction prices are determined based on usual general business terms in consideration of market prices.
3. The selling values of the buildings and land are determined using the appraisal value by licensed real estate appraiser as a reference.

20. Business Combinations

(1) Sales of shares in JX Nippon Oil & Gas Exploration Technical Services Corporation

On April 1, 2013, AOC, a consolidated subsidiary of the Company, established JX Nippon Oil & Gas Exploration Technical Services Corporation ("JXTS") as a wholly owned subsidiary through an incorporation-type company split. All outstanding shares in this new company were transferred to JX Nippon Oil & Gas Exploration Corporation ("JX NIPPON"). This transfer was based on the Board of Directors meeting held on December 27, 2012 and a share transfer agreement entered on the same day.

(a) Outline of the business divestiture

(i) The entity which succeeds the divested business

JX Nippon Oil & Gas Exploration Corporation

(ii) Details of the divested business

Oil/Gas Development and Sales

(iii) Purpose of the business divestiture

AOC transferred all shares in JXTS to JX NIPPON to leverage the experience and technologies it has built up in the oil development business.

(iv) Date of the business divestiture

April 1, 2013

(v) Other transaction outline including legal form

AOC established a wholly owned subsidiary through an incorporation-type company split and received only assets such as cash as consideration for the transfer of shares.

(b) Summary of accounting treatments

(i) Amount of gain or loss on the transfer

Gain on transfer of business ¥200 million

(ii) Accounting treatments

Difference between the consolidated book value of the shares and the amount received as a value of transferred business was recognized as gain on transfer of business in the consolidated statement of operations.

(c) Reporting segment which included the divested business

Oil/Gas Development and Sales

(d) Profit or loss generated from the divested business and included in the consolidated statement of operations

The consolidated statement of operations for the year ended March 31, 2014 does not include any profit or loss generated from the divested business since the date of the business divestiture is deemed at the beginning of the fiscal year.

(2) Sales of shares in Norske AEDC AS

On April 30, 2013, AOC, a consolidated subsidiary of the Company, reached an agreement with KUFPEC, a subsidiary of Kuwait Petroleum Corporation, to transfer all shares in Norske AEDC AS ("NAEDC"), a wholly owned subsidiary of AOC, to a wholly owned subsidiary of KUFPEC.

(a) Outline of the business divestiture

(i) The entity which succeeds the divested business

KUFPEC UK Ltd.

(ii) Details of the divested business
Oil/Gas Development and Sales
(iii) Purpose of the business divestiture
Aiming for business reconstruction with high possibility of withdrawal from the oil developing business, AOC decided to sell all shares of NAEDC, which is qualified to pursue oilfield development in the region Norwegian North Sea.
(iv) Date of business divestiture
April 1, 2013
(v) Other transaction outline including legal form
AOC received only assets such as cash as consideration for the transfer of shares.

(b) Summary of accounting treatments
(i) Amount of gain or loss on the transfer
Not applicable
(ii) Appropriate book values and components for assets and liabilities regarding the divested business

	Millions of Yen
	2014
Current assets	¥ 678
Noncurrent assets	20,310
Total assets	20,988
Current liabilities	304
Noncurrent liabilities	4,614
Total liabilities	¥ 4,919

(c) Reporting segment which included the divested business
Oil/Gas Development and Sales

(d) Profit or loss generated from the divested business and included in the consolidated statement of operations
The consolidated statement of operations for the year ended March 31, 2014 does not include any profit or loss generated from the divested business since the date of the business divestiture is deemed at the beginning of the fiscal year.

(3) Merger with former Fuji Oil Company
On October 1, 2013, the Company merged with its wholly owned subsidiary, former Fuji Oil Company, Ltd. and changed its company name under the conditions the merger becomes effective on the same date, and revised its articles of incorporation in accordance with the resolution by the Board of Directors meeting held on May 30, 2013.
Outline of the merger is as follows:

(a) Objective of the merger
The Company was established on January 31, 2003, as a pure holding company of former Fuji Oil Company, Ltd. and AOC. Since that time, AOC has focused on restructuring the oil development business, but having judged that expanding and developing this business within the group would be difficult amid the major changes taking place in the business environment, the group has decided to effectively withdraw from the upstream oil business and restructure itself as a group concentrated on downstream oil operations.

Under these conditions, as the core business entity for the group, the Company itself will take the lead in restructuring the group, centered on the downstream oil business handled by former Fuji Oil Company, Ltd. The Company has decided to undergo a merger with former Fuji Oil Company, Ltd. in order to strengthen its operating structure, pursue the rapid allocation of management resources, further reduce costs, and optimize operational efficiency and rationalization.

(b) Summary of the merger

(i) Merger schedule

Board of Directors resolution for the merger	May 30, 2013
Merger agreement	May 30, 2013
Effective date of merger	October 1, 2013

Note: For the Company, this merger was to be conducted as a simple merger that does not require approval of the merger agreement at the general meeting of shareholders, as prescribed in Article 796-3 of the Law. For former Fuji Oil Company, Ltd., the merger is to be conducted as a short-form merger that does not require approval of the merger agreement at the general meeting of shareholders, as prescribed in Article 784-1 of the Law.

(ii) Merger method

An absorption-type merger method was employed, with the Company as the surviving company and former Fuji Oil Company, Ltd. as the absorbed company. Former Fuji Oil Company, Ltd. was liquidated.

(iii) Allocations related to the merger

As the Company held all outstanding shares in former Fuji Oil Company, Ltd., there was no allotment of shares in the Company or delivery of money in relation to the merger.

(iv) Handling of share options and bonds with share options in relation to the merger

Former Fuji Oil Company, Ltd. did not issue share options or bonds with share options.

(c) Overview of the merging businesses as of March 31, 2013

	Absorption-type merger surviving company	Absorption-type merger absorbed company
Name of the company	AOC Holdings, Inc.	(former) Fuji Oil Company, Ltd.
Head office	5-8, Higashishinagawa 2-chome, Shinagawa-ku, Tokyo	5-8, Higashishinagawa 2-chome, Shinagawa-ku, Tokyo
President	Fumio Sekiya	Fumio Sekiya
Business	Holding of shares in and the management administration of companies involved in the exploration, development, production and sale of oil, natural gas and other mineral resources, and in businesses related to the refining, storage, sales and purchasing, and import and export of petroleum, as well as the pursuit of these businesses	Refining, storage, sales and purchasing, and import and export of petroleum
Paid-in capital	¥24,467 million	¥10,225 million
Date of establishment	January 31, 2003	April 17, 1964
Number of shares issued	78,183,677	20,450,000
Fiscal year end	March 31	March 31
Sales for the year ended March 31, 2013	¥780,028 million	¥645,233 million
Net (loss) income for the year ended March 31, 2013	¥-13,025 million	¥1,866 million
Net assets	¥81,116 million	¥72,674 million
Total assets	¥360,891 million	¥350,249 million

(d) Post-merger status

In line with this merger, the Company's name was changed to Fuji Oil Company, Ltd., as of October 1, 2013. As the Company transitioned from a pure holding company to an operating company in accordance with the merger, the Company also changed the Company's business objectives, effective October 1, 2013 as follows:

Previous	Current
Article 2. (Purpose) The Company is to manage domestic and foreign companies whose businesses are the below listed undertakings, by owning those companies' shares:	Article 2. (Purpose) The Company is to carry on the below listed undertakings:

(e) Summary of accounting treatments

This merger was treated as a business combination involving entities or businesses under common control, based on "Accounting Standard for Business Combinations" (ASBJ Statement No.21 issued on December 26, 2008) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10 issued on December 26, 2008).

21. Quarterly Information

Quarterly financial data for the year ended March 31, 2015

	Millions of Yen			Yen
	Net sales	Income (loss) before income taxes and minority interests	Net income (loss)	Net income (loss) per share
Three months ended June 30, 2014	**¥183,973**	**¥ 62**	**¥ 23**	**¥ 0.30**
Six months ended September 30, 2014	**362,815**	**(521)**	**(819)**	**(10.63)**
Nine months ended December 31, 2014	**534,585**	**(16,491)**	**(16,850)**	**(218.66)**
Twelve months ended March 31, 2015	**666,179**	**(18,683)**	**(18,109)**	**(234.99)**

	Thousands of U.S. Dollars (Note 1)			U.S. Dollars (Note 1)
	Net sales	Income (loss) before income taxes and minority interests	Net income (loss)	Net income (loss) per share
Three months ended June 30, 2014	**$1,530,940**	**$ 516**	**$ 191**	**$ 0.00**
Six months ended September 30, 2014	**3,019,181**	**(4,336)**	**(6,815)**	**(0.09)**
Nine months ended December 31, 2014	**4,448,573**	**(137,231)**	**(140,218)**	**(1.82)**
Twelve months ended March 31, 2015	**5,543,638**	**(155,471)**	**(150,695)**	**(1.96)**

Quarterly financial data for the year ended March 31, 2014

	Millions of Yen			Yen
	Net sales	Loss before income taxes and minority interests	Net Loss	Net loss per share
Three months ended June 30, 2013	¥128,651	¥ (3,223)	¥ (3,273)	¥ (42.48)
Six months ended September 30, 2013	321,628	(6,826)	(6,711)	(87.09)
Nine months ended December 31, 2013	510,326	(7,242)	(7,528)	(97.70)
Twelve months ended March 31, 2014	702,942	(10,886)	(11,897)	(154.39)

Due to the scope of consolidation change as of March 31, 2014, the number of treasury stock increased by 155,000 common stock shares. Net loss per share for the year ended March 31, 2014 in the table above was calculated, assuming the scope of consolidation was changed at the beginning of the fiscal year.

Independent Auditor's Report

To the Board of Directors of Fuji Oil Company, Ltd.:

We have audited the accompanying consolidated financial statements of Fuji Oil Company, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2015 and 2014, and the consolidated statements of operations,statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Fuji Oil Company, Ltd. and its consolidated subsidiaries as at March 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2015 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

July 28, 2015
Tokyo, Japan

Investor Information (As of March 31, 2015)

Corporate Data

Trade Name	Fuji Oil Company, Ltd.
Date of Establishment	January 31, 2003
Head Office	Tennozu Parkside Building 5-8, Higashishinagawa 2-chome, Shinagawa-ku, Tokyo 140-0002, Japan TEL: 81-3-5462-7761 FAX: 81-3-5462-7815
Paid-in Capital	¥24,467 million
Fiscal Year-End	March 31
Employees	Non-consolidated: 425 Consolidated: 643
Principal Business	Import of crude oil, refining of oil and production, processing, storage, export and sales of petroleum products and petrochemical feedstock

Tennozu Parkside Building

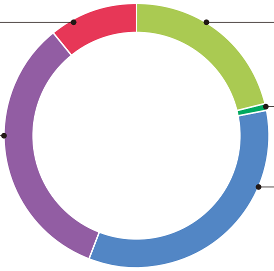
Shareholder Information

Number of Shares Authorized: 200,000,000 shares
Number of Shares Issued: 78,183,677 shares
Number of Shareholders: 10,882

Principal Shareholders

Name	Number of shares held (thousands)	Percentage of total shares outstanding (%)
Tokyo Electric Power Company, Incorporated	6,839.9	8.74
Japan Trustee Services Bank, Ltd. (Trust Account)	6,811.3	8.71
Kuwait Petroleum Corporation	5,811.3	7.43
Government of the Kingdom of Saudi Arabia	5,811.3	7.43
Showa Shell Sekiyu K.K.	5,144.0	6.57
Sumitomo Chemical Company, Limited	5,051.6	6.46
BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	4,756.5	6.08
Nippon Yusen Kabushiki Kaisha	2,750.8	3.51
CBNY-GOVERNMENT OF NORWAY	2,155.5	2.75
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,755.5	2.24
Total	46,887.7	59.92

Composition of Shareholders by Type



Fuji Oil Company, Ltd.

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