(Security Code: 5017)
June 6, 2018

To Our Shareholders

Items Disclosed on the Internet

concerning Convocation Notice of

the 16th Annual General Meeting of Shareholders

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Pursuant to laws and regulations and the provision of Article 13 of the Company's Articles of Association, notes to the consolidated financial statements and notes to the unconsolidated financial statements are disclosed to our shareholders by posting them on our website (http://www.foc.co.jp/en/ir/library/meeting.html).

Fuji Oil Company, Ltd.

Notes to financial statements (Consolidated basis)

Basis of presenting consolidated financial statements

1. Scope of consolidation

Number of consolidated subsidiaries	7 companies
Consolidated subsidiaries	Fuji Oil Sales Company, Ltd. Fuji Rinkai Co., Ltd. Tokyo Petroleum Industrial Company, Ltd. Arabian Oil Company, Ltd. Japan Oil Engineering Company, Ltd. Petro Progress Inc. PETRO PROGRESS PTE LTD

Fuji Tanker Company, Ltd., which was our consolidated subsidiary, has been excluded from the scope of consolidation from this financial year because it was merged into Fuji Oil Company as of April 1, 2017.

2. Application of equity method

(1) Affiliates consolidated under equity method

Number of companies	2 companies
Names of companies	ARAMO SHIPPING (SINGAPORE) PTE LTD Tokai Engineering and Construction Company, Ltd.

(2) Affiliates excluded from the consolidation under equity method

Number of companies	2 companies
Names of main companies	Kyodo Terminal Company, Ltd. Keiyo Sea Berth Company, Ltd.
Reasons for exclusion	Net income/loss (on the equity basis) and retained earnings (on the equity basis) of such affiliates are assumed to be insignificant.

3. Matters in accounting principles

(1) Valuation basis and method of assets

① Inventories

Valuation at cost (A method of the book value devaluation by the decrease of the profitability)

a. Merchandise, finished goods and raw materials — Gross average method at cost

b. Supplies — Moving average method at cost

② Securities

Other securities

Marketable securities	Market price (The evaluation difference is recorded directly in net assets and cost of sales of such securities is calculated by moving average method)
Non-marketable securities	Moving average method at cost

③ Derivatives — Market value

(2) Depreciation/amortization method of noncurrent assets

① Property, plant and equipment

Petrochemical plants	Declining-balance method
Others	Straight-line method

* Service years of major fixed assets

Buildings and structures	2 to 60 years
Storage tanks	10 to 15 years
Machinery and equipment	2 to 24 years

② Intangible assets — Straight-line method

* Software for Company use is amortized equally in 5 years.

(3) Significant accounting method of reserves

① Allowance for doubtful accounts

Ordinary receivables/loans	Estimated based on the actual ratio of the bad debts
Others	Estimated individually

② Provision for repairs

Estimated repair and maintenance cost for repairs of machinery and equipment requiring periodic repair

③ Provision for directors' retirement benefits

Estimated in accordance with the internal rules

④ Provision for special repairs

Estimated repair and maintenance cost for periodical inspection and repair of storage tanks required under the Fire Service Act

(4) Accounting for retirement benefits

① Attribution of estimated retirement benefits

Benefit formula attribution is applied.

② Accounting method for 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.

(5) Other significant accounting policy

① Accounting of hedged assets/liabilities

"Deferred hedge accounting method" is applied.

However, Foreign-currency-denominated payables/receivables hedged by forward exchange contracts are translated at the respective forward contract rates and an interest rate swap qualified for hedge accounting is not stated at fair value but the net settlement of interest under such an interest swap is reported as a component of interest on the related hedged assets or liabilities.

② Treatment of consumption tax

Consumption tax and local consumption tax is excluded.

③ Adoption of consolidated tax filing system

FOC group adopts the consolidated tax filing system.

Notes to consolidated balance sheets

1. Pledged assets

(million yen)

Pledged assets	
Buildings and structures	11,363
Storage tanks	4,006
Machinery, equipment and vehicles	36,498
Land	48,952
Subtotal	100,819
Liabilities corresponding to the above	
Long-term loans payable	49,578
(included current portion)	20,868
Total	49,578

2. Accumulated depreciation for property, plant and equipment

278,571 million Yen

3. Contingent liabilities

The FOC group had the following guarantee liabilities.

For employees of the Companies	
As guarantor for housing loan of employees	17 million Yen
For Japan Biofuels Supply LLP	
agreement for overdraft, postponement of import, conclusion of dealing letter of credit	1,286 million Yen

In addition to the above, the Company guaranteed a portion of its affiliate's payment obligations related to a shipbuilding contract. The maximum amount of the guarantee is 3,924 million yen, any part of which is not recorded as the affiliate's liabilities as at the closing date.

Notes to consolidated statements of changes in net assets

1. Type and number of shares outstanding and treasury stock

(1) Shares outstanding

Type of shares	Common stock
As at the beginning of fiscal year	78,183,677 shares
Increase for the period	—
Decrease for the period	—
As at the end of fiscal year	78,183,677 shares

(2) Treasury stock

Type of treasury stock	Common stock
As at the beginning of fiscal year	1,121,132 shares
Increase for the period	56 shares
Decrease for the period	—
As at the end of fiscal year	1,121,188 shares

2. Dividends

(1) At the ordinary general meetings of shareholders held on June 28, 2017, the following dividends were approved.

① Total amount of dividends	617 million Yen
② Dividends per share	8 Yen
③ Record date	March 31, 2017
④ Effective date	June 29, 2017

(2) Dividends with a record date in the period but an effective date after the end of the period.

① Total amount of dividends	617 million Yen
② Dividends per share	8 Yen
③ Record date	March 31, 2018
④ Effective date	June 28, 2018

Notes to financial instruments

1. Status of financial instruments

The FOC Group maintains its temporary surplus funds mainly in short-term deposits, while capital investment funds and operating funds are raised through bank loans.

Accounts receivable-trade are exposed to customer credit risks and foreign exchange risks. Some foreign-currency-denominated receivables are hedged by forward exchange contracts.

Short-term investment securities and investment securities mainly consist of stocks, and the market values of listed stocks are examined quarterly.

Accounts payable-trade and accounts payable-other are to be settled within short periods. Some foreign-currency-denominated payables are hedged by forward exchange contracts.

Short-term loans payable is mainly to procure funds to buy crude oil and long-term loans payable is mainly to procure funds for capital investments. Interest-rate risks of some loans are hedged by interest-rate swap agreements. Derivative transactions are handled and managed pursuant to the Company's internal rules which stipulate authorities, maximum amounts, etc.

58.2% of accounts receivable-trade at the end of this accounting period is for the particular large customer.

2. Market value of financial instruments

Amounts recognized in the consolidated balance sheets, market values, and the differences between them as at March 31, 2018 (year-end date of FY2017) are as shown below.

Note, however, that items for which it is extremely difficult to determine market values are not included in the following table (see (Note 2)).

(Unit: Million Yen)

	Consolidated balance sheets amount	Market value	Difference
(1) Cash and deposits	15,954	15,954	-
(2) Account receivable-trade	51,056	51,056	-
(3) Short-term investment securities and investment securities			
Other securities	2,082	2,082	-
(4) Accrued revenue	8,782	8,782	-
(5) Long-term accounts receivable-other	5,312	5,320	8
Total assets	83,186	83,194	8
(1) Accounts payable-trade	28,068	28,068	-
(2) Short-term loans payable	64,017	64,017	-
(3) Accounts payable-other	18,394	18,394	-
(4) Accounts payable-gasoline tax	23,600	23,600	-
(5) Income taxes payable	69	69	-
(6) Long-term loans payable	61,488	62,168	680
Total liabilities	195,638	196,318	680

(Note 1) Calculation of market value of financial instruments and items relating to short-term investment securities and derivative transactions

Assets

(1) Cash and deposits, (2) Notes and accounts receivable – trade, (4) Accrued revenue

Because the settlement periods of the above items are short and their market values are almost the same as their book values, the relevant book values are used.

(3) Short-term investment securities and investment securities

Market prices of stock exchanges are used for market values of stocks. Book values are used for market values of the other securities, because their settlement periods are short and their market values are almost the same as their book values.

(5) Long-term accounts receivable-other

Market values of Long-term accounts receivable-other depend on present values calculated by discounting expected amount to be received that reflects collectability at effective safe interest rates corresponding to their remaining terms.

Liabilities

(1) Accounts payable-trade, (2) Short-term loans payable, (3) Accounts payable-other, (4) Accounts payable-gasoline tax, and (5) Income taxes payable

Because the settlement periods of the above items are short and their market values are almost the same as their book values, the relevant book values are used.

(6) Long-term loans payable

Because long-term loans payable with variable interest rates reflect the market interest rates in a short period and the credit status remains almost unchanged, their market values are almost the same as their book values, so that the relevant book values are used.

Market values of long-term bank loans with fixed interest rates depend on present values calculated by discounting their values plus interests at interest rates to be carried in case of applying for similar loans.

Derivative transaction

Market values of foreign exchange transaction are calculated based on future exchange market.

Transactions of commodity swap are based on prices offered by partner banks.

As interest rate swap qualified for hedge accounting is processed together with long-term loans payable, which is hedged, its market value is included in the market value of the long-term loans payable. (see “Liabilities (6)”)

As interest rate swap translated at a forward contract rate is processed together with accounts payable-trade and short-term loans payable, which are hedged, its market value is included in the market value of accounts payable-trade and short-term loans payable. (see “Liabilities (1) and (2)”)

(Note 2) Financial instruments for which it is extremely difficult to determine market values

(Unit：Million Yen)

Category	Consolidated balance sheets amount
Unlisted stocks	252
Stocks of subsidiaries and affiliates	14,730

Because those securities and investments do not have their market values and are not able to be estimated by future cash flows, they are extremely difficult to determine the market values and are not included in "Assets 3) Other securities" in the above table.

Notes to per share data

Net assets per share	904.00 Yen
Basic net profit	103.11 Yen

Subsequent events

None

Other note

Fractional sums less than one million yen are omitted.

Notes to financial statements (Unconsolidated basis)

Significant accounting policies

1. Valuation basis and method of assets

(1) Securities

① Stocks of subsidiaries and affiliates	Moving average method at cost
② Other securities	
Marketable securities	Market price (The evaluation difference is recorded directly in net assets and cost of sales of such securities is calculated by moving average method)
Non-marketable securities	Moving average method at cost

(2) Derivatives: Market value

(3) Inventories

① Merchandise, finished goods and raw materials	Gross average method at cost
② Supplies	Moving average method at cost

The amounts of inventories stated in the balance sheet were computed by using the method that book values are reduced to reflect declines in profitability.

2. Depreciation/amortization method of fixed assets

(1) Property, plant and equipment (excluding lease assets)

Petrochemical plants	Declining-balance method
Other tangible fixed assets	Straight line method

* Service years of major fixed assets:

Buildings and structures	2 to 60 years
Storage tanks	10 to 15 years
Machinery and equipment & vehicles	2 to 24 years

(2) Intangible assets (excluding lease assets): Straight line method

* Software for internal use is amortized in 5 years by equal amount.

(3) Lease assets

* Straight line method with their residual values being zero over their leased periods used as the numbers of years for service life.

3. Accounting method of allowance and provisions

(1) Allowance for doubtful accounts

Ordinary receivables/loans	Estimated based on the actual ratio of the bad debts
Others	Estimated individually

(2) Provision for retirement benefits

① Attribution of estimated retirement benefits

Benefit formula attribution is applied.

② Accounting method for prior service costs and actuarial gains and losses

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.

(3) Provision for special repairs

Estimated repair and maintenance cost for periodical inspection and repair of storage tanks required under the Fire Service Act

(4) Provision for repairs
Estimated repair and maintenance cost for repairs of machinery and equipment requiring periodic repair

4. Accounting of hedged assets/liabilities
"Deferred hedge accounting method" is applied.
However, Foreign-currency-denominated payables hedged by forward exchange contracts are translated at the respective forward contract rate and an interest rate swap qualified for hedge accounting is not stated at fair value but the net settlement of interest under such an interest swap is reported as a component of interest on the related hedged assets or liabilities.

5. Accounting of retirement benefits
The method by which an unrecognized actuarial gains and losses and unrecognized past service cost are posted differs from that of consolidated financial statements.

6. Treatment of consumption tax
Consumption tax and local consumption tax is excluded.

7. Adoption of consolidated tax filing system
The Company adopts the consolidated tax filing system.

Notes to balance sheets

1. Short-term receivables from affiliates 792 million Yen
Short-term payables to affiliates 25,309 million Yen
Long-term receivables from affiliates 828 million Yen

2. Accumulated depreciation for property, plant and equipment 276,369 million Yen

3. Contingent liabilities

Warrantee	Amount	Object of guarantee
PETRO PROGRESS PTE LTD	17,115 million Yen (53,120 million Yen)	Conclusion of dealing letter of credit (as maximum amount)
Japan Biofuels Supply LLP	1,286million Yen (3,726 million Yen)	Overdraft agreement Postponement of import consumption tax payment Conclusion of dealing letter of credit (as maximum amount)
Fuji Oil Sales Company, Ltd.	153 million Yen (510 million Yen)	Operational payables (as maximum amount)
Employees	17 million Yen	Housing loan
Total	18,573 million Yen	

In addition to the above, the Company guaranteed a portion of its affiliate's payment obligations related to a shipbuilding contract. The maximum amount of the guarantee is 3,924 million yen, any part of which is not recorded as the affiliate's liabilities as at the closing date.

4. Collateral assets

Factory mortgage law

Pledged assets	
Assets	Book value (million Yen)
Buildings	3,404
Storage tanks	4,006
Structures	7,959
Machinery and equipment	36,498
Land	48,952
Total	100,819

Liabilities corresponding to the above	
Items	Balance
Long-term loans payable (included current portion)	49,578 (20,868)
Total	49,578

5. Revaluation reserve for land

By the merger of old Fuji Oil Company, Ltd. as of October 1 2013, the amount is received as it posted in accordance with the Law on Revaluation of land.

Notes to statements of income

Transactions with subsidiaries:

Operating transactions	
Sales to subsidiaries	9,171million Yen
Purchase from subsidiaries	185,473 million Yen
Other operational transactions	436 million Yen
Non-operating transactions	295 million Yen

Notes to statements of changes in net assets

Type and number of treasury stock

Type of treasury stock	Common stock
As at the beginning of fiscal year	966,132 shares
Increase for the period	56 shares
Decrease for the period	- shares
As at the end of fiscal year	966,188 shares

Notes to tax effect accounting

Significant components of deferred tax assets are loss carried forward for tax purposes, as well as tax adjustments of reserve for shut-down maintenance.

Significant components of deferred tax liabilities are revaluation of land.

Notes to related party transactions

Subsidiaries

Name of the company		PETRO PROGRESS PTE LTD		
Voting right		Indirect 100%		
Name of the company	Interlocking directors	-		
	Business relationship	Purchase of crude oil and refined products		
Transaction		Purchase of crude oil	Amount	184,573 million Yen
Closing balance		Account	Accounts payable-trade	16,744 million Yen
Transaction		Export of petroleum	Amount	7,046 million Yen
Closing balance		Account	-	-

Name of the company		Arabian Oil Company, Ltd.		
Voting right		Direct 100%		
Name of the company	Interlocking directors	-		
	Business relationship	Assets management related to oil development projects		
Transaction		Borrowing of funds	Amount	6,500 million Yen
Closing balance		Account	Short-term loans payable	6,500 million Yen

Transaction terms and policy for determination thereof

Transaction prices and borrowing rates are determined through negotiation in consideration of market trends. Amount of transaction and balance does not include consumption tax.

Notes to per share data

Net assets per share	687.85 Yen
Basic net profit per share	103.99 Yen

Subsequent events

None

Other note

Fractional sums less than one million yen are omitted.