



May 10, 2018

**Overview of Business Results
of Fiscal Year Ending March 2018
[Based on Japanese GAAP] (Consolidated)**

Name of the Company: Cosmo Energy Holdings Co., Ltd. Shares traded: TSE
 Company Code: 5021 URL <http://ceh.cosmo-oil.co.jp/>
 Name of Representative: Hiroshi Kiriyama (Title) President
 Name of Person to contact: Seiko Takagi (Title) General Manager of Corporate Communication Dept. Phone: 03-3798-3180
 Annual shareholders' meeting is to be held on: June 21, 2018 Dividend payment is to be started on: June 22, 2018
 Securities report is to be submitted on: June 21, 2018
 Availability of the Financial Result Supplementary Information: Yes
 Execution of the Financial Result Presentation Meeting: Yes (for analysts and institutional investors)

Note: Figures less than 1 million are rounded down

1. Consolidated Business Results for FY2017 (April 1, 2017 to March 31, 2018)

(1) Consolidated operating results

(Figures in % refer to changes from FY2016)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2017	2,523,106	10.1	111,868	21.4	116,850	43.5	72,813	36.8
FY2016	2,292,280	2.1	92,182	—	81,448	—	53,235	—

[Note] Comprehensive income FY2017: 89,937 million yen (33.0%) FY2016: 67,619 million yen (—%)

	Net income per share	Diluted net income per share	Net income to net worth	Ordinary profit to total assets	Operating profit to net sales
	yen sen	yen sen	%	%	%
FY2017	865.80	—	36.1	7.3	4.4
FY2016	633.32	—	39.0	5.5	4.0

[Reference] Equity in earnings(losses) of associates FY2017: 11,937 million yen FY2016: 1,796 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio	Net assets per share
	million yen	million yen	%	yen sen
FY2017	1,690,889	356,146	14.1	2,837.90
FY2016	1,525,679	272,786	10.8	1,958.91

[Reference] Net worth FY2017: 238,677 million yen FY2016: 164,722 million yen

(3) Consolidated Cash Flows

	CF from operating activities	CF from investing activities	CF from financing activities	Cash and cash equivalents at the end of the period
	million yen	million yen	million yen	million yen
FY2017	192,634	-96,432	-76,757	55,148
FY2016	47,625	-112,038	9,626	36,126

2. Dividend Payment Results and Outlook

	Annual dividend per share Total					Total amount of dividends paid/payable (full-year)	Dividend payout (consolidated)	Rate of dividend to net assets (consolidated)
	As of Q1-end	As of Q2-end	As of Q3-end	As of Fiscal Year-end	Full Year			
	yen sen	yen sen	yen sen	yen sen	yen sen	million yen	%	%
FY2016	—	0.00	—	50.00	50.00	4,238	7.9	3.1
FY2017	—	0.00	—	50.00	50.00	4,238	5.8	2.1
FY2018 (outlook)	—	0.00	—	50.00	50.00		7.4	

3. Consolidated Business Outlook for FY2018 (April 1, 2018 to March 31, 2018)

(% indicates for FY2018 change from the corresponding period of FY 2017, while for 1H FY2018 change from 1H FY2017)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
1H FY2018	1,250,000	10.2	44,000	15.4	44,500	2.5	14,000	-37.5	166.46
FY2018	2,720,000	7.8	118,000	5.5	121,000	3.6	57,000	-21.7	677.74

Notes to Consolidated Financial Statements

(1) Change in significant subsidiaries during FY2017: No

Newly — (Name of Company) — Exception — (Name of Company) —

(2) Changes in Accounting Policies, Accounting Estimates and Restatements:

- 1) Changes in accounting policies due to revisions of accounting standards, etc.: No
- 2) Changes in accounting policies for reasons other than the Item 1: No
- 3) Changes in accounting estimates: No
- 4) Restatements: No

(3) Total Number of Outstanding Shares (Ordinary Shares)

1) Number of outstanding shares as of end of the period (including treasury shares):	FY2017	84,770,508 shares	FY2016	84,770,508 shares
2) Number of shares of treasury stock as of end of the period:	FY2017	667,048 shares	FY2016	681,474 shares
3) Average number of outstanding shares during the period:	FY2017	84,099,735 shares	FY2016	84,057,677 shares

Note: This summary report is not subject to audit procedure based on Financial Instruments and Exchange Act.

Note: Request for appropriate use of the business outlook and other special remarks:

The above business outlooks are based on information available as of the published date of this release and actual results may differ from the forecast subject to various factors that may arise in the future. For details, please refer to the "1.(4)Outlook for FY 2018" on page 3~4 of this release.

Supplementary information will be uploaded on the Cosmo Energy Holdings Co., Ltd. website on May 10, 2018.

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1. Overview of Consolidated Operating Results

(1) Overview of Consolidated Operating Results

The Japanese economy has shown a moderate recovery trend with improvement in the employment and income environment referred to as “Abenomics” as well as signs of economic recovery abroad such as in exports, production, individual consumption and capital investment.

With respect to crude oil prices, the price for Dubai crude oil began the fiscal year in the \$51 per barrel range, then it went down to the \$43 per barrel range due to the increase shale oil production in US. However, the oil price at the end of the period was \$65 per barrel range due to the agreement to extend the period to decrease oil production by OPEC in November and the anti-government protests in Iran.

As for exchange rates, the Japanese yen started the fiscal year at the ¥111 per dollar level and stayed stable about ¥112 per dollar level by December despite the issue of ballistic missile launch by North Korea from August. After that the yen trended strongly and closed at the ¥106 per dollar level due to the resulting from the drop in a price of the Nikkei Stock Average in February and concerns in the Trump administration.

As for domestic demand for petroleum product, despite the kerosene and diesel fuel became higher due to the effects of a harsh winter and the increase of the construction demand for Tokyo Olympic, the demand for the gasoline decreased by the improvement of fuel efficiency and the demand for heavy fuel decreased significantly because of the shifts toward the use of alternative fuels. Therefore the demand overall fell below that in the previous fiscal year.

As for petrochemical products, the production became higher than that in the previous year, due to the high product of ethylene plant, despite the domestic demand in on a par with the previous year. Market condition remained steady in Japan and Asia.

As a result, consolidated net sales in FY2017 were recorded ¥2,523.1 billion (up ¥230.8 billion from FY2016). Consolidated operating profit was recorded ¥111.9 billion (up ¥19.7 billion from FY2016), consolidated ordinary profit, ¥116.9 billion (up ¥35.5 billion from FY2016).

Gain on inventory valuation due to the change in crude oil prices were ¥21.0 billion (down ¥18.4 billion from FY2016). As for operating profit that excludes gain on inventory evaluation recorded ¥90.9 billion (up ¥38.1 billion from FY2016), ordinary profit was ¥95.9 billion (up ¥53.9 billion from FY2016).

Segment-specific results were as follows:

[Business Segment Information]

(Unit: billion yen)

	Petroleum business	Petrochemical business	Oil exploration and production business	Other and adjustments	Consolidated
Net sales	2,292.7	458.5	56.3	-284.4	2,523.1
Segment profit	58.8	30.4	18.3	9.3	116.9

[Petroleum business]

In the petroleum business segment, the net sales were increased due to the rise in crude oil prices. Furthermore, the cost of sales was decreased by the effect of inventory evaluation caused by the rise in crude oil prices. As a result, the segment reported net sales of ¥2,292.7 billion (up ¥192.8 billion from FY2016) and segment profit of ¥58.8 billion (up ¥17.6 billion from FY2016). The Segment profit that excludes the effect of inventory evaluation recorded ¥37.8 billion (up ¥36.0 billion from FY2016).

[Petrochemical business]

In the petrochemical business segment, due to the increased in selling volume of petrochemical products and the improvement of product market conditions, the segment reported net sales of ¥458.5 billion for FY2017 (up ¥80.1 billion from FY2016) and segment profit of ¥30.4 billion (up ¥8.2 billion from FY2016).

[Oil exploration and production business]

As for the Oil exploration and production business segment, due to the increased selling price of crude oil, the segment reported net sales of ¥56.3 billion for FY2017 (up ¥11.8 billion from FY2016) and segment profit of ¥18.3 billion (up ¥9.0 billion from FY2016).

(2) Overview of Financial Position

(Assets)

The total current assets as of the end of FY2017 amounted to ¥664.8 billion, up ¥103.2 billion from the end of FY2016, by increasing notes and accounts receivable - trade of ¥48.3 billion and inventories of ¥22.0 primarily due to the rise in crude oil prices. The total noncurrent assets amounted to ¥1,025.7 billion, up ¥62.1 billion from the end of FY2016. This was primarily due to increase in property, plant and equipment of ¥44.3 billion by capital investments.

As a result, the total assets amounted to ¥1,690.9 billion, up ¥165.2 billion from the end of FY2016.

(Liabilities)

The total current liabilities as of the end of FY2017 amounted to ¥800.2 billion, up ¥144.7 billion from the end of FY2016, by increasing notes and accounts payable-trade of ¥103.9 billion primarily due to the rise in crude oil prices. The total non-current liabilities amounted to ¥534.6 billion, down ¥62.8 billion from the end of FY2016. This was primarily due to decrease in long-term loans payable of ¥65.1 billion.

As a result, the total liabilities amounted to ¥1,334.7 billion, up ¥81.8 billion from the end of FY2016.

(Net Assets)

The total net assets as of the end of FY2017 amounted to ¥356.1 billion, up ¥83.3 billion from the end of FY2016. This was primarily due to profit attributable to owners of parent of ¥72.8 billion.

As a result, the net worth ratio was 14.1% (10.8% in FY2016).

(3) Overview of Cash Flows

Cash and cash equivalents (hereinafter “cash”) as of March 31, 2018 amounted ¥55.1 billion, up by ¥19.0 billion from March 31, 2017. That is primarily due to the increase of profit before income taxes with the amount of ¥109.3 billion and of notes and accounts payable-trade, despite the increase of notes and accounts receivable-trade and inventories by the rise in crude oil prices and of payments for purchase of property, plant and equipment as capital investment.

Situations of each cash flow and its factors are as follows.

(Cash flows from operating activities)

As a result of operating activities, gained cash amounted to ¥192.6 billion. This is primarily due to ¥109.3 billion of profit before income taxes, ¥38.3 billion of depreciation, and ¥105.0 billion of notes and accounts payable-trade, despite the increase of ¥49.7 billion in notes and accounts receivable-trade and of ¥22.1 billion in inventories.

(Cash flows from investing activities)

As a result of investing activities, ¥96.4 billion of cash was used. This is primarily due to ¥96.8 billion of payments for purchase of property, plant and equipment.

(Cash flows from financing activities)

As a result of financing activities, ¥76.8 billion of cash was used. This is primarily due to ¥107.9 billion of payments of long-term loans payable and ¥4.2 billion of cash dividends paid, despite of ¥47.9 billion of proceeds from long-term loans payable and the increase of ¥11.5 billion in commercial papers.

(4) Outlook for FY2018

1) Outlook for FY2018

The Cosmo Energy Group has formulated the new consolidated medium-term management plan (the “6th Medium-Term Management Plan”) which starts in fiscal 2018.

The Company will bolster the profitability of its core oil exploration and production business and petroleum business to solidify the financial base, as well as aggressively invest in the renewable energy business and otherwise enhance the business portfolio with a view to changes in the business environment over the long term.

The new fiscal year of 2018 commencing on April 1, 2018 has the assumptions of an average crude oil price of US\$65/bbl and an average exchange rate of ¥105/US\$, and its business outlook including consolidated net sales of ¥2720.0 billion (up ¥196.9 billion from FY2017), consolidated operating profit of ¥118.0 billion (up ¥6.1 billion from FY2017), consolidated ordinary profit of ¥121.0 billion (up ¥4.2 billion from FY2017) and profit attributable to owners of parent of ¥57.0 billion (down ¥15.8 billion from FY2017).

[Segment-Specific Business Outlook]

(Unit: billion yen)

	Petroleum business	Petrochemical business	Oil exploration and production business	Other and adjustments	Consolidated
Net sales	2,522.0	441.0	113.0	-356.0	2,720.0
Segment profit	32.0	22.0	57.0	10.0	121.0

[Petroleum business]

As for the petroleum business segment, profit is expected to decrease from the previous fiscal year. The factor is that the effect of inventory valuation caused by crude oil price fluctuation will be eliminated, despite the sales margin will be ensured based on the firm market conditions.

[Petrochemical business]

As for the petrochemical business segment, profit is expected to decrease from the previous fiscal year. The factors are the product market moderate decreasing because of starting new equipment abroad and the effect of our shutdown maintenance.

[Oil exploration and production business]

As for the oil exploration and production business segment, profit is expected to increase from the previous fiscal year, due to the rise in crude oil prices and the stable production at Hail oil field.

2) Outlook for dividends

The Company places priority on returning profits to its shareholders. Its basic policy is to distribute stable dividends, while considering the strengthening of its corporate structure, the development of operations, and the balance of results and finance. Under this policy, the Company plans to distribute a year-end dividend per share of 50 yen for the fiscal year under review. The Company plans to distribute a dividend of 50 yen the next fiscal year.

2. Basic Policy for Selection for Accounting Standards

The Cosmo Energy Group has a policy to make the consolidated financial statements with the Japanese Generally Accepted Accounting Principles for the meantime, because of retaining consolidated financial statements' comparability and inter-enterprise comparability.

And also, The Cosmo Energy Group will correspond appropriately to applying the International Financial Reporting Standards (IFRS) in consideration of the global trend.

3. Consolidated Financial Statements and Their Main Notes

(1) Consolidated Balance Sheet

(Unit: million yen)

	FY2016 As of March 31, 2017	FY2017 As of March 31, 2018
Assets		
Current assets		
Cash and deposits	45,292	64,690
Notes and accounts receivable - trade	216,602	264,930
Merchandise and finished goods	111,905	132,880
Work in process	279	576
Raw materials and supplies	131,181	131,893
Accounts receivable - other	36,010	44,088
Deferred tax assets	3,760	7,661
Other	16,752	18,269
Allowance for doubtful accounts	-181	-169
Total current assets	561,604	664,821
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	150,866	205,787
Oil storage depots, net	33,027	35,178
Machinery, equipment and vehicles, net	161,690	183,447
Land	320,496	317,989
Leased assets, net	674	624
Construction in progress	99,980	67,123
Other, net	6,584	7,435
Total property, plant and equipment	773,320	817,585
Intangible assets		
Software	3,032	3,244
Goodwill	721	—
Other	40,830	38,771
Total intangible assets	44,585	42,016
Investments and other assets		
Investment securities	105,720	122,653
Long-term loans receivable	2,857	1,615
Long-term prepaid expenses	6,716	5,769
Net defined benefit asset	1,928	2,415
Cost recovery under production sharing	17,302	21,894
Deferred tax assets	2,608	3,093
Other	8,899	9,039
Allowance for doubtful accounts	-365	-401
Total investments and other assets	145,667	166,080
Total non-current assets	963,573	1,025,682
Deferred assets		
Bond issuance cost	502	385
Total deferred assets	502	385
Total assets	1,525,679	1,690,889

(Unit: million yen)

	FY2016 As of March 31, 2017	FY2017 As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	170,539	274,410
Short-term loans payable	225,169	206,690
Commercial papers	51,400	62,900
Accounts payable - other	92,428	109,316
Accrued volatile oil and other petroleum taxes	66,528	84,801
Income taxes payable	11,237	15,338
Accrued expenses	3,182	5,130
Provision for bonuses	5,326	7,516
Provision for directors' bonuses	315	620
Deferred tax liabilities	266	7
Provision for business structure improvement	2,001	—
Other	27,079	33,423
Total current liabilities	655,473	800,153
Non-current liabilities		
Bonds payable	46,700	46,700
Long-term loans payable	449,282	384,164
Deferred tax liabilities	33,608	35,623
Deferred tax liabilities for land revaluation	5,243	5,182
Provision for special repairs	13,781	17,830
Provision for business structure improvement	212	1,050
Provision for environmental measures	1,997	1,729
Net defined benefit liability	5,516	3,212
Provision for executive remuneration BIP trust	296	340
Asset retirement obligations	19,338	20,568
Other	21,441	18,186
Total non-current liabilities	597,420	534,589
Total liabilities	1,252,893	1,334,743
Net assets		
Shareholders' equity		
Capital stock	40,000	40,000
Capital surplus	84,359	84,359
Retained earnings	49,985	118,701
Treasury shares	-1,113	-1,091
Total shareholders' equity	173,231	241,970
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,794	6,379
Deferred gains or losses on hedges	-233	-267
Revaluation reserve for land	-20,576	-20,923
Foreign currency translation adjustment	7,215	8,715
Remeasurements of defined benefit plans	292	2,803
Total accumulated other comprehensive income	-8,508	-3,292
Non-controlling interests	108,063	117,468
Total net assets	272,786	356,146
Total liabilities and net assets	1,525,679	1,690,889

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Unit: million yen)

	FY2016 From April 1, 2016 to March 31, 2017	FY2017 From April 1, 2017 to March 31, 2018
Net sales	2,292,280	2,523,106
Cost of sales	2,079,727	2,282,710
Gross profit	212,553	240,395
Selling, general and administrative expenses	120,370	128,526
Operating profit	92,182	111,868
Non-operating income		
Interest income	218	341
Dividend income	671	1,015
Rent income on non-current assets	1,144	1,153
Share of profit of entities accounted for using equity method	1,796	11,937
Foreign exchange gains	—	2,533
Other	2,764	2,754
Total non-operating income	6,594	19,737
Non-operating expenses		
Interest expenses	12,274	12,125
Foreign exchange losses	1,058	—
Other	3,995	2,630
Total non-operating expenses	17,328	14,755
Ordinary profit	81,448	116,850
Extraordinary income		
Gain on sales of non-current assets	322	2,457
Gain on sales of investment securities	910	433
Gain on sales of shares of subsidiaries and associates	1,282	—
Subsidy income	3,346	3,027
Gain on bargain purchase	493	—
Insurance income	—	463
Other	558	220
Total extraordinary income	6,914	6,603
Extraordinary losses		
Loss on sales of non-current assets	195	266
Loss on disposal of non-current assets	6,274	8,173
Impairment loss	842	1,516
Loss on valuation of investment securities	808	187
Business structure improvement expenses	802	2,840
Loss on closing of oil terminal	—	1,056
Other	873	138
Total extraordinary losses	9,796	14,179
Profit before income taxes	78,565	109,274
Income taxes - current	18,267	28,687
Income taxes - deferred	644	-3,515
Total income taxes	18,912	25,172
Profit	59,652	84,101
Profit attributable to non-controlling interests	6,417	11,288
Profit attributable to owners of parent	53,235	72,813

(Consolidated Statements of Comprehensive Income)

(Unit: million yen)

	FY2016 From April 1, 2016 to March 31, 2017	FY2017 From April 1, 2017 to March 31, 2018
Profit	59,652	84,101
Other comprehensive income		
Valuation difference on available-for-sale securities	2,824	1,852
Deferred gains or losses on hedges	1,304	41
Revaluation reserve for land	-28	-205
Foreign currency translation adjustment	-143	-667
Remeasurements of defined benefit plans, net of tax	5,077	2,620
Share of other comprehensive income of entities accounted for using equity method	-1,067	2,193
Total other comprehensive income	7,966	5,835
Comprehensive income	67,619	89,937
(Breakdown)		
Comprehensive income attributable to owners of parent	60,112	78,170
Comprehensive income attributable to non-controlling interests	7,506	11,767

(3) Consolidated Statements of Changes in Equity

FY2016 (From April 1, 2016 to March 31, 2017)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1,2016	40,000	84,509	259	-1,223	123,545
Changes of items during period					
Dividends of surplus			-3,386		-3,386
Profit attributable to owners of parent			53,235		53,235
Purchase of treasury shares				-0	-0
Disposal of treasury shares		-31		110	78
Change of scope of consolidation			-10		-10
Reversal of Revaluation reserve for land			-113		-113
Change in ownership interest of parent due to transactions with non-controlling interests		-117			-117
Net changes of items other than shareholders' equity					
Total changes of items during period	—	-149	49,725	109	49,685
Balance at March 31,2017	40,000	84,359	49,985	-1,113	173,231

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at April 1,2016	3,042	-1,601	-20,660	8,507	-4,786	-15,499	94,665	202,712
Change of items during period								
Dividends of surplus								-3,386
Profit attributable to owners of parent								53,235
Purchase of treasury shares								-0
Disposal of treasury shares								78
Change of scope of consolidation								-10
Reversal of Revaluation reserve for land			113			113		—
Change in ownership interest of parent due to transactions with non-controlling interests								-117
Net changes of items other than shareholders' equity	1,751	1,367	-28	-1,292	5,079	6,877	13,397	20,275
Total changes of items during period	1,751	1,367	84	-1,292	5,079	6,990	13,397	70,073
Balance at March 31,2017	4,794	-233	-20,576	7,215	292	-8,508	108,063	272,786

FY2017 (From April 1, 2017 to March 31, 2018)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1,2017	40,000	84,359	49,985	-1,113	173,231
Changes of items during period					
Dividends of surplus			-4,238		-4,238
Profit attributable to owners of parent			72,813		72,813
Purchase of treasury shares				-1	-1
Disposal of treasury shares		0		24	24
Reversal of Revaluation reserve for land			140		140
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	68,715	22	68,738
Balance at March 31,2018	40,000	84,359	118,701	-1,091	241,970

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at April 1,2017	4,794	-233	-20,576	7,215	292	-8,508	108,063	272,786
Change of items during period								
Dividends of surplus								-4,238
Profit attributable to owners of parent								72,813
Purchase of treasury shares								-1
Disposal of treasury shares								24
Reversal of Revaluation reserve for land			-140			-140		—
Net changes of items other than shareholders' equity	1,585	-33	-205	1,499	2,511	5,356	9,405	14,762
Total changes of items during period	1,585	-33	-346	1,499	2,511	5,215	9,405	83,360
Balance at March 31,2018	6,379	-267	-20,923	8,715	2,803	-3,292	117,468	356,146

(4) Consolidated Statements of Cash Flows

(Unit: million yen)

	FY2016 From April 1, 2016 to March 31, 2017	FY2017 From April 1, 2017 to March 31, 2018
Cash flows from operating activities		
Profit before income taxes	78,565	109,274
Depreciation	34,507	38,348
Gain on bargain purchase	-493	—
Amortization of goodwill	730	721
Impairment loss	842	1,516
Loss (gain) on sales of non-current assets	-127	-2,191
Business structure improvement expenses	802	2,840
Loss (gain) on disposal of non-current assets	6,274	8,173
Loss (gain) on sales of investment securities	-910	-433
Loss (gain) on valuation of investment securities	808	187
Loss (gain) on sales of shares of subsidiaries and associates	-1,282	—
Subsidy income	-3,346	-3,027
Loss on closing of oil terminal	—	1,056
Interest and dividend income	-890	-1,357
Insurance income	—	-463
Interest expenses	12,274	12,125
Foreign exchange losses (gains)	754	-963
Share of (profit) loss of entities accounted for using equity method	-1,796	-11,937
Increase (decrease) in allowance for doubtful accounts	-148	23
Increase (decrease) in provision for special repairs	-2,375	4,048
Increase (decrease) in provision for environmental measures	-583	-544
Increase (decrease) in net defined benefit asset (liability)	581	-301
Decrease (increase) in notes and accounts receivable - trade	-23,948	-49,738
Recovery of recoverable accounts under production sharing	3,262	3,782
Decrease (increase) in inventories	-61,495	-22,085
Increase (decrease) in notes and accounts payable - trade	55,031	105,026
Decrease (increase) in other current assets	-1,528	-8,822
Increase (decrease) in other current liabilities	-22,773	41,132
Decrease (increase) in investments and other assets	1,699	628
Increase (decrease) in other non-current liabilities	-2,306	-1,520
Other, net	1,535	44
Subtotal	73,665	225,542
Interest and dividend income received	1,014	3,860
Interest expenses paid	-12,407	-12,323
Payments for business structure improvement expenses	-3,916	-4,056
Proceeds from subsidy income	3,487	3,752
Proceeds from insurance income	—	234
Income taxes paid	-14,218	-24,374
Net cash provided by (used in) operating activities	47,625	192,634

(Unit: million yen)

	FY2016 From April 1, 2016 to March 31, 2017	FY2017 From April 1, 2017 to March 31, 2018
Cash flows from investing activities		
Purchase of investment securities	-1,341	-1,457
Proceeds from sales and redemption of investment securities	7,190	401
Purchase of shares of subsidiaries and associates	-1,240	-3,623
Proceeds from sales and liquidation of shares of subsidiaries and associates	178	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	1,261	—
Purchase of property, plant and equipment	-108,683	-96,780
Payments for disposal of property, plant and equipment	-4,310	-3,261
Proceeds from sales of property, plant and equipment	593	17,470
Payments for purchases of intangible assets and long-term prepaid expenses	-5,977	-9,859
Decrease (increase) in short-term loans receivable	399	44
Payments of long-term loans receivable	-1,425	-225
Collection of long-term loans receivable	589	485
Payments into time deposits	-489	-33
Proceeds from withdrawal of time deposits	—	22
Proceeds from withdrawal of investments in silent partnership	1,233	157
Other, net	-15	227
Net cash provided by (used in) investing activities	-112,038	-96,432
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-2,828	-21,563
Proceeds from long-term loans payable	43,861	47,859
Repayments of long-term loans payable	-66,333	-107,887
Payments into deposits of restricted withdrawals	-6,393	—
Net increase (decrease) in commercial papers	39,400	11,500
Cash dividends paid	-3,359	-4,204
Dividends paid to non-controlling interests	-947	-2,361
Proceeds from share issuance to non-controlling shareholders	6,229	—
Other, net	-4	-98
Net cash provided by (used in) financing activities	9,626	-76,757
Effect of exchange rate change on cash and cash equivalents	-621	-422
Net increase (decrease) in cash and cash equivalents	-55,408	19,021
Cash and cash equivalents at beginning of period	89,418	36,126
Increase in cash and cash equivalents from newly consolidated subsidiary	2,107	—
Increase (decrease) in cash and cash equivalents resulting from merger of subsidiaries	8	—
Cash and cash equivalents at end of period	36,126	55,148

(5)Notes to Consolidated Financial Statements

(Notes to Going Concern Assumption)

None

(Segment Information)

1. Overview of Reporting Segments

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

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

Therefore the 3 reporting segments by the Cosmo Group are, “Petroleum Business,” “Petrochemicals Business” and “Oil Exploration and Production Business,” based on the services and/or the products handled.

In further detail, “Petroleum Business” produces and markets gasoline, naphtha, kerosene, diesel, fuel oil, crude oil, lubricants, LPG, asphalt, etc. “Petrochemicals Business” produces and markets ethylene mixed-xylene, para-xylene, benzene, toluene, solvents, etc. “Petroleum Exploration and Production Business” explores and produces crude oil.

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

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

Profit by business segment is stated on an ordinary profit basis. The inter-segment profit and transfers based on market price.

3. Information about net sales, profit, assets, liabilities and other items amounts by segment reported

FY2016 (From April 1, 2016 to March 31, 2017)

(unit: million yen)

	Petroleum business	Petrochemical business	Oil exploration and production business	Other Note: 1	Adjustments Note: 2	Consolidated Note: 3
Net sales						
Outside customers	1,918,527	328,183	21,899	23,670	—	2,292,280
Inter-segment	181,367	50,259	22,637	36,971	-291,236	—
Total	2,099,895	378,443	44,536	60,642	-291,236	2,292,280
Segment profit	41,168	22,177	9,347	3,757	4,997	81,448
Other items						
Depreciation and amortization	19,444	7,165	6,705	2,000	-808	34,507
Amortization of goodwill	695	—	—	35	—	730
Interest income	608	37	49	9	-487	218
Interest expenses	10,539	477	719	521	16	12,274
Equity earnings of associates	-3,512	5,236	35	37	—	1,796

Notes: 1 Other is segment of non-classified, including construction works, insurance agency, leasing, travel agency and wind power generation, etc.

2 Segment profit in “Adjustments” ¥4,997 million includes ¥5,222 million for profit that is not allocated each reported segment or “Other” segment, ¥366 million for internal eliminations, ¥-353 million for inventory adjustments, and ¥-237 million adjustment of non-current assets.

3 Segment profit is adjusted to ordinary profit of consolidated statements of income.

4 No assets and liabilities allocation is made into each segment, so that the description of such information is omitted.

FY2017 (From April 1, 2017 to March 31, 2018)

(unit: million yen)

	Petroleum business	Petrochemical business	Oil exploration and production business	Other Note: 1	Adjustments Note: 2	Consolidated Note: 3
Net sales						
Outside customers	2,076,816	404,221	18,900	23,166	—	2,523,106
Inter-segment	215,911	54,228	37,436	26,784	-334,360	—
Total	2,292,727	458,450	56,337	49,951	-334,360	2,523,106
Segment profit	58,818	30,441	18,251	5,096	4,242	116,850
Other items						
Depreciation and amortization	20,075	7,312	7,981	3,167	-189	38,348
Amortization of goodwill	695	—	—	26	—	721
Interest income	688	88	162	10	-608	341
Interest expenses	9,203	428	2,022	575	-103	12,125
Equity earnings of associates	6,235	4,874	835	-7	—	11,937

Notes: 1 Other is segment of non-classified, including construction works, insurance agency, leasing, travel agency and wind power generation, etc.

2 Segment profit in “Adjustments” ¥4,242 million includes ¥4,959 million for profit that is not allocated each reported segment or “Other” segment, ¥-438 million for internal eliminations, ¥-68 million for inventory adjustments, and ¥-210 million adjustment of non-current assets.

3 Segment profit is adjusted to ordinary profit of consolidated statements of income.

4 No assets and liabilities allocation is made into each segment, so that the description of such information is omitted.

(Per-share Information)

	FY2016 April 1, 2016 - March 31, 2017	FY2017 April 1, 2017 - March 31, 2018
Net assets per share (yen sen)	1,958.91	2,837.90
Net income per share (yen sen)	633.32	865.80

Notes: 1. Since no dilutive securities exist, net income per share after adjustment for dilutive securities is omitted.

2. In calculating net assets per share, the company’s shares which Executive Remuneration BIP Trust possess are excluded from issued shares at the end of the period (680 thousands of shares from FY2016, 665 thousands of shares from FY2017). In calculating net income per share, the company’s shares which Executive Remuneration BIP Trust possess are also excluded from average number of shares during the period (680 thousands of shares from FY2016, 669 thousands of shares from FY2017).

3. Net income per share was calculated on the following basis.

	FY2016 April 1, 2016 - March 31, 2017	FY2017 April 1, 2017 - March 31, 2018
Profit attributable to owners of parent (million yen)	53,235	72,813
Amount that does not belong to ordinary share holders (million yen)	—	—
Profit attributable to owners of parent that belongs to ordinary shares (million yen)	53,235	72,813
Average number of ordinary shares outstanding during the year (thousands of shares)	84,057	84,099

(Significant Subsequent Events)

None