May 9, 2019

Overview of Business Results
of Fiscal Year Ending March 2019
[Based on Japanese GAAP] (Consolidated)

Name of the Company: Cosmo Energy Holdings Co., Ltd. Shares traded: TSE
Company Code: 5021 URL https://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 20, 2019 Dividend payment is to be started on: June 21, 2019
Securities report is to be submitted on: June 20, 2019
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 FY2018 (April 1, 2018 to March 31, 2019)
(1) Consolidated operating results (Figures in % refer to changes from FY2017)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2018	2,770,365	9.8	94,653	-15.4	96,654	-17.3	53,132	-27.0
FY2017	2,523,106	10.1	111,868	21.4	116,850	43.5	72,813	36.8

[Note] Comprehensive income FY2018: 60,179 million yen (-33.1%) FY2017: 89,937 million yen (33.0%)

	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	%	%	%
FY2018	630.69	594.03	20.4	5.7	3.4
FY2017	865.80	−	36.1	7.3	4.4

[Reference] Equity in earnings(losses) of associates FY2018: 6,859 million yen FY2017: 11,937 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio	Net assets per share
	million yen	million yen	%	yen sen
FY2018	1,702,270	401,850	16.5	3,333.81
FY2017	1,688,288	356,146	14.1	2,837.90

[Reference] Net worth FY2018: 281,065 million yen FY2017: 238,677 million yen

Note: The Company has implemented the adoption of "Partial Amendments of Standard for Tax Effect Accounting"(the Accounting Standard Board of Japan Statement No.28 on February 16, 2018) from the beginning of the consolidated fiscal year and it effected the figures of FY2017.

(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
FY2018	90,450	-84,521	-20,480	40,667
FY2017	192,634	-96,432	-76,757	55,148

2. Dividend Payment Results and Forecast

	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	%	%
FY2017	−	0.00	−	50.00	50.00	4,238	5.8	2.1
FY2018	−	0.00	−	80.00	80.00	6,781	12.7	2.6
FY2019 (forecast)	−	0.00	−	80.00	80.00		11.2	

3. Consolidated Business Forecast for FY2019 (April 1, 2019 to March 31, 2020)

(% indicates change from the corresponding period of FY 2018)

	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
FY2019	2,913,000	5.1	109,000	15.2	111,000	14.8	60,000	12.9	711.68

Notes to Consolidated Financial Statements

(1) Change in significant subsidiaries during FY2018: 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 the end of the period (including treasury shares):	FY2018	84,770,508 shares	FY2017	84,770,508 shares
2) Number of shares of treasury stock as of end of the period:	FY2018	462,910 shares	FY2017	667,048 shares
3) Average number of outstanding shares during the period:	FY2018	84,245,042 shares	FY2017	84,099,735 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 forecast and other special remarks:
The above business forecasts 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)Forecast for FY 2019" on page 3~4 of this release.
Supplementary information will be uploaded on the Cosmo Energy Holdings Co., Ltd. website on May 9, 2019.

Contents of Supporting Data

1. Overview of Consolidated Operating Results

(1) Overview of Consolidated Operating Results

The Japanese economy has continued to show a moderate recovery during the current consolidated fiscal year, as corporate profits are at a high level, capital investment has increased, and personal consumption continues to recover as a result of improvements in the employment and income environments.

With respect to crude oil prices, the price for Dubai crude oil began the fiscal year in the $66 per barrel range, was pushed up to $84 range by concerns over tight supply and demand due to a decrease in supply of crude oil from Iran due to sanctions against Iran by the US Trump administration. Despite that, it dropped sharply to the $ 49 per barrel range in the wake of the partial exemption of sanctions against Iran in November. After that, due to the reduction of crude oil production by OPEC etc, the oil price at the end of the period was $ 67 per barrel range.

As for exchange rates, the Japanese yen started the fiscal year at around ¥106 per dollar level and moved roughly between ¥109 to ¥114, reflecting the increase in US interest rates. After that, despite the turnover to a temporary appreciation of the yen due to concerns of worldwide economic slowdown, the yen closed at the ¥110 per dollar level at the end of the period.

As for domestic demand for petroleum product, it is continuing to show declining tendency, although the diesel oil remained at the same level as the previous fiscal year, as a result of the decrease in gasoline, kerosene and heavy oil decreased, the overall fuel oil decreased from the previous year.

As for petrochemical products, despite the market conditions remaining stable supported by strong demand growth in Asia, some products showed a softening trend.

Under such business environment, based on the basic policy of the 6th consolidated medium-term management plan, which has the current fiscal year as the first year, under the slogan of "Oil & New, Everything About Oil – And Beyond", while strengthening the earning power and establishing the financial basis of the Oil exploration and production business and the Petroleum business, which are our main business, in view of long-term environmental changes, efforts to expand the portfolio have started such as aggressive investment in the renewable energy business and strengthening competitiveness of the Petrochemical business.

As a result, consolidated net sales in FY2018 were recorded ¥2,770.4 billion (up ¥247.3 billion from FY2017) due to the rise of crude oil prices in the Petroleum business, the rise of crude oil selling prices and the increase of crude oil sales volume in the Oil exploration and production business. Consolidated operating profit was recorded ¥94.7 billion (down ¥17.2 billion from FY2017), consolidated ordinary profit, ¥96.7 billion (down ¥20.2 billion from FY2017) despite the increase in sales volume in the Oil exploration and production business, the impact of inventory valuation in the Petroleum business due to fluctuations in crude oil prices, and regular maintenance in the Petrochemical business, etc.

Net income attributable to owners of the parent company was ¥53.1 billion (down ¥19.7 billion from FY2017) after reviewing the recoverability of deferred tax assets in the current consolidated fiscal year despite the negative factors mentioned above.

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	2,526.9	458.6	111.7	-326.9	2,770.4
Segment profit	14.2	15.3	56.9	10.2	96.7

[Petroleum business]

In the petroleum business segment, due to the rise in crude oil prices from the same period of the previous year, the segment reported net sales of ¥2,526.9 billion for FY2018 (up ¥234.2 billion from FY2017).

On the other hand, due to the effects of valuation losses on inventories by fluctuations in crude oil prices from the same period of the previous year, segment profit was ¥14.2 billion (down ¥44.6 billion from FY2017).

The Segment profit that excludes the effect of inventory evaluation recorded ¥24.9 billion (down ¥12.9 billion from FY2017).

[Petrochemical business]

In the petrochemical business segment, due to the increase in product prices from the same period of the previous year, the segment reported net sales of ¥458.6 billion for FY2018 (up ¥0.1 billion from FY2017).

On the other hand, due to the decrease in selling volume of petrochemical products by regular maintenance and the worsening of product market conditions from the same period of the previous year, reported segment profit of ¥15.3 billion (down ¥15.1 billion from FY2017).

[Oil exploration and production business]

In the oil exploration and production business segment, due to the increase in the sales price of oil products and the oil sales volume from the same period of the previous year, the segment reported net sales of ¥111.7 billion for FY2018 (up ¥55.4 billion from FY2017) and segment profit of ¥56.9 billion (up ¥38.6 billion from FY2017).

(2) Overview of Financial Position

(Assets)

The total current assets as of the end of FY2018 amounted to ¥641.7 billion, down ¥15.5 billion from the end of FY2017, primarily due to the decreasing notes and accounts receivable - trade of ¥19.7 billion, reflecting the lower sales in forth quarter and decrease in cash and deposit of ¥15.3 billion. The total noncurrent assets amounted to ¥1,060.1 billion, up ¥29.4 billion from the end of FY2017. This was primarily due to increase in property, plant and equipment of ¥24.7 billion by capital investments.

As a result, the total assets amounted to ¥1,702.3 billion, up ¥14.0 billion from the end of FY2017.

(Liabilities)

The total current liabilities as of the end of FY2018 amounted to ¥764.7 billion, down ¥35.4 billion from the end of FY2017,this was mainly due to decreasing income taxes payable of ¥10.0 billion from decrease of taxable income, and a decrease of ¥11.4 billion in other current liabilities. The total non-current liabilities amounted to ¥535.7 billion, up ¥3.7 billion from the end of FY2017.

As a result, the total liabilities amounted to ¥1,300.4 billion, down ¥31.7 billion from the end of FY2017.

(Net Assets)

The total net assets as of the end of FY2018 amounted to ¥401.9 billion, up ¥45.8 billion from the end of FY2017. This was primarily due to profit attributable to owners of parent of ¥53.1 billion.

As a result, the net worth ratio was 16.5% (14.1% in FY2017).

(3) Overview of Cash Flows

Cash and cash equivalents (hereinafter “cash”) as of March 31, 2019 amounted ¥40.7 billion, decrease by ¥14.4 billion from March 31, 2018. That is primarily due to profit before income taxes with the amount of ¥ 96.0 billion and the income from issuance of convertible bond-type bonds with share acquisition rights, etc., while acquisition of tangible fixed assets associated with capital investment and the repayment of debt.

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 ¥90.5 billion. This is primarily due to income taxes paid of ¥59.7 billion and the increase of inventories of ¥11.5 billion, etc., while profit before income taxes with the amount of ¥96.0 billion, ¥46.8 billion depreciation expenses.

(Cash flows from investing activities)

As a result of investing activities, ¥84.5 billion of cash was used. This is primarily due to ¥73.1 billion of payments for acquisition of tangible fixed assets.

(Cash flows from financing activities)

As a result of financing activities, ¥20.5 billion of cash was used. This is primarily due to income from issuance of convertible bond-type bonds with share acquisition rights of ¥59.9 billion and increase of ¥35.1 billion in commercial paper, while expenditures of ¥99.1 billion of payments of long-term loans payable and ¥4.2 billion of cash dividends paid.

(4) Forecast for FY2019

1) Forecast for FY2019

The Cosmo Energy Group plan to improve profitability by strengthening the competitiveness of its petroleum-related businesses which were formulated in new consolidated medium-term management plan (the “6th Medium-Term Management Plan”) which starting from FY2018, as well as promoting the reform of the business structure by promoting the renewable energy business while the trend toward de-oiling fuels is progressing.

The new fiscal year of 2019 commencing on April 1, 2019 has the assumptions of an average crude oil price of US$65/bbl and an average exchange rate of ¥110/US$, and its business forecast including consolidated net sales of ¥2,913.0 billion (up ¥142.6 billion from FY2018), consolidated operating profit of ¥109.0 billion (up ¥6.9 billion from FY2018), consolidated ordinary profit of ¥111.0 billion (up ¥14.3 billion from FY2018) and profit attributable to owners of parent of ¥60.0 billion (up ¥6.9 billion from FY2018).

[Segment-Specific Business Forecast] (Unit：billion yen)

	Petroleum business	Petrochemical business	Oil exploration and production business	Other and adjustments	Consolidated
Net sales	2,605.0	517.0	91.0	-300.0	2,913.0
Segment profit	42.0	18.0	40.0	11.0	111.0

[Petroleum business]

As for the petroleum business segment, profit is expected to increase from the previous fiscal year. The factors are expecting securing sales margin and increasing sales quantity based on the firm market conditions.

[Petrochemical business]

As for the petrochemical business segment, profit is expected to increase from the previous fiscal year. The factor is increase of production quantity due to cancellation of regular maintenance of the previous fiscal year.

[Oil exploration and production business]

As for the oil exploration and production business segment, will effort for constant crude oil production, profit is expected to decrease from the previous fiscal year, due to the fall in crude oil prices and the decrease in production volume.

2) Forecast 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 80 yen for the fiscal year under review. The Company plans to distribute a dividend of 80 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)

	FY2017 As of March 31, 2018	FY2018 As of March 31, 2019
Assets		
Current assets		
Cash and deposits	64,690	49,445
Notes and accounts receivable - trade	264,930	245,164
Merchandise and finished goods	132,880	131,952
Work in process	576	453
Raw materials and supplies	131,893	144,911
Accounts receivable - other	44,088	42,397
Other	18,269	27,553
Allowance for doubtful accounts	-169	-146
Total current assets	657,160	641,731
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	205,787	235,988
Oil storage depots, net	35,178	34,984
Machinery, equipment and vehicles, net	183,447	186,250
Land	317,989	317,255
Leased assets, net	624	597
Construction in progress	67,123	59,022
Other, net	7,435	8,183
Total property, plant and equipment	817,585	842,283
Intangible assets		
Software	3,244	3,585
Other	38,771	37,378
Total intangible assets	42,016	40,964
Investments and other assets		
Investment securities	122,653	117,552
Long-term loans receivable	1,615	1,262
Long-term prepaid expenses	5,769	4,741
Net defined benefit asset	2,415	2,765
Cost recovery under production sharing	21,894	19,404
Deferred tax assets	8,154	23,221
Other	9,039	8,397
Allowance for doubtful accounts	-401	-459
Total investments and other assets	171,141	176,886
Total non-current assets	1,030,743	1,060,134
Deferred assets		
Bond issuance cost	385	404
Total deferred assets	385	404
Total assets	1,688,288	1,702,270

(Unit: million yen)

	FY2017 As of March 31, 2018	FY2018 As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	274,410	267,897
Short-term loans payable	206,690	164,739
Commercial papers	62,900	98,000
Accounts payable - other	109,316	107,055
Accrued volatile oil and other petroleum taxes	84,801	88,987
Income taxes payable	15,338	5,324
Accrued expenses	5,130	3,188
Provision for bonuses	7,516	7,052
Provision for directors' bonuses	620	472
Other	33,423	22,016
Total current liabilities	800,146	764,734
Non-current liabilities		
Bonds payable	46,700	46,700
Convertible bond-type bonds with share acquisition rights	－	60,000
Long-term loans payable	384,164	324,669
Deferred tax liabilities	33,029	33,454
Deferred tax liabilities for land revaluation	5,182	5,192
Provision for special repairs	17,830	20,992
Provision for business structure improvement	1,050	1,050
Provision for environmental measures	1,729	1,362
Net defined benefit liability	3,212	5,085
Provision for executive remuneration BIP trust	340	111
Asset retirement obligations	20,568	21,330
Other	18,186	15,733
Total non-current liabilities	531,995	535,684
Total liabilities	1,332,142	1,300,419
Net assets		
Shareholders' equity		
Capital stock	40,000	40,000
Capital surplus	84,359	82,963
Retained earnings	118,701	167,574
Treasury shares	-1,091	-758
Total shareholders' equity	241,970	289,779
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,379	4,121
Deferred gains or losses on hedges	-267	99
Revaluation reserve for land	-20,923	-20,911
Foreign currency translation adjustment	8,715	7,236
Remeasurements of defined benefit plans	2,803	739
Total accumulated other comprehensive income	-3,292	-8,713
Non-controlling interests	117,468	120,785
Total net assets	356,146	401,850
Total liabilities and net assets	1,688,288	1,702,270

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Unit：million yen)

	FY2017 From April 1, 2017 to March 31, 2018	FY2018 From April 1, 2018 to March 31, 2019
Net sales	2,523,106	2,770,365
Cost of sales	2,282,710	2,539,936
Gross profit	240,395	230,429
Selling, general and administrative expenses	128,526	135,775
Operating profit	111,868	94,653
Non-operating income		
Interest income	341	642
Dividend income	1,015	763
Rent income on non-current assets	1,153	1,147
Share of profit of entities accounted for using equity method	11,937	6,859
Foreign exchange gains	2,533	3,861
Other	2,754	2,981
Total non-operating income	19,737	16,255
Non-operating expenses		
Interest expenses	12,125	10,875
Other	2,630	3,378
Total non-operating expenses	14,755	14,253
Ordinary profit	116,850	96,654
Extraordinary income		
Gain on sales of non-current assets	2,457	629
Gain on sales of investment securities	433	861
Subsidy income	3,027	5,541
Compensation income	―	744
Insurance income	463	272
Other	220	147
Total extraordinary income	6,603	8,197
Extraordinary losses		
Loss on sales of non-current assets	266	134
Loss on disposal of non-current assets	8,173	5,437
Impairment loss	1,516	2,009
Loss on valuation of investment securities	187	1,090
Business structure improvement expenses	2,840	―
Loss on closing of oil terminal	1,056	―
Other	138	213
Total extraordinary losses	14,179	8,885
Profit before income taxes	109,274	95,966
Income taxes - current	28,687	43,852
Income taxes - deferred	-3,515	-13,935
Total income taxes	25,172	29,917
Profit	84,101	66,048
Profit attributable to non-controlling interests	11,288	12,916
Profit attributable to owners of parent	72,813	53,132

(Consolidated Statements of Comprehensive Income)

(Unit: million yen)

	FY2017 From April 1, 2017 to March 31, 2018	FY2018 From April 1, 2018 to March 31, 2019
Profit	84,101	66,048
Other comprehensive income		
Valuation difference on available-for-sale securities	1,852	-2,780
Deferred gains or losses on hedges	41	500
Revaluation reserve for land	-205	-9
Foreign currency translation adjustment	-667	363
Remeasurements of defined benefit plans, net of tax	2,620	-2,084
Share of other comprehensive income of entities accounted for using equity method	2,193	-1,858
Total other comprehensive income	5,835	-5,869
Comprehensive income	89,937	60,179
(Breakdown)		
Comprehensive income attributable to owners of parent	78,170	47,689
Comprehensive income attributable to non-controlling interests	11,767	12,489

(3) Consolidated Statements of Changes in Equity

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

FY2018 (From April 1, 2018 to March 31, 2019)

(Unit：million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1,2018	40,000	84,359	118,701	-1,091	241,970
Changes of items during period					
Dividends of surplus			-4,238		-4,238
Profit attributable to owners of parent			53,132		53,132
Purchase of treasury shares				-2	-2
Disposal of treasury shares		206		334	541
Reversal of Revaluation reserve for land			-21		-21
Purchase of shares of consolidated subsidiaries		-1,602			-1,602
Net changes of items other than shareholders' equity					
Total changes of items during period	－	-1,395	48,872	332	47,808
Balance at March 31,2019	40,000	82,963	167,574	-758	289,779

	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 1,2018	6,379	-267	-20,923	8,715	2,803	-3,292	117,468	356,146
Change of items during period								
Dividends of surplus								-4,238
Profit attributable to owners of parent								53,132
Purchase of treasury shares								-2
Disposal of treasury shares								541
Reversal of Revaluation reserve for land			21			21		－
Purchase of shares of consolidated subsidiaries								-1,602
Net changes of items other than shareholders' equity	-2,257	367	-9	-1,479	-2,063	-5,442	3,316	-2,126
Total changes of items during period	-2,257	367	11	-1,479	-2,063	-5,420	3,316	45,704
Balance at March 31,2019	4,121	99	-20,911	7,236	739	-8,713	120,785	401,850

(4) Consolidated Statements of Cash Flows

(Unit: million yen)

	FY2017 From April 1, 2017 to March 31, 2018	FY2018 From April 1, 2018 to March 31, 2019
Cash flows from operating activities		
Profit before income taxes	109,274	95,966
Depreciation	38,348	46,752
Amortization of goodwill	721	―
Impairment loss	1,516	2,009
Loss (gain) on sales of non-current assets	-2,191	-495
Business structure improvement expenses	2,840	―
Loss (gain) on disposal of non-current assets	8,173	5,437
Loss (gain) on sales of investment securities	-433	-861
Loss (gain) on valuation of investment securities	187	1,090
Subsidy income	-3,027	-5,541
Loss on closing of oil terminal	1,056	―
Interest and dividend income	-1,357	-1,405
Compensation income	―	-744
Insurance income	-463	-272
Interest expenses	12,125	10,875
Foreign exchange losses (gains)	-963	-1,227
Share of loss (profit) of entities accounted for using equity method	-11,937	-6,859
Increase (decrease) in allowance for doubtful accounts	23	35
Increase (decrease) in provision for special repairs	4,048	3,162
Increase (decrease) in provision for environmental measures	-544	-516
Increase (decrease) in net defined benefit asset (liability)	-301	-625
Decrease (increase) in notes and accounts receivable - trade	-49,738	19,388
Recovery of recoverable accounts under production sharing	3,782	7,472
Decrease (increase) in inventories	-22,085	-11,474
Increase (decrease) in notes and accounts payable - trade	105,026	-6,136
Decrease (increase) in other current assets	-8,822	-3,231
Increase (decrease) in other current liabilities	41,132	-9,971
Decrease (increase) in investments and other assets	628	1,550
Increase (decrease) in other non-current liabilities	-1,520	-1,247
Other, net	44	1,744
Subtotal	225,542	144,875
Interest and dividend income received	3,860	9,126
Interest expenses paid	-12,323	-10,985
Payments for business structure improvement expenses	-4,056	-48
Proceeds from subsidy income	3,752	5,933
Proceeds from compensation	―	744
Proceeds from insurance income	234	502
Income taxes paid	-24,374	-59,697
Net cash provided by (used in) operating activities	192,634	90,450

(Unit: million yen)

	FY2017 From April 1, 2017 to March 31, 2018	FY2018 From April 1, 2018 to March 31, 2019
Cash flows from investing activities		
Purchase of investment securities	-1,457	-1,454
Proceeds from sales and redemption of investment securities	401	38
Purchase of shares of subsidiaries and associates	-3,623	-1,240
Proceeds from sales and liquidation of shares of subsidiaries and associates	—	813
Purchase of property, plant and equipment	-96,780	-73,102
Payments for disposal of property, plant and equipment	-3,261	-4,823
Proceeds from sales of property, plant and equipment	17,470	1,364
Payments for purchases of intangible assets and long-term prepaid expenses	-9,859	-7,974
Decrease (increase) in short-term loans receivable	44	-134
Payments of long-term loans receivable	-225	-166
Collection of long-term loans receivable	485	1,558
Payments into time deposits	-33	-22
Proceeds from withdrawal of time deposits	22	499
Proceeds from withdrawal of investments in silent partnership	157	122
Other, net	227	—
Net cash provided by (used in) investing activities	-96,432	-84,521
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-21,563	-28,116
Proceeds from long-term loans payable	47,859	26,526
Repayments of long-term loans payable	-107,887	-99,050
Payments into deposits of restricted withdrawals	—	-75
Proceeds from issuance of bonds	—	59,851
Net increase (decrease) in commercial papers	11,500	35,100
Cash dividends paid	-4,204	-4,205
Dividends paid to non-controlling interests	-2,361	-7,173
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	-3,602
Other, net	-98	264
Net cash provided by (used in) financing activities	-76,757	-20,480
Effect of exchange rate change on cash and cash equivalents	-422	71
Net increase (decrease) in cash and cash equivalents	19,021	-14,480
Cash and cash equivalents at beginning of period	36,126	55,148
Cash and cash equivalents at end of period	55,148	40,667

(5)Notes to Consolidated Financial Statements

(Notes to Going Concern Assumption)

None

(Changes in Representation Methods)

(Adoption of “Partial Amendments of Standard for Tax Effect Accounting”)

The Company has implemented the adoption of “Partial Amendments of Standard for Tax Effect Accounting”(the Accounting Standard Board of Japan Statement No.28 on February 16, 2018) from the beginning of the consolidated fiscal year and changed the presentation method by which deferred tax assets have been included in investments and other assets, and deferred tax liabilities have been included in non-current liabilities.

As a result, in the consolidated balance sheet of FY2017, "Deferred tax assets" of "Current assets" decreased by ¥ 7,661 million, and "Deferred tax assets" of "Investment and other assets" increased by ¥ 5,060 million. And, “Deferred tax liabilities” of “Current liabilities” decreased by ¥ 7 million and “Deferred tax liabilities” of “Non-current liabilities” decreased by ¥ 2,593 million.

In addition, deferred tax assets and deferred tax liabilities of the same taxpayer are shown offset with each other, and the total assets decreased by ¥ 2,600 million compared to before the change.

(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 accounting policy adopted to prepare consolidated financial statements.

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

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

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.

FY2018 (From April 1, 2018 to March 31, 2019) (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	2,293,471	404,934	45,149	26,810	―	2,770,365
Inter-segment	233,411	53,700	66,584	33,438	-387,135	―
Total	2,526,882	458,634	111,734	60,249	-387,135	2,770,365
Segment profit	14,176	15,344	56,900	6,136	4,096	96,654
Other items						
Depreciation and amortization	22,065	7,430	13,214	4,861	-818	46,752
Amortization of goodwill	―	―	―	―	―	―
Interest income	733	147	410	31	-681	642
Interest expenses	7,625	359	2,435	632	-177	10,875
Equity earnings of associates	359	6,754	-258	5	―	6,859

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” ¥4,096 million includes ¥5,204 million for profit that is not allocated each reported segment or “Other” segment, ¥-107 million for internal eliminations, ¥-655 million for inventory adjustments, and ¥-345 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)

	FY2017 April 1, 2017 - March 31, 2018	FY2018 April 1, 2018 - March 31, 2019
Net assets per share (yen sen)	2,837.90	3,333.81
Net income per share (yen sen)	865.80	630.69
Net income per share after adjustment for dilutive securities (yen sen)	―	594.03

Notes: 1. Since no dilutive securities exist FY2017, 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 (665 thousands of shares from FY2017, 460 thousands of shares from FY2018). 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 (669 thousands of shares from FY2017, 523 thousands of shares from FY2018).
3. Net income per share and diluted net income per share was calculated on the following basis.

	FY2017 April 1, 2017 - March 31, 2018	FY2018 April 1, 2018 - March 31, 2019
Net income per share		
Profit attributable to owners of parent (million yen)	72,813	53,132
Amount that does not belong to ordinary share holders (million yen)	―	―
Profit attributable to owners of parent that belongs to ordinary shares (million yen)	72,813	53,132
Average number of ordinary shares outstanding during the year (thousands of shares)	84,099	84,245
Diluted net income per share		
Net income adjustments to owners of parent (million yen)	―	―
Increase in the number of ordinary shares (thousands of shares)	―	5,198
(incl. convertible bond-type bonds with share acquisition rights (thousands of shares)	(―)	(5,198)
Overview of potential shares not included in calculation of diluted net income per share because the stock have no dilution effect	―	―

(Significant Subsequent Events)

As a result of discussions with the shareholders of Gyxis Corporation regarding the handling of penalty charges, etc. related to the agreement between shareholders, the penalty charges will be incurred.

By this, in the next consolidated fiscal year, approximately ¥7.8 billion in compensation will be recorded as extraordinary income as compensation received.