Please note that the following is an unofficial English translation of Japanese original text of the Notice of Convocation of the 4th Ordinary General Meeting of Shareholders of Cosmo Energy Holdings Co., Ltd. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Cosmo Energy Holdings Co., Ltd.

NOTICE OF CONVOCATION OF THE 4th ORDINARY GENERAL MEETING OF SHAREHOLDERS

Date and Time:	**10:00 a.m., Thursday, June 20, 2019** **Reception begins at 9:00 a.m.**
Place:	**"Willard" 5F, INTERCONTINENTAL TOKYO BAY,** **1-16-2, Kaigan, Minato-ku, Tokyo, Japan**
Proposals to be Resolved:	**Proposal No. 1: Appropriation of Surplus** **Proposal No. 2: Election of Seven (7) Directors (excluding those who are Members of the Supervisory Committee)** **Proposal No. 3: Election of Two (2) Directors who are Members of the Supervisory Committee** **Proposal No. 4: Election of One (1) Substitute Director who is a Member of the Supervisory Committee**

Deadline for exercise of voting rights in writing and via the Internet, etc.:
5:30 p.m., Wednesday, June 19, 2019

To Shareholders

I would like to express my sincere gratitude for your continued patronage and support for Cosmo Energy Holdings Co., Ltd.

We are pleased to hereby bring you this notice of our 4th Ordinary General Meeting of Shareholders to be held on Thursday, June 20, 2019.

Fiscal 2018 was the first year of our five-year Sixth Consolidated Medium-Term Management Plan that was formulated under the slogan of "Oil & New." In that one year, we gained an understanding of the long-term business environment and steadily implemented our business strategies, coming together as one to take a great first step toward the future of the Group.

We will continue to aim for sustainable developments and the long-term improvement of our corporate value, and we look forward to the continued support and guidance of our shareholders.

May 2019
Hiroshi Kiriyama, President

Cosmo Energy Group Management Vision

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

Harmony and Symbiosis	Creating Future Values
■ **Harmony and Symbiosis with the Global Environment**	■ **Creating the Value of "Customer First"**
■ **Harmony and Symbiosis between Energy and Society**	■ **Creating Value From the Diverse Ideas of the Individual**
■ **Harmony and Symbiosis between Companies and Society**	■ **Creating Value by Expressing Collective Wisdom**

A message to customer	A message to a society
Filling Up Your Hearts, Too	**Living with Our Planet**

Securities Code: 5021
May 30, 2019

To Shareholders with Voting Rights

Hiroshi Kiriyama
President
Cosmo Energy Holdings Co., Ltd.
1-1-1, Shibaura, Minato-ku, Tokyo

NOTICE OF CONVOCATION OF THE 4th ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 4th Ordinary General Meeting of Shareholders of Cosmo Energy Holdings Co., Ltd. (the "Company"). The Meeting will be held as described below.

If you are unable to attend the Meeting, you can exercise your voting rights in writing (Voting Rights Exercise Form) or via the Internet, etc. Please review the "Reference Documents for the General Meeting of Shareholders" mentioned below, and exercise your voting rights by no later than 5:30 p.m., Wednesday, June 19, 2019.

1. Date and Time: **10:00 a.m., Thursday, June 20, 2019**
Reception begins at 9:00 a.m.

2. Place: **"Willard" 5F, INTERCONTINENTAL TOKYO BAY,**
1-16-2, Kaigan, Minato-ku, Tokyo, Japan

3. Agenda of the Meeting:

Matters to be Reported:
(1) The Business Report and the Consolidated Financial Statements, and Audit Reports of the Accounting Auditor and the Supervisory Committee for the Consolidated Financial Statements for the 4th Business Year (from April 1, 2018 to March 31, 2019)
(2) The Financial Statements for the 4th Business Year (from April 1, 2018 to March 31, 2019)

Proposals to be Resolved:
Proposal No. 1: Appropriation of Surplus
Proposal No. 2: Election of Seven (7) Directors (excluding those who are Members of the Supervisory Committee)
Proposal No. 3: Election of Two (2) Directors who are Members of the Supervisory Committee
Proposal No. 4: Election of One (1) Substitute Director who is a Member of the Supervisory Committee

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- Should any modification to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements and Financial Statements occur, the matters after modification will be posted on the Internet website of the Company (https://ceh.cosmo-oil.co.jp/).

Exercising Your Voting Rights via the Internet, etc.

When exercising voting rights for this General Meeting of Shareholders via the Internet, etc., please be aware of the following:

1 Website

Exercising your voting rights via the Internet, etc. is only available by accessing the designed website (https://www.web54.net). No dedicated mobile phone website is available.

2 Basic Matters

(1) Please note that the voting exercise code and temporary password supplied on the lower right-hand side of your Voting Rights Exercise Form are necessary.
(2) If you exercise your voting rights via the Internet, etc. multiple times, only your last vote will be treated as valid.
(3) If you exercise your voting rights by mail and also place your vote via the Internet, etc., whichever we received last will be treated as valid. If we receive both on the same day, we will treat only your vote placed via the Internet, etc. as valid.
(4) You may place your vote via the Internet, etc. no later than 5:30 p.m., Wednesday, June 19, 2019.
(5) The costs of using the Internet website to exercise your voting rights, such as the connection fees of internet service providers and applicable communications fees(i.e., call charges), will be borne by the shareholder.

3 Handling Your Password

(1) The temporary password is our means of verifying whether the person voting is a legitimate shareholder. Please maintain this password as strictly confidential in the same manner as a registered seal or a personal identification number.
(2) If you lose your password, please follow the screen guidance and the procedures.

4 In Case You Need Instructions to Operate Your Personal Computer, etc.

In case you need instructions for how to operate your personal computer in order to exercise your voting rights via the Internet, please contact the following support desk:

The Sumitomo Mitsui Trust Bank, Limited, Securities Agent Web Support Hotline

Phone: 0120 (652) 031 (Toll Free, only in Japan)
(9:00 to 21:00)

<For Institutional Investors>

Institutional investors may use "Voting Rights Electronic Exercise Platform" operated by ICJ Co., Ltd., if application is made in advance, as a means of exercising voting rights by electromagnetic means.

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Appropriation of Surplus

The Company regards the distribution of profit to shareholders as the important issue. With this basic policy, the Company will carry out stable payment of dividends taking into consideration reinforcement of corporate structure, development of future business, the Company's performance, and capital balancing.

In consideration of the Company's performance in this fiscal year and future business environment, the Company would like to set the term-end dividend as follows.

1. Type of dividends

Cash

2. Matter related to distribution of property dividends and the total amount

¥80 per share of common shares of the Company　Total amount: ¥ 6,781,421,600

3. Effective date of the appropriation of surplus

June 21, 2019

Proposal No. 2: Election of Seven (7) Directors (excluding those who are Members of the Supervisory Committee)

The terms of office of all seven (7) Directors (excluding those who are Members of the Supervisory Committee; the same applies hereafter in this proposal) will expire at the close of this General Meeting of Shareholders. Therefore, it is proposed that seven (7) Directors be elected.

This proposal was passed through the deliberation process of the Nomination and Remuneration Advisory Committee, which includes two (2) Independent Outside Directors, and was decided on by the Board of Directors. The Company has received a report from the Supervisory Committee stating that the candidates and the procedure for the election were appropriate.

The candidates for Directors are as follows.

Candidate No.	Name	Current Status and Assignment at the Company		
1	Keizo Morikawa	Chairman, Representative Director	Reappointment	
2	Hiroshi Kiriyama	President, Representative Director, Chief Executive Officer	Reappointment	
3	Masayoshi Noji	Director, Senior Executive Officer Responsible for Business Development Dept., Business Portfolio Management Dept., CSR Management Dept., and Legal and General Affairs Dept.	Reappointment	
4	Yasuhiro Suzuki	Director, Senior Executive Officer Responsible for Corporate Planning Dept., Human Resource Dept., and IT system Dept.	Reappointment	
5	Takayuki Uematsu	Director, Senior Executive Officer Responsible for Corporate Communication Dept., Accounting Dept., and Finance Dept.	Reappointment	
6	Musabbeh Al Kaabi	Outside Director	Reappointment	Outside
7	Khalifa Al Suwaidi	Outside Director	Reappointment	Outside

1	Keizo Morikawa	Reappointment	January 29, 1948

Career Summary and Status		Status of Significant Concurrent Position(s)
April 1971	Joined Daikyo Oil Co., Ltd.	None
June 2000	Director, COSMO OIL CO., LTD.	
June 2002	Managing Director	
June 2004	Senior Managing Director	
June 2006	Representative Senior Managing Director	
June 2008	Representative Director, Executive Vice President	
June 2010	Representative Director, Executive Vice President	
June 2012	President, Representative Director, Chief Executive Officer	
October 2015	President, Representative Director, Chief Executive Officer of the Company	
June 2017	Chairman, Representative Director (current position)	



Number of Shares of the Company Held: 35,500 shares

Record of attendance to Board of Directors Meetings: 9/9

Reasons for choosing the person as candidate	Keizo Morikawa has led management for five years as President, Representative Director since 2012. He assumed the office of Chairman, Representative Director in 2017 and has served as Chairman of the Board of Directors, and worked to boost corporate value of the Group. In light of these experience, the Company proposes Keizo Morikawa maintain his position as Director.

2	Hiroshi Kiriyama	Reappointment	June 20, 1955

Career Summary and Status		Status of Significant Concurrent Position(s)
April 1979	Joined Daikyo Oil Co., Ltd.	None
June 2013	Director, Senior Executive Officer, COSMO OIL CO., LTD.	
October 2015	Director, Senior Managing Executive Officer of the Company	
June 2016	Representative Director, Executive Vice President	
June 2017	President, Representative Director, Chief Executive Officer (current position)	



Number of Shares of the Company Held: 23,600 shares

Record of attendance to Board of Directors Meetings: 9/9

Reasons for choosing the person as candidate	Hiroshi Kiriyama has been responsible for the Corporate Planning Dept. for a long time, and he is deeply versed in domestic and international energy business. Also, he possesses abundant expertise and experience regarding overall corporate management. In addition, he has shouldered management of the Group as President, Representative Director since 2017, and currently, he is exercising leadership towards achieving the Sixth Consolidated Medium-Term Management Plan, under the slogan of "Oil & New." In light of these experience, the Company proposes Hiroshi Kiriyama maintain his position as Director.

3	Masayoshi Noji	Reappointment	March 22, 1962



Career Summary and Status		Assignment at the Company
April 1984	Joined The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)	Business Development Dept. Business Portfolio Management Dept. CSR Management Dept. Legal and General Affairs Dept.
May 2013	Joined COSMO OIL CO., LTD.	
	Assistant General Manager, Project Development Dept.	
June 2014	General Manager, Power & Gas Business Dept.	**Status of Significant Concurrent Position(s)**
July 2014	Executive Officer, General Manager, Power & Gas Business Dept.	None
June 2015	Executive Officer, General Manager, Power Dept.	
October 2015	Executive Officer, General Manager, Power Dept. of the Company	
April 2016	Executive Officer, General Manager, Business Portfolio Management Dept.	
June 2016	Senior Executive Officer, General Manager, Business Portfolio Management Dept.	
April 2018	Senior Executive Officer	
June 2018	Director, Senior Executive Officer (current position)	

Number of Shares of the Company Held: 9,300 shares

Record of attendance to Board of Directors Meetings: 8/8

Reasons for choosing the person as candidate	After many years with Mizuho Bank, Masayoshi Noji joined COSMO OIL CO., LTD. in 2013, and assumed the office of Executive Officer in 2014. He has since contributed in the promotion of the company's wind power generation business and the administration of the Group companies, and, since 2018, he has contributed to improving corporate value as Director, Senior Executive Officer. In light of these experience, the Company believes him to be an appropriate person for management of the Group, and thus proposes his election as Director.

4	Yasuhiro Suzuki	Reappointment	October 14, 1961



Career Summary and Status		Assignment at the Company
April 1985	Joined Daikyo Oil Co., Ltd.	Corporate Planning Dept. Human Resource Dept. IT system Dept.
June 2013	General Manager, Human Resource Dept., COSMO OIL CO., LTD.	
June 2015	General Manager, Human Resource and General Affairs Dept.	
October 2015	General Manager, Human Resource and General Affairs Dept. of the Company	**Status of Significant Concurrent Position(s)**
June 2016	Executive Officer, General Manager, Human Resource and General Affairs Dept.	Director, MARUZEN PETROCHEMICAL CO., LTD.
April 2017	Executive Officer, General Manager, Corporate Planning Dept.	
April 2018	Senior Executive Officer	
June 2018	Director, Senior Executive Officer (current position)	

Number of Shares of the Company Held:
6,700 shares

Record of attendance to Board of Directors Meetings:
8/8

Reasons for choosing the person as candidate	Yasuhiro Suzuki has been engaged in the departments of sales and administration such as human resources and corporate planning since he joined Daikyo Oil Co., Ltd., and he is familiar with the general operations of the Company. Since 2018, he has continued to serve the Company primarily in the departments of administration as Director, Senior Executive Officer. In light of these experience, the Company believes him to be an appropriate person for management of the Group, and thus proposes his election as Director.

5	Takayuki Uematsu	Reappointment	December 13, 1962



Career Summary and Status		Assignment at the Company
November 1992	Joined COSMO OIL CO., LTD.	Corporate Communication Dept. Accounting Dept. Finance Dept.
June 2014	Assistant General Manager, Accounting and Finance Dept.	
June 2015	General Manager, Finance Dept.	**Status of Significant Concurrent Position(s)**
October 2015	General Manager, Finance Dept. of the Company	None
June 2016	Executive Officer, General Manager, Finance Dept.	
April 2018	Senior Executive Officer	
June 2018	Director, Senior Executive Officer (current position)	

Number of Shares of the Company Held: 6,500 shares

Record of attendance to Board of Directors Meetings: 8/8

Reasons for choosing the person as candidate	Takayuki Uematsu has been engaged in the departments of finance and accounting almost entirely throughout his career since he joined COSMO OIL CO., LTD., and he fully knows the financial and accounting condition of the Company. Since 2018, he has continued to serve the Company primarily in the same fields as Director, Senior Executive Officer, and he is pouring efforts into improving the Company's financial condition, which is one of the important issues established in the Sixth Consolidated Medium-Term Management Plan. The Company thus believes him to be an appropriate person for management of the Group, and proposes his election as Director.

6	Musabbeh Al Kaabi	Reappointment Outside	September 27, 1971



Career Summary and Status		Status of Significant Concurrent Position(s)
October 1997	Joined Abu Dhabi National Oil Company (ADNOC)	Chief Executive Officer, Petroleum and Petrochemicals, Mubadala Investment Company
July 2007	Manager, Exploration & Production	
October 2013	Chief Growth Officer, Mubadala Petroleum	
December 2014	Chief Executive Officer	
February 2017	Chief Executive Officer, Petroleum and Petrochemicals, Mubadala Investment Company (current position)	
June 2017	Outside Director of the Company (current position)	

Number of Shares of the Company Held: 0 shares

Record of attendance to Board of Directors Meetings: 7/9

Reasons for choosing the person as candidate	Musabbeh Al Kaabi was engaged in the Oil Exploration and Production Business at the Abu Dhabi National Oil Company, and has experience serving as an officer at many corporations in the energy industry outside of Japan. The Company believes him capable of properly executing the duties of an Outside Director with his international viewpoint regarding the petroleum industry, and thus proposes his election as Outside Director.

7	Khalifa Al Suwaidi	Reappointment Outside	January 16, 1977	

Career Summary and Status		Status of Significant Concurrent Position(s)	
September 2000	Joined Abu Dhabi Polymer Company	Executive Director, Refining & Petrochemicals, Mubadala Investment Company	Number of Shares of the Company Held: 0 shares Record of attendance to Board of Directors Meetings: 8/9
October 2008	Senior Vice President, Corporate Planning & Support Unit, Abu Dhabi National Chemical Company		
October 2010	Deputy CEO, ChemaWEyaat		
February 2016	Acting CEO		
March 2017	Executive Director, Refining & Petrochemicals, Mubadala Investment Company (current position)		
June 2017	Outside Director of the Company (current position)		

Reasons for choosing the person as candidate	Khalifa Al Suwaidi has worked at ChemaWEyaat for many years and possesses abundant knowledge and management experience regarding petrochemicals. The Company believes that he will provide proper oversight of management as an Outside Director, and thus proposes his election as Outside Director.

(Notes) 1. No special interests exist between the Company and any of the candidates.

2. Musabbeh Al Kaabi and Khalifa Al Suwaidi are the candidates for Outside Directors. They are currently the Outside Directors and the terms of office of them will be two (2) years at conclusion of this Meeting.
3. As Masayoshi Noji, Yasuhiro Suzuki and Takayuki Uematsu were elected at the 3rd Ordinary General Meeting of Shareholders held on June 21, 2018, the record of attendance to Board of Directors meetings is different from that of the other candidates for Directors.
4. Musabbeh Al Kaabi served for Abu Dhabi National Oil Company (ADNOC) and ADNOC is the Company's specified related operator.
5. The Company has entered into agreements with Musabbeh Al Kaabi and Khalifa Al Suwaidi to limit the liability provided for in Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the said act. The maximum amount of the liability for damages is the minimum liability amount as provided for in Article 425, Paragraph 1 of the said act. If the reappointment of Musabbeh Al Kaabi and Khalifa Al Suwaidi is approved, the Company plans to renew the agreements.

Proposal No. 3: Election of Two (2) Directors who are Members of the Supervisory Committee

Sakae Kanno and Teruo Miyamoto, two (2) Directors who are Members of the Supervisory Committee, will expire at the close of this General Meeting of Shareholders. Therefore, it is proposed that two (2) Directors who are Members of the Supervisory Committee be elected.

The proposal at the Meeting had already been agreed upon by the Supervisory Committee.

The candidates for Directors who are Members of the Supervisory Committee are as follows.

1	Sakae Kanno	Reappointment Outside	June 18, 1947

Career Summary and Status		Status of Significant Concurrent Position(s)
April 1971	Joined The Kansai Electric Power Co., Inc.	None
June 2007	Executive Vice President and Director	
June 2011	Audit & Supervisory Board Member	
June 2013	Audit & Supervisory Board Member of COSMO OIL CO., LTD.	
October 2015	Outside Director (Member of the Supervisory Committee) of the Company (current position)	



Number of Shares of the Company Held: 0 shares

Record of attendance to Board of Directors Meetings: 9/9

Reasons for choosing the person as candidate	Sakae Kanno has experience as a director and audit & supervisory board member at The Kansai Electric Power Co., Inc. He has served as an Audit & Supervisory Board Member of COSMO OIL CO., LTD. since 2013, and as an Outside Director who is a Member of the Supervisory Committee of the Company since 2015. The Company believes him capable of executing his duties properly and from a broad viewpoint unbound by the industry the Company belongs to, and thus proposes his reelection as Outside Director who is a Member of the Supervisory Committee.

2	Yasuko Takayama	New appointment Outside	March 8, 1958	

Career Summary and Status		Status of Significant Concurrent Position(s)	
April 1980	Joined Shiseido Co., Ltd	Outside Director, The Chiba Bank, Ltd. Outside Audit & Supervisory Board Member, Mitsubishi Corporation Outside Audit & Supervisory Board Member, Yokogawa Electric Corporation	Number of Shares of the Company Held: 0 shares
April 2009	General Manager, Social Affairs and Consumer Relations Department		
April 2010	General Manager, Corporate Social Responsibility Department		
June 2011	Full-time Audit & Supervisory Board Member		
June 2015	Advisor Outside Director, The Chiba Bank, Ltd. (current position) Outside Director, Nippon Soda Co., Ltd. (scheduled to retire from this position on June 27, 2019)		
June 2016	Outside Audit & Supervisory Board Member, Mitsubishi Corporation (current position)		
June 2017	Outside Audit & Supervisory Board Member, Yokogawa Electric Corporation (current position)		

Reasons for choosing the person as candidate	Yasuko Takayama's career history includes serving as General Manager of the Consumer Information Center, General Manager of the Corporate Social Responsibility Department and other positions of Shiseido Co., Ltd. after joining the company, as well as being appointed Audit & Supervisory Board Member and Advisor of the same company. Since then, she has also served as Outside Director and Outside Audit & Supervisory Board Member for several listed companies. The Company believes her capable of providing beneficial opinions and instruction regarding the business activities of the Company by capitalizing on this experience, and thus proposes her election as Outside Director who is a Member of the Supervisory Committee.

(Notes) 1. No special interests exist between the Company and any of the candidates.
2. Sakae Kanno and Yasuko Takayama are the candidates for Outside Directors.
3. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with Sakae Kanno to limit the liability for damages under Article 423, Paragraph 1 of the said act. The limitation of the liability for damages under the relevant agreement is the minimum liability amount set forth in Article 425, Paragraph 1 of the Companies Act. If the reappointment of Sakae Kanno is approved, the Company plans to renew the agreements. Also, if Yasuko Takayama is appointed, the Company plans to enter into a similar agreement with her to limit liability.
4. The Company has notified Sakae Kanno as Independent Directors to the Tokyo Stock Exchange. If Sakae Kanno is appointed as Outside Director who is a Member of the Supervisory Committee of the Company, the Company plans to reelect him as Independent Director. Also, if Yasuko Takayama is appointed as Outside Director who is a Member of the Supervisory Committee of the Company, the Company plans to elect her as Independent Director.
5. Sakae Kanno is currently the Outside Director who is a Member of the Supervisory Committee and the terms of office of them will be three (3) years and nine (9) months at conclusion of this Meeting.

Proposal No. 4: Election of One (1) Substitute Director who is a Member of the Supervisory Committee

The effective term of Soichi Yukawa's appointment as Substitute Director who is a Member of the Supervisory Committee expires at the opening of this General Meeting of Shareholders. Therefore, in order to prepare for cases where there is a vacancy which results in a shortfall in the number of Directors who are Members of the Supervisory Committee provided in laws and regulations, the Company requests the election of one (1) Substitute Director who is a Member of the Supervisory Committee in advance.

The Company requests the election of Soichi Yukawa as a substitute for Outside Director who is a Member of the Supervisory Committee. A resolution for the election of Substitute Directors who are Members of the Supervisory Committee shall cease to be effective by the resolution of the Board of Directors with the consent of the Supervisory Committee, only before the Substitute Directors who are Members of the Supervisory Committee assume office as Directors who are Members of the Supervisory Committee.

The proposal at the Meeting had already been agreed upon by the Supervisory Committee.

The candidate for Substitute Director who is a Member of the Supervisory Committee is as follows.

Soichi Yukawa	**Outside**	April 20, 1949	
Career Summary and Status		**Status of Significant Concurrent Position(s)**	Number of Shares of the Company Held: 100 shares
April 1972	Joined Tateisi Electronics Co. (currently OMRON Corporation)	None	
June 1999	Managing Executive Officer, OMRON Corporation		
June 2001	Chairman Omron Management Center of Europe Chairman Omron Management Center of America		
June 2003	Senior Managing Executive Officer, OMRON Corporation Company President, Electronic Components Business Company		
June 2009	Audit & Supervisory Board Member, OMRON Corporation (retired June, 2013)		
Reasons for choosing the person as candidate	Soichi Yukawa makes use of his experience gained as an Executive Officer and an Audit & Supervisory Board Member at OMRON Corporation, and possesses broad knowledge that differs from what is common in the industries the Company operates in. Accordingly, the Company judges that it is appropriate to propose Soichi Yukawa maintain his position as Substitute Outside Director who is a Member of the Supervisory Committee		

(Notes) 1. No special interests exist between the Company and Soichi Yukawa.

2. If the appointment of Soichi Yukawa is approved and he assumes the office of Outside Director who is a Member of the Supervisory Committee, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company plans to enter into an agreement with him to limit the liability for damages under Article 423, Paragraph 1 of the said act. The limitation of the liability for damages under the relevant agreement is the minimum liability amount set forth in Article 425, Paragraph 1 of the Companies Act.
3. If Soichi Yukawa assumes the office of the Company's Outside Director, the Company plans to notify the Tokyo Stock Exchange that Soichi Yukawa is Independent Director as stipulated in the regulations of the exchange.

(Attached Documents)
BUSINESS REPORT (From April 1, 2018 to March 31, 2019)

1. Business Overview

(1) Principal Business Lines (as of March 31, 2019)

The principal businesses of the Group are the Oil Exploration and Production Business, including exploration and production of crude oil, etc.; the Petroleum Business, including imports and exports, refining, storage and sales of crude oil and petroleum products; and the Petrochemical Business, including manufacture and sales of petrochemical products and other businesses such as wind power, construction of oil-related facilities, and sales of communications equipment, etc.

The business segments and core business companies, and major group companies are as follows.

Cosmo Energy Holdings Co., Ltd.
(Pure holding company)

Business Segments	Cosmo Energy Exploration & Production Co., Ltd.	Cosmo Oil Co., Ltd.	Cosmo Oil Marketing Co., Ltd.	
Oil Exploration and Production Business	○			
(major group companies)	Abu Dhabi Oil Co., Ltd. Qatar Petroleum Development Co., Ltd. United Petroleum Development Co., Ltd.			
Petroleum Business		○	○	○
(major group companies)		COSMO OIL INTERNATIONAL PTE. LTD. Cosmo Oil Lubricants Co., Ltd.	Cosmo Oil Sales Co., Ltd. Sogo Energy Corporation	Gyxis Corporation
Petrochemical Business		○		○
(major group companies)		Cosmo Matsuyama Oil Co., Ltd. Hyundai Cosmo Petrochemical Co., Ltd.		Maruzen Petrochemical Co., Ltd.
Other				○
(major group companies)				Eco Power Co., Ltd. Cosmo Engineering Co., Ltd. Cosmo Trade & Service Co., Ltd.

On July 1, 2019, Eco Power Co., Ltd. will be changing its legal name to Cosmo Eco Power Co., Ltd.

(2) Review of Operations of the Group

Business Environment

During the fiscal year under review, the Japanese economy continued to show a gradual recovery, including high levels of corporate profits, increase in capital investments, as well as a continued pickup in consumer spending due to recovery in the employment and income environment.

With respect to crude oil prices, the price for Dubai crude oil began the fiscal year in the $66 per barrel range, then climbed to the $84 per barrel range spurred by uncertainties including concerns for tighter demands reflecting the decrease in Iranian crude oil supply in response to U.S. Trump administration's economic sanctions against Iran, but was followed by a sharp drop to the $49 per barrel range triggered by such factors as being granted partial exemptions from the sanction in November. Subsequently, crude oil prices ended the fiscal year in the $67 per barrel range due to production cuts of crude oil in OPEC and other countries.

As for exchange rates, the Japanese yen started the fiscal year at the ¥106 per dollar level, and hovered between around ¥109 and ¥114 per dollar in response to the U.S. federal funds rate hike and other factors. Although the yen briefly became stronger in fear of a global recession, the yen ended the fiscal year at the ¥110 per dollar level.

Domestic demand for petroleum products continues a declining trend, and although demand for diesel fuel was on a par with the previous year, demand for gasoline, kerosene and heavy fuel oil decreased, respectively. As a result, overall demand for fuel oil was lower than the previous fiscal year.

As for petrochemical products, the market conditions remained stable supported by a strong growth of demand in the Asian area. However, a trend of weakening prices was observed for some products.

Performance of the Fiscal Year Under Review

In this business environment, the Cosmo Energy Group launched initiatives based on its Sixth Consolidated Medium-Term Management Plan which started in the fiscal year under review under the slogan of "Oil & New." The Group will bolster the profitability of its core oil exploration and production business and petroleum business to solidify the financial base, as well as expand the business portfolio by aggressively investing in the renewable energy business and improving competitiveness in the petrochemical business, with a view to changes in the business environment over the long term.

In the fiscal year under review, net sales was ¥2,770.4 billion, up 9.8% from the previous year, mainly due to the rise in crude oil prices in the petroleum business, and the rise in crude oil sales prices and increased crude oil sales volume in the oil exploration and production business. In addition, operating profit was ¥94.7 billion, down 15.4% from the previous year, and ordinary profit was ¥96.7 billion, down 17.3% from the previous year.

Main factors for these decreases are due to the impact of inventory evaluation resulting from the fluctuation in crude oil prices in the petroleum business, and the periodic maintenance in the petrochemical business, despite the increase in the sales volume in the oil exploration and production business.

Profit attributable to owners of parent was ¥53.1 billion, down 27.0%, due mainly to the implementation of revisions to the recoverability of deferred tax assets in the fiscal year under review, despite the above-mentioned profit-diminishing factors.

The business segment information is as follows.

[Business Segment Information]

(Millions of yen)

	Oil Exploration and Production Business	Petroleum Business	Petrochemical Business	Other	Adjustments	Consolidated
Net Sales	111,734	2,526,882	458,634	60,249	-387,135	2,770,365
Segment Profit	56,900	14,176	15,344	6,136	4,096	96,654

Oil Exploration and Production Business

In the oil exploration and production business, a source of consistent profits among the Group's business portfolio and the business field, we took aggressive action toward stable and safe operations in the existing oil fields and acquisition of new oil field concessions as well as extension thereof with the Middle East mainly including the Emirate of Abu Dhabi, a member of the United Arab Emirates, and the State of Qatar with which the Group has built up a trusting relationship for years as a core area.

The Cosmo Energy Group boasts the largest crude oil production volume of any Japanese company functioning as an operator in the Middle East, and Abu Dhabi Oil Co., Ltd., Qatar Petroleum Development Co., Ltd. and United Petroleum Development Co., Ltd. continued to maintain stable and safe operations.

Abu Dhabi Oil Co., Ltd. has continued to produce stably at the Hail Oil Field since commencing commercial production in November 2017, followed by full production starting in January 2018. The Hail Oil Field was acquired additionally as a new oil field upon the extension of concessions for the three existing oil fields (the Mubarraz, Umm Al Anbar, and Neewat Al Ghalan fields). The field is located near on-stream oil fields, allowing existing facilities to be utilized to the maximum extent possible, thereby enabling the reduction of per unit operating costs.

We also held a commemoration ceremony in December to celebrate the 50th anniversary of Abu Dhabi Oil Co., Ltd. and the commencement of commercial production at the Hail Oil Field. Since its founding in 1968, Abu Dhabi Oil has accumulated a track record of operations over half a century and trust in our environmental and production technologies. We deeply appreciate the support received from our stakeholders in the United Arab Emirates and Japan, and going forward, the Group will strive to remain a friendly and reliable partner of the Emirate of Abu Dhabi.

Qatar Petroleum Development Co., Ltd. has been able to produce crude oil with greater stability as a result of technological improvements in electric submersible pumps (ESPs).

As a result of the above, net sales in the oil exploration and production business was ¥111.7 billion, up 98.3% from the previous year, and segment profit (ordinary profit) was ¥56.9 billion.

Petroleum Business

Firming the safe and stable operation system

With regard to the safety management systems of our refineries, we launched the Operations Management System (OMS) (Note), an integrated system of Cosmo Oil Co., Ltd., in January 2016. Since then, we have also implemented stricter safety measures than those required by laws and regulations, aiming to achieve safe operations and a stable supply at a level higher than the global standard.

(Note) OMS (Operations Management System): System to achieve safe operations and stable supply at a much higher level by promoting continuous improvement based on the check and assessment of viability and effectiveness of operation systems.

Initiatives for improving of profitability

In the sophistication business utilizing the pipelines linking our Chiba Refinery and the Chiba Refinery of JXTG Nippon Oil & Energy Corporation, we began mutual adaptability between products and semi-finished products starting in July. We will make maximum use of pipelines to maximize synergies.

Concerning the Yokkaichi Refinery, based on a business alliance with Yokkaichi Refinery of Showa Yokkaichi Sekiyu Co., Ltd., we are working on enhancing competitiveness through the optimization of facilities. Specifically, by receiving supplies of products and semi-finished products, the refinery strengthens its competitiveness by producing high value-added products by effectively utilizing secondary equipment as well as ensures continued stable supply. We will also explore possibilities for a broader alignment including product tanks and other off-site facilities.

Also, through the cooperation activities carried out by Japan Cooperation Center Petroleum (JCCP) and other activities, we have sent employees to refineries in 9 countries around the world, and have proactively helped overseas petroleum companies solve their problems and develop their personnel.

In addition, Cosmo Oil Lubricants Co., Ltd. (CLC), jointly with a U.S. lubricant manufacturer, built a system to supply lubricants that are highly competitive in the U.S. and contributed to expanding our OEM business. Furthermore, in January, CLC signed a Memorandum of Understanding on alliance in lubricants business with CEPSA COMERCIAL PETRÓLEO, S.A.U., a subsidiary of Spanish integrated energy company Compañía Española de Petróleos, S.A.U. (CEPSA). The companies will share CLC's formulation technology and CEPSA's manufacturing and marketing network in Europe in an aim to build a system for manufacturing and selling lubricants in Europe, jointly procuring law materials and implementing original equipment manufacturing.

Strengthening the vehicle life business

In the vehicle life business, we continued implementing measures under our "Cosmo B-cle Vision," aiming to further actively transform our business model from petroleum distribution to one in which we provide car life value which offers our customers total car life solutions. We positioned responding to changes in profit structure as our growth strategy, and targeting the entire vehicle life market, enhanced our initiatives to offer new values.

Firstly, the "Cosmo My Car Lease" initiative has gained acceptance of many customers for providing opportunities to enjoy car life easily, freely and lightly. As a result, vehicles sales business exceeded an accumulated total of 50,000 vehicle lease contracts by the end of June. The "Car Consultation Desk B-cle Shop," which is a business model of vehicle sales to provide one-stop services for diversified car life, increased its number to 202 stores nationwide.

Next, as an initiative to acquire new customers, in addition to the introduction of Aeon's common point "WAON POINT" service at Cosmo service stations, we began accepting the "Rakuten Point Card" in October to enhance the convenience for our customers.

In January, we launched the sales of "Cosmo My Car Lease Menkuru Package" in collaboration with driving schools, which is a new packaged product combining driver training and car lease. By providing a one-stop service from obtaining a driver's license through the expiration of the term of car lease, it aims to allow people, who may be feeling troubled or anxious when getting their driver's license, to begin their car life easily and comfortably with a good sense of image of owning a car.

Furthermore, in the same month, we signed a Basic Business Alliance Agreement with Homenet Cars Co., Ltd. to

consider joint development of a car sharing business and lease sales system. In addition, we collaborate with Car7 Development.CO.,LTD. to enhance the function to purchase vehicles at Cosmo service stations.

As a result of the above, net sales in the petroleum business were ¥2,526.9 billion, up 10.2% from the previous year, and segment profit (ordinary profit) was ¥14.2 billion.

Petrochemical Business

As for Maruzen Petrochemical Co., Ltd. (MPC), while both production volume and sales volume decreased from the previous year due to periodic maintenance of some equipment, the market conditions for its products declined due to such factors as concerns for the U.S.-China trade friction and impacts of additional construction of plants using U.S. shale gas, causing results to a severe business environment.

As for the joint business of hydrogenated polymer resins by the Company, MPC and Arakawa Chemical Industries, Ltd., we are taking initiatives towards the completion of the facility by the end of 2020. With the integrated management of MPC's Chiba Plant and the Chiba Refinery, these initiatives aim to bolster the competitiveness of the entire complex in the petrochemical business. Chiba Arkon Production Limited, the new company established for the joint business, will manufacture and sell highly value-added hydrogenated polymer resins using distillates generated as by-products from MPC's ethylene plants. The anticipated production capacity is 20,000 tons per year, which will make it one of Japan's largest production facilities.

As for Hyundai Cosmo Petrochemical Co., Ltd. (HCP), a joint venture between Hyundai Oilbank Co., Ltd. of South Korea and Cosmo Oil Co., Ltd., each company in the Group consistently supplied mixed xylene. As a result, HCP's paraxylene production facilities operated at high levels throughout the year, contributing to the increase in the Group's revenues.

As a result of the above, net sales in the petrochemical business were ¥458.6 billion on a par with the previous year, and segment profit (ordinary profit) was ¥15.3 billion.

Other

Renewable energy business

In the business of wind-power generation, Eco Power Co., Ltd. has continued steady operation of wind power generation facilities (the overall power generation output: 227,000 kW). This has resulted in revenue gains over nine consecutive years and income exceeding the previous year. Starting in March, as a new initiative, we began supplying electricity generated at Iwata Wind Farm as locally produced power source to "Iwata Zero-Emi Denki," a new electricity plan to supply electricity to local municipalities and companies. Concerning the development of new wind power generation facilities, progress was made on the construction of the Himekami Wind Park (Iwate Prefecture), the Watarai Wind Farm (Second Phase) (Mie Prefecture), and the Chuki Wind Farm (Wakayama Prefecture), aiming for the start of operations. As for offshore wind power operations, we have been taking part in business feasibility studies at the Port of Akita and the Port of Noshiro in Akita Prefecture, and conducted explanatory meetings to the members of communities on impacts to the environment and pursued other initiatives in an aim for full-scale entry.

In the mega solar business, CSD Solar G.K., established as a joint venture with Showa Shell Sekiyu K.K. and the Development Bank of Japan Inc., steadily continued operations of solar power plants at eight sites nationwide.

Other

We endeavored to boost profitability in other businesses, such as sales of communications equipment and materials, and construction and maintenance of oil-related facilities.

As a result of the above, net sales in the other business was ¥60.2 billion, up 20.6% from the previous year, and segment profit (ordinary profit) was ¥6.1 billion.

Strengthening Group Management Foundation

The Cosmo Energy Group remains committed to managing operations as a socially responsible corporation that earns the trust of its stakeholders such as customers, shareholders and members of communities, and lives up to their expectations. We set the promotion of socially responsible management under "Strengthen Group management foundation," which is one of the four key initiatives of the Sixth Consolidated Medium-Term Management Plan. Firstly, in promoting environmental initiatives, we advocate "reduction of greenhouse gas emission" as one of our priority issues, setting a target in reducing CO2 emission under the "Long-Term Environmental Vision 2030." Through activities such as promotion of wind power generation business and energy-saving investment in manufacturing divisions, the entire Group worked to promote environmental measures. Next, in enhancing personnel policies, we worked towards achieving our goals of "promoting health" and "reducing long working hours," and were recognized under the "2019 Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500)" where outstanding enterprises engaging in a health and productivity management under the Health & Productivity Stock Selection Program are selected by the Ministry of Economy, Trade and Industry.

As for work-style innovation, the Company believes that it can increase productivity by adopting and utilizing the various ideas proposed by employees with diverse backgrounds. To this end, we worked on developing global human resources, empowering female employees, recruiting mid-career specialists, providing support to the physically challenged, and supporting the balancing of work and childcare/nursing care. In December, Cosmo Oil Co., Ltd. became the first in the oil wholesale industry to receive "Platinum Kurumin" certification, which is granted to companies that have implemented superior support initiatives for childcare.

In addition, as social contribution measures, we continued to host the "Cosmo Waku Camp" program offered for elementary-school aged children who have lost their parent(s) in traffic accidents. The "Cosmo Oil Eco Card Fund" supported 15 projects inside and outside Japan as initiatives to resolve global warming issues as we worked towards the achievement of sustainable society. Also, the Company received a Medal with Dark Blue Ribbon of Honor for philanthropy from the Prime Minister of Japan and Decoration Bureau of the Cabinet Office in February in recognition of its longstanding support of OISCA International, which carries out environmental activities in Japan and overseas.

(3) Issues to be Addressed

Going forward, the Japanese economy's progression is expected to lack strength. Although the economy will be supported by domestic demand such as consumer spending and public demand, export is expected to weaken impacted by the downturn of the world economy. In the petroleum industry, while the downward trend in domestic demand for fuel oil is expected to continue due to structural factors from improved vehicle fuel economy and fuel conversion as well as falling birthrate and aging population and depopulation, global demand for petroleum products is expected to increase, centered on Asian countries.

Based on this business environment, the Company will expand the business portfolio targeting future growth in view of a long-term direction, and bolster the profitability of its oil exploration and production business and petroleum business to solidify the financial base under the Sixth Consolidated Medium-Term Management Plan.

Basic policy ~ Oil & New ~

"Oil": Increase the profitability of the petroleum business by, for example, complying with the IMO regulations and taking the lead in the supply of clean marine fuels.
➡Strengthen financial condition based on earning power.

"New": Invest in wind power generation and other businesses that will lead the next growth stage.
➡Contribute to the achievement of SDGs through business activities.

Secure profitability to enable reinvestment

- ✓ Firm a system of safe, stable operation in oil refining business
- ✓ Take action ahead of the IMO regulations
  ➡Transform to bottomless refineries and increase profitable products.*
  * Aim to raise the competitiveness of refineries that supply only relatively high added value petroleum products.
- ✓ Strengthen the "Vehicle life" business
- ✓ Achieve synergy with petrochemical business
- ✓ Steadily recover the investment in the Hail Oil Field

Expand growth driver toward the future

- ✓ Strengthen petrochemical business and increase its product-line
- ✓ Early development of offshore wind power
- ✓ Explore new businesses for future growth in domestic and overseas market (Asia / Abu Dhabi)

Improve financial condition

- ✓ Increase shareholders' equity
- ✓ Strengthen cash management
- ✓ Careful selection of investments with an eye on long-term environment
  ➡Early achievement of management goals

Strengthen Group management foundation

- ✓ Implement CSR management.
  - Pursue the sustainability of society and the Group.
  - Improve ESG key factors.

  ➡Develop and implement the medium-term CSR management plan (FY2018 – FY2022).
- ✓ Increase productivity through work-style and operational innovation
  - Promote diversity.
  - RPA (Robotic process automation), Thoroughly increased operation efficiency using AI.

Oil exploration and production business

By utilizing the strong relationships of trust built through the stable offshore oil field production for half-century in the Emirate of Abu Dhabi as well as our self-operation strengths, we will continue stable production at our existing oil fields, reduce operating costs, and study new investments for the next stage.

Petroleum business (Petroleum refining business)

To cope with declining demand for petroleum products due to increasing use of EVs and other factors, we will shift from fuel oil to petrochemical materials, and further incorporate IT in our refineries in conjunction with utilizing IoT (Internet of Things) to gain momentum. With a backdrop of stronger IMO regulations (Note), we will increase profitable products in conjunction with the increased delayed coker unit capacity, and maintain high capacity utilization to establish our refinery competitiveness exceeding the global standard. To add more customers that we supply to, we will prepare a system to supply petroleum products starting in 2020 to Kygnus Sekiyu K.K. with which we have signed the capital and business alliance agreement. In addition, we will aim to bolster our competitiveness by using alliances with other companies, and create synergies with the petrochemical business.

(Note) IMO Regulations: Regulations on the sulphur content of marine fuel in general sea areas, adopted by the International Maritime Organization (IMO) and scheduled to be implemented from 2020.

Petroleum business (Petroleum sale and vehicle life business)

We will secure business areas based on business model reforms corresponding to the changes in how people use automobiles, and ensure competitiveness together with the oil refining business. We will expand new businesses, including entry into car sharing business, enhancement of function to purchase vehicles at Cosmo service stations and retail sale of electricity, in light of the long-term business environment, while seeking to grow the vehicle life business.

Petrochemical business

While domestic demand for petroleum products declines, international markets for petrochemical products are expected to continue to grow based on the increase in the world's population. Amid these trends, we will shift from fuel oil to petrochemical materials. While utilizing our competitive advantage in ethylene and paraxylene production to the maximum extent possible, we will enjoy synergies between oil refining and petrochemicals (make use of unused distillates, etc.), and aim to grow a business of functional chemical products that are not vulnerable to changes in business market.

Renewable energy business

Amid the worldwide trend of decarbonization, we expect significant expansion of renewable energy in Japan as well. Centered on the wind power generation business, which has the top business operations in the oil industry, we will aim to aggressively expand the renewable energy business, in order to make the business a new pillar. As for onshore wind power generation business, we will steadily implement development projects and aim to reach wind power generation output of 500,000 kW at an early stage, including the Himekami Wind Park (Iwate Prefecture), Watarai Wind Farm Second Phase (Mie Prefecture) and Chuki Wind Farm (Wakayama Prefecture). In addition, we will enter the offshore wind power generation business for which the business environment is expected to become increasingly positive and investment opportunities are anticipated to expand, as we aim to be a leading company in this field in Japan. Specifically, feasibility studies into the offshore wind power operations of Yurihonjo City, Akita Prefecture, which are planned to provide a generation output of 700,000 kW, and the offshore wind power operations of Aomori North-West windpower operations, which are planned to provide a generation output of 500,000 kW, are currently progressing.

In addition to these initiatives, aiming to expand our business domains, we will further strengthen our alliances with Mubadala Investment Company, CEPSA, and Hyundai Oilbank Co., Ltd.

Strengthening Group management foundation

We formulated a consolidated medium-term CSR management plan for activities that contribute to the sustainable development of both society and the Cosmo Energy Group and will promote activities based on the perspective of ESG throughout the supply chain, including the Group companies and business partners. Also, in addition to increasing productivity by promoting work style reform and pursuing diversity (firmly establish diverse working styles) through increased operation efficiency using AI and RPA, we will continue to contribute to society by having each and every employee faithfully perform their work and meet society's expectations.

Cosmo Energy Group's mission is to fulfill the needs of our customers by safely and reliably providing high-quality products and services, as expressed in our declaration to our shareholders, customers, business partners, and all other stakeholders with a slogan, "Filling Up Your Hearts, Too." We will continue to fulfill our mission and create sustainable corporate value of the Group. We look forward to the continued support and guidance of our shareholders as we move ahead toward achieving these objectives.

(4) Production and Order Acceptance

Name of Business Segment	Production Volume	Changes from FY2017
	Millions of yen	%
Petroleum Business	1,007,232	15.7
Oil Exploration and Production Business	22,407	64.7
Petrochemical Business	391,403	11.5
Total	1,421,043	15.0

(Notes) 1. Refinery fuel is not included.
2. Production volume includes portions consigned to other companies and excludes portions consigned from other companies.
3. Amount above does not include consumption taxes.
4. Amount above does not include production volume between segments.

Name of Business Segment	Amount of Orders	Changes from FY2017	Outstanding Orders	Changes from FY2017
	Millions of yen	%	Millions of yen	%
Other	14,167	36.4	11,222	66.2

(Note) Amount above does not include consumption taxes.

(5) Sales

Name of Business Segment	Sales Volume	Changes from FY2017
	Millions of yen	%
Petroleum Business	2,293,471	10.4
Oil Exploration and Production Business	45,149	138.9
Petrochemical Business	404,934	0.2
Other	26,810	15.7
Total	2,770,365	9.8

(Notes) 1. Amount above does not include consumption taxes.
2. Amount above does not include volume of sales between segments.

(6) Capital Investments

The Group spent a total of ¥80.4 billion on capital investments during the fiscal year under review, primarily in the following:

- Oil exploration and production business
  Acquisition of recoverable accounts under production sharing
  Construction of production facilities
- Petroleum business
  Construction of petroleum refining and shipping facilities
  New establishment and remodeling of service stations
- Petrochemical Business
  Construction of production facilities
- Other
  New establishment of wind mills

(7) Financing Activities

The Company issued ¥60.0 billion Zero Coupon Convertible Bonds due 2022.

(8) Assets, Profit and Loss for Recent Four Fiscal Years

(Billions of yen)

Category	The 1st Term FY2015	The 2nd Term FY2016	The 3rd Term FY2017	The 4th Term FY2018
Net Sales	2,244.3	2,292.3	2,523.1	2,770.4
Ordinary Profit	-36.1	81.4	116.9	96.7
Profit Attributable to Owners of Parent	-50.2	53.2	72.8	53.1
Net Income per Share (yen)	-594.85	633.32	865.80	630.69
Total Assets	1,409.6	1,525.7	1,688.3	1,702.3
Net Assets	202.7	272.8	356.1	401.9

(Notes) 1. Net income per share is calculated on the basis of average number of shares issued and outstanding during the year (excluding the average number of treasury shares held during the year and shares owned by the trust bank through the "Board Incentive Plan (BIP) Trust").

2. Please refer to "Section 1. Business Overview, (2) Review of Operations of the Group" for the operating results for the 4th Term.

3. 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) and relevant Guidances from the beginning of the fiscal year under review, and the amount shown for total assets for the previous fiscal year reflects the amount after this standard, etc. has been applied retrospectively.

(9) Principal Offices and Plants (as of March 31, 2019)

1) The Company

Head Office	1-1-1, Shibaura, Minato-ku, Tokyo
Overseas Bases	Middle East (United Arab Emirates) / Doha (Qatar) / Beijing (China)

2) Major Subsidiaries and Affiliates

(Subsidiaries) **COSMO ENERGY EXPLORATION & PRODUCTION CO., LTD.**	(Head Office)	Minato-ku, Tokyo
COSMO OIL CO., LTD.	(Head Office) (Refineries) (Laboratories)	Minato-ku, Tokyo Chiba (Ichihara-shi) / Yokkaichi / Sakai Research & Development Center (Satte-shi)
COSMO OIL MARKETING COMPANY, LIMITED	(Head Office) (Branches)	Minato-ku, Tokyo East Japan (Sendai-shi) / Kanto (Chuo-ku, Tokyo) / Chubu (Nagoya-shi) / Kansai (Osaka-shi) / West Japan (Hiroshima-shi)
ABU DHABI OIL CO., LTD.	(Head Office) (Mining Plant)	Minato-ku, Tokyo Abu Dhabi (United Arab Emirates)
MARUZEN PETROCHEMICAL CO., LTD.	(Head Office) (Plant) (Laboratories)	Chuo-ku, Tokyo Chiba (Ichihara-shi) / Yokkaichi Chiba (Ichihara-shi)
(Affiliates) **Hyundai Cosmo Petrochemical Co., Ltd.**	(Head Office) (Plant)	Seoul (Korea) Seosan (Korea)
GYXIS CORPORATION	(Head Office)	Minato-ku, Tokyo

(10) Major Subsidiaries and Affiliates (as of March 31, 2019)

1) Major Subsidiaries and Affiliates

Company Name	Paid-in Capital	Ratio of Voting Rights	Principal Business Lines
(Subsidiaries)	100 million yen	%	
COSMO ENERGY EXPLORATION & PRODUCTION CO., LTD.	1	100.0	Planning in the energy exploration and production business
COSMO OIL CO., LTD.	1	100.0	Imports and exports, refining, storage, and sales of crude oil and petroleum products, etc.
COSMO OIL MARKETING COMPANY, LIMITED	10	100.0	Sales of oil products, vehicle leasing, etc.
ABU DHABI OIL CO., LTD.	128	64.4	Development, production and sales of crude oil
MARUZEN PETROCHEMICAL CO., LTD.	100	52.7	Manufacture and sales of petrochemical products
(Affiliates) **Hyundai Cosmo Petrochemical Co., Ltd.**	KRW 632.2 billion	50.0	Manufacture and sales of petrochemical products
GYXIS CORPORATION	110	40.0	Manufacture, storage, transportation, purchase and sale, and export and import of LP gas

(Note) The Company's ratio of voting rights includes a portion of indirect holding via subsidiaries.

2) Review and Results of Business Combinations

(Review of Business Combinations)

- The Group consists of 35 consolidated subsidiaries (decrease of 4 from the previous year) and 29 companies under the equity method (decrease of 1 from the previous year) including the major subsidiaries and affiliates as listed in 1) above.

(Results of Business Combinations)

Consolidated net sales for the fiscal year under review amounted to ¥2,770.4 billion, and profit attributable to owners of parent for the period was ¥53.1 billion.

3) Status of Other Significant Business Combinations

The Company has built a comprehensive and strategic cooperative relationship with Mubadala Investment Company and Infinity Alliance Limited, Mubadala Investment Company's wholly owned subsidiary (sub-subsidiary), invests in the Company.

(11) Employees (as of March 31, 2019)

1) Employees of Cosmo Energy Group

Name of Business Segment	Number of Employees (Persons)		Year-on-year Change (Persons)
Petroleum Business	4,481	(2,597)	64 (decreased)
Oil Exploration and Production Business	271	(61)	12 (decreased)
Petrochemical Business	1,164	(92)	28 (increased)
Other	872	(162)	19 (decreased)
Total	6,788	(2,912)	67 (decreased)

(Notes) 1. Number of employees indicates the number of employees in operation.
2. Number in parenthesis in the number of employees' column indicates the yearly average employment number of temporary employees.

2) Employees of the Company

Number of Employees (Persons)	Year-on-year Change (Persons)	Average Length of Service
155	4 (increased)	16 years and 0 months

(Notes) 1. Seconded employees (339), temporary employees and part-timers are not included in the number of employees.
2. For the average length of service calculation, the length of service for Cosmo Oil Co., Ltd. is used.

(12) Principal Lenders (as of March 31, 2019)

(Billions of yen)

Lenders	Borrowed Amount
Mizuho Bank, Ltd.	107.3
MUFG Bank, Ltd.	96.8
Japan Oil, Gas and Metals National Corporation	39.2
Development Bank of Japan Inc.	35.9
Sumitomo Mitsui Banking Corporation	26.9

(Note) In addition to the above, there are borrowings via syndicated loans (¥146.6 billion in total).

(13) Other Significant Matters concerning Current Status of the Group

None.

2. Share Information (as of March 31, 2019)

(1) Total Number of Shares Authorized to be Issued: 170,000,000 shares

(2) Total Number of Shares Issued and Outstanding: 84,770,508 shares

(of which, number of treasury shares: 2,738 shares)

(3) Number of Shareholders: 23,034

(4) Major Shareholders (Top 10)

Name of Shareholders	Number of Shares Held (thousands)	Investment Ratio (%)
Infinity Alliance Limited	17,600	20.76
Japan Trustee Services Bank, Ltd. (Trust Account)	5,800	6.84
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,963	3.49
Mizuho Bank, Ltd.	2,522	2.97
The Kansai Electric Power Co., Inc.	1,860	2.19
CREDIT SUISSE AG, DUBLIN BRANCH PRIME CLIENT ASSET EQUITY ACCOUNT	1,627	1.91
Aioi Nissay Dowa Insurance Co., Ltd.	1,580	1.86
MUFG Bank, Ltd.	1,580	1.86
Sompo Japan Nipponkoa Insurance Inc.	1,579	1.86
Cosmo Energy Holdings Client Stock Ownership	1,408	1.66

(Note) Investment ratio is calculated by excluding the number of treasury shares. The treasury shares do not include those shares owned by the trust bank through the "Board Incentive Plan (BIP) Trust."

3. Share Acquisition Rights

Status for Share Acquisition Rights

Share Acquisition Rights to be attached to Zero Coupon Convertible Bonds due 2022 (bonds with share acquisition rights, *tenkanshasaigata shinkabu yoyakuken-tsuki shasai*) issued based on the resolution of the Board of Directors held on November 19, 2018

Number of share acquisition rights to be attached to the bonds	6,000
Class and quantity of the shares to be acquired upon exercise of the share acquisition right	Common shares Dividing the aggregate principal amount of the bonds deposited at the same time upon exercise of the share acquisition rights by the conversion price
Amount to be paid in for share acquisition rights	No money shall be required to be paid in exchange for the share acquisition rights.
Types and amount of the asset to be contributed upon exercise of the share acquisition right	Bonds in respect of the relevant share acquisition rights shall be contributed upon exercise of each share acquisition right, and the price of the relevant bonds shall be equal to the principal amount of the bonds. The conversion price shall be ¥3,847.
Exercise period of the share acquisition rights	From December 19, 2018 to November 21, 2022 (at the local time of the place where the share acquisition right is to be exercised)
Conditions to the exercise of the share acquisition right	No share acquisition right may be exercised in part only.

4. Executives of the Company

(1) Directors (as of March 31, 2019)

Position	Name	Responsibilities	Significant Concurrent Positions
Chairman, Representative Director	Keizo Morikawa		
President, Representative Director, Chief Executive Officer	Hiroshi Kiriyama		Director, MARUZEN PETROCHEMICAL CO., LTD.
Director, Senior Executive Officer	Masayoshi Noji	Responsible for Business Portfolio Management Dept., CSR Management Dept., and Legal Dept.	
Director, Senior Executive Officer	Yasuhiro Suzuki	Responsible for Corporate Planning Dept., Human Resource and General Affairs Dept., and IT system Dept.	Director, MARUZEN PETROCHEMICAL CO., LTD.
Director, Senior Executive Officer	Takayuki Uematsu	Responsible for Corporate Communication Dept., Accounting Dept., and Finance Dept.	
Director	Musabbeh Al Kaabi		CEO, Petroleum & Petrochemicals, Mubadala Investment Company
Director	Khalifa Al Suwaidi		Executive Director, Refining & Petrochemicals, Mubadala Investment Company
Director (Member of the Supervisory Committee)	Sakae Kanno		
Director (Member of the Supervisory Committee)	Teruo Miyamoto		
Director (Full-time Member of the Supervisory Committee)	Kenichi Taki		Director (member of the Supervisory Committee), KYOEI TANKER CO., LTD. Audit & Supervisory Board Member, COSMO ENERGY EXPLORATION & PRODUCTION CO., LTD. Audit & Supervisory Board Member, COSMO OIL CO., LTD. Audit & Supervisory Board Member, COSMO OIL MARKETING COMPANY, LIMITED

(Notes)
1. Directors Musabbeh Al Kaabi, Khalifa Al Suwaidi, Sakae Kanno and Teruo Miyamoto are Outside Directors.
2. The Company has notified Directors (Members of the Supervisory Committee) Sakae Kanno and Teruo Miyamoto as Independent Directors to the Tokyo Stock Exchange.
3. Masayoshi Noji, Yasuhiro Suzuki and Takayuki Uematsu assumed office as Directors after being newly elected on June 21, 2018.
4. Kenichi Taki assumed office as Director (Member of the Supervisory Committee) after being newly elected on June 21, 2018.
5. Katsuhisa Ohtaki resigned as Director (Member of the Supervisory Committee) on June 21, 2018.

6. Musabbeh Al Kaabi served for Abu Dhabi National Oil Company (ADNOC) and ADNOC is the Company's specified related operator.
7. Musabbeh Al Kaabi and Khalifa Al Suwaidi serve as executing persons of Mubadala Investment Company. Also, said company is the parent company of one of the Company's major shareholders.
8. Director Kenichi Taki is a Full-time member of the Supervisory Committee. The reason for electing a Full-time member of the Supervisory Committee, was so that a person thoroughly familiar with circumstances within the Company could increase the effectiveness of the Supervisory Committee by attending important meetings, gathering information daily, listening to periodic business reports from the Business Execution Department, and by sharing with all members of the Supervisory Committee the information gained through mutual and close coordination with the Internal Audit Department, etc.
9. Director Kenichi Taki has taken charge of operations in the accounting and finance department for many years and he possesses a suitable level of knowledge regarding finance and accounting.
10. Executive Officers

Position	Name	Responsibilities
Executive Officer	Hiroshi Matsushita	General Manager, Human Resource and General Affairs Dept.
Executive Officer	Shigeru Yamada	General Manager, Corporate Planning Dept.

(2) Outline of the Terms and Conditions of Agreements for Limitation of Liability

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with Musabbeh Al Kaabi, Khalifa Al Suwaidi, Sakae Kanno and Teruo Miyamoto to limit the liability for damages under Article 423, Paragraph 1 of the said act.

The limitation of the liability for damages under the relevant agreement is the minimum liability amount set forth in Article 425, Paragraph 1 of the Companies Act.

(3) Amount of Remuneration to Directors

Category	Number of Persons Remunerated	Amount of Remuneration
		Millions of yen
Directors (Excluding members of the Supervisory Committee) (of which, Outside Directors)	8 (2)	434 (28)
Directors (Members of the Supervisory Committee) (of which, Outside Directors)	4 (2)	78 (39)
Total	12	513

(Notes) 1. Of the remuneration shown above, the amount of remuneration to Directors (excluding Members of the Supervisory Committee) includes yearly incentive remuneration (bonuses) and expenses relating to long-term incentive remuneration (stock remuneration) for the fiscal year under review.

2. The remuneration shown above includes remuneration during the tenure of one of three Directors (excluding Member of the Supervisory Committee) and one Director (Member of the Supervisory Committee) who retired upon the conclusion of the 3rd Ordinary General Meeting of Shareholders held on June 21, 2018.

(4) Outside Directors

Major Activities in the Fiscal Year

Title	Name	Record of Attendance		Status of Expression of Opinions
		Board of Directors Meeting	Supervisory Committee Meeting	
Outside Director	Musabbeh Al Kaabi	7 out of 9 times	—	Provided valuable advice from his international perspective of the energy industry.
Outside Director	Khalifa Al Suwaidi	8 out of 9 times	—	Provided valuable advice from his international perspective of the energy industry.
Outside Director (Member of the Supervisory Committee)	Sakae Kanno	9 out of 9 times	15 out of 15 times	Provided valuable advice based on his extensive experience concerning company management and the electric power industry.
Outside Director (Member of the Supervisory Committee)	Teruo Miyamoto	9 out of 9 times	15 out of 15 times	Provided valuable advice based on his extensive experience concerning company management and audit and supervisory duties, and wide-ranging viewpoint concerning governance.

5. Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC

(2) Amount of Remuneration, etc., pertaining to the Fiscal Year Under Review to Accounting Auditor

(Millions of Yen)

	Amount of Remuneration
Amount of Remuneration, etc., to be Paid to the Accounting Auditor pertaining to the Fiscal Year Under Review	170
Amount of Moneys and Other Property Benefits to be Paid to the Accounting Auditor by the Company and Its Subsidiaries	337

(Notes)
1. The audit agreement entered into by the Company and the Accounting Auditor does not clearly distinguish the amount of remuneration, etc. for audit under the Companies Act and that for audit under the Financial Instruments and Exchange Act, and those cannot be substantially distinguished from each other. Therefore, the aforementioned amount of remuneration, etc. to be paid to the Accounting Auditor pertaining to the current fiscal year indicates the total amount of these.
2. The Supervisory Committee consented to the amount of remuneration, etc., to the Accounting Auditor after fully examining the details explained by the Accounting Auditor including the length of the audit period and personnel arrangement of the accounting audit plan for the current fiscal year, review and assessment of the audit results for the previous year, reasonableness of the status of audit by the Accounting Auditor and the basis for calculating the estimate used as an assumption for such remuneration.
3. Our subsidiaries Cosmo Oil (U.K.) Plc., Cosmo Oil International Pte., Ltd., Maruzen Petrochemical Co., Ltd., Keiyo Ethylene Co., Ltd. and Maruzen Chemical Trading Co., Ltd. undergo audits by audit corporations other than the Account Auditor of the Company.

(3) Non-audit Services

Remuneration for its work in preparing the comfort letter about Zero Coupon Convertible Bonds due 2022 has been paid to KPMG AZSA LLC.

(4) Guidelines for Decisions on Dismissal or Non-reappointment of Accounting Auditor

The Supervisory Committee will decide on dismissal or non-reappointment of the Accounting Auditor after comprehensively considering the independence, reliability and status of performance of duties of the Accounting Auditor as prescribed in laws and regulations or standards. The Supervisory Committee will decide on details of proposals related to the dismissal or non-reappointment of the Accounting Auditor to be submitted to a General Meeting of Shareholders, if it deems it necessary to do so, such as in cases in which performance of duties by the Accounting Auditor is hindered.

Also, the Supervisory Committee will dismiss the Accounting Auditor if it judges that any of the items stipulated in Article 340, Paragraph 1 of the Companies Act is applicable to the Accounting Auditor, based on the consent of all members of the Supervisory Committee. In this case, a member of the Supervisory Committee appointed by the Supervisory Committee will report the fact of dismissal and the reasons thereof at the first General Meeting of Shareholders convened after the dismissal.

6. Basic Policies on Internal Control Systems

(1) Basic Policies on Internal Control Systems (As of March 31, 2019)

In order to put into practice the management vision and code of conduct of the Cosmo Energy Group, and to execute duties appropriately and efficiently, the following basic policies on internal control systems have been established, by the resolution of the Board of Directors, with respect to the preparation of a system for execution of duties by Directors and employees, etc. of the Company and its group companies, system for risk management and internal auditing to support it, and a system to ensure effective auditing by the members of the Supervisory Committee.

Group companies constitute the group of enterprises consisting of the Company and a group of subsidiaries represented by its core business companies (Cosmo Oil Co., Ltd., Cosmo Oil Marketing Company, Limited, and Cosmo Energy Exploration & Production Co., Ltd.) and semi-core business company (Maruzen Petrochemical Co., Ltd.).

1) System to Ensure that Execution of Duties by Directors and Employees of the Company and its group companies is in Compliance with Laws and Regulations, and Articles of Incorporation (Article 399-13, Paragraph 1, Item 1, c of the Companies Act, Article 110-4, Paragraph 2, Item 4 and Item 5, d of the Ordinance for Enforcement of the Companies Act)

<Management Vision and Code of Conduct>

- The Company will formulate the "Cosmo Energy Group Management Vision" based on the mission as a company and responsibilities the Company assumes to society, and will establish the "Cosmo Energy Group Code of Conduct" as a specific guideline to promote and achieve this Vision.

<Corporate Governance>

- The Company is a company with a supervisory committee and will strengthen the management oversight function of the Board of Directors and ensure transparency and fairness of management judgment by appointing several Outside Directors. The Board of Directors will determine important matters in accordance with laws and regulations, the Articles of Incorporation, the resolution thereof and internal rules, and oversee the execution of duties of Directors.
- The Company is a holding company, and its structure consists of three core business companies and semi-core business company. To quickly conduct business execution in response to any change in the business environment, the Company will delegate authority and responsibilities to the core business companies and semi-core business company, and facilitate speedy decision-making on important management matters such as development of growing businesses and nurturing of a safety-oriented workplace culture.
- The Company, in order to promote sound business activities of the Company and the group companies, will establish, as organizations to supervise overall CSR activities and internal control, the Corporate Ethics & Human Rights Committee, the Safety and Risk Management Committee, the Environmental and Social Initiatives Committee and the Information Disclosure Committee, with each Director in charge as its chair, and matters discussed and reported at each Committee will be reported to the Board of Directors.

<Separation of Execution of Duties and Supervision>

- The Company will introduce an Executive Officer System, for separation of execution of duties and supervision, and for enhancement of the supervisory function of the Board of Directors.

<Enhancement of Internal Audit>

- The Company will establish a rule for a system to ensure effective implementation of internal audits, and implement audits that possess high level of expertise and sense of ethics by the Internal Auditing Office.

<Compliance>

- The Company will provide the Cosmo Energy Group Corporate Ethics Consultation Helpline (a corporate ethics helpline) both inside and outside the Company that enables its employees to report a legal violation or a violation of internal rules, etc., by the Company or the group companies and any matter concerning corporate ethics to thoroughly carry out legal compliance and foster and heighten ethical standards.
- The Company will place a CSR Promotion Officer (president of group company) at each group company and hold a CSR Promotion Liaison Meeting to promote initiatives of the Company and the group companies for corporate ethics.

<Stance Against Anti-Social Forces>

- The Company and the group companies will never have any relationship with anti-social forces or groups that are a

menace to social order and safety, and will not give favors of any sort.

2) Rules and Other Systems concerning Management of Risk of Loss in the Company and its group companies (Article 110-4, Paragraph 2, Item 2 and Item 5, b of the Ordinance for Enforcement of the Companies Act)

- The Company will determine basic matters with regard to risk management such as crisis management (establishment of Risk Management Rules and Crisis Management Rules), and through the Safety and Risk Management Committee, it will conduct assessment and reexamination of various risks facing the business activities and take proper measures.
- The Board of Directors will oversee whether measures for major risks and crisis control that are reported by the Safety and Risk Management Committee are effectively implemented.
- The Company and the group companies will take prompt and proper measures such as establishing crisis control headquarters, etc., at times of crisis and provide information outside the Company on a timely and appropriate manner while minimizing damage.

3) Systems to Ensure Efficient Execution of Duties by Directors of the Company and its group companies (Article 110-4, Paragraph 2, Item 3 and Item 5, c of the Ordinance for Enforcement of the Companies Act)

- The Company will hold a meeting of the Board of Directors in accordance with the Board of Directors Meeting Rules or as required when any important matter comes up, and determine matters stipulated by laws and regulations and the Articles of Incorporation and other important matters concerning management such as management policy.
- The Company will hold a meeting of the Executive Officers' Committee in accordance with the Executive Officers' Committee Rules or as required when any important matter comes up. The Executive Officers' Committee is a decision-making organization that discusses the basic policy and important matters for business execution based on the management policy determined by the Board of Directors.
- The Company will ensure effective execution of duties in response to a change in the management environment by establishing a system for sharing responsibilities for business execution based on the Rules for Duties that stipulate the organizational body, office organization, reporting line and segregation of duties as well as the Rules for Job Authorization that stipulate basic matters concerning management of the decision-making system.
- The Company will formulate a management plan and clarify objectives to be achieved given the management policy of the Company and the group companies while determining an annual plan based on such plan and implement performance management of the Company and the group companies.
- The Company shall require the group companies to build a system necessary for efficient execution of duties of Directors, etc., in reference to the Company's system or based on organizations of the group companies.

4) System with regard to Information Retention and Management pertaining to Execution of Duties by Directors (Article 110-4, Paragraph 2, Item 1 of the Ordinance for Enforcement of the Companies Act)

- In accordance with the internal rules with respect to information management, such as Board of Directors Meeting Rules and Information Management Rules, etc., the Company shall properly retain and manage information pertaining to execution of duties by Directors.
- The Company will build an information security system for proper information use and management.

5) System to Report Matters concerning Execution of Duties of Directors, etc. of the Group Companies to the Company (Article 110-4, Paragraph 2, Item 5, a of the Ordinance for Enforcement of the Companies Act)

- The Company shall regularly hold a meeting with the group companies concerning overall management thereof to share important information, and shall approve or receive a report on the execution of important businesses of the group companies based on their regulations for management.
- The Company will require the group companies to report the progress of various measures, and improve or review such

measures based on the consolidated medium-term CSR management plan (action plans set by the Corporate Ethics & Human Rights Committee, the Safety and Risk Management Committee, the Environmental and Social Initiatives Committee and the Information Disclosure Committee) the Company establishes.

6) Matters concerning Employees Assisting the Duties of Supervisory Committee, Matters concerning Independence of Employees from Directors Other Than Members of Supervisory Committee and Matters concerning Securing of Effectiveness of Orders to the Relevant Employees (Article 110-4, Paragraph 1, Item 1, Item 2 and Item 3 of the Ordinance for Enforcement of the Companies Act)

- The Company will place dedicated staff who assist the duties of Supervisory Committee and support execution thereof.
- The Company shall obtain approval from Supervisory Committee concerning selection, transfer and change of treatment of employees assisting the duties of such Committee.
- The authority to give instructions and commands to employees assisting the duties of members of the Supervisory Committee will be held by the Supervisory Committee.

7) Systems for Reporting to the Supervisory Committee (Article 110-4, Paragraph 1, Item 4 of the Ordinance for Enforcement of the Companies Act)

- Directors and employees of the Company and its group companies shall report to the Supervisory Committee on statutory matters and (1) material matters that affect the management and results of the Company and its group companies, (2) overview of activities of Internal Auditing Office, Corporate Auditors and Audit Offices of the group companies, (3) overview of activities with respect to internal controls of the Company and its group companies, and (4) status of operation at the Cosmo Energy Group Corporate Ethics Help Line.
- When there is a report to the Cosmo Energy Group Corporate Ethics Helpline, it shall be reported to Supervisory Committee without delay.
- The Directors and employees, etc. of the Company and the group companies will respond swiftly and appropriately when they are requested by the Supervisory Committee to report on a matter regarding business execution or other important matter.

8) System for Ensuring a Person Reporting to the Supervisory Committee Does Not Receive Unfair Treatment Due to Making that Report (Article 110-4, Paragraph 1, Item 5 of the Ordinance for Enforcement of the Companies Act)

- The Company prescribes the rule and will respond appropriately to ensure unfair treatment is not given to any Director or an employee, etc. of the Company and the group companies, due to the making of a report to the Supervisory Committee.

9) Procedures for Advanced Payment or Reimbursement of Costs, and Policies for Treatment of Other Costs or Obligations Incurred through the Performance of Duties by Members of the Supervisory Committee (Article 110-4, Paragraph 1, Item 6 of the Ordinance for Enforcement of the Companies Act)

- Costs recognized as necessary for the performance of duties by members of the Supervisory Committee will be budgeted and when there is a claim for such payment in advance, a swift response will be given to such claims except in the cases when such claims are inappropriate.
- Costs for the expenses of emergencies or extraordinary events related to the Supervisory Committee will be met by responding to a subsequent claim for reimbursement.

10) System for Ensuring Audits of the Supervisory Committee are Performed Effectively (Article 110-4, Paragraph 1, Item 7 of the Ordinance for Enforcement of the Companies Act)

- The Audit Standard and Audit Implementation Plan decided by the Supervisory Committee will be respected and cooperation will be given to ensure a smooth execution of audit and preparation of audit environment.
- Meetings among the members of the Supervisory Committee, the President, primary departments and office managers,

and Audit & Supervisory Board Members of the group companies will be held on regular basis to prepare systems to ensure audit effectiveness.

- Sufficient collaboration among the Internal Auditing Office, the Accounting Auditor, and the Supervisory Committee shall be promoted.

(2) Outline of the Status of Operation of the Basic Policies on Internal Control Systems

The Group, as an organization in charge of CSR activities and internal control, has established the "Safety and Risk Management Committee," the "Environmental and Social Initiatives Committee," the "Corporate Ethics & Human Rights Committee" and the "Information Disclosure Committee" (hereinafter called the "Committees") in order to promote spreading and achieving the management vision of the Cosmo Energy Group and promote sound business activities based on the Code of Conduct, and the Committees discuss planning, performance and assessment of the activity policy. A particularly important matter based on discussions is reported and determined at the meetings of the Executive Officers' Committee and the Board of Directors. Details of these matters are shared within the entire Group through the "CSR Promotion Liaison Meeting."

The outline of the status of operation of this system in the fiscal year under review is as follows:

1) Status of Operation of System to Ensure Appropriateness of Businesses

- From the perspective of strengthening corporate governance, the Company has adopted the governance framework of a company with a supervisory committee to improve the effectiveness of audit and oversight by audit conducted by members of the Supervisory Committee who hold voting rights of the Board of Directors.
- The Company held nine meetings of the Board of Directors and 21 meetings of the Executive Officers' Committee in accordance with internal rules. The Board of Directors discussed and determined the basic policy and important matters concerning business management of the Group in addition to matters stipulated by laws and regulations and the Articles of Incorporation while the Executive Officers' Committee discussed and determined the basic policy and important matters concerning business execution.
- In an aim to foster ethical standards widely across the Group, the Company provided individual training by corporate ethics e-learning to all Cosmo Energy Group employees and deepened the understanding toward the Code of Conduct. The Company continually implemented consistent contents throughout the year, including issuing an e-mail based magazine, conducting a CSR status survey, appropriately managing working time, and creating a workplace that respects diversity, and raised the level of awareness of corporate ethics and human rights among employees. The Company also provided the Cosmo Energy Group Corporate Ethics Consultation Helpline (a corporate ethics helpline) both inside and outside the Company (at law firm) as a system to consult or report under anonymity any legal or ethical issue encountered during business operation. Also, starting in April, the Harassment Consultation Helpline was established outside the Group for the purpose of preventing mental health disorders and resolving issues in workplace quickly through effects such as a sense of sympathy and security gained by counseling provided by outside specialists. The "Corporate Ethics & Human Rights Committee" was debriefed on the status of these activities including the consideration of preventive measures related to consultations done through the Corporate Ethics Help Line.

2) Status of Operation concerning Management of the Risk of Loss

Being strongly committed to the stable supply of energy, the Group advocates "strengthening corporate governance structure" as materiality with respect to risk under the consolidated medium-term CSR management plan (FY2018-FY2022). We have intentionally incorporated "risk management" as priority issues of corporate governance, and set targets and KPIs to enhance the governance structure. The "Safety and Risk Management Committee" promoted group-wide risk and safety management activities including discussions on risks and safety policies relevant to the entire Group, and checking of progress of risk prevention initiatives and safety activities. The Committee implemented initiatives to enhance risk management of the entire Group by checking the progress of measures for FY2018 "Priority Risks" that identifies cross-group risks and defines matters to be dealt with preferentially, and by carrying out BCP drills at the Provisional Crisis Response Headquarters to cope with the Tokyo Inland Earthquake and major earthquakes. During the fiscal year under review, two ordinary committee meetings were held, and the safety management activities of Group

companies were confirmed and improved.

3) Status of Operation concerning System for Ensuring Audits of the Supervisory Committee are Performed Effectively

- To ensure the Supervisory Committee's performance of their duties is effective, in addition to members of the Supervisory Committee attending important meetings of the Executive Officers' Committee and the Group Strategy Committee, etc., and coordination with Audit & Supervisory Board Members of the Group, we carried out coordination between the Internal Audit Department and the Accounting Auditor.
- Furthermore, to ensure the Supervisory Committee's audits are carried out in an effective manner, we assigned appropriate assistant employees in accordance with the basic policies for Internal Control Systems. In addition, we provided necessary and adequate information to the Supervisory Committee such as the documents for resolution, minutes, and documents to be approved from the meetings, etc., that members of the Supervisory Committee do not attend.

4) Status of Operation concerning Business Management of the Group Companies

The Group, for the purpose of ensuring proper group governance based on the holding company structure, developed internal rules such as the Rules for Management of Subsidiaries and Affiliated Companies and the Rules for Job Authorization that stipulate matters concerning the oversight authority of the Company and the Group. Accordingly, the Company and the group companies discussed and approved important management matters of the respective affiliated companies, and were briefed on its results as appropriate.

Consolidated Balance Sheet

Fiscal Year 2018 (As of March 31, 2019)

(Unit: million yen)

Item	Amount	Item	Amount
		Liabilities	**1,300,419**
Assets	**1,702,270**	**Current liabilities**	**764,734**
Current assets	**641,731**	Notes and accounts payable - trade	267,897
Cash and deposits	49,445	Short-term loans payable	164,739
Notes and accounts receivable - trade	245,164	Commercial papers	98,000
Merchandise and finished goods	131,952	Accounts payable - other	107,055
Work in process	453	Accrued volatile oil and other petroleum taxes	88,987
Raw materials and supplies	144,911	Income taxes payable	5,324
Accounts receivable - other	42,397	Accrued expenses	3,188
Other	27,553	Provision for bonuses	7,052
Allowance for doubtful accounts	-146	Provision for directors' bonuses	472
Non-current assets	**1,060,134**	Other	22,016
Property, plant and equipment	**842,283**	**Non-current liabilities**	**535,684**
Buildings and structures, net	235,988	Bonds payable	46,700
Oil storage depots, net	34,984	Convertible bond-type bonds with share acquisition rights	60,000
Machinery, equipment and vehicles, net	186,250	Long-term loans payable	324,669
Land	317,255	Deferred tax liabilities	33,454
Leased assets, net	597	Deferred tax liabilities for land revaluation	5,192
Construction in progress	59,022	Provision for special repairs	20,992
Other, net	8,183	Provision for business structure improvement	1,050
Intangible assets	**40,964**	Provision for environmental measures	1,362
Software	3,585	Net defined benefit liability	5,085
Other	37,378	Provision for executive remuneration BIP trust	111
Investments and other assets	**176,886**	Asset retirement obligations	21,330
Investment securities	117,552	Other	15,733
Long-term loans receivable	1,262	**Net assets**	**401,850**
Long-term prepaid expenses	4,741	**Shareholders' equity**	**289,779**
Net defined benefit asset	2,765	**Capital stock**	**40,000**
Cost recovery under production sharing	19,404	**Capital surplus**	**82,963**
Deferred tax assets	23,221	**Retained earnings**	**167,574**
Other	8,397	**Treasury shares**	**-758**
Allowance for doubtful accounts	-459	**Accumulated other comprehensive income**	**-8,713**
Deferred assets	**404**	**Valuation difference on available-for-sale securities**	**4,121**
Bond issuance cost	404	**Deferred gains or losses on hedges**	**99**
		Revaluation reserve for land	**-20,911**
		Foreign currency translation adjustment	**7,236**
		Remeasurements of defined benefit plans	**739**
		Non-controlling interests	**120,785**
Total assets	**1,702,270**	**Total liabilities and net assets**	**1,702,270**

Consolidated Statements of Income

Fiscal Year 2018(From April 1, 2018 to March 31, 2019)

(Unit: million yen)

Item	Amount	
Ⅰ Net sales		**2,770,365**
Ⅱ Cost of sales		**2,539,936**
Gross profit		**230,429**
Ⅲ Selling, general and administrative expenses		**135,775**
Operating profit		**94,653**
Ⅳ Non-operating income		
Interest income	642	
Dividend income	763	
Rent income on non-current assets	1,147	
Share of profit of entities accounted for using equity method	6,859	
Foreign exchange gains	3,861	
Other	2,981	16,255
Ⅴ Non-operating expenses		
Interest expenses	10,875	
Other	3,378	14,253
Ordinary profit		**96,654**
Ⅵ Extraordinary income		
Gain on sales of non-current assets	629	
Gain on sales of investment securities	861	
Subsidy income	5,541	
Compensation income	744	
Insurance income	272	
Other	147	8,197
Ⅶ Extraordinary losses		
Loss on sales of non-current assets	134	
Loss on disposal of non-current assets	5,437	
Impairment loss	2,009	
Loss on valuation of investment securities	1,090	
Other	213	8,885
Profit before income taxes		**95,966**
Income taxes - current	43,852	
Income taxes - deferred	-13,935	29,917
Profit		**66,048**
Profit attributable to non-controlling interests		12,916
Profit attributable to owners of parent		**53,132**

Consolidated Statements of Changes in Equity

Fiscal Year 2018 (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 the 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 the 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
Changes of items during the 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 the 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

Notes to Consolidated Financial Statements

In the consolidated balance sheet, consolidated statements of income and consolidated statements of changes in equity of Cosmo Energy Holdings Co., Ltd. (the "Company") represented in the million yen unit, figures less than 1 million yen are rounded down.

(Notes concerning Important Items that Provide the Basic Information for the Development of the Consolidated Financial Statements)

1. Items concerning the Scope of Consolidation for Reporting

(1) Number of Consolidated Subsidiaries: 35

Name of major consolidated subsidiaries: Cosmo Energy Exploration & Production Co., Ltd.
Cosmo Oil Co., Ltd.
Cosmo Oil Marketing Co., Ltd.
Abu Dhabi Oil Co., Ltd.
Maruzen Petrochemical Co., Ltd.

Eco World Kuzumaki Wind Power Co., Ltd., Goto-Kishiku Wind Power Laboratory Co., Ltd. , Tachikawa Wind Power Laboratory Co., Ltd. and Dangamine Wind Farm Co., Ltd. were excluded from the scope of the consolidated subsidiaries of the Company, since they were merged by EcoPower Co., Ltd. which is the consolidated subsidiaries during FY2018.

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(2) Name of major non-consolidated subsidiaries: Osadano Gas Center Co., Ltd.

Reason for exclusion from accounting consolidation:

19 subsidiaries of the Company were excluded from its consolidated subsidiaries because they are small businesses and their respective total assets, net sales, and profit/loss attributable to owners of parent and retained earnings (both amounts equivalent to what is accounted for under the equity method) have no material impact on the consolidated financial statements of the Company.

2. Items concerning the Application of the Equity Method

(1) Number of Non-consolidated Subsidiaries Accounted for Using the Equity Method: 19

Name of major subsidiaries: Osadano Gas Center Co., Ltd.

(2) Number of Associated Companies Accounted for Using the Equity Method: 10

Name of major associated companies: United Petroleum Development Co., Ltd., GYXIS CORPORATION, Kygnus Sekiyu K.K.

neo ALA Co., Ltd. was excluded from the scope of associated companies applied the equity method due to the sale of all of its shares owned by the Company during FY2018.

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

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

Reasons for Exclusion from the Application of the Equity Method:

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

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

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

3. Items concerning the Accounting Periods of the Consolidated Subsidiaries

Of the 35 consolidated subsidiaries, Abu Dhabi Oil Co., Ltd., Qatar Petroleum Development Co., Ltd., Cosmo Oil International Pte. Ltd., Cosmo Oil (U.K.) Limited., and Cosmo Oil Europe B.V. adopt a fiscal year ending December 31, and Akita Wind Power Laboratory Co., Ltd. adopts a fiscal year ending February 28, respectively.

The consolidated financial statements herein have been developed by using their financial reports as of December 31, 2018 or February 28, 2019, and any material transactions arising between end of their fiscal year and consolidated fiscal year, the date for the consolidated settlement of accounts for the Company, are reflected on the consolidated financial statements herein by making necessary adjustments.

4. Items concerning the Accounting Policies

(1) Significant Asset Valuation Standards and Methods

1) Securities:

a. Securities held to maturity:	Stated at amortized cost method
b. Other securities:	
- Securities available for sale with fair market value:	Stated at fair value based on market values applicable on the date of consolidated settlement of accounts (in which all differences between the carrying amounts and the fair values are reported as a separate component of net assets, while the cost of securities sold is calculated by the moving average method)
- Securities with no available fair market value:	Stated at cost determined by the moving average method
2) Inventories:	Principally stated at cost determined by the weighted average method (however, the amounts of inventories stated in the balance sheet were computed by using the method that book values are reduced to reflect declines in profitability)
3) Derivative financial instruments:	Stated at fair value

(2) Significant Depreciable Assets and Depreciation Methods

1) Property, Plant and Equipment (except leased assets):

The straight line method is mainly adopted to calculate depreciation expenses for these asset items. The number of years of their useful lives and their residual value is calculated based on the criteria defined under the Corporation Tax Law of Japan. However, the number of years of useful lives of the machinery and equipment, structures and Oil storage depots, of the property, plant and equipment owned by Cosmo Oil Co., Ltd., a consolidated subsidiary of the Company, is calculated based on the number of years of their economic useful lives, which better reflect their use status respectively and the economic useful life of 15 years is adopted for the Cosmo Oil Property Service Corporation's service stations by taking their actual past performances into consideration. As for Abu Dhabi Oil Co., Ltd., a consolidated subsidiary of the Company, adopts the number of years for useful life as defined in the concession agreements and economic useful life by taking into account the durability and other conditions of the assets currently owned. As for EcoPower Co., Ltd., a consolidated subsidiary of the Company, and its subsidiaries, an economic useful life of 20 years is mainly adopted for the windmills operated by them.

2) Intangible Assets (except leased assets):

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

3) Leased Assets:

Leased assets involving finance lease transactions under which the ownership of the leased assets is transferred to lessees:

The method to calculate depreciation expenses for such assets is the same as that applied to non-current assets owned by the Company.

Leased assets involving finance lease transactions under which the ownership of the leased assets is not transferred to lessees:

The method to calculate depreciation for such assets is the straight line method with their residual values being zero over their leased periods used as the number of years for useful life.

Out of finance lease transactions other than those under which the ownership of the leased assets is considered to be transferred to lessees, such transactions, of which the lease term each commenced before the initial year of the application of the ASBJ Statement No. 13"Accounting Standards for Lease Transactions", are continuously accounted for in conformity with the accounting process applicable to operating lease transactions.

4) Long-term Prepaid Expenses:

The equal installment method is adopted to calculate depreciation expenses for these account items over the period defined under the Corporate Income Tax Law of Japan.

(3) Accounting Process Applied to Deferred Assets

Bond Issuance Cost:

The cost for bond issuance is amortized in the straight line method over the bond redemption period.

(4) Standards for Recording Significant Allowance/Provisions

1) Allowance for doubtful accounts

An estimated amount of irrecoverable debts is set aside against any potential losses on the failure to collect the accounts receivable.

a. Ordinary accounts receivable:	The amount of allowance calculated at the actual ratio of bad debts
b. Highly doubtful receivables and claims in bankruptcy and reorganization, etc.:	The amount of allowance calculated based on the evaluation of financial situations of individual accounts involved.

2) Provision for special repairs

As for certain consolidated subsidiaries, a provision is set aside to cover expenses arising from the inspection and repairs of the oil tanks and machine equipment in refineries subject to the open regular inspection in compliance with the Fire Service Act, and an amount equal to the estimated cost of periodically required repairs was added to the provision for current fiscal year.

3) Provision for business structure improvement

The Company recorded the estimated amount of a provision to cover expenses and losses that were expected to be incurred in the near future following the closure of the refinery owned by Cosmo Oil Co., Ltd., a consolidated subsidiary of the Company, and the legal measures associated with the operations of the refinery.

4) Provision for environmental measures

The Company recorded the estimated amount of a provision to cover expenses to treat contaminated soil.
It also recorded the estimated amount of a provision to cover expenses to treat the PCB waste in accordance with the Law Concerning Special Measures Against Polychlorinated Biphenyl Waste.

5) Provision for bonuses

In preparation for the payment of bonuses to employees etc., the amount to be paid in the fiscal year under review is posted based on the amount estimated to be paid.

6) Provision for directors' bonuses

In preparation for the payment of bonuses to directors, the Company and certain consolidated subsidiaries post the amount to be paid in the fiscal year under review based on the amount estimated to be paid.

7) Provision for Executive Remuneration Board Incentive Plan Trust

In preparation for the granting of shares in the Company to the Company's Directors (excluding Outside Directors and members of the Supervisory Committee) and Executive Officers, and certain consolidated subsidiaries' Directors (hereinafter "the Directors etc."), provision is posted based on the value of shares estimated to be granted in accordance with points allocated to the Directors etc. under the share granting rules.

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

1) Standards for Recognition of Construction Revenue and Cost

As for recognition of revenues from constructions undertaken by the Company, the percentage of completion method (the percentage of construction is estimated based on the method of the ratio of actual cost incurred to total estimated cost) is applied to construction contracts in process in which the outcome of the construction activity is deemed certain by the end of FY2017, while the completed contract method is applied to other construction contracts.

2) Accounting Process for Consumption Tax, etc.

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

3) Accounting Process for Cost Recovery under Production Sharing

Some of its consolidated subsidiaries account for crude oil exploration and development and other related costs spent under the production sharing agreements. After the inception of crude oil production, they recover these costs by receiving products under the same agreements. They are stated in the "Cost Recovery under Production Sharing" item of the "Investment and other assets" account on the consolidated balance sheet herein.

4) Application of the consolidated tax payment system

The consolidated tax payment system is applied.

5) Standards for Recording Net defined benefit liability

"Net defined benefit liability" is recorded at an estimated amount of projected benefit obligation after deducting the fair value of pension assets as of March 31, 2018 to cover retirement and severance benefits payable to employees.

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

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

Unrecognized actuarial gains and losses and past-service costs are recognized as "Remeasurements of defined benefit plans" in accumulated other comprehensive income of net assets in the balance sheets after adjusting for tax effects.

The liabilities of employee retirement benefits, which is expected employee retirement benefits attribute to the end of the financial year, is calculated by a method using a benefit formula.

6) Accounting treatment of trust beneficiary rights to trusts whose trust assets are land

With respect to trust beneficiary rights to trusts whose trust assets are land owned by some of its consolidated subsidiaries, the Company records all asset and liability accounts in the trust assets and all revenues and expenses arising from the trust assets in relevant account items on its consolidated balance sheet and consolidated statement of income.

5. Items concerning Amortization of Goodwill

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

(Notes to 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.

(Notes to Consolidated Balance Sheet)

1. Accumulated depreciation for property, plant and equipment ¥1,014,151 million

2. Pledged Assets

Breakdown of Assets Pledged as Collateral and Amounts thereof:

Property, plant and equipment	¥123,209 million
Cash and deposits	¥17,796 million
Notes and accounts receivable-trade	¥10,016 million
Investment securities	¥969 million
Other	¥1,290 million

Secured Liabilities:

Long-term loans payable (including repayments due within the next year)	¥56,620 million
Debts related to transactions with banks	¥20,991 million

3. Breakdown of the Compressed Amounts deducted from the Acquisition Cost due to the National Subsidy, etc thereof:

Machinery, equipment and vehicles	¥3,389 million
Property, plant and equipment (other)	¥62 million

4. Contingencies

The Company guarantees debts for borrowings from financial institutions such as affiliated companies and fulfilling contracts.

Chiba Arkon Production, Limited	¥2,744 million
North Hokkaido Wind Energy Transmission Corp.	¥2,222 million
Japan Biofuels Supply LLP	¥1,296 million
Hyundai Cosmo Petrochemical Co., Ltd.	¥411 million
Others	¥412 million

5. Items concerning Revaluation of Land

The three consolidated subsidiaries revalued their land properties used for business under the "Law concerning Revaluation Reserve for Land" (Law No. 34 issued on March 31, 1998). The income tax portion on variances due to revaluation is stated in the "Deferred tax liabilities for land revaluation" account in the "Liabilities" section on the Consolidated Balance Sheet and the revaluation variances, net of the income tax portion, are stated in the "Revaluation reserve for land" account in the "Net Assets" section on the Consolidated Balance Sheet.

・Revaluation method

The land sites for the refineries were valued in accordance with the appraisal provided in Paragraph 5 of Article 2 of the "Enforcement Ordinance for the Law concerning the Revaluation Reserve for Land" (Government Ordinance No. 119 issued on March 31, 1998), and other land sites were valued by referring to the road ratings provided in Paragraph 4 of Article 2 of the "Enforcement Ordinance for the Law concerning the Revaluation Reserve for Land," as well as making some rational adjustments.

・Date of Revaluation

March 31, 2002 (and December 31, 2001 completed by one consolidated subsidiary)

・The total amount of the revalued land at fair value as of March 31, 2019 is smaller than their total carrying amount after revaluation and the difference amounted to:

¥32,437 million

6. Financial Covenants

Out of borrowings, borrowings amounting to ¥89,978 million (including those payable within the next year) come with financial covenants with the acceleration clause which will be activated with respect to such liabilities under certain loan contracts. (Financial covenants vary from different loan contracts, but key covenants are stated as follows):

	Repayment Deadline	Loan Balance	Financial Covenants
(1)	September 30, 2024	¥45,000 million	1) The Company shall not record ordinary loss, as stated in consolidated statements of income for three consecutive years. 2) The Company shall maintain the amount of net assets at ¥156.6 billion or more as stated in its consolidated balance sheet at the end of each fiscal year.
(2)	April 26, 2019	¥34,120 million	The Company shall maintain the amount of net assets at ¥152.0 billion or more as stated in its consolidated balance sheet at the end of each fiscal year.

(Notes to Consolidated Statements of Changes in Equity)

1. Types and Number of Outstanding Shares and Treasury Shares as of March 31, 2019

Outstanding shares	Ordinary shares		84,770,508 shares
Treasury shares	Ordinary shares		462,910 shares
		(including executive remuneration BIP trust	460,172 shares)

2. Distribution of Dividend

(1) Payment Amount of Dividend

(Resolution adopted by)	Type	Total dividend amount (¥ mil)	Dividend per share (¥)	Record date	Effective date
Shareholders' Meeting held on June 21, 2018	Ordinary shares	4,238	50	March 31, 2018	June 22, 2018

(Note) The dividend amount for treasury shares held by BIP trust in the total dividend amount 33 million

(2) Dividends whose effective date will fall after the end of FY 2018 among those whose record date falls within FY2018.

The Company proposes the following agendum at the ordinary general meeting of shareholders held on June 20, 2019.

(Resolution adopted by)	Type	Total dividend amount (¥ mil)	Dividend resource	Dividend per share (¥)	Record date	Effective date
Shareholders' Meeting held on June 20, 2019	Ordinary shares	6,781	Retained earnings	80	March 31, 2019	June 21, 2019

(Note) The dividend amount for treasury shares held by BIP trust in the total dividend amount 36 million

3. Type and the number of shares for the purpose of stock acquisition rights at the end of the current consolidated fiscal year

Ordinary shares 15,596,568 shares

(Notes to Financial Products)

1. Information on the Status of Financial Products

The Group procures funds for the capital spending and the working capital by direct or indirect financing. These funds are mainly necessary to undertake the oil refining and marketing and oil exploration and production businesses.

The Group also keeps credit risks involving customers with respect to notes and accounts receivable-trade and accounts receivable-other lower by managing them in accordance with its credit management scheme. Securities and Investment securities are mainly equity securities, out of which listed shares are reviewed on a quarterly basis to keep track of their fair value.

Most of notes and accounts payable, trade, and accrued expenses, etc. are due within the next year.

Loans payable, Commercial papers and bonds payable are used to raise working funds (mainly short-term) and capital spending funds (long-term) and interest rate swap contracts are purchased to reduce interest rate fluctuations on some long-term loans to get interest payable fixed.

The Group uses foreign currency forward contracts and currency option contracts to hedge risks due to the effect of currency exchange rate fluctuations, and also uses crude oil and petroleum product swap contracts and commodity forward contracts in open market to hedge risks stemming from commodity price fluctuations. The Group trades derivatives within the range of actual demand in accordance with its internal control rules, and The Group has a policy of not executing speculative derivative transactions.

2. Information about Fair Value of Financial Products, etc.

The book value of the following items on the consolidated balance sheet, their fair value and the variance between the two amounts as of March 31, 2019 are stated as follows:

(Millions of yen)

	Book value on the consolidated balance sheet *	Fair value*	Difference
(1) Cash and deposits	49,445	49,445	—
(2) Notes and accounts receivable-trade	245,164	245,164	—
(3) Accounts receivable-other	42,397	42,397	—
(4) Investment securities			
1)Securities of held to maturity	47	49	1
2)Other securities	20,014	20,014	—
(5) Notes and accounts payable-trade	(267,897)	(267,897)	—
(6) Short-term loans payable	(164,739)	(164,739)	—
(7) Commercial papers	(98,000)	(98,000)	—
(8) Accounts payable-other	(107,055)	(107,055)	—
(9) Accrued volatile oil and other petroleum taxes	(88,987)	(88,987)	—
(10) Income taxes payable	(5,324)	(5,324)	—
(11) Bonds payable	(46,700)	(47,378)	678
(12) Convertible bond-type bonds with share acquisition rights	60,000	(61,062)	1,062
(13) Long-term loans payable	(324,669)	(326,971)	2,302
(14) Derivative transactions	2,171	2,171	—

* Items recorded in the liabilities section are stated in ( ).

(Note) How to calculate the fair value of financial products and information about securities and derivative transactions are stated as follows:

(1) Cash and deposits, (2) Notes and accounts receivable-trade and (3) Accounts receivable-other

They are settled on a short-term basis and their fair values are roughly equal to their book value, so that they are stated at book value.

(4) Investment securities

As for their fair value, equity securities are stated at fair value on the trade exchanges they are listed.

Non-marketable equity securities ("¥97,489 million Other securities") are not listed item (4) above, because there were extremely difficult to figure out the fair value.

(5) Notes and accounts payable-trade, (6) Short-term loans payable, (7) Commercial papers, (8) Accounts payable-other, (9) Accrued volatile oil and other petroleum taxes, (10) Income taxes payable.

They are settled on a short-term basis and their fair values are roughly equal to their book value, so that they are stated at book value.

(11) Bonds payable

The fair value of a corporate bond is calculated by discounting the sum of its principal and interest at an interest rate at which a similar corporate bond is assumed to be issued in the market.

(12) Convertible bond-type bonds with share acquisition rights

The fair value of convertible bond-type bonds with share acquisition rights is calculated by the price on the exchange.

(13) Long-term loans payable

The fair value of a long-term loan is calculated by discounting the sum of its principal and interest at an interest rate at which a similar, new loan is assumed to be made.

(14) Derivative transactions

The fair value of a derivative contract is calculated based on the price provided by the financial institution, etc. from which it was purchased and its final value in the forward market.

A specially treated interest rate swap is accounted for as an integral part of the long-term loan, or the subject of hedging, so that the fair value of the swap is stated by being included in the fair value of the long-term loan (Please refer to Items (13) above).

(Notes to Asset Retirement Obligations)

Asset retirement obligations reported in the consolidated balance sheet

1 Overview of the Asset Retirement Obligations

The Group primarily records the following asset retirement obligations.

・Obligation to restore the service stations accompanying with the fixed-term land lease contract for business purposes
・Obligation to restore the windmills accompanying with the land lease contract
・Obligation to restore the offices accompanying with the real estate rental contract
・Obligation to close the mine accompanying with the concession agreement taking effect

2 Calculation Method of the Asset Retirement Obligations

The asset retirement obligations are calculated by estimating the expected period of use between 8 and 50 years since its acquisition and applying discount rates ranging from 0.005% to 2.306%.

3 Change in the Asset Retirement Obligations (Millions of yen)

	Fiscal Year 2018 (From April 1, 2018 to March 31, 2019)
Balance at the beginning of the year	20,633
Increase due to the acquisition of property and equipment	1,160
Increase due to change in estimation	308
Adjustments due to the elapse of time	244
Decrease due to the fulfillment of asset retirement obligations	-199
Balance at the end of the year	22,147

(Notes to Leasehold Properties and Other Real Estate)

1. Information about the Current Status of Leasehold Properties and Other Real Estate

The Company and some subsidiaries own leasehold service stations, office buildings and other properties in Tokyo and other areas, and they also own idle properties which are not expected to be utilized in the future.

2. Information on the Fair Value of the Leasehold Properties Held

(Millions of yen)

Book value on the consolidated balance sheet	Fair value
30,481	29,737

Notes: 1 The book value of each property on the Consolidated Balance Sheet is its acquisition cost less accumulated depreciation therefore.

2 The fair value of major properties as of the end of the current fiscal year is the amount based on the statement of the property appraisal standard provided by the external licensed appraiser, while the fair value of other properties is determined by referring to the amount based on the property appraisal standard.

As for properties of less importance, certain assessed amounts or the amounts based on the measurement indices which are considered as reflecting appropriate market prices are regarded as the fair value of such properties, while the appropriate book value of some buildings and other depreciated assets is regarded as their fair value.

(Notes to Per-Share Information)

1. Net assets per share	¥3,333.81
2. Net income per share	¥630.69

(Notes to Lease Transactions)

The future lease payment from non-cancellable operating leases

Within one year	956 million
Over one year	1,864 million

（Notes to Significant events after reporting period)

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.

(Additional Information)

Transactions of granting shares in the Company to executives through a trust

The Company introduced the Executive Remuneration BIP Trust to the Directors etc.

In the Executive Remuneration BIP Trust, the Company purchases as many Company shares as estimated to be granted to the Directors etc. under the established share granting rules and grants Company shares to Directors etc. in accordance with their ranks and terms of office.

In accounting for the trust, the gross method is adopted in line with "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (Practical Issues Task Force No. 30; March 26, 2015). As a result, the book value of the Company shares held in trust is posted as treasury shares in shareholders' equity.

The book value and number of the treasury shares at the end of the fiscal year under review were 752 million yen and 460, respectively.

Balance Sheet

Fiscal Year 2018 (As of March 31, 2019)

(Unit: million yen)

Item	Amount	Item	Amount
Assets	**731,598**	**Liabilities**	**641,895**
Current assets	**310,813**	**Current liabilities**	**304,991**
Cash and deposits	2,496	Short-term loans payable	40,171
Short-term loans receivable from subsidiaries and associates	297,504	Short-term loans payable to subsidiaries and associates	38,642
Accounts receivable-other	5,111	Current portion of long-term loans payable	72,120
Other	5,701	Commercial papers	98,000
Non-current assets	**420,649**	Accounts payable-other	6,905
Property, plant and equipment	**123,703**	Income taxes payable	582
Buildings and structures, net	441	Deposits received	47,042
Vehicles, net	9	Provision for bonuses	375
Tools, furniture and fixtures, net	51	Provision for directors' bonuses	175
Land	123,200	Other	976
Leased assets	0	**Non-current liabilities**	**336,904**
Intangible assets	**920**	Bonds payable	40,700
Software	564	Convertible bond-type bonds with share acquisition rights	60,000
Other	356	Long-term loans payable	234,090
Investments and other assets	**296,025**	Long-term deposits received	339
Investment securities	5,774	Provision for executive remuneration BIP trust	42
Shares of subsidiaries and associates	218,827	Other	1,732
Long-term loans receivable	1	**Net assets**	**89,702**
Long-term loans receivable from subsidiaries and associates	70,220	**Shareholders' equity**	**89,478**
Long-term deposits	691	**Capital stock**	**40,000**
Deferred tax assets	322	**Capital surplus**	**22,262**
Other	187	Legal capital surplus	10,000
Deferred assets	**135**	Other capital surplus	12,262
Bond issuance cost	135	**Retained earnings**	**27,974**
		Other retained earnings	27,974
		Retained earnings brought forward	27,974
		Treasury shares	**△758**
		Valuation and translation adjustments	**224**
		Valuation difference on available-for-sale securities	**450**
		Deferred gains or losses on hedges	**△226**
Total assets	**731,598**	**Total liabilities and net assets**	**731,598**

Statements of Income

Fiscal Year 2018 (From April 1, 2018 to March 31, 2019)

(Unit: million yen)

Item	Amount	
Ⅰ Operating revenue		**29,297**
Ⅱ General and administrative expenses		**8,754**
Operating profit		**20,543**
Ⅲ Non-operating income		
Interest income	8,100	
Dividend income	208	
Foreign exchange gains	7	
Other	163	8,479
Ⅳ Non-operating expenses		
Interest expenses	8,090	
Interest on bonds	503	
Other	958	9,553
Ordinary profit		**19,469**
Ⅴ Extraordinary income		
Gain on liquidation of subsidiaries and associates	282	
Gain on sales of shares of subsidiaries and associates	748	1,031
Ⅵ Extraordinary loss		
Loss on sales of non-current assets	0	
Loss on disposal of non-current assets	2	3
Profit before income taxes		**20,497**
Income taxes-current	1,534	
Income taxes-deferred	△15	1,519
Profit		**18,978**

Statements of Changes in Equity

Fiscal Year 2018 (From April 1, 2018 to March 31, 2019)

(Unit: million yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholder s' equity
Balance at April 1, 2018	40,000	10,000	12,055	22,055	13,234	13,234	△1,091	74,199
Changes of items during the period								
Dividends of surplus					△4,238	△4,238		△4,238
Profit					18,978	18,978		18,978
Purchase of treasury shares							△2	△2
Disposal of treasury shares			206	206			334	541
Net changes of items other than shareholders' equity								
Total changes of items during the period	－	－	206	206	14,739	14,739	332	15,278
Balance at March 31, 2019	40,000	10,000	12,262	22,262	27,974	27,974	△758	89,478

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at April 1, 2018	1,390	△396	994	75,194
Changes of items during the period				
Dividends of surplus				△4,238
Profit				18,978
Purchase of treasury shares				△2
Disposal of treasury shares				541
Net changes of items other than shareholders' equity	△940	170	△770	△770
Total changes of items during the period	△940	170	△770	14,508
Balance at March 31, 2019	450	△226	224	89,702

Notes to Financial Statements

1. In the non-consolidated balance sheet, non-consolidated statements of income and non-consolidated statements of changes in equity of Cosmo Energy Holdings Co., Ltd. (the "Company") represented in the million yen unit, figures less than 1 million yen are rounded down.

2. Notes to Items concerning Significant Accounting Policies

(1) Standards and Methods for Valuation of Securities

Stocks issued by subsidiaries and associated companies:	Stated at cost determined by the moving average method
Other securities:	Securities available for sale with fair market value: Stated at fair value based on market values applicable on the date of settlement of accounts (in which all differences between the carrying amounts and the fair values are reported as a separate component of net assets, while the cost of securities sold is calculated by the moving average method) Securities with no available fair market value: Stated at cost determined by the moving average method

(2) Valuation of Net Amounts of the Assets and Liabilities by Derivative Transactions:
Stated at fair value

(3) Methods for Depreciation of Non-current Assets

Property, Plant and Equipment (Excluding leased assets)	The straight-line method The number of years of their useful lives and salvage values are calculated based on the criteria defined under the Corporate Income Tax Law of Japan.
Intangible Assets	The straight line method The number of years of their useful lives is calculated based on the criteria defined under the Corporate Income Tax Law of Japan, providing that amortization expenses for the software used by the Company is calculated on the straight-line method over the period of its availability in-house (5 years).
Leased Assets	Leased assets involving finance lease transactions under which the ownership of the leased assets is not transferred to lessees: The method to calculate depreciation for such assets is the straight-line method with their residual values being zero over their leased periods used as the number of years for useful life.

(4) Standards for Recording Allowances/Provisions

Allowance for doubtful accounts	An estimated amount of irrecoverable debts is set aside against any potential losses on the failure to collect the accounts receivable. a) Ordinary accounts receivable: The amount of allowance calculated at the actual ratio of bad debts b) Highly doubtful receivables and claims in bankruptcy and reorganization, etc.: The amount of allowance calculated based on the evaluation of financial situations of individual accounts involved.
Provision for bonuses	In preparation for the payment of bonuses to employees etc., the amount to be paid in the fiscal year under review is posted based on the amount estimated to be paid.
Provision for directors' bonuses	In preparation for the payment of bonuses to directors, the Company posts the amount to be paid in the fiscal year under review based on the amount estimated to be paid.
Provision for Executive Remuneration Board Incentive Plan Trust	In preparation for the granting of shares in the Company to the Company's Directors (excluding Outside Directors and members of the Supervisory Committee) and Executive Officers (hereinafter "the Directors etc."), provision is posted based on the value of shares estimated to be granted in accordance with points allocated to the Directors etc. under the share granting rules.

(5) Accounting Process Applied to Deferred Assets
Bond Issuance Cost:
The cost for bond issuance is amortized in the straight line method over the bond redemption period.

(6) Accounting Process for Consumption Tax, etc.
As for how to account for national and local consumption taxes, all domestic transactions are accounted for by excluding these tax amounts from the amounts thereof.

(7) Application of the consolidated tax payment system
The consolidated tax payment system is applied.

(8) Accounting Treatment for the Anonymous Association

The Company invested in the anonymous association, and CEAM LLC is entrusted with its operation of business transaction. Although the property of the anonymous association attribute to the operator, the association is practically operated by our capital. Thus, all the association's property and income summary records on to the financial statements with its total amounts, and with respect to trust beneficiary rights to trusts whose trust assets are land owned by the anonymous association, the Company records all asset and liability accounts in the trust assets and all revenues and expenses arising from the trust assets in relevant account items on its balance sheet and statement of income.

3. Notes to changes in Display 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.

4. Notes to Non-Consolidated Balance Sheet

(1) Short-term loans receivable from subsidiaries and associates: ¥5,126 million
Long-term loans receivable from subsidiaries and associates: ¥0 million
Short-term loans payable to subsidiaries and associates: ¥52,008 million
Long-term loans payable to subsidiaries and associates: ¥246 million

(2) Accumulated depreciation for the property, plant and equipment ¥447 million

(3) Pledged Assets
Breakdown of Assets Pledged as Collateral and Amounts thereof:
Land ¥123,200 million
Secured Liabilities:
Debts related to transactions with banks ¥20,991 million

(4) Contingencies
Guaranty of Liabilities
Cosmo Oil., Ltd. ¥136,774 million
Others ¥20,366 million

(5) Financial Covenants

Out of borrowings, borrowings amounting to ¥79,120 million (including those payable within the next year) come with financial covenants with the acceleration clause which will be activated with respect to such liabilities under certain loan contracts if the Company fails to comply with any of the following financial covenants.

＜Financial Covenants of the Company＞

	Repayment Deadline	Loan Balance	Financial Covenants
(1)	September 30, 2024	¥45,000 million	1) The Company shall not record ordinary loss, as stated in consolidated statements of income for three consecutive years. 2) The Company shall maintain the amount of net assets at ¥156.6 billion or more as stated in its consolidated balance sheet at the end of each fiscal year.
(2)	April 26, 2019	¥34,120 million	The Company shall maintain the amount of net assets at ¥152.0 billion or more as stated in its consolidated balance sheet at the end of each fiscal year.

5. Notes to Non-Consolidated Statements of Income

Operating revenue from subsidiaries and associates: ¥29,297 million
General and administrative expenses for subsidiaries and associates: ¥1,111 million
Non-operating transactions with subsidiaries and associates: ¥9,464 million
（in addition, it is stated in "Notes to the Company's Transactions with Related Parties".)

6. Notes to Non-Consolidated Statements of Changes in Equity

Type and Number of Treasury Shares as of March 31, 2018
Ordinary shares 462,910 shares
（including the Executive Remuneration BIP Trust 460,172 shares)

7. Notes to Tax Effective Consequence Accounting

(Unit: million yen)

1) Deferred tax assets:	
Loss on valuation of investment securities	1,401
Provision for bonuses	168
Others	523
deferred tax assets – Sub-total:	2,092
Valuation allowance:	-1,648
Total deferred tax assets:	444
2) Deferred tax liabilities:	
Valuation difference on available-for-sale securities	-81
Others	-40
Total deferred tax liabilities:	-121
Net deferred tax assets:	322

8. Notes to Non-current Assets Used Under Leases

As for the non-current assets recorded on the balance sheet, we use some of office equipment by ownership transfer finance lease contract.

9. Notes to the Company's Transactions with Related Parties

(1) Subsidiaries and Associated companies

Type	Name (Ownership type & ratio)	Line of business	Cosmo Energy Holdings's relationship with relaited parties	Account item for record entry	Transaction amount (¥mil)	Item	Balance as of Mar 31, 2019 (¥mil)
Subsidiary	Cosmo Oil Co., Ltd. (directly, 100% owned)	Imports and exports, refining, storage, and sales of crude oil and petroleum products, etc.	Business administration Loans to it Interlocking directors	Receipt of operating revenue (*1)	5,183	Accounts receivable-other	464
						Accounts payable-other	56
				Loans to it (*2) and Funds deposit (*3)	302,160	Short-term loans receivable from subsidiaries and associates	242,243
				Interest receivable (*4)	5,798	—	—
				Assumption of guaranty liabilities (*5)	136,774	—	—
				Concomitant assumption of liabilities (*6)	60,000	—	—
				Guaranteed liabilities (*7)	368,377	—	—
Subsidiary	Cosmo Oil Marketing Co., Ltd. (directly, 100% owned)	Sales of oil products, vehicle leasing, etc.	Business administration Loans to it Interlocking directors	Receipt of operating revenue (*1)	3,354	Accounts receivable-other	300
						Accounts payable-other	29
				Loans to it (*2) and Funds deposit (*3)	24,090	Short-term loans receivable from subsidiaries and associates	1,537
						Deposits received	1,149
				Interest receivable (*4)	268	—	—
				Interest payable (*4)	397	—	—
				Assumption of guaranty liabilities (*5)	2,583	—	—
				Concomitant assumption of liabilities (*6)	60,000	—	—
				Guaranteed liabilities (*7)	368,377	—	—
Subsidiary	Cosmo Oil Sales Co., Ltd. (indirectly, 100% owned)	Sales of oil products	Loans to it	Loans to it (*2) and Funds deposit (*3)	11,906	Deposits received	24,631
				Interest payable (*4)	47	Accounts payable-other	24
Subsidiary	Cosmo Oil Property Service Co., Ltd. (indirectly, 100% owned)	Management and lease of service station equipments	Loans to it	Loans to it (*2) and Funds deposit (*3)	81,808	Short-term loans receivable from subsidiaries and associates	30,305
						Long-term loans receivable from subsidiaries and associates	46,041
						Deposits received	5,708
				Interest receivable (*4)	1,294	—	—
				Interest payable (*4)	67	—	—
Subsidiary	Sogo Energy Co., Ltd.(indirectly, 100% owned)	Sales of oil products	Loans to it	Loans to it (*2) and Funds deposit (*3)	6,560	Deposits received	11,433
				Interest payable (*4)	28	—	—

Type	Name (Ownership type & ratio)	Line of business	Cosmo Energy Holdings's relationship with relaited parties	Account item for record entry	Transaction amount (¥mil)	Item	Balance as of Mar 31, 2019 (¥mil)
Subsidiary	Cosmo Matsuyama Oil Co., Ltd. (indirectly, 100% owned)	Manufacture and sale of petrochemical products Storage, loading and discharging of petroleum products	Loans to it	Loans to it (*2) and Funds deposit (*3)	23,678	Short-term loans receivable from subsidiaries and associates	11,228
						Long-term loans receivable from subsidiaries and associates	13,406
				Interest receivable (*4)	192	—	—
Subsidiary	Cosmo Engineering Co., Ltd.(directly, 100% owned)	Undertaking of facility construction and other related work	Loans to it	Loans to it (*2) and Funds deposit (*3)	25,731	Short-term loans receivable from subsidiaries and associates	10,034
				Interest receivable (*4)	410	—	—
				Interest payable (*4)	13	—	—
				Acquisition of shares (*8)	21,180	—	—
Subsidiary	Cosmo Energy Exploration & Production Co., Ltd.(directly, 100% owned)	Planning in the energy exploration and production business	Loans to it Interlocking directors	Loans to it (*2) and Funds deposit (*3)	8,423	Long-term loans receivable from subsidiaries and associates	8,448
						Deposits received	476
				interest receivable (*4)	84	—	—
				Interest payable (*4)	2	Accounts receivable -other	2
Subsidiary	CEAM LLC (directly, 99% owned)	Property management	Investment in anonymous association contract	Gain on investment (*9)	4,474	—	—
Subsidiary	Maruzen Petrochemical Co., Ltd.(directly, 41% owned) (indirectly, 10% owned)	Manufacture and sale of petrochemical products	Loans to it Interlocking directors	Funds deposit (*3)	34,802	Short-term loans payable from subsidiaries and associates	38,642
				Interest payable (*4)	122	Accounts payable-other	58

Out of the amounts shown above, the transaction amounts are exclusive of consumption tax charges, while the balance amounts as of March 31, 2019 include such charges.

Conditions for Transactions with the Subsidiaries Above and the Policy to Determine such Conditions:

Notes:
1. The Core Business Companies (Cosmo Oil, Cosmo Oil Marketing, and Cosmo Energy Exploration & Production) receive the revenue needed for the management of the Company in accordance with their business scales.
2. Loans are used for operating funds, and the amount of transactions shown above is stated based on the average balance during current fiscal year.
3. Loans/Deposits are based on the Company's group financing program, and the amount of transactions is stated base on the average balance during current fiscal year.
4. Interest rates are determined by taking market rates of interest and other conditions into consideration.
5. The Company guarantees loans of Cosmo Oil Co., Ltd. and Cosmo Oil Marketing Co., Ltd. from financial institutions. The amount of guarantee fees is reasonably decided by their agreements.
6. Cosmo Oil Co., Ltd. and the other company owned superimposed liabilities of loans the Company succeeded from financial institutions due to the adoption of a holding company structure on October 1, 2015.
7. Cosmo Oil and Cosmo Oil Marketing jointly guaranteed loans of the Company from financial institutions and bonds payable the Company issued. The amount of grantee fees is reasonably decided by their agreements.
8. Acquired the shares of Eco Power Co., Ltd., owned by Cosmo Engineering Co., Ltd.The acquisition price is determined in consideration of the price calculated by an independent third party.
9. Trust bank rent lands in trust in regard to trust beneficiary rights, the property of the anonymous association, to Cosmo Oil Co., Ltd. Since the anonymous association is practically managed by the Company, land rental income is stated including in "Operating revenue" on statements of income. Rental fees are calculated based on verification and appraisal by real property appraisers.

10. Notes to Per-Share Information

(1) Net assets per share	¥1,064.00
(2) Net income per share	¥225.27

11.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.

12. Additional Information

Transactions of granting shares in the Company to executives through a trust

The Company introduced the Executive Remuneration BIP Trust to the Directors etc.

In the Executive Remuneration BIP Trust, the Company purchases as many Company shares as estimated to be granted to the Directors etc. under the established share granting rules and grants Company shares to the Directors etc. in accordance with their ranks and terms of office.

In accounting for the trust, the gross method is adopted in line with “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (Practical Issues Task Force No. 30; March 26, 2015). As a result, the book value of the Company shares held in trust is posted as treasury shares in shareholders’ equity.

The book value and number of the treasury shares at the end of the fiscal year under review were 752 million yen and 460,172, respectively.

1. Schedule for Property, Plant and Equipment, and Intangible Assets

(Unit: million yen)

Asset class	Asset item	Book value at beginning of year	Addition during year	Reduction during year	Depreciation during year	Book value at end of year	Accumulated depreciation	Acquisition cost at end of year
Property, plant & equipment	Buildings and Structures	416	50	−	24	441	108	550
	Vehicles	7	7	4	1	9	3	12
	Tools, furniture and fixtures	56	13	1	16	51	325	377
	Land	123,200	−	−	−	123,200	−	123,200
	Leased assets	4	−	−	3	0	9	10
	Construction in progress	103	53	157	−	−	−	−
	Total	123,788	125	163	47	123,703	447	124,151
Intangible assets	Software	483	262	−	182	564		
	Others	16	601	262	−	356		
	Total	500	864	262	182	920		

2. Schedule for Allowance/Provision

(Unit: million yen)

Account item	Book value at beginning of year	Addition during year	Reduction during year	Book value at end of year
Provision for bonuses	498	375	498	375
Provision for directors' bonuses	210	175	210	175
Provision for Executive Remuneration BIP Trust	199	42	199	42

3. Schedule for General and Administrative Expenses

(Unit: million yen)

Account item	Amount	Description
Outsourcing expenses	1,781	
Taxes and dues	1,482	
Advertising expenses	1,083	
Salaries and wages	994	
Miscellaneous expenses	818	
Others	2,594	
Total	8,754	

Accounting Auditor's Report
Concerning the Consolidated Financial Statements: Full Copy

Independent Auditor's Report

May 9, 2019

To the Board of Directors,
COSMO ENERGY HOLDINGS CO., LTD.

KPMG AZSA LLC

Designated Limited Liability and Engagement Partner	Certified Public Accountant	Junshi Ono	Seal
Designated Limited Liability and Engagement Partner	Certified Public Accountant	Hiroyuki Nakamura	Seal
Designated Limited Liability and Engagement Partner	Certified Public Accountant	Ryota Takeda	Seal

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statements of income, the consolidated statements of changes in equity and the notes to the consolidated financial statements of the Company applicable to the fiscal year from April 1, 2018 to March 31, 2019.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines are necessary to enable the preparation and fair presentation of the 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 the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.
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 judgment, 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, the method of their application, 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 referred to above present fairly, in all material respects, the financial position and the results of operations of COSMO ENERGY HOLDINGS CO., LTD. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter
Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act.

- END -

Accounting Auditor's Report
Concerning the Financial Statements: Full Copy

Independent Auditor's Report

May 9, 2019

To the Board of Directors,
COSMO ENERGY HOLDINGS CO., LTD.

KPMG AZSA LLC

Designated Limited Liability and Engagement Partner	Certified Public Accountant	Junshi Ono	Seal
Designated Limited Liability and Engagement Partner	Certified Public Accountant	Hiroyuki Nakamura	Seal
Designated Limited Liability and Engagement Partner	Certified Public Accountant	Ryota Takeda	Seal

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statements of income, the statements of changes in equity and the notes to the financial statements and the supplementary schedules of the Company applicable to the 1st fiscal year from April 1, 2018 to March 31, 2019.

Management's Responsibility for the Financial Statements and Others
Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines are necessary to enable the preparation and fair presentation of the financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatements.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, 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 financial statements and the supplementary schedules 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, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.
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 financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of COSMO ENERGY HOLDINGS CO., LTD. for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Emphasis of matter
We draw attention to the subsequent events in the notes to the financial statements, 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 fiscal year approximately ¥7.8 billion in compensation will be recorded as extraordinary income as compensation received.
Our opinion is not modified in respect of this matter.

Other Matter
Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act.

- END -

Supervisory Committee's Audit Report: Full Copy

Audit Report

The Supervisory Committee has conducted audit on the execution of duties by Directors for the 4th business year from April 1, 2018 to March 31, 2019, and hereby reports the methods and results of audit as follows:

1. The Methods and Details of the Audit

With regard to the resolution of the Board of Directors concerning the matters stipulated in Article 399-13, Paragraph 1, Item 1, b, c of the Companies Act, as well as the system (the internal control system) developed based on such resolution, the Supervisory Committee received reports regularly and requested explanation as necessary from the Directors and employees on the establishment and operation of such system, expressed its opinion, and conducted audit by the following methods.

1) In accordance with the auditing policies established by the Supervisory Committee and allocation of duties, we cooperated with Internal Audit Department of the Company; attended significant meetings; obtained reports on business operations from Directors and employees; requested explanation as necessary; reviewed documents which record approval of material matters; conducted investigations regarding the status of the business operations and assets. With respect to subsidiaries, the Supervisory Committee communicated and exchanged information with Directors, Audit & Supervisory Board Members, and other relevant personnel of the subsidiaries, and received business reports from subsidiaries as necessary.

2) The Supervisory Committee monitored and confirmed if the Accounting Auditor holding independent position and performing appropriate audit, received reports on auditing operations from the Accounting Auditor; and requested explanation as necessary. Also, the Supervisory Committee received a report from the Accounting Auditor that the Company implemented the "system to ensure appropriate execution of duties" (set forth in Article 131 of the Company's Calculation Rules) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005) and others, and requested explanation as necessary.

Based on the methods as described above, the Supervisory Committee deliberated the business report and supplementary schedules, the financial statements (the balance sheet, statements of income, statements of changes in equity and the notes to financial statements) and supplementary schedules, and the consolidated financial statements (the consolidated balance sheet, consolidated statements of income, consolidated statements of changes in equity and the notes to consolidated financial statements) for the period under review.

2. Results of Audit

(1) Audit results of business report and other documents concerned

1). The business report and supplementary schedules comply with the laws and regulations and with the Articles of Incorporation and correctly represents the company status.

2). The business activities performed by the Directors were correct and did not seriously violate the laws and regulations, or the Articles of Incorporations.

3). The corporate resolution concerning the internal control system is fair and reasonable. There are no matters to be pointed out for the business report regarding the status of operation of the internal control system.

(2) Audit results of the financial statements and supplementary schedules

The auditing methods and results of the Accounting Auditor, KPMG AZSA LLC, are fair and reasonable.

(3) Audit results of the consolidated financial statements

The auditing methods and results of the Accounting Auditor, KPMG AZSA LLC, are fair and reasonable.

May 9, 2019

COSMO Energy Holdings Co., Ltd. Supervisory Committee

Member of the Supervisory Committee	Sakae Kanno	Seal
Member of the Supervisory Committee	Teruo Miyamoto	Seal
Member of the Supervisory Committee	Kenichi Taki	Seal

(Note) Members of the Supervisory Committee Sakae Kanno and Teruo Miyamoto are Outside Directors as stipulated in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.

- END -