



November 5, 2015

## Overview of Business Results for the Second Quarter of Fiscal Year Ending March 2016 [Based on Japanese GAAP] (Consolidated)

Name of the Company: Cosmo Energy Holdings Co., Ltd. (Cosmo Oil Co., Ltd.) Shares traded: TSE  
 Company Code: 5021 URL <http://ceh.cosmo-oil.co.jp/>  
 Name of Representative: Keizo Morikawa (Title) President  
 Name of Person to contact: Seiko Takagi (Title) General Manager of Corporate Communication Dept. Phone: 03-3798-3180  
 Scheduled date to file quarterly report: November 5, 2015 Dividend payment is to be started on: —  
 Availability of the Quarterly Financial Result Supplementary Information: Yes  
 Execution of the Quarterly Financial Result Presentation Meeting: Yes (for analysts and institutional investors)

Note: Figures less than 1 million are rounded down.

### 1. Consolidated Financial Results for the Second Quarter of Fiscal Year Ending March 2016 (For the period from April 1, 2015 to September 30, 2015)

(1) Consolidated operating results (cumulative total) (Figures in % refer to changes from the same quarter a year earlier)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent for the Second Quarter	
	million yen	%	million yen	%	million yen	%	million yen	%
Second Quarter, FY2015	1,170,487	-24.6	-3,440	-	-7,547	-	-17,467	-
Second Quarter, FY2014	1,552,474	-6.1	12,700	-18.9	4,886	-73.4	-15,307	-

Note: Comprehensive income Second Quarter, FY2015: -16,717 million yen (-%) Second Quarter, FY2014: -10,385 million yen (-%)

	Net income per share for the Second Quarter	Diluted net income per share for the Second Quarter
	yen sen	yen sen
Second Quarter, FY2015	-20.62	-
Second Quarter, FY2014	-18.07	-

Note: The above consolidated operating results are those of Cosmo Oil Co., Ltd.

### (2) Consolidated Financial Position

	Total assets	Net assets	Net Worth ratio
	million yen	million yen	%
Second Quarter, FY2015	1,381,185	190,430	10.8
FY2014	1,428,628	207,520	11.7

[Reference] Net worth Second Quarter, FY2015: 149,508 million yen FY2014: 167,194 million yen

Note: The above consolidated financial position is that of Cosmo Oil Co., Ltd.

### 2. Dividend Payment Results and Outlook

	Annual dividend per share total				
	As of Q1-end	As of Q2-end	As of Q3-end	As of Fiscal Year-end	Full Year
	yen sen	yen sen	yen sen	yen sen	yen sen
FY2014	-	0.00	-	0.00	0.00
FY2015	-	0.00	-	-	-
FY2015 (outlook)	-	-	-	40.00	40.00

Note: 1. Revision made in the dividend payment outlook as of the end of the current quarter from the previous announcement: No

2. The dividend payment results for second quarter of FY2015 and FY2014 are those of Cosmo Oil Co., Ltd.

3. The dividend payment outlook at the end of FY2015 is that of Cosmo Energy Holdings Co., Ltd. For details, please refer to "Request for appropriate use of the business outlook and other special remarks" on the following page.

### 3. Consolidated Business Outlook for FY2015 (April 1, 2015 to March 31, 2016)

(% indicates change from the corresponding period of FY 2014)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
FY2015	2,465,000	-18.8	37,000	-	26,000	-	21,000	-	247.92

Note: 1. Revision made in the consolidated business outlook as of the end of the current quarter from the previous announcement: Yes

2. The above outlook of consolidated operating results is that of Cosmo Energy Holdings Co., Ltd. for FY2015 (for the period from April 1, 2015 to March 31, 2016).

Notes to Consolidated Financial Statements

(1) Change in significant subsidiaries during the second quarter : Yes

Newly — (Name of Company) — Exception 1 (Name of Company) GYXIS CORPORATION (Cosmo Petroleum Gas Co., Ltd changed its corporate name to GYXIS CORPORATION on April 1, 2015)

(2) Adoption of accounting method uniquely adopted to prepare consolidated financial statements for the current quarter: Yes

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

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

(4) Total Number of Outstanding Shares (Ordinary shares)

1. Number of outstanding shares as of end of the period (including treasury shares)
2. Number of treasury shares as of end of the period
3. Average Number of shares outstanding during the period (or the cumulative consolidated accounting period as of the end of the current quarter)

Second Quarter, FY2015	847,705,087 shares	FY2014	847,705,087 shares
Second Quarter, FY2015	665,430 shares	FY2014	669,281 shares
Second Quarter, FY2015	847,035,551 shares	Second Quarter, FY2014	847,046,735 shares

Note: Information about quarterly review procedure execution:

This release on the overview of quarterly business results is outside the scope of the quarterly report review procedures under the Financial Instruments and Exchange Act in Japan but as of the day of the disclosure of this release, the quarterly report review procedures under the Financial Instruments and Exchange Act have been completed.

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

The consolidated business outlook, etc. for the full year of FY2015 is updated from the previous announcement made on May 12, 2015.

The outlook statements shown in these materials are based on information available as of the published date of this release, and actual results may be different from the forecast subject to variable factors that may arise in the future. For details, please refer to the “(3)Explanation Concerning Information regarding Consolidated Business Outlook” of the “1.Qualitative information about results for and at the end of the current quarter” on Page 2 of the Supporting data. Supplementary information will be uploaded on the Cosmo Energy Holdings website on November 5, 2015.

(The year-end dividend payment outlook and net income per share in the outlook of consolidated operating results for FY 2015)

On October 1, 2015, a sole-share transfer was conducted by which 0.1 of a share of the common stock of Cosmo Energy Holdings Co., Ltd. was allocated and delivered per share of the common stock of Cosmo Oil Co., Ltd. Accordingly, the figures stated in the year-end dividend payment outlook for FY2015 and net income per share in the outlook of consolidated operating results for FY2015 are based on the shares of Cosmo Energy Holdings Co., Ltd. after the share transfer. Please note, the number of outstanding shares, which is the basis for assessing net income per share, has been calculated under the assumption that the share transfer had taken place at the beginning of the fiscal year (April 1, 2015).

## Contents of Supporting data

	Page
1. Qualitative information about results for and at the end of the current quarter	
(1) Explanation Concerning Information regarding Consolidated Operating Results .....	2
(2) Explanation Concerning Information regarding Consolidated Financial Position .....	2
(3) Explanation Concerning Information regarding Consolidated Business Outlook .....	2
2. Information about the summary of business results (Notes to Consolidated Financial Statements)	
(1) Change in significant subsidiaries during the current accounting period .....	3
(2) Adoption of accounting method uniquely adopted to prepare consolidated financial statements	
for the current quarter .....	3
(3) Changes in Accounting Policies, Accounting Estimates and Restatements .....	3
3. Consolidated Financial Statements	
(1) Consolidated Balance Sheet .....	4-5
(2) Consolidated Statements of Income and Comprehensive Income	
Consolidated Statements of Income	
Consolidated the first half of FY2015 statements of income .....	6
Consolidated Statements of Comprehensive Income	
Consolidated the first half of FY2015 statements of comprehensive income.....	7
(3) Consolidated Statement of Cash Flows.....	8-9
(4) Notes to Quarterly Consolidated Financial Statements	
(Notes to going concern assumption).....	10
(Notes to remarkable changes in Shareholders' Equity) .....	10
(Segment information).....	10
(Significant Subsequent Events) .....	10-12

1. Qualitative information about results for and at the end of the current quarter

(1) Explanation Concerning Information regarding Consolidated Operating Results

Consolidated net sales for the first half of FY2015 were ¥1,170.5 billion (down ¥382 billion from the same period of FY2014), operating loss ¥3.4 billion (operating income ¥12.7 billion in the same period of FY2014), ordinary loss ¥7.5 billion (ordinary income ¥4.9 billion in the same period of FY2014) and loss attributable to owners of parent ¥17.5 billion (loss attributable to owners of the parent ¥15.3 billion in the same period of FY2014).

The operating results for the first half of FY2015 by business segment are as follows:

- 1) As for petroleum business segment, the net sales decreased due to the decline in crude oil prices. Furthermore, profit declined by increasing of cost of sales that was the effect of inventory valuation caused by the decline in crude oil prices. As a result, the segment reported net sales of ¥1,164.9 billion for the first half of FY2015 (down ¥377.9 billion from the same period of FY2014) and segment loss of ¥18.5 billion (segment loss ¥13.0 billion in the same period of FY2014).
- 2) As for petrochemical business segment, net sales were ¥25.4 billion for the first half of FY2015 (down ¥0.3 billion from the same period of FY2014) by the decline in crude oil prices although sales volume of the petrochemical products increased. However, the segment reported segment income of ¥0.6 billion (segment loss ¥2.8 billion in the same period of FY2014) due to the improvement of the petrochemical market.
- 3) As for oil exploration and production business segment, the segment reported net sales of ¥28.2 billion for the first half of FY2015 (down ¥11.1 billion from the same period of FY2014) and segment income of ¥10.8 billion (down ¥10.8 billion from the same period of FY2014) due to the decline in the sales price of crude oil.

(2) Explanation Concerning Information regarding Consolidated Financial Position

As for Cosmo Energy Holdings Co., Ltd.'s financial position on a consolidated basis as of the end of the first half of FY2015, total assets amounted to ¥1,381.2 billion, down ¥47.4 billion from the end of FY2014 due to the decline of both account-receivable and account-payable caused by the decline of sales volume by seasonal factors. Net assets as of September 30, 2015 amounted to ¥190.4 billion with a net worth ratio of 10.8%.

(3) Explanation Concerning Information regarding Consolidated Business Outlook

The consolidated business outlook for the full year of FY2015 was revised due to the downturn of the petroleum business segment by the deterioration of the petrochemical market for the first half of FY2015 compared with the consolidated business outlook announced on 12 May, 2015.

Profit attributable to owners of parent for the first half of FY2015 includes the impact of tax effect accounting related to the transfer of refineries' land to the consolidated group company for the purpose of complementation of our, Cosmo Energy Holdings Co., Ltd.'s, creditworthiness.

This business outlook is based on the assumptions of crude oil prices at US\$55.3/ bbl and exchange rates at JPY120.9/US\$. (Assumptions of the previous outlook: crude oil price: US\$55.0/bbl, exchange rate: JPY120.0/US\$)

## 2. Information about the summary of business results (Notes to Consolidated Financial Statements)

### (1) Change in significant subsidiaries during the current accounting period:

For the reason that GYXIS CORPORATION (Cosmo Petroleum Gas Co., Ltd changed its corporate name to GYXIS CORPORATION on April 1, 2015) correspond to the jointly controlled entities, the company is not included in the scope of consolidation, but applied Equity Method from the first quarter of fiscal year ending March 2016.

### (2) Adoption of accounting method uniquely adopted to prepare consolidated financial statements for the current quarter:

Tax expenses for Cosmo Oil Co., Ltd. and some of its consolidated subsidiaries are calculated by multiplying a reasonably estimated effective tax rate by net income before taxes for FY 2015.

Income tax adjustments are included in the "income taxes" account stated in "Consolidated Statements of Income".

### (3) Changes in Accounting Policies, Accounting Estimates and Restatements:

#### Changes in Accounting Policies

##### (Application of Accounting Standard for Business Combinations)

The Accounting Standard for Business Combinations (Accounting Standards Board of Japan (ASBJ) Statement No.21 of September 13, 2013), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22 of September 13, 2013), and the Accounting Standard for Business Divestitures (ASBJ Statement No.7 of September 13, 2013) and others have been applied from the first quarter of the consolidated fiscal year under review. Differences caused by changes in Cosmo Oil Co., Ltd. in subsidiaries that continue to be under its control are recorded as capital surplus, and expenses related to acquisition are now recorded as expenses for the consolidated fiscal year in which they were incurred. In addition, regarding business combinations conducted after the beginning of the first quarter of the consolidated fiscal year under review, revisions to the purchase price allocation following the determination of the provisional accounting methods are now reflected in the quarterly financial statements for the quarterly period of the consolidated fiscal term in which the business combination occurred. In addition, the quarterly net income and other statements have been changed accordingly, and minority interest has been changed to non-controlling interest. To reflect these changes, the financial statements for the first half of the previous consolidated fiscal term and the previous consolidated fiscal year have revised.

The Accounting Standard for Business Combinations and other standards are applied in accordance with the transitional treatment stipulated in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures, and are applied from the beginning of the first half of the consolidated fiscal term under review onwards.

The effect of the application of the accounting standard has little effect on consolidated financial statements and segment information for the first half of FY2015.

## 3. Consolidated Financial Statements

## (1) Consolidated Balance Sheet

(Unit: million yen)

	FY2014 (As of March 31, 2015)	2Q FY2015 (As of September 30, 2015)
<b>Assets</b>		
Current assets		
Cash and deposits	95,171	85,983
Notes and accounts receivable-trade	202,469	141,642
Merchandise and finished goods	131,430	149,046
Work in process	273	831
Raw materials and supplies	125,086	107,474
Other	67,259	63,049
Allowance for doubtful accounts	-113	-212
Total current assets	621,578	547,817
Noncurrent assets		
Property, plant and equipment		
Land	310,040	304,927
Other, net	305,391	311,250
Total property, plant and equipment	615,432	616,178
Intangible assets	49,459	47,922
Investments and other assets		
Investment securities	118,788	140,759
Other	23,448	28,587
Allowance for doubtful accounts	-583	-541
Total investments and other assets	141,653	168,805
Total noncurrent assets	806,545	832,906
Deferred assets		
Bond issuance cost	504	461
Total deferred assets	504	461
Total assets	1,428,628	1,381,185
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	182,417	144,038
Short-term loans payable	179,512	213,511
Accounts payable-other	198,315	152,434
Income taxes payable	11,234	1,825
Provision	2,705	2,645
Other	29,674	20,421
Total current liabilities	603,860	534,875
Noncurrent liabilities		
Bonds payable	37,700	37,700
Long-term loans payable	475,659	516,289
Net defined benefit liability	8,833	7,546
Provision	14,405	14,254
Other	80,648	80,089
Total noncurrent liabilities	617,247	655,879
Total liabilities	1,221,107	1,190,755

(Unit: million yen)

	FY2014 (As of March 31, 2015)	2Q FY2015 (As of September 30, 2015)
Net assets		
Shareholders' equity		
Capital stock	107,246	107,246
Capital surplus	16,967	16,966
Retained earnings	7,942	-9,168
Treasury shares	-145	-143
Total shareholders' equity	132,010	114,900
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,505	5,007
Deferred gains or losses on hedges	749	-2
Revaluation reserve for land	21,249	21,369
Foreign currency translation adjustment	10,568	10,518
Remeasurements of defined benefit plans	-2,890	-2,285
Total accumulated other comprehensive income	35,183	34,608
Non-controlling interests	40,326	40,921
Total net assets	207,520	190,430
Total liabilities and net assets	1,428,628	1,381,185

(2) Consolidated Statements of Income and Comprehensive Income  
 (Consolidated Statements of Income)  
 (Consolidated the first half of FY2015 statements of income)

(Unit: million yen)

	2Q FY2014 (From April 1, 2014 to September 30, 2014)	2Q FY2015 (From April 1, 2015 to September 30, 2015)
Net sales	1,552,474	1,170,487
Cost of sales	1,476,606	1,115,029
Gross profit	75,868	55,457
Selling, general and administrative expenses	63,167	58,898
Operating income (loss)	12,700	-3,440
Non-operating income		
Interest income	128	88
Dividends income	476	1,028
Share of profit of entities accounted for using equity method	—	722
Other	2,771	1,815
Total non-operating income	3,377	3,655
Non-operating expenses		
Interest expenses	6,294	6,447
Share of loss of entities accounted for using equity method	878	—
Other	4,018	1,314
Total non-operating expenses	11,191	7,762
Ordinary income (loss)	4,886	-7,547
Extraordinary income		
Gain on sales of noncurrent assets	358	72
Gain on sales of investment securities	186	161
Gain on change in equity	—	1,565
Total extraordinary income	544	1,799
Extraordinary loss		
Loss on sales of noncurrent assets	81	4
Loss on disposal of noncurrent assets	1,803	1,803
Impairment loss	2,339	421
Loss on valuation of investment securities	157	31
Business structure improvement expenses	1,958	1,870
Total extraordinary losses	6,339	4,131
Loss before income taxes	-908	-9,879
Income taxes	12,043	6,146
Loss	-12,951	-16,026
Profit attributable to non-controlling interests	2,355	1,441
Loss attributable to owners of parent	-15,307	-17,467



## (Consolidated Statements of Comprehensive Income)

(Consolidated the first half of FY2015 statements of comprehensive income)

(Unit: million yen)

	2Q FY2014 (From April 1, 2014 to September 30, 2014)	2Q FY2015 (From April 1, 2015 to September 30, 2015)
Loss	-12,951	-16,026
Other comprehensive income		
Valuation difference on available-for-sale securities	828	-359
Deferred gains or losses on hedges	109	-670
Foreign currency translation adjustment	560	19
Remeasurements of defined benefit plans	934	676
Share of other comprehensive income of entities accounted for using equity method	132	-356
Total other comprehensive income	2,566	-691
Comprehensive income	-10,385	-16,717
(Breakdown)		
Comprehensive income attributable to owners of the parent	-12,733	-18,162
Comprehensive income attributable to non-controlling interests	2,347	1,445

## (3) Consolidated Statement of Cash Flows

(Unit: million yen)

	2Q FY2014 From April 1, 2014 to September 30, 2014	2Q FY2015 From April 1, 2015 to September 30, 2015
Net cash provided by (used in) operating activities		
Loss before income taxes	-908	-9,879
Depreciation and amortization	13,117	13,616
Amortization of goodwill	365	365
Amortization of negative goodwill	-563	—
Loss (gain) on sales of noncurrent assets	-277	-68
Loss (gain) on disposal of noncurrent assets	1,803	1,803
Impairment loss	2,339	421
Business structure improvement expenses	1,958	1,870
Loss (gain) on sales of investment securities	-186	-161
Loss (gain) on valuation of investment securities	157	31
Increase (decrease) in provision	-56	-41
Increase (decrease) in net defined benefit liability	-878	-681
Interest and dividends income	-605	-1,116
Interest expenses	6,294	6,447
Foreign exchange losses (gains)	765	105
Share of (profit) loss of entities accounted for using equity method	878	-722
Decrease (increase) in notes and accounts receivable-trade	55,128	54,870
Recovery of recoverable accounts under production sharing	2,789	1,671
Decrease (increase) in inventories	-14,360	-10,091
Increase (decrease) in notes and accounts payable-trade	-27,941	-37,392
Decrease (increase) in other current assets	-13,839	2,577
Increase (decrease) in other current liabilities	3,252	-44,533
Other, net	1,928	581
Subtotal	31,161	-20,325
Interest and dividends income received	1,518	1,639
Interest expenses paid	-6,325	-6,453
Payments for business structure improvement expenses	-2,029	-1,570
Income taxes (paid) refund	-6,362	-15,049
Net cash provided by (used in) operating activities	17,962	-41,758
Net cash provided by (used in) investing activities		
Purchase of investment securities	-1,119	-721
Proceeds from sales and redemption of investment securities	6,318	231
Purchase of shares of subsidiaries and associates	—	-5,927
Proceeds from sales of shares of subsidiaries and associates	3	—
Purchase of property, plant and equipment	-28,070	-25,004
Payments for disposal of property, plant and equipment	-1,361	-1,283
Proceeds from sales of property, plant and equipment	818	557
Payments for purchases of intangible fixed assets and long-term prepaid expenses	-5,259	-9,186
Decrease (increase) in short-term loans receivable	-135	1,409
Purchase of treasury shares of subsidiaries	-1,080	—
Proceeds from withdrawal of time deposits	27,059	14,193
Payments into time deposits	-34,562	—
Other, net	-1	-52
Net cash provided by (used in) investing activities	-37,389	-25,783

(Unit: million yen)

	2Q FY2014 From April 1, 2014 to September 30, 2014	2Q FY2015 From April 1, 2015 to September 30, 2015
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-23,218	36,620
Proceeds from long-term loans payable	54,647	60,022
Repayment of long-term loans payable	-11,382	-15,064
Payments for redemption of bonds	-840	—
Cash dividends paid	-1,694	—
Cash dividends paid to non-controlling shareholders	-68	-78
Other, net	-104	-84
Net cash provided by (used in) financing activities	17,339	81,414
Effect of exchange rate change on cash and cash equivalents	-1,322	590
Net increase (decrease) in cash and cash equivalents	-3,409	14,463
Cash and cash equivalents at beginning of period	123,280	80,765
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	-9,245
Cash and cash equivalents at end of period	119,870	85,983

## (4)Notes to Quarterly Consolidated Financial Statements

(Notes to going concern assumption)

None

(Notes to remarkable changes in Shareholders' Equity)

None

(Segment Information)

2Q FY2014 (From April 1, 2014 to September 30, 2014)

Information about net sales and income or loss amounts by segment reported

(Unit: million yen)

	Petroleum	Petrochemical	Oil exploration and production	Other Note: 1	Adjustments Note: 2	Consolidated Note: 3
Net sales						
Outside customers	1,515,218	9,704	16,855	10,696	—	1,552,474
Inter-segment	27,547	15,983	22,461	21,265	-87,257	—
Total	1,542,765	25,688	39,316	31,961	-87,257	1,552,474
Segment Income (Loss)	-13,048	-2,804	21,568	923	-1,752	4,886

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

2 Segment Income (Loss) in "Adjustments" -1,752 million yen includes 2 million yen for internal eliminations, -1,371 million yen for inventory adjustments and -383 million yen for adjustment of fixed assets.

3 Segment Income (Loss) is adjusted to ordinary income of consolidated quarterly statements of income.

2Q FY2015 (From April 1, 2015 to September 30, 2015)

Information about net sales and income or loss amounts by segment reported

(Unit: million yen)

	Petroleum	Petrochemical	Oil exploration and production	Other Note: 1	Adjustments Note: 2	Consolidated Note: 3
Net sales						
Outside customers	1,139,875	10,138	9,934	10,538	—	1,170,487
Inter-segment	25,022	15,244	18,268	20,521	-79,056	—
Total	1,164,898	25,382	28,203	31,059	-79,056	1,170,487
Segment Income (Loss)	-18,519	631	10,770	623	-1,055	-7,547

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

2 Segment Income (Loss) in "Adjustments" -1,055 million yen includes 47 million yen for internal eliminations, -659 million yen for inventory adjustments and -443 million yen for adjustment of fixed assets.

3 Segment Income (Loss) is adjusted to ordinary loss of consolidated quarterly statements of income.

(Significant Subsequent Events)

(Incorporating of Holding Company through Sole Share Transfer)

The Transaction Under Common Control

On October 1, 2015, Cosmo Energy Holdings Co., Ltd. (hereinafter the "CEH") was established as the wholly-owing parent company of Cosmo Oil Co., Ltd. (hereinafter the "Cosmo") through the share transfer to be solely conducted by Cosmo.

## 1. Overview of the Transaction

## (1) The name of combined business and the contents of the business

The name of the business: Group Company Management Business

The contents of the business: management control of CEH's group companies involved in comprehensive petroleum business and any other business incidental thereto.

## (2) The date of corporate combination

October 1, 2015

## (3) Legal form of business combination

A sole share transfer with CEH as the wholly-owning parent company incorporated through the share transfer and Cosmo as the wholly owned subsidiary company through the share transfer.

(4) The name of the company after corporate combination

Cosmo Energy Holdings Co., Ltd. (CEH)

(5) The purpose of the transaction

CEH's group plans to move to the transformation to the Holding Company structure for the following objectives:

1) Strengthen Business Competitiveness / Realize Stable Profits of CEH

Each operating company, by clearly defining responsibilities and authority, aims to expedite decision-making as well as to enhance the expertise and motivation of employees, which will enable each operating company to conduct business execution quickly responding to changes in business environment and increase its corporate value.

CEH aims to improve its financial standing by establishing profit base and to realize stable dividends.

2) Accelerate the Enhancement of Group Management and Shift Business Resources

In order to realize optimal management resource distribution centripetally from a group-wide perspective, "monitoring of the group's management" will be separated from "business execution" and CEH will focus on determination of the group's management policy.

3) Promote an Alliance in Each Business Line

We will pursue a flexible and swift alliance strategy (collaboration, cooperation, integration) by business line responding to changes in economic and business environments by establishing organizational structure by business domain.

2. Outline of Accounting Treatment

The transaction was treated as a transaction under common control based on "Accounting Standard for Business Combinations (ASBJ Statement No.21 of September 13, 2013)" and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10 of September 13, 2013)."

(The Succession of Marketing-Related Business by Absorption-Type Company Split)

The Transaction Under Common Control

On October 1, 2015, Cosmo, wholly-owning subsidiary company of CEH, succeeded Fuel Oil Sales Business, Car Lease Business and Asset Management Business related to Subsidiary Shares of Cosmo to "Cosmo Oil Marketing Co., Ltd." which is our wholly owned subsidiary company. Cosmo also succeeded Service Station Property Management Business of Cosmo to Cosmo Oil Property Service Co., Ltd. which is our wholly owned subsidiary company through the absorption-type company split.

1. Overview of the Transaction

(1) The name of the company after cooperate combination, the name of combined business, and the contents of the business  
the name of the company after cooperate combination

① Cosmo Oil Marketing Co., Ltd.

The name of the business: fuel oil sales and car lease business and asset management business related to affiliates' shares.

The contents of the business: the sales of petroleum products, car lease business, and management of related affiliates.

② Cosmo Property Service Co., Ltd.

The name of the business: management business of service stations' property.

The purpose of the business: property lease and fixed asset management of service stations.

(2) The date of corporate combination

October 1, 2015

(3) Legal form of business combination

Simple absorption-type company split whereby Cosmo became the splitting company and both Cosmo Oil Marketing Co., Ltd. and Cosmo Oil Property Service Co., Ltd. became the succeeding companies.

(4) The purpose of the transaction

This transaction was performed in order to fortify business facility and promote business effectiveness of the fuel oil sales business, car lease business, assets management business related to affiliates' shares and service station property management business of Cosmo Oil Marketing Co., Ltd., the marketing business company as one of three core operating companies in a holding company structure, pursuing its mission furthermore.

2. Outline of Accounting Treatment

The transaction was treated as a transaction under common control based on "Accounting Standard for Business Combinations (ASBJ Statement No.21 of September 13, 2013)" and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10 of September 13, 2013)."

(Company Split of Management Business of Group Companies)

CEH resolved at its Board of Directors meeting held on November 5, 2015 to split Group Corporate Planning Business, Group Management Support Business, and Group Corporate Management Business from Cosmo and to transfer these businesses to CEH effective on January 1, 2016.

For details, please refer to our timely disclosure information on November 5, 2015 "Announcement on Absorption-type Company Split for transformation to complete Holding structure by the Holding Company and 3 Core Business Companies" or our press release on the web site.