



August 9, 2016

Overview of Business Results for the First Quarter of Fiscal Year Ending March 2017 [Based on Japanese GAAP] (Consolidated)

Name of the Company: Cosmo Energy Holdings Co., Ltd. Shares traded: TSE
 Company Code: 5021 URL <http://ceh.cosmo-oil.co.jp/>
 Name of Representative: 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: August 9, 2016 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 First Quarter of Fiscal Year Ending March 2017 (For the period from April 1, 2016 to June 30, 2016)

(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 First Quarter	
	million yen	%	million yen	%	million yen	%	million yen	%
First Quarter, FY2016	478,711	—	12,638	—	10,348	—	4,779	—
First Quarter, FY2015	—	—	—	—	—	—	—	—

Note: Comprehensive income First Quarter, FY2016: 3,586 million yen (—%) First Quarter, FY2015: — million yen (—%)

	Net income per share for the First Quarter	Diluted net income per share for the First Quarter
	yen sen	yen sen
First Quarter, FY2016	56.89	—
First Quarter, FY2015	—	—

Note: Due to the Company was incorporated through a sole-share transfer on October 1, 2015, there are no results of the same period of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Net Worth ratio
	million yen	million yen	%
First Quarter, FY2016	1,430,703	206,478	7.5
FY2015	1,409,615	202,712	7.7

[Reference] Net worth First Quarter, FY2016: 107,050 million yen FY2015: 108,046 million yen

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
FY2015	—	0.00	—	40.00	40.00
FY2016	—	—	—	—	—
FY2016 (outlook)	—	0.00	—	50.00	50.00

Note: Revision made in the forecast dividend as of the end of the current quarter from the previous announcement: No

3. Consolidated Business Outlook for FY2016 (April 1, 2016 to March 31, 2017)

(% indicates for FY2016 change from the corresponding period of FY 2015)

	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
1H FY2016	1,209,000	—	38,000	—	34,000	—	20,500	—	244.00
FY2016	2,520,000	12.3	77,500	—	67,500	—	47,500	—	565.37

Note: 1. Change made in figures of the consolidated business outlook as of the end of the current quarter from the previous announcement: No

2. Note: Due to the Company was incorporated through a sole-share transfer on October 1, 2015, there are no results of the percentage change from the same period of the previous fiscal year.

Notes to Consolidated Financial Statements

(1) Change in significant subsidiaries during the first quarter : No

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

(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 stock)
2. Number of shares of treasury stock as of the 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)

First Quarter , FY2016	84,770,508 shares	FY2015	84,770,508 shares
First Quarter , FY2016	754,825 shares	FY2015	754,790 shares
First Quarter , FY2016	84,015,692 shares	First Quarter , FY2015	— 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 for the first half of FY2016 and FY2016 is not updated from the previous announcement made on May 12, 2016.

It is based on information available as of the published date of this release and actual results may differ from the forecast subject to various factors that may arise in the future. As 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 Co., Ltd. website on August 9, 2016.

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

Although the Company was incorporated through a sole-share transfer on October 1, 2015 as a wholly owning parent company of Cosmo Oil Co., Ltd., in substance, the scope of consolidation has not changed. Accordingly, when items are compared against the same period of the previous year, Cosmo Oil Co., Ltd.'s operating results for the three month period of the fiscal year ended March 31, 2016 (from April 1, 2015 to June 30, 2015) are used.

(1) Explanation Concerning Information regarding Consolidated Operating Results

Consolidated net sales for the first quarter of FY2016 were ¥478.7 billion (down ¥116.7 billion from the same period of FY2015), operating income ¥12.6 billion (down ¥10.3 billion from the same period of FY2015), ordinary income ¥10.3 billion (down ¥11.9 billion from the same period of FY2015) and profit attributable to owners of parent for the period ¥4.8 billion (down ¥8.9 billion in the same period of FY2015).

The operating results for the first quarter of FY2016 by business segment are as follows:

- 1) In the petroleum business segment, the net sales decreased due to the decline in crude oil prices and sales volume of the petroleum products that were compared with the same period of the previous year. The cost of sales was reduced by the effect of inventory valuation caused by increasing crude oil prices while the markets of petroleum products were dull. As a result, the segment reported net sales of ¥436.7 billion for the first quarter of FY2016 (down ¥151.4 billion from the same period of FY2015) and segment income of ¥6.4 billion (down ¥11.6 billion in the same period of FY2015).
- 2) In the petrochemical business segment, due to the effect that Maruzen Petrochemical Co., Ltd. was included in the scope of the consolidated subsidiaries of the Cosmo Energy Group in the end of previous fiscal year, the segment reported net sales of ¥67.3 billion for the first quarter of FY2016 (up ¥58.7 billion from the same period FY2015) and segment income of ¥1.7 billion (up ¥0.3 billion in the same period of FY2015).
- 3) In the oil exploration and production business segment, due to the decline in the sales price of crude oil, the segment reported net sales of ¥8.9 billion for the first quarter of FY2016 (down ¥2.1 billion from the same period of FY2015) and segment income of ¥1.5 billion (down ¥1.1 billion from the same period of FY2015).

(2) Explanation Concerning Information regarding Consolidated Financial Position

As for the Company's financial position on a consolidated basis as of the end of the first quarter of FY2016, total assets as of June 30, 2016 amounted to ¥1,430.7 billion, up ¥21.1 billion from March 31, 2016, the end of FY2015, mainly reflecting increased fixed assets due to the investment for facilities in the oil exploration and production business.

Net assets as of June 30, 2016 amounted to ¥206.5 billion with a net worth ratio of 7.5%.

(3) Explanation Concerning Information regarding Consolidated Business Outlook

The consolidated business outlook for the first half of FY2016 and FY2016 is not updated from the previous announcement made on May 12, 2016.

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

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

None

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

The Company calculates tax expenses for the Company and some of its consolidated subsidiaries by multiplying a reasonably estimated effective tax rate by net income before taxes for the current quarter.

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

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

Changes in Accounting Policies

(Application of practical solution on a change in depreciation method due to Tax Reform 2016)

As a result of the revision of the Corporation Tax Act, the practical solution on a change in depreciation method due to Tax Reform 2016 (ASBJ Practical Issues Task Force No. 32, June 17, 2016) has been applied to the first quarter of the accounting period under review, and the method of depreciating the buildings and accompanying facilities acquired on or after April 1, 2016, has been changed from the declining balance method to the straight line method.

The effect of this change on the quarterly consolidated financial statements and segment information for the consolidated cumulative first quarter under review is negligible.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: million yen)

	FY2015 (As of March 31, 2016)	1Q FY2016 (As of June 30, 2016)
Assets		
Current assets		
Cash and deposits	60,972	87,938
Notes and accounts receivable-trade	192,572	156,675
Securities	30,000	12,299
Merchandise and finished goods	87,825	103,938
Work in process	391	769
Raw materials and supplies	94,211	107,562
Other	50,476	53,297
Allowance for doubtful accounts	-195	-149
Total current assets	516,254	522,332
Noncurrent assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	149,609	146,640
Land	320,971	320,685
Other, net	222,687	247,798
Total property, plant and equipment	693,267	715,124
Intangible assets	47,423	46,573
Investments and other assets		
Investment securities	112,040	105,931
Other	40,460	40,621
Allowance for doubtful accounts	-481	-470
Total investments and other assets	152,019	146,082
Total noncurrent assets	892,710	907,781
Deferred assets		
Bond issuance cost	651	589
Total deferred assets	651	589
Total assets	1,409,615	1,430,703
Liabilities		
Current liabilities		
Notes and accounts payable-trade	115,803	146,674
Short-term loans payable	200,619	188,373
Commercial papers	12,000	47,000
Accounts payable-other	188,370	161,955
Income taxes payable	8,094	4,158
Provision	9,807	10,228
Other	20,822	19,223
Total current liabilities	555,519	577,613
Noncurrent liabilities		
Bonds payable	46,700	46,700
Long-term loans payable	497,831	500,806
Net defined benefit liability	9,586	9,315
Provision	19,707	16,422
Other	77,558	73,367
Total noncurrent liabilities	651,384	646,611
Total liabilities	1,206,903	1,224,224

(Unit: million yen)

	FY2015 (As of March 31, 2016)	1Q FY2016 (As of June 30, 2016)
Net assets		
Shareholders' equity		
Capital stock	40,000	40,000
Capital surplus	84,509	84,510
Retained earnings	259	1,579
Treasury shares	-1,223	-1,223
Total shareholders' equity	123,545	124,866
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,042	1,404
Deferred gains or losses on hedges	-1,601	-721
Revaluation reserve for land	-20,660	-20,617
Foreign currency translation adjustment	8,507	6,406
Remeasurements of defined benefit plans	-4,786	-4,288
Total accumulated other comprehensive income	-15,499	-17,815
Non-controlling interests	94,665	99,427
Total net assets	202,712	206,478
Total liabilities and net assets	1,409,615	1,430,703

(2) Consolidated Statements of Income and Comprehensive Income
 (Consolidated Statements of Income)
 (Consolidated the first three months of FY2016 statements of income)

	(Unit: million yen)
	1Q FY2016
	(From April 1, 2016 to June 30, 2016)
Net sales	478,711
Cost of sales	435,400
Gross profit	43,310
Selling, general and administrative expenses	30,672
Operating income	12,638
Non-operating income	
Interest income	42
Dividends income	356
Foreign exchange gains	1,669
Other	895
Total non-operating income	2,963
Non-operating expenses	
Interest expenses	3,074
Share of loss of entities accounted for using equity method	1,313
Other	864
Total non-operating expenses	5,253
Ordinary income	10,348
Extraordinary income	
Gain on sales of noncurrent assets	128
Gain on bargain purchase	493
Other	21
Total extraordinary income	644
Extraordinary loss	
Loss on disposal of noncurrent assets	788
Impairment loss	371
Loss on valuation of investment securities	274
Business structure improvement expenses	147
Other	70
Total extraordinary losses	1,652
Income before income taxes	9,340
Income taxes	3,342
Profit	5,997
Profit attributable to non-controlling interests	1,218
Profit attributable to owners of parent	4,779

(Consolidated Statements of Comprehensive Income)

(Consolidated the first three months of FY2016 statements of comprehensive income)

(Unit: million yen)

	1Q FY2016 (From April 1, 2016 to June 30, 2016)
Profit	5,997
Other comprehensive income	
Valuation difference on available-for-sale securities	-1,721
Deferred gains or losses on hedges	933
Revaluation reserve for land	-29
Foreign currency translation adjustment	-1,278
Remeasurements of defined benefit plans	498
Share of other comprehensive income of entities accounted for using equity method	-813
Total other comprehensive income	-2,410
Comprehensive income	3,586
(Breakdown)	
Comprehensive income attributable to owners of parent	2,389
Comprehensive income attributable to non-controlling interests	1,197

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumption)

None

(Notes to Remarkable Changes in Shareholders' Equity)

None

(Segment Information)

1Q FY2016 (From April 1, 2016 to June 30, 2016)

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	411,036	59,393	3,252	5,029	—	478,711
Inter-segment	25,707	7,874	5,597	7,063	-46,243	—
Total	436,744	67,267	8,850	12,092	-46,243	478,711
Segment Income (Loss)	6,352	1,675	1,537	-352	1,135	10,348

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" 1,135 million yen includes 1,108 million yen for the net amount of the entire Company's income and expenses not allocated to the reporting segments or the "Other" category, 34 million yen for internal eliminations, 114 million yen for inventory adjustments, and -121 million yen for adjustment of fixed assets.

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

(Significant Subsequent Events)

None