



February 9, 2017

**Overview of Business Results
for the Third 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: February 9, 2017 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 Third Quarter of Fiscal Year Ending March 2017 (For the period from April 1, 2016 to December 31, 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 Third Quarter	
	million yen	%	million yen	%	million yen	%	million yen	%
Third Quarter, FY2016	1,625,590	-6.1	56,559	—	50,094	—	23,447	—
Third Quarter, FY2015	1,731,461	—	-19,606	—	-26,985	—	-48,600	—

Note: Comprehensive income Third Quarter, FY2016: 32,541 million yen (—%) Third Quarter, FY2015: -46,741 million yen (—%)

	Net income per share for the Third Quarter	Diluted net income per share for the Third Quarter
	yen sen	yen sen
Third Quarter, FY2016	278.97	—
Third Quarter, FY2015	-574.70	—

(2) Consolidated Financial Position

	Total assets	Net assets	Net Worth ratio
	million yen	million yen	%
Third Quarter, FY2016	1,572,610	237,718	8.2
FY2015	1,409,615	202,712	7.7

[Reference] Net worth Third Quarter, FY2016: 129,049 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	—	0.00	—	—	—
FY2016 (outlook)	—	—	—	50.00	50.00

Note: Revision made in the dividend payment outlook 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 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
FY2016	2,365,000	5.4	61,000	—	53,000	—	33,000	—	392.44

Note: Revision made in the consolidated business outlook as of the end of the current quarter from the previous announcement: No

Notes to Consolidated Financial Statements

(1) Change in significant subsidiaries during the third 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 shares)
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)

Third Quarter, FY2016	84,770,508 shares	FY2015	84,770,508 shares
Third Quarter, FY2016	681,339 shares	FY2015	754,790 shares
Third Quarter, FY2016	84,048,254 shares	Third Quarter, FY2015	84,567,367 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 full year of FY2016 is not updated from the previous announcement made on November 10, 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. 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 February 9, 2017.

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 nine months of FY2016 were ¥1,625.6 billion (down ¥ 105.9 billion from the same period of FY2015), operating income ¥56.6 billion (operating loss ¥19.6 billion in the same period of FY2015), ordinary income ¥50.1 billion (ordinary loss ¥27.0 billion in the same period of FY2015) and profit attributable to owners of parent for the period ¥23.4 billion (loss attributable to owners of parent ¥48.6 billion in the same period of FY2015).

The operating results for the first nine months 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 compared with the same period of the previous year, and the stagnant petroleum product market. Meanwhile, the cost of sales was reduced by the effect of inventory valuation caused by increasing crude oil prices at the end of the current quarter. As a result, the segment reported net sales of ¥1,493.4 billion for the first nine months of FY2016 (down ¥224.6 billion from the same period of FY2015) and segment income of ¥23.1 billion (segment loss ¥43.6 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 at the end of previous fiscal year, the segment reported net sales of ¥252.7 billion for the first nine months of FY2016 (up ¥216.2 billion from the same period FY2015) and segment income of ¥12.7 billion (up ¥12.5 billion from 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 compared with the same period of the previous year, the segment reported net sales of ¥32.7 billion for the first nine months of FY2016 (down ¥6.4 billion from the same period of FY2015) and segment income of ¥9.0 billion (down ¥5.4 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 third quarter of FY2016, total assets as of December 31, 2016 amounted to ¥1,572.6 billion, up ¥163.0 billion from March 31, 2016, the end of FY2015. The main factors were the increases in accounts receivable-trade and inventories reflecting higher crude oil prices, and the increase in fixed assets due to the investment for facilities in the oil exploration and production business.

Net assets as of December 31, 2016 amounted to ¥237.7 billion with a net worth ratio of 8.2%.

(3) Explanation Concerning Information regarding Consolidated Business Outlook

The consolidated business outlook for the full year of FY2016 is not updated from the previous announcement made on November 10, 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.

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 from 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 third quarter under review is negligible.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: million yen)

	FY2015 (As of March 31, 2016)	3Q FY2016 (As of December 31, 2016)
Assets		
Current assets		
Cash and deposits	60,972	66,547
Notes and accounts receivable-trade	192,572	259,489
Securities	30,000	1,300
Merchandise and finished goods	87,825	106,860
Work in process	391	566
Raw materials and supplies	94,211	134,778
Other	50,476	65,181
Allowance for doubtful accounts	-195	-217
Total current assets	516,254	634,506
Noncurrent assets		
Property, plant and equipment		
Land	320,971	320,683
Other, net	372,296	423,831
Total property, plant and equipment	693,267	744,514
Intangible assets	47,423	45,019
Investments and other assets		
Investment securities	112,040	107,794
Other	40,460	40,582
Allowance for doubtful accounts	-481	-337
Total investments and other assets	152,019	148,039
Total noncurrent assets	892,710	937,573
Deferred assets		
Bond issuance cost	651	531
Total deferred assets	651	531
Total assets	1,409,615	1,572,610
Liabilities		
Current liabilities		
Notes and accounts payable-trade	115,803	153,491
Short-term loans payable	200,619	292,560
Commercial papers	12,000	48,500
Accounts payable-other	188,370	195,245
Income taxes payable	8,094	14,266
Provision	9,807	5,635
Other	20,822	26,444
Total current liabilities	555,519	736,142
Noncurrent liabilities		
Bonds payable	46,700	46,700
Long-term loans payable	497,831	454,092
Net defined benefit liability	9,586	8,723
Provision	19,707	16,371
Other	77,558	72,862
Total noncurrent liabilities	651,384	598,749
Total liabilities	1,206,903	1,334,892

(Unit: million yen)

	FY2015 (As of March 31, 2016)	3Q FY2016 (As of December 31, 2016)
Net assets		
Shareholders' equity		
Capital stock	40,000	40,000
Capital surplus	84,509	84,359
Retained earnings	259	20,247
Treasury shares	-1,223	-1,113
Total shareholders' equity	123,545	143,492
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,042	4,430
Deferred gains or losses on hedges	-1,601	-1,332
Revaluation reserve for land	-20,660	-20,617
Foreign currency translation adjustment	8,507	6,201
Remeasurements of defined benefit plans	-4,786	-3,125
Total accumulated other comprehensive income	-15,499	-14,443
Non-controlling interests	94,665	108,669
Total net assets	202,712	237,718
Total liabilities and net assets	1,409,615	1,572,610

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Consolidated the First Nine Months of FY2016 Statements of Income)

(Unit: million yen)

	3Q FY2015 (From April 1, 2015 to December 31, 2015)	3Q FY2016 (From April 1, 2016 to December 31, 2016)
Net sales	1,731,461	1,625,590
Cost of sales	1,662,747	1,471,962
Gross profit	68,713	153,628
Selling, general and administrative expenses	88,320	97,068
Operating income (loss)	-19,606	56,559
Non-operating income		
Interest income	93	139
Dividend income	1,188	616
Foreign exchange gains	230	3,984
Other	2,782	3,137
Total non-operating income	4,295	7,878
Non-operating expenses		
Interest expenses	9,598	9,155
Share of loss of entities accounted for using equity method	545	2,191
Other	1,531	2,996
Total non-operating expenses	11,674	14,343
Ordinary income (loss)	-26,985	50,094
Extraordinary income		
Gain on sales of noncurrent assets	133	254
Gain on sales of investment securities	161	641
Gain on sales of shares of subsidiaries and associates	—	1,232
Gain on change in equity	1,565	—
Gain on bargain purchase	—	493
Other	—	16
Total extraordinary income	1,860	2,638
Extraordinary losses		
Loss on disposal of noncurrent assets	3,880	3,444
Impairment loss	497	584
Loss on valuation of investment securities	33	563
Business structure improvement expenses	3,026	354
Other	815	476
Total extraordinary losses	8,254	5,423
Profit (loss) before income taxes	-33,379	47,309
Income taxes	12,284	16,574
Profit (loss)	-45,664	30,734
Profit attributable to non-controlling interests	2,936	7,287
Profit (loss) attributable to owners of parent	-48,600	23,447

(Consolidated Statements of Comprehensive Income)

(Consolidated the First Nine Months of FY2016 Statements of Comprehensive Income)

(Unit: million yen)

	3Q FY2015 (From April 1, 2015 to December 31, 2015)	3Q FY2016 (From April 1, 2016 to December 31, 2016)
Profit (loss)	-45,664	30,734
Other comprehensive income		
Valuation difference on available-for-sale securities	755	2,148
Deferred gains or losses on hedges	-863	303
Revaluation reserve for land	-47	-29
Foreign currency translation adjustment	35	-115
Remeasurements of defined benefit plans, net of tax	956	1,660
Share of other comprehensive income of entities accounted for using equity method	-1,913	-2,161
Total other comprehensive income	-1,077	1,806
Comprehensive income	-46,741	32,541
(Breakdown)		
Comprehensive income attributable to owners of the parent	-49,676	24,428
Comprehensive income attributable to non-controlling interests	2,935	8,112

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumption)

None

(Notes to Remarkable Changes in Shareholders' Equity)

None

(Segment Information)

I 3Q FY2015 (From April 1, 2015 to December 31, 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	1,682,751	14,695	17,127	16,886	—	1,731,461
Inter-segment	35,200	21,806	22,013	35,515	-114,536	—
Total	1,717,951	36,502	39,140	52,401	-114,536	1,731,461
Segment Income (Loss)	-43,574	182	14,447	1,812	147	-26,985

Notes: 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" 147 million yen includes 248 million yen for the net amount of the entire Company's income and expenses not allocated to the reporting segments or the "Other" category, 74 million yen for internal eliminations, 541 million yen for inventory adjustments, and -716 million yen for adjustment of fixed assets.

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

II 3Q FY2016 (From April 1, 2016 to December 31, 2016)

Information about net sales and income 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	1,375,027	219,068	14,815	16,679	—	1,625,590
Inter-segment	118,379	33,652	17,841	27,689	-197,563	—
Total	1,493,406	252,721	32,657	44,369	-197,563	1,625,590
Segment Income	23,129	12,692	9,012	1,532	3,727	50,094

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

2 Segment Income in "Adjustments" 3,727 million yen includes 3,971 million yen for the net amount of the entire Company's income and expenses not allocated to the reporting segments or the "Other" category, -78 million yen for internal eliminations, -16 million yen for inventory adjustments, and -147 million yen for adjustment of fixed assets.

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

(Significant Subsequent Events)

None