



November 9, 2017

## Overview of Business Results for the Second Quarter of Fiscal Year Ending March 2018 [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: Hiroshi Kiriya (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 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 Second Quarter of Fiscal Year Ending March 2018 (For the period from April 1, 2017 to September 30, 2017)

#### (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, FY2017	1,134,291	10.8	38,136	127.7	43,401	200.1	22,391	415.9
Second Quarter, FY2016	1,023,838	—	16,751	—	14,460	—	4,340	—

Note: Comprehensive income Second Quarter, FY2017: 31,537 million yen (466.4%) Second Quarter, FY2016: 5,568 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, FY2017	266.26	—
Second Quarter, FY2016	51.65	—

#### (2) Consolidated Financial Position

	Total assets	Net assets	Net Worth ratio
	million yen	million yen	%
Second Quarter, FY2017	1,572,253	298,457	11.7
FY2016	1,525,679	272,786	10.8

[Reference] Net worth Second Quarter, FY2017: 184,508 million yen FY2016: 164,722 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
FY2016	—	0.00	—	50.00	50.00
FY2017	—	0.00	—	50.00	50.00
FY2017 (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 FY2017 (April 1, 2017 to March 31, 2018)

(% indicates change from the corresponding period of FY 2016)

	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
FY2017	2,432,000	6.1	76,500	-17.0	80,000	-1.8	43,000	-19.2	511.27

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

Notes to Consolidated Financial Statements

(1) Change in significant subsidiaries during the second 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.: No
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 outstanding shares during the period (or the cumulative consolidated accounting period as of the end of the current quarter)

Second Quarter, FY2017	84,770,508 shares	FY2016	84,770,508 shares
Second Quarter, FY2017	666,756 shares	FY2016	681,474 shares
Second Quarter, FY2017	84,096,435 shares	Second Quarter, FY2016	84,030,688 shares

Note: These quarterly financial results are not subject to quarterly review procedures based on the Financial Instruments and Exchange Act.

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

The consolidated business outlook for the full year of FY2017 is updated from the previous announcement made on May 11, 2017.

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 Co., Ltd.website on November 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 half of FY2017 were ¥1,134.3 billion (up ¥110.5 billion from the same period of FY2016), operating income ¥38.1 billion (up ¥21.3 billion from the same period of FY2016), ordinary income ¥43.4 billion (up ¥28.9 billion from the same period of FY2016) and profit attributable to owners of parent for the period ¥22.4 billion (up ¥18.1 billion from the same period of FY2016).

The operating results for the first half of FY2017 by business segment are as follows :

- 1) In the petroleum business segment, the net sales were boosted by the increase in crude oil prices from the same period of the previous year. The increase in crude oil price and the inventory evaluation effected the cost of sales. As a result, the segment reported net sales of ¥1,032.7 billion for the first half of FY2017 (up ¥90.7 billion from the same period of FY2016) and segment income of ¥14.4 billion (up ¥12.8 billion from the same period of FY2016).
- 2) In the petrochemical business segment, due to the increase in selling volume of petrochemical products and improvement of product market conditions, the segment reported net sales of ¥211.5 billion for the first half of FY2017 (up ¥60.0 billion from the same period FY2016) and segment income of ¥16.7 billion (up ¥12.1 billion from the same period of FY2016).
- 3) In the oil exploration and production business segment, due to the increased selling price of crude oil from the same period of the previous year, the segment reported net sales of ¥25.1 billion for the first half of FY2017 (up ¥4.8 billion from the same period of FY2016) and segment income of ¥9.0 billion (up ¥2.7 billion from the same period of FY2016).

(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 second quarter of FY2017, total assets as of September 30, 2017 amounted to ¥1,572.3 billion, up ¥46.6 billion from March 31, 2017, the end of FY2016, mainly reflecting increased fixed assets due to the investment for facilities in the oil exploration and production business.

Net assets as of September 30, 2017 amounted to ¥298.5 billion with a net worth ratio of 11.7%.

(3) Explanation Concerning Information regarding Consolidated Business Outlook

The consolidated business outlook for the full year of FY 2017 was revised due to amelioration of earnings of the petroleum and petrochemical business segments for the first half of FY 2017, compared to the previous outlook (announced on May 11, 2017). This business outlook is based on the assumptions of crude oil price at US\$50.1/ bbl and exchange rate at JPY110.5/ US\$.

(Assumptions at the previous forecast: crude oil price US\$50.0/ bbl, exchange rate JPY110.0/ US\$ )

## 2. Consolidated Financial Statements and Their Main Notes

## (1) Consolidated Balance Sheet

(Unit: million yen)

	FY2016 (As of March 31, 2017)	2Q FY2017 (As of September 30, 2017)
Assets		
Current assets		
Cash and deposits	45,292	61,656
Notes and accounts receivable-trade	216,602	200,426
Merchandise and finished goods	111,905	136,972
Work in process	279	794
Raw materials and supplies	131,181	118,454
Other	56,523	56,436
Allowance for doubtful accounts	-181	-136
Total current assets	561,604	574,603
Non-current assets		
Property, plant and equipment		
Land	320,496	319,590
Other, net	452,823	472,333
Total property, plant and equipment	773,320	791,923
Intangible assets	44,585	43,484
Investments and other assets		
Investment securities	105,720	120,201
Other	40,312	41,952
Allowance for doubtful accounts	-365	-354
Total investments and other assets	145,667	161,798
Total non-current assets	963,573	997,206
Deferred assets		
Bond issuance cost	502	443
Total deferred assets	502	443
Total assets	1,525,679	1,572,253

(Unit: million yen)

	FY2016 (As of March 31, 2017)	2Q FY2017 (As of September 30, 2017)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	170,539	172,179
Short-term loans payable	225,169	233,351
Commercial papers	51,400	79,300
Accounts payable-other	158,956	173,043
Income taxes payable	11,237	8,480
Provision	8,555	5,668
Other	29,616	23,592
<b>Total current liabilities</b>	<b>655,473</b>	<b>695,615</b>
<b>Non-current liabilities</b>		
Bonds payable	46,700	46,700
Long-term loans payable	449,282	428,186
Provision	16,471	18,253
Asset retirement obligations	5,516	4,203
Net defined benefit liability	19,338	19,581
Other	60,111	61,255
<b>Total non-current liabilities</b>	<b>597,420</b>	<b>578,180</b>
<b>Total liabilities</b>	<b>1,252,893</b>	<b>1,273,795</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	40,000	40,000
Capital surplus	84,359	84,359
Retained earnings	49,985	68,051
Treasury shares	-1,113	-1,089
<b>Total shareholders' equity</b>	<b>173,231</b>	<b>191,321</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,794	6,741
Deferred gains or losses on hedges	-233	-1,235
Revaluation reserve for land	-20,576	-20,739
Foreign currency translation adjustment	7,215	7,382
Remeasurements of defined benefit plans	292	1,037
<b>Total accumulated other comprehensive income</b>	<b>-8,508</b>	<b>-6,813</b>
<b>Non-controlling interests</b>	<b>108,063</b>	<b>113,949</b>
<b>Total net assets</b>	<b>272,786</b>	<b>298,457</b>
<b>Total liabilities and net assets</b>	<b>1,525,679</b>	<b>1,572,253</b>

(2) Consolidated Statements of Income and Comprehensive Income  
 (Consolidated Statements of Income)  
 (Consolidated the First Half of FY2017 Statements of Income)

	(Unit: million yen)	
	2Q FY2016 (From April 1, 2016 to September 30, 2016)	2Q FY2017 (From April 1, 2017 to September 30, 2017)
Net sales	1,023,838	1,134,291
Cost of sales	944,245	1,034,611
Gross profit	79,592	99,679
Selling, general and administrative expenses	62,841	61,543
Operating income	16,751	38,136
Non-operating income		
Interest income	100	152
Dividend income	406	485
Share of profit of entities accounted for using equity method	—	7,585
Foreign exchange gains	4,333	2,183
Other	2,240	2,167
Total non-operating income	7,080	12,575
Non-operating expenses		
Interest expenses	6,159	6,132
Share of loss of entities accounted for using equity method	1,917	—
Other	1,295	1,177
Total non-operating expenses	9,371	7,309
Ordinary income	14,460	43,401
Extraordinary income		
Gain on sales of non-current assets	158	709
Gain on sales of investment securities	244	275
Gain on sales of shares of subsidiaries and associates	119	—
Gain on bargain purchase	493	—
Other	16	148
Total extraordinary income	1,032	1,133
Extraordinary losses		
Loss on disposal of non-current assets	1,961	1,852
Impairment loss	454	301
Loss on valuation of investment securities	250	71
Loss on sales of shares of subsidiaries and associates	12	—
Business structure improvement expenses	185	1,121
Other	72	13
Total extraordinary losses	2,936	3,359
Profit before income taxes	12,556	41,176
Income taxes	3,741	11,849
Profit	8,814	29,326
Profit attributable to non-controlling interests	4,474	6,935
Profit attributable to owners of parent	4,340	22,391

## (Consolidated Statements of Comprehensive Income)

(Consolidated the First Half of FY2017 Statements of Comprehensive Income)

(Unit: million yen)

	2Q FY2016 (From April 1, 2016 to September 30, 2016)	2Q FY2017 (From April 1, 2017 to September 30, 2017)
Profit	8,814	29,326
Other comprehensive income		
Valuation difference on available-for-sale securities	-377	2,580
Deferred gains or losses on hedges	400	-1,035
Revaluation reserve for land	-29	-249
Foreign currency translation adjustment	-1,729	-110
Remeasurements of defined benefit plans, net of tax	1,079	745
Share of other comprehensive income of entities accounted for using equity method	-2,588	279
Total other comprehensive income	-3,245	2,210
Comprehensive income	5,568	31,537
(Breakdown)		
Comprehensive income attributable to owners of the parent	825	24,000
Comprehensive income attributable to non-controlling interests	4,743	7,537



## (3) Consolidated Statement of Cash Flows

(Unit: million yen)

	2Q FY2016 (From April 1, 2016 to September 30, 2016)	2Q FY2017 (From April 1, 2017 to September 30, 2017)
Cash flows from operating activities		
Profit before income taxes	12,556	41,176
Depreciation	17,515	17,921
Amortization of goodwill	365	365
Gain on bargain purchase	-493	—
Loss (gain) on sales of non-current assets	-145	-695
Loss (gain) on disposal of non-current assets	1,961	1,852
Impairment loss	454	301
Business structure improvement expenses	185	1,121
Loss (gain) on sales of investment securities	-184	-275
Loss (gain) on valuation of investment securities	250	71
Loss (gain) on sales of shares of subsidiaries and associates	-107	—
Increase (decrease) in allowance for doubtful accounts	-113	-55
Increase (decrease) in provision	-4,907	45
Increase (decrease) in net defined benefit asset (liability)	271	-406
Interest and dividend income	-506	-638
Interest expenses	6,159	6,132
Foreign exchange losses (gains)	-3,190	-1,530
Share of (profit) loss of entities accounted for using equity method	1,917	-7,585
Decrease (increase) in notes and accounts receivable-trade	-9,144	14,359
Recovery of recoverable accounts under production sharing	1,612	1,791
Decrease (increase) in inventories	-30,820	-12,339
Increase (decrease) in notes and accounts payable-trade	23,734	2,905
Decrease (increase) in other current assets	2,360	638
Increase (decrease) in other current liabilities	-5,650	13,634
Increase (decrease) in other non-current liabilities	-2,946	-49
Decrease (increase) in investments and other assets	327	129
Other, net	-467	-420
Subtotal	10,995	78,448
Interest and dividends income received	661	866
Interest expenses paid	-6,214	-6,135
Payments for business structure improvement expenses	-2,552	-2,288
Proceeds from subsidy income	818	1,106
Income taxes paid	-8,032	-13,997
Net cash provided by (used in) operating activities	-4,325	58,000

	2Q FY2016 (From April 1, 2016 to September 30, 2016)	2Q FY2017 (From April 1, 2017 to September 30, 2017)
Cash flows from investing activities		
Purchase of investment securities	-315	-601
Proceeds from sales and redemption of investment securities	1,615	167
Purchase of shares of subsidiaries and associates	-620	-2,984
Proceeds from sales and liquidation of shares of subsidiaries and associates	70	—
Purchase of property, plant and equipment	-62,321	-54,074
Payments for disposal of property, plant and equipment	-1,536	-1,125
Proceeds from sales of property, plant and equipment	279	10,286
Purchases of intangible assets and long-term prepaid expenses	-2,521	-4,618
Proceeds from withdrawal of investments in silent partnership	1,120	52
Other, net	-59	95
Net cash provided by (used in) investing activities	-64,288	-52,802
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	14,410	-10,830
Proceeds from long-term loans payable	19,672	37,167
Repayment of long-term loans payable	-21,952	-36,352
Payments into deposits of restricted withdrawals	-4,310	—
Net increase (decrease) in commercial papers	43,000	27,900
Cash dividends paid	-3,359	-4,204
Dividends paid to non-controlling interests	-947	-1,652
Proceeds from share issuance to non-controlling shareholders	4,074	—
Other, net	51	-43
Net cash provided by (used in) financing activities	50,639	11,983
Effect of exchange rate change on cash and cash equivalents	-1,959	-507
Net increase (decrease) in cash and cash equivalents	-19,934	16,673
Cash and cash equivalents at beginning of period	89,418	36,126
Increase (decrease) in cash and cash equivalents resulting from merger of subsidiaries	8	—
Cash and cash equivalents at end of period	69,492	52,800

## (4)Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumption)

None

(Notes to Remarkable Changes in Shareholders' Equity)

None

(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.

(Segment Information)

I 2Q FY2016 (From April 1, 2016 to September 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	871,439	131,541	10,464	10,393	—	1,023,838
Inter-segment	70,529	19,982	9,824	16,823	-117,159	—
Total	941,969	151,523	20,288	27,216	-117,159	1,023,838
Segment Income (Loss)	1,569	4,596	6,344	-101	2,051	14,460

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" 2,051 million yen includes 2,080 million yen for the net amount of the entire Company's income and expenses not allocated to the reporting segments or the "Other" category, -14 million yen for internal eliminations, 92 million yen for inventory adjustments, and -107 million yen for adjustment of fixed assets.

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

II 2Q FY2017 (From April 1, 2017 to September 30, 2017)

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	933,478	185,007	6,793	9,011	—	1,134,291
Inter-segment	99,251	26,512	18,264	9,830	-153,859	—
Total	1,032,730	211,520	25,057	18,842	-153,859	1,134,291
Segment Income	14,373	16,676	8,963	886	2,501	43,401

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" 2,501 million yen includes 2,584 million yen for the net amount of the entire Company's income and expenses not allocated to the reporting segments or the "Other" category, -289 million yen for internal eliminations, 177 million yen for inventory adjustments, and 29 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