



August 10, 2017

## Overview of Business Results for the First 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: August 10, 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 First Quarter of Fiscal Year Ending March 2018 (For the period from April 1, 2017 to June 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 First Quarter	
	million yen	%	million yen	%	million yen	%	million yen	%
First Quarter, FY2017	562,946	17.6	12,132	-4.0	15,016	45.1	4,674	-2.2
First Quarter, FY2016	478,711	—	12,638	—	10,348	—	4,779	—

Note: Comprehensive income First Quarter, FY2017: 10,519 million yen (193.3%) First Quarter, FY2016: 3,586 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, FY2017	55.58	—
First Quarter, FY2016	56.89	—

#### (2) Consolidated Financial Position

	Total assets	Net assets	Net Worth ratio
	million yen	million yen	%
First Quarter, FY2017	1,550,882	277,427	10.7
FY2016	1,525,679	272,786	10.8

[Reference] Net worth First Quarter, FY2017: 166,626 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	—	—	—	—	—
FY2017 (outlook)	—	0.00	—	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 for FY2017 change from the corresponding period of FY 2016, while for 1H FY2017 change from 1H FY2016)

	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 FY2017	1,157,000	13.0	9,500	-43.3	9,500	-34.3	-3,500	—	—
FY2017	2,456,000	7.1	57,500	-37.6	54,000	-33.7	20,000	-62.4	237.84

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 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.: 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)

First Quarter , FY2017	84,770,508 shares	FY2016	84,770,508 shares
First Quarter , FY2017	673,967 shares	FY2016	681,474 shares
First Quarter , FY2017	84,090,891 shares	First Quarter , FY2016	84,015,692 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 first half of FY2017 and FY2017 is not updated from the previous announcement made on May 11, 2017.

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 August 10, 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 quarter of FY2017 were ¥562.9 billion (up ¥84.2 billion from the same period of FY2016), operating income ¥12.1 billion (down ¥0.5 billion from the same period of FY2016), ordinary income ¥15.0 billion (up ¥4.7 billion from the same period of FY2016) and profit attributable to owners of parent for the period ¥4.7 billion (down ¥0.1 billion from the same period of FY2016).

The operating results for the first quarter 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. However, the effect of inventory evaluation caused by the decline in crude oil prices increased the cost of sales. As a result, the segment reported net sales of ¥513.2 billion for the first quarter of FY2017 (up ¥76.5 billion from the same period of FY2016) and segment loss of ¥0.4 billion (segment income ¥6.4 billion in the same period of FY2016).
- 2) As for 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 ¥105.7 billion for the first quarter of FY2017 (up ¥38.4 billion from the same period FY2016) and segment income of ¥8.3 billion (up ¥6.6 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 ¥12.0 billion for the first quarter of FY2017 (up ¥3.1 billion from the same period of FY2016) and segment income of ¥5.4 billion (up ¥3.9 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 first quarter of FY2017, total assets as of June 30, 2017 amounted to ¥1,550.9 billion, up ¥25.2 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 June 30, 2017 amounted to ¥277.4 billion with a net worth ratio of 10.7%.

(3) Explanation Concerning Information regarding Consolidated Business Outlook

The consolidated business outlook for the first half of FY2017 and FY2017 is not updated from the previous announcement made on May 11, 2017.

## 2. Consolidated Financial Statements and Their Main Notes

## (1) Consolidated Balance Sheet

(Unit: million yen)

	FY2016 (As of March 31, 2017)	1Q FY2017 (As of June 30, 2017)
Assets		
Current assets		
Cash and deposits	45,292	62,132
Notes and accounts receivable-trade	216,602	205,612
Merchandise and finished goods	111,905	125,884
Work in process	279	401
Raw materials and supplies	131,181	120,311
Other	56,523	51,865
Allowance for doubtful accounts	-181	-161
Total current assets	561,604	566,045
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	161,690	159,980
Land	320,496	320,120
Other, net	291,133	305,149
Total property, plant and equipment	773,320	785,250
Intangible assets	44,585	43,759
Investments and other assets		
Investment securities	105,720	113,858
Other	40,312	41,856
Allowance for doubtful accounts	-365	-360
Total investments and other assets	145,667	155,354
Total non-current assets	963,573	984,364
Deferred assets		
Bond issuance cost	502	473
Total deferred assets	502	473
Total assets	1,525,679	1,550,882

(Unit: million yen)

	FY2016 (As of March 31, 2017)	1Q FY2017 (As of June 30, 2017)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	170,539	143,524
Short-term loans payable	225,169	251,322
Commercial papers	51,400	73,600
Accounts payable-other	158,956	175,024
Income taxes payable	11,237	3,890
Provision	8,555	5,251
Other	29,616	23,807
Total current liabilities	655,473	676,421
<b>Non-current liabilities</b>		
Bonds payable	46,700	46,700
Long-term loans payable	449,282	448,315
Provision	16,471	17,252
Net defined benefit liability	5,516	4,547
Asset retirement obligations	19,338	19,609
Other	60,111	60,609
Total non-current liabilities	597,420	597,034
Total liabilities	1,252,893	1,273,455
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	40,000	40,000
Capital surplus	84,359	84,359
Retained earnings	49,985	50,048
Treasury shares	-1,113	-1,101
Total shareholders' equity	173,231	173,306
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,794	5,785
Deferred gains or losses on hedges	-233	-538
Revaluation reserve for land	-20,576	-20,453
Foreign currency translation adjustment	7,215	7,860
Remeasurements of defined benefit plans	292	664
Total accumulated other comprehensive income	-8,508	-6,680
Non-controlling interests	108,063	110,801
Total net assets	272,786	277,427
Total liabilities and net assets	1,525,679	1,550,882

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

(Unit: million yen)

	1Q FY2016 (From April 1, 2016 to June 30, 2016)	1Q FY2017 (From April 1, 2017 to June 30, 2017)
Net sales	478,711	562,946
Cost of sales	435,400	519,752
Gross profit	43,310	43,193
Selling, general and administrative expenses	30,672	31,060
Operating income	12,638	12,132
Non-operating income		
Interest income	42	70
Dividend income	356	298
Share of profit of entities accounted for using equity method	—	2,716
Foreign exchange gains	1,669	2,175
Other	895	1,254
Total non-operating income	2,963	6,515
Non-operating expenses		
Interest expenses	3,074	3,020
Share of loss of entities accounted for using equity method	1,313	—
Other	864	611
Total non-operating expenses	5,253	3,631
Ordinary income	10,348	15,016
Extraordinary income		
Gain on sales of non-current assets	128	53
Gain on sales of investment securities	5	275
Gain on bargain purchase	493	—
Other	16	61
Total extraordinary income	644	390
Extraordinary losses		
Loss on disposal of non-current assets	788	984
Impairment loss	371	256
Loss on valuation of investment securities	274	65
Business structure improvement expenses	147	979
Other	70	12
Total extraordinary losses	1,652	2,298
Profit before income taxes	9,340	13,107
Income taxes	3,342	4,390
Profit	5,997	8,717
Profit attributable to non-controlling interests	1,218	4,042
Profit attributable to owners of parent	4,779	4,674

## (Consolidated Statements of Comprehensive Income)

(Consolidated the First Three Months of FY2017 Statements of Comprehensive Income)

(Unit : million yen)

	1Q FY2016 (From April 1, 2016 to June 30, 2016)	1Q FY2017 (From April 1, 2017 to June 30, 2017)
Profit	5,997	8,717
Other comprehensive income		
Valuation difference on available-for-sale securities	-1,721	1,352
Deferred gains or losses on hedges	933	-313
Revaluation reserve for land	-29	-249
Foreign currency translation adjustment	-1,278	-169
Remeasurements of defined benefit plans, net of tax	498	372
Share of other comprehensive income of entities accounted for using equity method	-813	809
Total other comprehensive income	-2,410	1,802
Comprehensive income	3,586	10,519
(Breakdown)		
Comprehensive income attributable to owners of the parent	2,389	6,129
Comprehensive income attributable to non-controlling interests	1,197	4,389



## (3) 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 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

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" 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.

## II 1Q FY2017 (From April 1, 2017 to June 30, 2017)

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	462,947	93,289	1,941	4,768	—	562,946
Inter-segment	50,284	12,430	10,014	5,411	-78,141	—
Total	513,232	105,719	11,956	10,179	-78,141	562,946
Segment Income (Loss)	-432	8,271	5,357	485	1,334	15,016

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" 1,334 million yen includes 1,330 million yen for the net amount of the entire Company's income and expenses not allocated to the reporting segments or the "Other" category, -191 million yen for internal eliminations, 159 million yen for inventory adjustments, and 36 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