



February 9, 2016

Overview of Business Results for the Third Quarter of Fiscal Year Ending March 2016 [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
 Group Corporate Planning Unit
 Scheduled date to file quarterly report: February 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 Third Quarter of Fiscal Year Ending March 2016 (For the period from April 1, 2015 to December 31, 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		Net income for the third quarter	
	million yen	%	million yen	%	million yen	%	million yen	%
Third Quarter, FY2015	1,731,461	-	-19,606	-	-26,985	-	-48,600	-
Third Quarter, FY2014	-	-	-	-	-	-	-	-

Note: Comprehensive income Third Quarter, FY2015: -46,741 million yen (-%) Third Quarter, FY2014: - 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, FY2015	-574.70	-
Third Quarter, FY2014	-	-

Note: Because 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	%
Third Quarter, FY2015	1,372,050	157,804	8.5
FY2014	-	-	-

[Reference] Net worth Third Quarter, FY2015: 116,893 million yen FY2014: - million yen

Note: Because 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. 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	-	-	-	-	-
FY2015	-	-	-	-	-
FY2015 (outlook)				40.00	40.00

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

2. Because the Company was incorporated through a sole-share transfer on October 1, 2015, there are no results of the previous fiscal year or the first and second quarters of the fiscal year under review.

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		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
FY2015	2,262,000	-25.5	-19,500	-	-29,500	-	-27,000	-	-319.75

Note: Change made in figures of 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 third 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 the end of the period (including treasury shares)
2. Number of treasury shares 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, FY2015	84,770,508 shares	FY2014	- shares
Third Quarter, FY2015	747,757 shares	FY2014	- shares
Third Quarter, FY2015	84,567,367 shares	Third Quarter, FY2014	- shares

Note: The number of outstanding shares is calculated on the assumption that the share transfer was conducted at the beginning of the fiscal year 2015 (April 1, 2015) as Company conducted a sole share transfer by delivering 0.1 share of our common stock for each share of common stock of Cosmo Oil Co., Ltd. on October 1, 2015.

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 November 5, 2015.

It is based on information available as of the published date of this release and actual results may materially differ from the forecast subject to variable 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 February 9, 2016.

(Related points of note)

1. The quarterly consolidated financial statements for the nine months ended December 31, 2015 (April 1, 2015 to December 31, 2015) have been prepared by inheriting the quarterly consolidated financial statements of Cosmo Oil Co., Ltd., which became a wholly owned subsidiary through a sole-share transfer.
2. Although the quarterly accounting period under review (October 1, 2015 to December 31, 2015) is the first quarterly accounting period since the Company was incorporated, the period is stated as the third quarter.

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 nine month period of the fiscal year ended March 31, 2015 (from April 1 to December 31, 2014) are used, and when items are compared against the previous fiscal year-end, Cosmo Oil Co., Ltd.'s financial position at the end of the fiscal year ended March 31, 2015 are used.

(1) Explanation Concerning Information regarding Consolidated Operating Results

Consolidated net sales for the first nine months of FY2015 were ¥1,731.5 billion (down ¥ 609.4 billion from the same period of FY2014), operating loss ¥19.6 billion (operating loss ¥15.7 billion in the same period of FY2014), ordinary loss ¥27.0 billion (ordinary loss ¥25.2 billion in the same period of FY2014) and net loss for the period ¥48.6 billion (net loss ¥62.1 billion in the same period of FY2014).

The operating results for the first nine months 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 ¥1,718.0 billion for the first nine months of FY2015 (down ¥596.0 billion from the same period of FY2014) and segment loss of ¥41.5 billion (segment loss ¥58.0 billion in the same period of FY2014).
- 2) As for petrochemical business segment, net sales were ¥36.5 billion for the first nine months of FY2015 (down 4.4 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 0.2 billion (segment loss ¥4.3 billion in the same period of FY2014).
- 3) As for oil exploration and production business segment, the segment reported net sales of 39.1 billion for the first nine months of FY2015 (down ¥21.7 billion from the same period of FY2014) and segment income of ¥14.4 billion (down ¥21.2 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 the Company's financial position on a consolidated basis as of the end of the third quarter of FY2015, total assets as of December 31, 2015 amounted to ¥1,372.1 billion, down ¥56.5 billion from March 31, 2015, the end of FY2014, mainly reflecting decreased accounts receivable-trade, inventories, and accounts payable-trade due to the decline in crude oil prices. Net assets as of December 31, 2015 amounted to ¥157.8 billion, with a net worth ratio of 8.5%.

(3) Explanation Concerning Information regarding Consolidated Business Outlook

The consolidated business outlook for the full year of FY 2015 was revised due to increase of inventory valuation loss attributable to the drop in crude oil prices, compared with the consolidated business outlook announced on 5 November, 2015.

This business outlook is based on the assumptions of estimated crude oil price at US\$45.4/ barrel and exchange rate at JPY121.0/US\$.

(Assumptions at the previous forecast: crude oil price US\$55.3 per barrel, exchange rate JPY120.9 per 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 nine months 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 nine months 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 nine months of FY2015.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: million yen)

	3Q FY2015
	(As of December 31, 2015)
Assets	
Current assets	
Cash and deposits	71,606
Notes and accounts receivable-trade	183,789
Merchandise and finished goods	116,654
Work in process	683
Raw materials and supplies	103,077
Other	49,256
Allowance for doubtful accounts	-156
Total current assets	<u>524,910</u>
Noncurrent assets	
Property, plant and equipment	
Machinery, equipment and vehicles, net	138,377
Land	304,865
Other, net	184,832
Total property, plant and equipment	<u>628,076</u>
Intangible assets	47,172
Investments and other assets	
Investment securities	139,714
Other	32,188
Allowance for doubtful accounts	-540
Total investments and other assets	<u>171,362</u>
Total noncurrent assets	<u>846,611</u>
Deferred assets	
Bond issuance cost	528
Total deferred assets	<u>528</u>
Total assets	<u>1,372,050</u>
Liabilities	
Current liabilities	
Notes and accounts payable-trade	86,395
Short-term loans payable	250,429
Accounts payable-other	181,555
Income taxes payable	1,186
Provision	2,429
Other	29,508
Total current liabilities	<u>551,505</u>
Noncurrent liabilities	
Bonds payable	40,700
Long-term loans payable	519,704
Net defined benefit liability	7,293
Provision	14,378
Other	80,662
Total noncurrent liabilities	<u>662,739</u>
Total liabilities	<u>1,214,245</u>

(Unit: million yen)

	3Q FY2015
	(As of December 31, 2015)
Net assets	
Shareholders' equity	
Capital stock	40,000
Capital surplus	84,213
Retained earnings	-40,327
Treasury shares	-1,213
Total shareholders' equity	82,671
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	6,276
Deferred gains or losses on hedges	-159
Revaluation reserve for land	21,315
Foreign currency translation adjustment	8,830
Remeasurements of defined benefit plans	-2,040
Total accumulated other comprehensive income	34,221
Minority interests	40,911
Total net assets	157,804
Total liabilities and net assets	1,372,050

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

(Unit: million yen)

	3Q FY2015 (From April 1, 2015 to December 31, 2015)
Net sales	1,731,461
Cost of sales	1,662,747
Gross profit	68,713
Selling, general and administrative expenses	88,320
Operating loss	-19,606
Non-operating income	
Interest income	93
Dividends income	1,188
Other	3,013
Total non-operating income	4,295
Non-operating expenses	
Interest expenses	9,598
Share of loss of entities accounted for using equity method	545
Other	1,531
Total non-operating expenses	11,674
Ordinary Loss	-26,985
Extraordinary income	
Gain on sales of noncurrent assets	133
Gain on sales of investment securities	161
Gain on charge in equity	1,565
Total extraordinary income	1,860
Extraordinary loss	
Loss on sales of noncurrent assets	13
Loss on disposal of noncurrent assets	3,880
Impairment loss	497
Loss on valuation of investment securities	33
Business structure improvement expenses	3,026
Other	802
Total extraordinary losses	8,254
Loss before income taxes	-33,379
Income taxes	12,284
Loss	-45,664
Profit attributable to non-controlling interests	2,936
Loss attributable to owners of parent	-48,600

(Consolidated Statements of Comprehensive Income)

(Consolidated the first nine months of FY2015 statements of comprehensive income)

(Unit: million yen)

	3Q FY2015 (From April 1, 2015 to December 31, 2015)
Loss	-45,664
Other comprehensive income	
Valuation difference on available-for-sale securities	755
Deferred gains or losses on hedges	-863
Revaluation reserve for land	-47
Foreign currency translation adjustment	35
Remeasurements of defined benefit plans	956
Share of other comprehensive income of entities accounted for using equity method	-1,913
Total other comprehensive income	-1,077
Comprehensive income	-46,741
(Breakdown)	
Comprehensive income attributable to owners of the parent	-49,676
Comprehensive income attributable to non-controlling interests	2,935

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to going concern)

None

(Notes to remarkable changes in Shareholders' Equity)

None

(Segment Information)

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

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" 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.

(Significant Subsequent Events)

(Company Split of Management Business of Group Companies)

The Transaction Under Common Control

Cosmo Energy Holdings Co., Ltd. (hereinafter the "CEH") succeeded the group corporate planning, management support and management administration departments spun off from the wholly-owned subsidiary Cosmo Oil Co., Ltd., on January 1, 2016.

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

January 1, 2016

(3) Legal form of business combination

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

(4) The purpose of the transaction

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.

Cosmo Oil Co., Ltd. issued 1,200 new class shares to allocate the third-party, CEH, on January 1, 2016.

In order to improve fund-raising capability of our group, we have transferred the land within the consolidated group on January 4, 2016. The impact of the revaluation reserve for land and the adjustment of the tax effect by the transaction is still calculating.

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)."