

4. Others (for details, please refer to (Attachments) “2. Other information” on page 3)

(1) Change in major subsidiaries in the current quarter period: No

(Note) This indicates a change in designated subsidiaries resulting in a change in the scope of consolidation.

(2) Adoption of simplified accounting method and special accounting method: Yes

(Note) This indicates adoption of simplified accounting method and special accounting method for quarterly consolidated financial statements.

(3) Change in accounting principle/procedure and presentation for preparation

a. Changes with accounting standards revisions : Yes

b. Changes other than above : No

(Note) This indicates a change of accounting principle/procedure and presentation for preparation of quarterly consolidated financial statements which are reported in “Changes in significant accounting policies,” a part of the Quarterly Securities Report.

(4) Number of shares issued (Common Stock)

a. Number of shares issued at the end of period (includes treasury stock)

2Q 2011	565,182,000	shares	Full year 2010	565,182,000	shares
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b. Number of treasury stock at the end of period

2Q 2011	796,576	shares	Full year 2010	757,140	shares
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c. Average number of shares during the period

2QYTD 2011	564,396,213	shares	2Q YTD 2010	564,505,352	shares
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• **Review status of Quarterly Securities Report (*Shihanki-Houkokusho*) for the second quarter 2011**

This report is not required to be included and is not included in the scope of external audit quarterly review conducted pursuant to the Financial Instruments and Exchange Act of Japan. However, PricewaterhouseCoopers Aarata has separately completed their quarterly review of the quarterly consolidated financial statements included in “Financial information,” a part of the Quarterly Securities Report for the Second Quarter 2011. The auditor expressed the conclusion on August 11, 2011 that “nothing has come to our attention that causes us to believe that the quarterly consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its consolidated subsidiaries as of June 30, 2011, the results of their operations for the three-month period and the six-month period then ended and their cash flows for the six-month period then ended in conformity with accounting principles for quarterly consolidated financial statements generally accepted in Japan.”

• **Explanatory note on the use of projections / other notes**

This filing contains forward-looking statements based on projections and estimates that involve many variables. The Company operates in an extremely competitive business environment and in an industry characterized by rapid changes in supply-demand balance. Certain risks and uncertainties including, without limitation, general economic conditions in Japan and other countries, crude and product prices and the exchange rate between the yen and the U.S. dollar, could cause the Company’s results to differ materially from any projections and estimates presented.

For further information regarding the projections above, please refer to (Attachments) “1. Discussion of quarterly consolidated financial results (3) Discussion of projected consolidated operating results” on page 3.

(Reference)

1. Non-consolidated financial results for the second quarter 2011 (January 1, 2011 through June 30, 2011)

(1) Operating results

(Parenthage figures are the changes from the same period previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2QYTD 2011	1,302,873	11.5	210,145	—	211,799	495.7	126,113	312.6
2QYTD 2010	1,168,273	22.3	9,840	—	35,557	—	30,564	—

	Net income per share	Diluted net income per share
	Yen	Yen
2QYTD 2011	223.45	—
2QYTD 2010	54.14	—

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2011	968,710	329,487	34.0	583.80
Dec. 31, 2010	839,185	214,158	25.5	379.43

(Reference) Net assets including stock acquisition right:

329,487 Million yen as of June 30, 2011

214,158 Million yen as of December 31, 2010

2. Projected non-consolidated operating results for 2011 (January 1, 2011 through December 31, 2011)

(Percentage figures are the changes from the same period previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	2,700,000	12.9	230,000	638.3	231,000	295.5	138,000	206.9	244.51

(Note) Revision to the consolidated earnings forecast in the current quarter: No

(Attachments)

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1. Discussion of quarterly consolidated financial results

(1) Discussion of consolidated operating results

Net sales for the second quarter year-to-date 2011 period totaled 1,305.5 billion yen, an 11.3% increase from the same period last year, primarily reflecting higher product prices partly offset by lower sales volume.

Operating income was 217.8 billion yen, up 204.2 billion yen from the same period last year, primarily due to the significant positive inventory-related effects driven by the inventory valuation method change from the last-in-first-out (LIFO) method which used to be applied until December 2010 to the weighted average cost (WAC) method applied beginning on January 1, 2011.

Ordinary income totaled 218.7 billion yen (up 204.0 billion yen) and net income was 130.0 billion yen (up 101.4 billion yen). The results by Segments are as follows:

a. Oil segment

Segment income in the Oil segment totaled 208.1 billion yen, a 202.3 billion yen increase from the same period last year. This includes positive inventory-related effects of 199.2 billion yen associated primarily with the inventory valuation method change from LIFO to WAC. Also, beginning this year, the Company has changed the timing of cost recognition for crude and feedstocks to arrival point from loading point.

Excluding inventory related effects and crude cost recognition timing effects as noted in the table below, adjusted segment income for the first six-month period was 8.9 billion yen, an 11.4 billion yen increase from the same period last year. The improvement reflects primarily an upturn in product margins from last year's depressed levels. Conversely during April and May of this year, there was an adverse effect associated with an unplanned outage of the H-Oil unit at the Kawasaki refinery. Normal operations have been restored.

Oil segment income compared with the same period last year

(Unit: billion yen)

	2QYTD 2011	2QYTD 2010	Difference
Segment income as reported	208.1	5.8	202.3
Inventory-related gains	199.2	9.3	189.9
Effect of difference in timing of crude cost accounting	-	(1.0)	1.0
Segment income excluding above special factors	8.9	(2.5)	11.4

b. Chemical segment

Chemical segment income totaled 9.7 billion yen, a 1.9 billion yen increase from the same period last year. This result includes the positive 2.0 billion yen inventory effects primarily associated with LIFO-WAC change. Segment income without this effect was 7.7 billion yen, almost equal to the same period last year.

Despite the negative factors in this period including regular turnarounds at the Wakayama and Sakai sites and an unplanned two week outage of the steam cracker at the Kawasaki site, segment income excluding inventory factors was almost the level as last year, as a modest margin increase offset the operating factors.

(2) Discussion of consolidated financial condition

a. Financial position

Total assets as of June 30, 2011 totaled 1,042.7 billion yen, a 135.9 billion yen increase from December 31, 2010, mainly because of the increase in inventory book value due to the valuation method change and decrease in trade accounts receivable. Liabilities as of June 30, 2011 amounted to 675.1 billion yen, a 16.6 billion yen increase from December 31, 2010, which is mainly attributable to the significant increase in deferred tax liabilities included in other current/noncurrent liabilities associated with inventory valuation methods change offsetting a decrease in gasoline taxes payable. Total net assets as of June 30, 2011 amounted to 367.6 billion yen, a 119.3 billion yen increase from December 31, 2010, which is mainly attributable to the 130 billion yen of net income.

b. Cash flows

At the end of June 2011, the outstanding balance of cash and cash equivalent was 213 million yen, a decrease of 65 million yen versus 2010 year-end. Key factors influencing cash flows are summarized below.

In the second quarter year-to-date 2011, cash flows from operating activities were positive 19.4 billion yen versus a positive 10.8 billion yen in the same period last year. Positive factors such as operating income and tax refund outweighed negative factors such as decreases in gasoline tax and other excise tax payables.

Cash flows from investing activities were negative 5.8 billion yen versus a negative 9.5 billion yen in the same period last year. The cash outflows mainly came from capital expenditures.

Cash flows from financing activities were negative 13.6 billion yen versus a negative 1.3 billion yen in the same period of 2010. Short-term loan receivables increased reflecting cash flow from operating activities.

(3) Discussion of projected consolidated operating results

There is no change to the projected consolidated and non-consolidated earnings results for full year 2011 that was announced on May 13, 2011. There is also no change to the dividend forecast of 38 yen per share announced on February 14, 2011.

2. Other information

(1) Summary of change in major subsidiaries

No items to report.

(2) Summary of simplified accounting method and special accounting method

Simplified accounting methods

a. Provision for income taxes

Income taxes are accrued to identify the amount of income taxes payable by applying the simplified method, where only material tax adjustment items are included in the calculation of the provision.

Both current and deferred income taxes are included in the consolidated statement of income line titled "Income taxes."

b. Recoverability test of deferred tax assets

The recoverability test of deferred tax assets is performed in the same way as at the prior year end, utilizing the same earnings forecast and tax planning bases, because there have been no significant changes in the business environment or in the balance of temporary differences.

(3) Summary of change in accounting principles/procedures and presentation

a. Inventories

In accordance with the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9 issued on September 26, 2008), the Company changed its inventory valuation method from LIFO to WAC (weighted average cost method) beginning in the first quarter period. Inventories during the current period are carried at the lower of net realizable value or cost, generally determined under the WAC method.

During the current period, the change in accounting method had a favorable 210,283 million yen impact on operating income, ordinary income, and income before incomes taxes and minority interests, respectively, compared to the results as measured under the previous LIFO method.

b. Asset Retirement Obligations

The Company adopted the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18 issued on March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 issued on March 31, 2008) beginning in the first quarter period.

During the current period, this had an unfavorable 15 million yen impact on operating income and ordinary income, respectively, and an unfavorable 560 million yen impact on income before income taxes and minority interest.

- c. Application of the “Accounting Standard for Equity Method of Accounting for Investments” and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method”

The Company adopted the “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16 issued on March 10, 2008) and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (ASBJ Practical Issues Task Force (PITF) No. 24 issued on March 10, 2008) beginning in the first quarter period.

There is no earnings impact from this change.

- d. Application of the “Accounting Standard for Consolidated Financial Statements”

The “Cabinet Office Ordinance on the Partial Amendments to the Regulation for Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No.5 issued on March 24, 2009) based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No.22 issued on December 26, 2008) has been applied beginning in the first quarter period.

The section “Income before minority interests” is newly presented accordingly.

(4) Business and other risks

No new business risks or other risks have arisen during the second quarter period.

There were no material changes to the business and other risks which were already reported in the first quarter report.

(5) Issue to be addressed

There were no material changes to the issues to be addressed by the Company during the second quarter period.

3. Quarterly consolidated financial statements**(1) Quarterly consolidated balance sheet**

(Unit: Million yen)

	2Q 2011 (June 30, 2011)	2010 (Summary) (December 31, 2010)
Assets		
Current assets		
Cash and deposits	213	278
Notes and accounts receivable-trade	342,605	414,435
Merchandise and finished goods	79,756	28,937
Semi-finished goods	75,161	25,512
Raw materials	191,084	67,520
Supplies	5,045	5,043
Short-term loans receivable	88,298	74,349
Other	8,324	21,438
Allowance for doubtful accounts	(44)	(44)
Total current assets	790,444	637,471
Noncurrent assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	48,354	55,263
Land	76,482	76,623
Other, net	56,611	56,073
Total property, plant and equipment	181,448	187,960
Intangible assets	4,288	4,302
Investments and other assets		
Investment securities	51,956	51,900
Other	14,891	25,507
Allowance for doubtful accounts	(295)	(295)
Total investments and other assets	66,552	77,112
Total noncurrent assets	252,289	269,375
Total assets	1,042,733	906,846

(Unit: Million yen)

	2Q 2011 (June 30, 2011)	2010 (Summary) (December 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	286,763	280,210
Gasoline taxes payable	121,143	185,170
Short-term loans payable	61,019	49,029
Income taxes payable	9,821	498
Provision	1,220	1,978
Other	76,564	80,878
Total current liabilities	556,533	597,766
Noncurrent liabilities		
Long-term loans payable	3,108	3,985
Provision for retirement benefits	39,867	37,187
Provision for repairs	19,558	16,615
Other	56,061	2,996
Total noncurrent liabilities	118,596	60,784
Total liabilities	675,130	658,551
Net assets		
Shareholders' equity		
Capital stock	35,123	35,123
Capital surplus	20,742	20,741
Retained earnings	312,502	193,234
Treasury stock	(686)	(647)
Total shareholders' equity	367,681	248,451
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(16)	5
Foreign currency translation adjustment	(61)	(161)
Total valuation and translation adjustments	(78)	(156)
Total net assets	367,603	248,295
Total liabilities and net assets	1,042,733	906,846

(2) Quarterly consolidated statement of income
Second quarter YTD period

(Unit: Million yen)

	2Q YTD 2010 (January 1, 2010 through June 30, 2010)	2Q YTD 2011 (January 1, 2011 through June 30, 2011)
Net sales	1,173,019	1,305,493
Cost of sales	1,143,379	1,072,230
Gross profit	29,640	233,263
Selling, general and administrative expenses	16,009	15,439
Operating income	13,631	217,824
Non-operating income		
Interest income	76	88
Dividends income	79	84
Foreign exchange gains	405	-
Equity in earnings of affiliates	806	867
Other	18	59
Total non-operating income	1,385	1,099
Non-operating expenses		
Interest expenses	181	151
Foreign exchange losses	-	9
Other	48	15
Total non-operating expenses	230	176
Ordinary income	14,787	218,747
Extraordinary income		
Gain on sales of noncurrent assets	343	505
Gain on change in equity	20,174	-
Total extraordinary income	20,518	505
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	264	123
Impairment loss	705	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	545
Total extraordinary losses	969	668
Income before income taxes and minority interests	34,336	218,584
Income taxes	5,748	88,592
Income before minority interests	-	129,992
Net income	28,587	129,992

Second quarter period

(Unit: Million yen)

	2Q 2010 (April 1, 2010 through June 30, 2010)	2Q 2011 (April 1, 2011 through June 30, 2011)
Net sales	586,160	637,344
Cost of sales	582,764	602,886
Gross profit	3,396	34,457
Selling, general and administrative expenses	8,144	7,776
Operating income (loss)	(4,748)	26,680
Non-operating income		
Interest income	21	64
Dividends income	79	84
Foreign exchange gains	780	411
Equity in earnings of affiliates	173	295
Other	2	14
Total non-operating income	1,057	871
Non-operating expenses		
Interest expenses	91	75
Other	26	10
Total non-operating expenses	117	85
Ordinary income (loss)	(3,808)	27,466
Extraordinary income		
Gain on sales of noncurrent assets	178	296
Total extraordinary income	178	296
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	212	104
Impairment loss	672	-
Total extraordinary losses	884	104
Income (loss) before income taxes and minority interests	(4,515)	27,659
Income taxes	(1,522)	11,138
Income before minority interests	-	16,520
Net income (loss)	(2,992)	16,520

(3) Quarterly consolidated statement of cash flows

(Unit: Million yen)

	2Q YTD 2010 (January 1, 2010 through June 30, 2010)	2Q YTD 2011 (January 1, 2011 through June 30, 2011)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	34,336	218,584
Depreciation and amortization	13,035	12,807
Equity in (earnings) losses of affiliates	(806)	(867)
Impairment loss	705	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	545
Increase (decrease) in provision for retirement benefits	1,480	2,680
Increase (decrease) in provision for repairs	360	2,943
Interest and dividends income	(155)	(173)
Interest expenses	181	151
Loss (gain) on change in equity	(20,174)	-
Loss (gain) on sales and retirement of noncurrent assets	(79)	(382)
Decrease (increase) in notes and accounts receivable-trade	72,866	71,829
Decrease (increase) in inventories	(12,350)	(224,033)
Increase (decrease) in notes and accounts payable-trade	(45,280)	6,552
Decrease (increase) in accounts receivable-other	1,207	717
Increase (decrease) in accounts payable-other	(65,377)	(76,612)
Other, net	32,640	(2,285)
Subtotal	12,588	12,457
Interest and dividends income received	145	860
Interest expenses paid	(203)	(155)
Payments for early extra retirement payments	(236)	(0)
Income taxes refund	181	7,206
Income taxes paid	(1,683)	(999)
Net cash provided by (used in) operating activities	10,791	19,368
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(10,112)	(6,267)
Proceeds from sales of property, plant and equipment	681	657
Purchase of intangible assets	(127)	(289)
Payments of long-term loans receivable	-	(5)
Collection of long-term loans receivable	65	68
Net cash provided by (used in) investing activities	(9,493)	(5,836)
Net cash provided by (used in) financing activities		
Net decrease (increase) in short-term loans receivable	45,659	(13,948)
Net increase (decrease) in short-term loans payable	(35,286)	11,989
Repayment of long-term loans payable	(877)	(877)
Purchase of treasury stock	(74)	(41)
Proceeds from sales of treasury stock	13	3
Cash dividends paid	(10,726)	(10,724)
Net cash provided by (used in) financing activities	(1,291)	(13,597)
Effect of exchange rate change on cash and cash equivalents	(11)	-
Net increase (decrease) in cash and cash equivalents	(4)	(65)
Cash and cash equivalents at beginning of period	789	278
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(479)	-
Cash and cash equivalents at end of period	305	213

(4) Notes on assumption of going concern

No items to report.

(5) Segment information**a. Information by business line****Second quarter 2010 period (April 1, 2010 through June 30, 2010)**

(Unit: Million yen)

	Oil	Chemical	Total	Eliminations	Consolidated
Net sales					
(1) Sales to third parties	523,652	62,507	586,160	–	586,160
(2) Internal transactions	57,901	8,745	66,646	(66,646)	–
Total	581,553	71,253	652,807	(66,646)	586,160
Operating income (loss)	(6,090)	1,341	(4,748)	–	(4,748)

Second quarter YTD 2010 period (January 1, 2010 through June 30, 2010)

(Unit: Million yen)

	Oil	Chemical	Total	Eliminations	Consolidated
Net sales					
(1) Sales to third parties	1,048,864	124,154	1,173,019	–	1,173,019
(2) Internal transactions	112,305	17,173	129,479	(129,479)	–
Total	1,161,170	141,328	1,302,498	(129,479)	1,173,019
Operating income	5,843	7,788	13,631	–	13,631

(Note) 1. Classification by business line is based on the internal control procedure the Company has adopted.

2. The major products of each business line:

- (1) Oil: Gasoline, Naphtha, Jet Fuel, Kerosene, Diesel Fuel, Fuel Oils, Lubricants, LPG, Construction Management, etc.
- (2) Chemical: Ethylene, Propylene, Benzene, Toluene, Paraxylene, Battery Separator Film, etc.

b. Segment information by geographic area**Second quarter 2010 period (April 1, 2010 through June 30, 2010)**

The information is omitted, because there is no subsidiary or branch in foreign countries.

Second quarter YTD 2010 period (January 1, 2010 through June 30, 2010)

The information is omitted, because over 90% of total net sales originated in Japan.

c. Overseas sales**Second quarter 2010 period (April 1, 2010 through June 30, 2010)****and Second quarter YTD 2010 period (January 1, 2010 through June 30, 2010)**

The information is omitted, because overseas sales are less than 10% of consolidated net sales.

d. Segment information

1. Overview of reportable segments

The business segments of the Company's group are the functional segments for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors of the Company to make decisions about resources to be allocated to the segment and assess its performance.

"Oil segment" and "Chemical segment" are identified as reportable segments in accordance with the nature of the operations undertaken and products sold by the Company's group. The Oil segment is organized and operates to manufacture and sell petroleum products, and the Chemical segment is organized and operates to manufacture and sell petrochemical products.

The major products or services by each segment are as follows:

- (1) Oil: Gasoline, Naphtha, Jet Fuel, Kerosene, Diesel Fuel, Fuel Oils, Lubricants, LPG, Construction Management, etc.
- (2) Chemical: Ethylene, Propylene, Benzene, Toluene, Paraxylene, etc.

2. Net sales and Segment income by reportable segments

Second quarter YTD 2011 period (January 1, 2011 through June 30, 2011)

(Unit: Million yen)

	Oil	Chemical	Total
Net sales			
(1) Sales to third parties	1,176,102	129,391	1,305,493
(2) Internal transactions	117,212	16,804	134,016
Total	1,293,314	146,195	1,439,510
Segment income	208,127	9,696	217,824

(Note) Total segment income is the same as operating income in the quarterly consolidated statement of income.

Second quarter 2011 period (April 1, 2011 through June 30, 2011)

(Unit: Million yen)

	Oil	Chemical	Total
Net sales			
(1) Sales to third parties	573,096	64,247	637,344
(2) Internal transactions	59,262	8,652	67,914
Total	632,358	72,899	705,258
Segment income	25,522	1,158	26,680

(Note) Total segment income is the same as operating income in the quarterly consolidated statement of income.

<Additional information>

"Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17 issued on March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20 issued on March 21, 2008) have been applied beginning in the first quarter period.

(6) Notes on significant changes in the amount of shareholders' equity

No items to report.