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Consolidated Financial Results for the Second Quarter 2012 (Japanese GAAP basis)

August 14, 2012

Company name: TonenGeneral Sekiyu K.K. Listed on: Tokyo Stock Exchange
 Code number: 5012 URL: <http://www.tonengeneral.co.jp>
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Scheduled date of filing Quarterly Securities Report: August 14, 2012

Scheduled date of start of dividends payment: September 12, 2012

Preparation of presentation material for quarterly results: Yes

Briefing for institutional investors: Yes

(Amounts shown in truncated millions of yen)

1. Consolidated financial results for the second quarter 2012 (January 1, 2012 through June 30, 2012)

(1) Operating results

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2QYTD 2012	1,345,659	3.1	(14,449)	–	(14,245)	–	(1,362)	–
2QYTD 2011	1,305,493	11.3	217,824	–	218,747	–	129,992	354.7

(Note) Comprehensive income: -1,019 Million yen [-%] for 2QYTD 2012 130,070 Million yen [-%] for 2QYTD 2011

	Net income per share	Diluted net income per share
	Yen	Yen
2QYTD 2012	(2.56)	–
2QYTD 2011	230.32	–

(2) Financial position

As of	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Jun. 30, 2012	1,278,538	206,916	16.2
Dec. 31, 2011	1,113,517	359,473	32.3

(Reference) Net assets excluding minority interests and stock acquisition right:

206,916 Million yen as of June 30, 2012 359,473 Million yen as of December 31, 2011

2. Dividends

	Annual dividend				
	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Full-year
2011	–	19.00	–	19.00	38.00
2012	–	19.00			
2012(Forecast)			–	19.00	38.00

(Note) Revision to the most recent dividend forecast: No

3. Projected consolidated operating results for 2012 (January 1, 2012 through December 31, 2012)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	2,800,000	4.6	12,000	(94.4)	11,000	(94.9)	10,000	(92.5)	22.34

(Note) Revision to the most recent consolidated earnings forecast: Yes

*** Notes**

(1) Change in major subsidiaries in the current quarter year-to-date (change in designated subsidiaries resulting in a change in the scope of consolidation): Yes

Added: 1 company (Name: EMG Marketing Godo Kaisha)

(Note) For further details, please refer to (Attachments) "2. Information relating to Notes in summary information, (1) Summary of change in major subsidiaries" on page 3.

(2) Adoption of special accounting method in preparing quarterly consolidated financial statements: No

(3) Change in accounting method, change in accounting estimates and restatements

a. Change in accounting method with accounting standards revisions : No

b. Change in accounting method other than above : No

c. Change in accounting estimates : No

d. Restatements : No

(4) Number of shares issued (Common Stock)

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

2Q 2012	565,182,000 shares	Full year 2011	565,182,000 shares
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b. Number of treasury stock at the end of period

2Q 2012	200,619,695 shares	Full year 2011	808,432 shares
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c. Average number of shares during the period

2QYTD 2012	531,436,165 shares	2Q YTD 2011	564,396,213 shares
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• **Review status of Quarterly Securities Report (*Shihanki-Houkokusho*) for the second quarter 2012**

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 2012. The auditor expressed the conclusion on August 13, 2012 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, 2012, the results of their operations 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. TonenGeneral Sekiyu K.K. (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) Summary of non-consolidated financial results**1. Non-consolidated financial results for the second quarter 2012 (January 1, 2012 through June 30, 2012)****(1) Operating results**

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2QYTD 2012	1,352,325	3.8	(13,071)	—	(12,260)	—	(6,657)	—
2QYTD 2011	1,302,873	11.5	210,145	—	211,799	495.7	126,113	312.6

	Net income per share	Diluted net income per share
	Yen	Yen
2QYTD 2012	(11.80)	—
2QYTD 2011	223.45	—

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of			
Jun. 30, 2012	1,444,010	363,027	25.1
Dec. 31, 2011	1,132,477	380,255	33.6

(Reference) Net assets including stock acquisition right:

363,027 Million yen as of June 30, 2012

380,255 Million yen as of December 31, 2011

2. Projected non-consolidated operating results for 2012 (January 1, 2012 through December 31, 2012)

(Percentage figures are the changes from the same period prior 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	0.7	13,000	(93.8)	12,000	(94.4)	8,000	(95.7)	14.18

(Note) Revision to the most recent consolidated earnings forecast: Yes

(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 period amounted to 1,345.7 billion yen, 3.1% higher versus the same period previous year, primarily due to higher prices for petroleum products versus the same period previous year.

Operating income was a loss of 14.4 billion yen, a decrease of 232.3 billion yen versus the same period previous year, due to the absence of positive inventory effects realized in 2011 associated with the inventory valuation method change from LIFO (last-in-first-out) to WAC (weighted average cost) and lower margins in both Oil and Chemical segments.

Ordinary income was a loss of 14.2 billion yen, a decrease of 233.0 billion yen versus the same period previous year. In the second quarter year-to-date period, extraordinary items include a 16.4 billion yen gain from the redemption of the Company's interests in the battery separator film joint venture. After including income tax charges, net income amounted to a loss of 1.4 billion yen, a decrease of 131.4 billion yen versus the same period previous year.

The results by segments are as follows:

a. Oil segment

Oil segment income was a loss of 13.1 billion yen, a decrease of 221.2 billion yen versus the same period previous year. As mentioned above, the vast majority of the decline is attributable to the absence of inventory gains associated with the inventory valuation method change recognized last year. Excluding inventory effects, Oil segment income for the current period was a loss of 4.0 billion yen largely due to the depressed oil product margins in the second quarter as product prices dropped more than crude feedstock costs during the period.

Oil segment income compared with the same period last year

(Unit: billion yen)

	2Q YTD 2012	2Q YTD 2011	Difference
Segment income as reported	(13.1)	208.1	(221.2)
Inventory gains	(9.1)	199.2	(208.3)
Segment income excluding inventory gains	(4.0)	8.9	(12.9)

b. Chemical segment

Chemical segment income was a loss of 1.4 billion yen, an 11.1 billion yen decrease from the same period previous year. The reduction was mainly due to the decline in basic chemical product margins affected by the domestic and external weak economic environments and the absence of 2.0 billion yen inventory gain realized last year.

(2) Discussion of consolidated financial condition

a. Total assets, liabilities and net assets

In the second quarter period, the balance sheet was affected by a change in the scope of consolidation as a consequence of the Company's acquisition of 99.0% of the shares of EMG Marketing Godo Kaisha. Total assets as of June 30, 2012 were 1,278.5 billion yen, a 165.0 billion yen increase from December 31, 2011, which is mainly due to recognition of goodwill, partly offset by a decrease in trade accounts receivable. Liabilities as of June 30, 2012 amounted to 1,071.6 billion yen, a 317.6 billion yen increase from December 31, 2011, which is mainly attributable to increases in long-term and short-term loans payable and provision for retirement benefits. Total net assets as of June 30, 2012 amounted to 206.9 billion yen, a 152.6 billion yen decrease from December 31, 2011, which is mainly attributable to treasury stock (the Company shares held by EMG Marketing Godo Kaisha).

b. Cash flows

At the end of June 2012, the outstanding balance of cash and cash equivalent was 12.7 billion yen, an increase of 12.4 billion yen versus December 31, 2011. Key factors influencing cash flows are summarized below.

In the second quarter year-to-date period, cash flows from operating activities were negative 44.3 billion yen versus a positive 19.4 billion yen in the same period previous year. Negative factors such as the return of cash deposited by a joint venture, income tax payment and an increase in working capital outweighed positive factors such as income before income taxes and minority interests and depreciation.

Cash flows from investing activities were negative 337.5 billion yen versus a negative 5.8 billion yen in the same period last year. The cash outflows are due mainly to the acquisition of 99.0% interest of EMG Marketing Godo Kaisha.

Cash flows from financing activities were positive 394.2 billion yen versus a negative 13.6 billion yen in the same period last year. This is mainly to finance acquisition of 99.0% interest of EMG Marketing Godo Kaisha and to finance the Company's working capital needs.

(3) Discussion of projected consolidated operating results

Projected net sales, operating income, ordinary income and net income for full year 2012 have been decreased as noted below from the previous forecast reflecting the lower margins for Oil and Chemical products experienced in the second quarter 2012 period. No full year inventory gains are assumed in the current forecast as compared to 19 billion yen in the prior forecast. This forecast incorporates the effect of the acquisition of EMG Marketing Godo Kaisha, which became a consolidated subsidiary effective June 30. Per share earnings have been recalculated based on shares outstanding excluding increased treasury stocks held by EMG Marketing Godo Kaisha following the acquisition of EMG Marketing Godo Kaisha. The company reaffirms the full year dividend of 38 yen per share stated in our previous announcement.

Revision of consolidated earnings forecast figures for full-year 2012 (January 1 through December 31, 2012)

	(Unit: million yen)				
	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per share (yen)
Previous forecast (A)	2,900,000	55,000	55,000	40,000	70.88
Revised forecast (B)	2,800,000	12,000	11,000	10,000	22.34
Difference (B-A)	(100,000)	(43,000)	(44,000)	(30,000)	—————
Increase/ (decrease) (%)	(3.4)	(78.2)	(80.0)	(75.0)	—————

2. Information relating to Notes in summary information**(1) Summary of change in major subsidiaries**

The Company acquired 99.0% of the shares of EMG Marketing Godo Kaisha on June 1, 2012. Consequently, EMG Marketing Godo Kaisha has been included in the scope of consolidation effective from the second quarter period with a deemed date of acquisition of June 30, 2012. This change in the scope of consolidation will have a material effect on consolidated financial statements for the annual period ending December 31, 2012.

The summary of operating results for 2011 and financial position as of December 31, 2011 of EMG Marketing Godo Kaisha (former ExxonMobil Yugen Kaisha) are provided below.

Net sales	1,743,992 million yen
Ordinary income	37,063 million yen
Net income	30,128 million yen
Net assets	145,246 million yen
Total assets	662,364 million yen

EMG Marketing Godo Kaisha is a designated subsidiary of the Company.

(2) Additional information**a. Application of the “Accounting Standard for Accounting Changes and Error Corrections”**

“Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No.24 issued on December 4, 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No.24 issued on December 4, 2009) are applied to accounting changes and past error corrections which are made beginning in the first quarter period.

b. Acquisition of share capital of EMG Marketing Godo Kaisha

Based on the resolution at the Board of Directors meeting held on January 29, 2012, on the same day the Company entered into an agreement with ExxonMobil Asia International Limited Liability Company SARL, a company indirectly and wholly owned by Exxon Mobil Corporation, to acquire 99.0% of the shares of ExxonMobil Yugen Kaisha (currently EMG Marketing Godo Kaisha) and the Company acquired the interests on June 1, 2012.

Prior to the Acquisition, the following businesses and assets of EMG Marketing Godo Kaisha were transferred to other affiliates of Exxon Mobil Corporation (“EM Group Companies”).

- i. 80 million common shares of the Company
- ii. Part of the Chemical business (butyl, specialty elastomer, synthetics, polyolefin sales, and catalyst licensing)
- iii. Shares of Japan Butyl Co. Ltd., operating butyl rubber business in Japan (50% of the total shares)
- iv. Shares of Mobil Korea Lube Oil Inc., operating a lubricants business in Korea (50% of the total shares)

In addition to the transfer of the Company’s shares mentioned in i. above, EMG Marketing Godo Kaisha sold 2.9 million of the Company shares it owned to a third party outside of the EM Group Companies before the Acquisition. As a result, the number of shares EMG Marketing Godo Kaisha held as of June 1, 2012, the time of the Acquisition, was 199 million shares. Since the 199 million shares held by EMG Marketing Godo Kaisha after the Acquisition lost their voting rights, the total number of the Company’s voting shares became 360 million shares. As a result, Exxon Mobil Corporation owns 22.2% of the voting shares in the Company after the Acquisition and continues to be a major but non-controlling shareholder of the Company.

The overview of the company acquired etc. is shown in “3. Quarterly consolidated financial statements, (7) Business combination.”

c. Significant borrowings

Based on the resolution at the Board of Directors meeting held on February 21, 2012, the Company entered into a term and revolving loan agreement on February 29, 2012 in conjunction with the transaction to acquire 99.0% of the shares of ExxonMobil Yugen Kaisha (currently EMG Marketing Godo Kaisha) and to provide for financing of the Company’s operations. The Company executed the borrowing on June 1, 2012.

The summary of the agreement is provided below.

1. Fixed term loan

(1) Use of funds	Funds to acquire shares (ownership share)
(2) Name of lenders	Sumitomo Mitsui Banking Corporation and other financial institutions
(3) Borrowing amount	175,000 million yen
(4) Borrowing conditions	Floating interest rates
(5) Date of borrowings	June 1, 2012
(6) Borrowing period	3 years, 4 years, 5 years and 6 years
(7) Collateral and guarantees	None

2. Revolving loan (Committed line)

(1) Use of funds	Working capital
(2) Name of contracting party	Sumitomo Mitsui Banking Corporation and other financial institutions
(3) Facility limit	130,000 million yen
(4) Date of execution of commitment line	June 1, 2012
(5) Scheduled date of termination of commitment line	May 31, 2013
(6) Collateral and guarantees	None

3. Financial covenants

The financial covenants for the above fixed term loan and revolving loan (committed line) are provided below. The relevant loans outstanding as of June 30, 2012 were 215,000 million yen.

- a. Consolidated total net assets as of each year-end shall be kept at 75% or more of the highest of the i) Consolidated total net assets as of June 30, 2012, ii) Consolidated total net assets as of previous year-end (shall be replaced with “Consolidated total net assets as of June 30, 2012” for the year ending December 31, 2012), and iii) 180 billion yen.
- b. The following conditions regarding two consecutive annual periods shall be met beginning with consecutive 2012 and 2013 periods:
 - i. In the case that principal balance of the fixed term loan exceeds 87,500 million yen as of year-end, consolidated annual operating income (adjusted to exclude inventory gain or loss) shall not fall below 23,000 million yen (replaced with 10,000 million yen for the period ending December 31, 2012) for two consecutive annual periods.
 - ii. In the case that principal balance of the fixed term loan is 87,500 million yen or less as of year-end, consolidated annual operating income (adjusted to exclude inventory gain or loss) shall not be negative for two consecutive annual periods.

(3) Business and other risks

The Company entered into a 175 billion yen fixed term loan and revolving loan within a 130 billion yen commitment line facility with a group of banks in connection with the transaction to acquire 99.0% of the interest in EMG Marketing Godo Kaisha as of June 1, 2012. The Company also issues commercial papers to provide for working capital. The interest rates on these borrowings are not fixed and leave the Company exposed to any future rise in the general level of interest rates. In addition, future payment of interest and principal constitute a larger claim on the Company’s future cash flow than has been the case in recent years when debt levels were both much lower and declining. The bank loans contain covenants as more fully described in “(2) Additional information, c. Significant borrowings” above. Any significant inability of the Company to comply with the covenants may have a material effect on the Company’s financial position and operating results. Other than as noted above, no new business risks or other risks have arisen during the second quarter year-to-date period, and there have been no material changes to the business and other risks already reported in the Annual Securities Report for 2011.

Among the risks stated above, the risks relative to the future events reflect the Company’s judgment as of June 30, 2012. The risks stated above do not necessarily cover all risks relative to the TG Group (the Company and its consolidated subsidiaries).

(4) Issues to be addressed

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

The outcome of “Acquisition of share capital of ExxonMobil Yugen Kaisha and the transition to a new business alliance with Exxon Mobil Corporation,” which was one of the issues to be addressed mentioned in the Annual Securities Report for 2011, during the second quarter year-to-date period is shown below.

On June 1, 2012, the Company acquired 99.0% of the shares of EMG Marketing Godo Kaisha from ExxonMobil Asia International Limited Liability Company SARL, an affiliate of Exxon Mobil Corporation. Exxon Mobil Corporation remains a major but non-controlling shareholder of the Company as it continues to hold 80 million shares of the Company through its subsidiary even after the Company acquired the above-mentioned shares of EMG Marketing Godo Kaisha.

The Acquisition involved a purchase price of 383.2 billion yen including 79 billion yen of cash proceeds received by EMG Marketing Godo Kaisha from the sale of 80 million of Company’s common share and certain businesses to EM Group Companies as provided for in the agreement of the Acquisition. The Company used a part of its short-term loans receivable as well as bank borrowings to fund the purchase price.

For details, please refer to “(2) Additional information, b. Acquisition of share capital of EMG Marketing Godo Kaisha and c. Significant borrowings” and ”3. Quarterly consolidated financial statements, (7) Business combination”.

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

(Unit: Million yen)

	2011 (December 31, 2011)	2Q 2012 (June 30, 2012)
Assets		
Current assets		
Cash and deposits	280	12,651
Notes and accounts receivable-trade	445,227	186,884
Merchandise and finished goods	62,013	93,094
Semi-finished goods	57,850	76,417
Raw materials	188,853	168,598
Supplies	5,168	5,328
Short-term loans receivable	103,846	15,095
Other	9,246	38,924
Allowance for doubtful accounts	(41)	(401)
Total current assets	872,445	596,593
Noncurrent assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	45,007	40,984
Land	76,040	147,969
Other, net	51,687	73,426
Total property, plant and equipment	172,734	262,380
Intangible assets		
Goodwill	-	338,495
Other	4,274	22,787
Total intangible assets	4,274	361,283
Investments and other assets		
Investment securities	50,805	36,373
Other	13,549	22,331
Allowance for doubtful accounts	(293)	(424)
Total investments and other assets	64,062	58,280
Total noncurrent assets	241,071	681,944
Total assets	1,113,517	1,278,538

(Unit: Million yen)

	2011 (December 31, 2011)	2Q 2012 (June 30, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	302,516	216,458
Gasoline taxes payable	180,890	196,118
Short-term loans payable	61,056	132,661
Commercial papers	-	50,000
Income taxes payable	22,019	16,634
Provision	1,121	1,607
Other	83,176	89,480
Total current liabilities	650,780	702,961
Noncurrent liabilities		
Long-term loans payable	2,231	176,710
Deferred tax liabilities	40,909	38,009
Provision for retirement benefits	40,870	130,045
Provision for repairs	17,330	15,695
Other	1,921	8,200
Total noncurrent liabilities	103,262	368,660
Total liabilities	754,043	1,071,621
Net assets		
Shareholders' equity		
Capital stock	35,123	35,123
Capital surplus	20,742	20,742
Retained earnings	304,566	292,479
Treasury stock	(697)	(141,510)
Total shareholders' equity	359,734	206,835
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(72)	81
Foreign currency translation adjustment	(188)	-
Total accumulated other comprehensive income	(261)	81
Total net assets	359,473	206,916
Total liabilities and net assets	1,113,517	1,278,538

(2) Quarterly consolidated statement of income and comprehensive income
a. Consolidated statement of income
Second quarter YTD period

(Unit: Million yen)

	2Q YTD 2011 (January 1, 2011 through June 30, 2011)	2Q YTD 2012 (January 1, 2012 through June 30, 2012)
Net sales	1,305,493	1,345,659
Cost of sales	1,072,230	1,343,720
Gross profit	233,263	1,938
Selling, general and administrative expenses	15,439	16,388
Operating income (loss)	217,824	(14,449)
Non-operating income		
Interest income	88	20
Dividends income	84	341
Equity in earnings of affiliates	867	215
Other	59	44
Total non-operating income	1,099	622
Non-operating expenses		
Interest expenses	151	382
Foreign exchange losses	9	20
Other	15	14
Total non-operating expenses	176	418
Ordinary income (loss)	218,747	(14,245)
Extraordinary income		
Gain from redemption upon dissolution of a joint venture	-	16,354
Gain on distribution of residual assets	-	103
Gain on sales of noncurrent assets	505	194
Total extraordinary income	505	16,652
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	123	77
Loss on adjustment for changes of accounting standard for asset retirement obligations	545	-
Total extraordinary losses	668	77
Income before income taxes and minority interests	218,584	2,329
Income taxes	88,592	3,691
Income (loss) before minority interests	129,992	(1,362)
Net income (loss)	129,992	(1,362)

b. Consolidated statement of comprehensive income
Second quarter YTD period

(Unit: Million yen)

	2Q YTD 2011 (January 1, 2011 through June 30, 2011)	2Q YTD 2012 (January 1, 2012 through June 30, 2012)
Income (loss) before minority interests	129,992	(1,362)
Other comprehensive income		
Valuation difference on available-for-sale securities	(22)	153
Share of other comprehensive income of associates accounted for using equity method	100	188
Total other comprehensive income	77	342
Comprehensive income	130,070	(1,019)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	130,070	(1,019)

(3) Quarterly consolidated statement of cash flows

(Unit: Million yen)

	2Q YTD 2011 (January 1, 2011 through June 30, 2011)	2Q YTD 2012 (January 1, 2012 through June 30, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	218,584	2,329
Depreciation and amortization	12,807	12,145
Equity in (earnings) losses of affiliates	(867)	(215)
Loss on adjustment for changes of accounting standard for asset retirement obligations	545	-
Increase (decrease) in provision for retirement benefits	2,680	3,244
Increase (decrease) in provision for repairs	2,943	(2,552)
Interest and dividends income	(173)	(362)
Interest expenses	151	382
Gain from redemption upon dissolution of a joint venture	-	(16,354)
Gain on distribution of residual assets	-	(103)
Loss (gain) on sales and retirement of noncurrent assets	(382)	(116)
Decrease (increase) in notes and accounts receivable-trade	71,829	81,207
Decrease (increase) in inventories	(224,033)	(14,576)
Increase (decrease) in notes and accounts payable-trade	6,552	(43,327)
Decrease (increase) in accounts receivable-other	717	(13,504)
Increase (decrease) in accounts payable-other	(76,612)	(25,752)
Other, net	(2,285)	(4,457)
Subtotal	12,457	(22,015)
Interest and dividends income received	860	1,138
Interest expenses paid	(155)	(995)
Payments for early extra retirement payments	(0)	-
Income taxes refund	7,206	87
Income taxes paid	(999)	(22,531)
Net cash provided by (used in) operating activities	19,368	(44,316)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(6,267)	(7,013)
Proceeds from sales of property, plant and equipment	657	314
Purchase of intangible assets	(289)	(3,386)
Proceeds from distribution of residual assets	-	103
Collection of investments in capital	-	50,099
Acquisition of share capital of a subsidiary resulting in change in scope of consolidation	-	(377,639)
Payments of long-term loans receivable	(5)	-
Collection of long-term loans receivable	68	45
Net cash provided by (used in) investing activities	(5,836)	(337,476)
Net cash provided by (used in) financing activities		
Net decrease (increase) in short-term loans receivable	(13,948)	49,029
Net increase (decrease) in short-term loans payable	11,989	131,381
Repayment of long-term loans payable	(877)	(521)
Proceeds from long-term loans payable	-	175,000
Proceeds from issuance of commercial papers	-	50,000
Purchase of treasury stock	(41)	(13)
Proceeds from sales of treasury stock	3	11
Cash dividends paid	(10,724)	(10,723)
Net cash provided by (used in) financing activities	(13,597)	394,165
Net increase (decrease) in cash and cash equivalents	(65)	12,371
Cash and cash equivalents at beginning of period	278	280
Cash and cash equivalents at end of period	213	12,651

(4) Notes on assumption of going concern

Not applicable.

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

As a consequence of the Company's acquisition of 99.0% of the shares of EMG Marketing Godo Kaisha on June 1, 2012, the Company's interests of 140,812 million yen in the Company's shares held by EMG Marketing Godo Kaisha is reported as treasury stock on the quarterly consolidated balance sheet for the second quarter period.

(6) Segment information**Second quarter YTD 2011 period (January 1, 2011 through June 30, 2011)**

Net sales and segment income by reportable segments

(Unit: Million yen)

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

(Note) 1 Adjustment of (134,016) million yen represents an elimination of inter-segment transactions.

2 Total segment income is the same as operating income in the quarterly consolidated statement of income.

Second quarter YTD 2012 period (January 1, 2012 through June 30, 2012)

Net sales and segment income by reportable segments

(Unit: Million yen)

	Oil	Chemical	Total	Adjustment (Note) 1	Quarterly consolidated statement of income amount
Net sales					
Sales to third parties	1,210,074	135,584	1,345,659	–	1,345,659
Internal transactions	127,931	17,324	145,256	(145,256)	–
Total	1,338,006	152,909	1,490,915	(145,256)	1,345,659
Segment loss	(13,058)	(1,391)	(14,449)	–	(14,449)

(Note) 1 Adjustment of (145,256) million yen represents an elimination of inter-segment transactions.

2 Total segment loss is the same as operating loss in the quarterly consolidated statement of income.

(7) Business combination**Second quarter 2012 period (April 1, 2012 through June 30, 2012)**

1. Outline of business combination

(1) Overview of the company acquired

(As of June 30, 2012)

Name of company	EMG Marketing Godo Kaisha
Business	Sales of petroleum products and petrochemical products
Date of incorporation	December 11, 1961
Paid-in capital	50,000 million yen

(2) Background and objectives of the Transaction

Through this newly-formed integrated production-distribution operation, the TG Group will be able to more effectively execute locally driven investments and other business decisions that will help the TG Group adapt to the challenging domestic operating environment. Moreover, the TG Group will be able to further enhance its efficiency and profitability by increasing the level of integration between the marketing and production business divisions, and pursuing business opportunities that will enable it to respond to the changing market demands and domestic operating environment.

(3) Closing of the Transaction

June 1, 2012

(4) Legal form of business combination

Acquisition of share capital in exchange for cash

(5) Acquired entity name after combination

Not changed.

(6) Shareholding acquired through the Transaction, the purchase price, and percentage of shareholding after the Transaction

Shareholding acquired	99.0%
Purchase price	383,237 million yen
Percentage of shareholding after the Transaction	99.0%

(7) Reason for designating the Company as acquiring company

The Company intends to own the majority control of the acquired company through the acquisition of 99.0% of the shares thereof.

2. Period of the acquired entity's results of operations included in the Company's quarterly consolidated statement of income for the cumulative quarterly period

Not applicable because the deemed date of acquisition was June 30, 2012.

3. Acquisition cost of acquired entity and components thereof

Consideration for acquisition (cash and deposits)	380,999 million yen
Direct costs for acquisition	2,237 million yen
Acquisition cost	383,237 million yen

4. Amount of goodwill recognized, reason for recognition of goodwill, and method and period of amortization of goodwill

(1) Amount of goodwill recognized

338,495 million yen

This is a provisionally determined amount as the acquisition cost allocation is not yet finalized.

(2) Reason for recognition of goodwill

The future income and cash flow generation in excess of the fair value of the net assets acquired in the purchase of the business operated by EMG Marketing Godo Kaisha was recognized as goodwill.

(3) Method and period of amortization of goodwill

Goodwill is amortized over 20 years using the straight-line method.