



November 22, 2016

Company name: JX Holdings, Inc.  
Representative: Yukio Uchida  
Representative Director, President  
Stock code: 5020; first section of Tokyo Stock Exchange  
and Nagoya Stock Exchange  
Contact: Investor Relations Group  
Finance & Investor Relations Department  
Phone number: +81-3-6257-7075

Company name: TonenGeneral Sekiyu K.K.  
Representative: Jun Mutoh  
Representative Director, President  
Stock code: 5012; first section of Tokyo Stock Exchange  
Contact: Public Relations & CSR  
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Phone number: +81-3-6713-4400

### **Notice Regarding Filing of a Registration Statement on Form F-4 with the U.S. Securities and Exchange Commission**

JX Holdings, Inc. ("JXHD"), and TonenGeneral Sekiyu K.K. ("TonenGeneral") have been proceeding with preparation for a business integration to be implemented on April 1, 2017 (the "Business Integration"), on the assumption that the two companies would get the approval at the general meetings of shareholders of both companies and the approval from the relevant governmental authorities, as announced in the "Notice regarding Execution of Business Integration Agreement and Other Agreements between JX Holdings, Inc., and TonenGeneral Sekiyu K.K." dated August 31, 2016.

JXHD has filed a registration statement on Form F-4 ("Form F-4") under the U.S. Securities Act of 1933, as amended, in connection with the Business Integration with the U.S. Securities and Exchange Commission (the "SEC") on November 21, 2016 (U.S. Eastern Standard Time, "EST"), and the Form F-4 was declared effective on November 21, 2016 (U.S. EST).

#### **1. Contents of the Form F-4**

The Form F-4 includes consolidated financial statements of JXHD and TonenGeneral prepared in accordance with International Financial Reporting Standards ("IFRS"), as well as qualitative information such as the structure of the Business Integration, business overview of JXHD and TonenGeneral, and analysis of the financial condition and results of operations of the two companies. The consolidated financial statements under IFRS were prepared for the purpose of filing the Form F-4 with the SEC in connection with the Business Integration.

As already announced, JXHD plans to voluntarily apply IFRS to its securities report starting from the fiscal year ended March 31, 2017. While an annual report of JXHD on Form 20-F, which will include consolidated financial statements under IFRS as of and for the year ended March 31, 2017, is planned to be filed with the SEC, JXHD will subsequently terminate its registration to the SEC and not prepare and report Form 20-F for the fiscal year ending March 31, 2018 and afterwards.

## 2. Contents of the Form F-4

A copy of the registration statement on Form F-4 can be reviewed and obtained on EDGAR, the SEC's Electric Data Gathering, Analysis, and Retrieval system.

<https://www.sec.gov/Archives/edgar/data/1452922/000119312516773169/0001193125-16-773169-index.htm>

(References)

### Major financial information of JXHD and TonenGeneral under IFRS included in the Form F-4

#### (1) JXHD

- Consolidated Financial Results for the Year ended March 31, 2016
- Consolidated statements of financial position as of April 1, 2014, March 31, 2015 and 2016
- Consolidated statements of profit or loss / Consolidated statements of comprehensive income for the Year ended March 31, 2015 and 2016
- Differences between Japanese Generally Accepted Accounting Principles("GAAP") and IFRS as of and for the Year ended March 31, 2016

#### (2) TonenGeneral

- Consolidated Financial Results for the Year ended December 31, 2015
- Consolidated statements of financial position as of January 1, 2014, December 31, 2014 and 2015
- Consolidated statements of profit or loss / Consolidated statements of comprehensive income for the Year ended December 31, 2014 and 2015
- Differences between Japanese GAAP and IFRS as of and for the Year ended December 31, 2015
- Consolidated Financial Results for the Second Quarter 2016
- Condensed consolidated statements of financial position as of June 30, 2015 and 2016
- Condensed consolidated statements of profit or loss / Condensed consolidated statements of comprehensive income for the Second Quarter 2015 and 2016

The attached short-form excerpts of financial statements and other information from the Form F-4 do not purport to represent the entire facts disclosed in the Form F-4.

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JX Holdings, Inc. ("JXHD") has filed a registration statement on Form F-4 ("Form F-4") with the U.S. Securities and Exchange Commission (the "SEC") in connection with the proposed business integration with TonenGeneral Sekiyu K.K. ("TonenGeneral"). The Form F-4 contains a prospectus and other documents. The registration statement on Form F-4 has been declared effective, and TonenGeneral has arranged to mail the prospectus contained in the Form F-4 to its respective U.S. shareholders prior to the shareholders' meeting at which the proposed business integration will be voted upon. The Form F-4 and prospectus, as they may be amended from time to time, contain important information about JXHD and TonenGeneral, the business integration and related matters including the terms and conditions of the transaction. U.S. shareholders of TonenGeneral are urged to read the Form F-4, the prospectus and other documents filed with the SEC in connection with the business integration carefully before they make any decision at the respective shareholders' meeting with respect to the business integration. Any documents filed with the SEC in connection with the business integration are available, free of charge, on the SEC's web site at [www.sec.gov](http://www.sec.gov). In addition, upon request, the documents can be distributed for free of charge. To make a request, please refer to the contact below.

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## Consolidated Financial Results for Fiscal Year 2015(IFRS)

November 22, 2016

Company name: JX Holdings, Inc.

Stock Exchange Listings: Tokyo and Nagoya

Code number: 5020 URL <http://www.hd.jx-group.co.jp/>

Representative: Yukio Uchida Representative Director and President

(Amounts are rounded to the nearest one million yen.)

### 1. Consolidated Results for the Fiscal Year 2015 (From April 1, 2015 to March 31, 2016)

#### (1) Operating results

	Revenue	Operating profit	Profit before tax	Profit for the year	Profit for the year attributable to owners of the parent	Total comprehensive income for the year
	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen
FY2015	7,530,895	(350,721)	(357,572)	(309,790)	(273,607)	(509,616)
FY2014	9,562,538	(264,974)	(302,149)	(305,614)	(284,643)	(122,658)

	Net income per share	Diluted net income per share
	Yen	Yen
FY2015	(110.04)	—
FY2014	(114.48)	—

#### (2) Financial position

	Total assets	Net assets
	Million yen	Million yen
FY2015	6,828,514	2,028,007
FY2014	7,651,172	2,583,634

#### (3) Cash flows

	Net cash flows from operating activities	Net cash flows from investing activities	Net cash flows from financing activities	Cash and cash equivalents at the end of the period
	Million yen	Million yen	Million yen	Million yen
FY2015	589,070	(322,034)	(112,638)	532,273
FY2014	739,548	(416,333)	(254,621)	380,631

【Consolidated statements of financial position】

JX Holdings, Inc.  
(Millions of Yen)

	Date of transition to IFRS (April 1, 2014)	As of March 31, 2015	As of March 31, 2016
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	296,716	386,696	537,878
Trade and other receivables	1,492,788	1,117,481	876,368
Inventories	1,746,026	1,317,701	1,008,306
Other financial assets	76,753	74,398	78,901
Other current assets	132,612	128,931	137,601
Sub total	3,744,895	3,025,207	2,639,054
Assets held for sale	—	—	33,828
Total current assets	3,744,895	3,025,207	2,672,882
Non-current assets			
Property, plant and equipment	3,166,585	3,382,747	3,054,389
Goodwill	21,091	16,653	17,061
Intangible assets	63,847	57,873	53,705
Investments accounted for using the equity method	405,700	432,040	409,837
Other financial assets	549,735	613,240	398,839
Other non-current assets	7,781	7,411	6,249
Deferred tax assets	83,750	116,001	215,552
Total non-current assets	4,298,489	4,625,965	4,155,632
Total assets	8,043,384	7,651,172	6,828,514

	Date of transition to IFRS (April 1, 2014)	As of March 31, 2015	As of March 31, 2016
<b>LIABILITIES</b>			
Current liabilities			
Trade and other payables	1,641,831	1,515,711	1,371,935
Bonds and borrowings	1,485,245	1,178,932	999,336
Income taxes payable	28,333	21,256	24,361
Other financial liabilities	15,751	18,887	22,419
Provisions	7,507	9,651	7,142
Other current liabilities	319,299	334,012	324,913
Sub total	3,497,966	3,078,449	2,750,106
Liabilities directly related to assets held for sale	—	—	12,473
Total current liabilities	3,497,966	3,078,449	2,762,579
Non-current liabilities			
Bonds and borrowings	1,275,124	1,460,764	1,540,807
Liabilities for retirement benefits	119,867	117,481	130,572
Other financial liabilities	13,154	17,320	35,012
Provisions	121,178	136,532	137,323
Other non-current liabilities	78,942	85,866	85,887
Deferred tax liabilities	186,530	171,126	108,327
Total non-current liabilities	1,794,795	1,989,089	2,037,928
Total liabilities	5,292,761	5,067,538	4,800,507
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Common stock	100,000	100,000	100,000
Capital surplus	746,711	745,777	748,489
Retained earnings	1,231,447	884,419	576,003
Treasury stock	(3,893)	(3,926)	(3,959)
Other components of equity	190,465	350,390	162,544
Total equity attributable to owners of the parent	2,264,730	2,076,660	1,583,077
Non-controlling interests	485,893	506,974	444,930
Total equity	2,750,623	2,583,634	2,028,007
Total liabilities and equity	8,043,384	7,651,172	6,828,514

【Consolidated statements of profit or loss】

JX Holdings, Inc.  
(Millions of Yen)

	Year ended March 31, 2015	Year ended March 31, 2016
Revenue	9,562,538	7,530,895
Cost of sales	9,115,053	6,963,115
Gross profit	447,485	567,780
Selling, general and administrative expenses	623,258	625,557
Share of profit of investments accounted for using the equity method	37,629	14,225
Other operating income	138,817	58,099
Other operating expenses	265,647	365,268
Operating loss	(264,974)	(350,721)
Finance income	8,124	18,395
Finance costs	45,299	25,246
Loss before tax	(302,149)	(357,572)
Income tax (benefit) expense	3,465	(47,782)
Loss for the year	(305,614)	(309,790)
Loss for the year attributable to:		
Owners of the parent	(284,643)	(273,607)
Non-controlling interests	(20,971)	(36,183)
Loss for the year	(305,614)	(309,790)

【Consolidated statements of comprehensive income or loss】

JX Holdings, Inc.  
(Millions of Yen)

	Year ended March 31, 2015	Year ended March 31, 2016
Loss for the year	(305,614)	(309,790)
Other comprehensive (loss) income, net of tax		
Items that will not be reclassified to profit or loss		
Changes in fair value of financial assets measured at fair value through other comprehensive (loss) income	14,514	(121,185)
Remeasurement (losses) gains on defined benefit plans	3,933	(10,656)
Share of other comprehensive loss of investments accounted for using the equity method	(814)	(821)
Total	17,633	(132,662)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	144,938	(37,353)
Changes in fair value of cash flow hedges	(6,371)	(18,061)
Share of other comprehensive (loss) income of investments accounted for using the equity method	26,756	(11,750)
Total	165,323	(67,164)
Other comprehensive (loss) income, net of tax	182,956	(199,826)
Total comprehensive loss for the year	(122,658)	(509,616)
Comprehensive (loss) income for the year attributable to:		
Owners of the parent	(147,309)	(454,541)
Non-controlling interests	24,651	(55,075)
Total comprehensive loss for the year	(122,658)	(509,616)

【Differences in accounting standards between Japanese GAAP and IFRS  
(Year ended March 31, 2016)】

JX Holdings, Inc.

Impacts on capital

(Millions of Yen)

	Capital
Japanese GAAP	1,928,460
Scope of consolidation	67,726
Unification of reporting dates	(15,032)
Property, plant and equipment	(3,150)
Major periodic repair costs	85,601
Impairment (excluding impairment of goodwill)	(92,946)
Accounting for oil and gas Exploration & Production ("E & P") business	26,492
Valuation of unlisted stock	67,387
Interest rate swap contracts	(12,755)
Recognition of provisions (excluding "Major periodic repair costs")	2,663
Levies	(9,832)
Adjustments related to retirement benefits	473
Tax effects of eliminating inter-company unrealized gains and losses	(7,218)
Deemed costs	(16,245)
Others	6,383
IFRS	2,028,007

Impacts on loss before tax

(Millions of Yen)

	Loss before tax
Japanese GAAP	(329,984)
Scope of consolidation	1,898
Unification of reporting dates	(35,888)
Property, plant and equipment	(1,322)
Major periodic repair costs	5,429
Impairment (excluding impairment of goodwill)	9,665
Accounting for oil and gas E&P business	6,366



Goodwill amortization		5,530
Financial assets measured at FVOCI		(20,905)
Recognition of provisions (excluding “Major periodic repair costs”)		(1,705)
Adjustments related to retirement benefits		(1,727)
Others		5,071
	IFRS	(357,572)

#### 1. Scope of consolidation

There is a certain difference in a scope of consolidation between IFRS and Japanese GAAP as JXHD and its subsidiaries (“JX Group”) review the scope of consolidation in accordance with IFRS.

#### 2. Unification of reporting dates

There is a certain difference in some accounts in the consolidated financial statements in regards as JX Group unifies reporting dates of some subsidiaries.

#### 3. Property, plant and equipment

Inventories and other non-current assets which are expected to be utilized over more than one year period are reclassified to property, plant and equipment.

JX Group reviews estimates of the residual value of property, plant and equipment.

#### 4. Major periodic repair costs

Under Japanese GAAP, JX Group records a provision for costs of major periodic repairs in the future. The provision is reversed when the repairs are incurred. Major periodic costs are mainly accounted for as provisions and are not capitalized.

Under IFRS, the provision for repairs which does not meet the recognition criteria is reversed. Such expenditures for repairs are capitalized as they incur and those assets are subsequently depreciated.

#### 5. Impairment (excluding impairment of goodwill)

Under Japanese GAAP, whenever there is an indication that a non-financial asset may be impaired, the carrying amount and the undiscounted future cash flows of the asset are compared, and an impairment loss on the asset is recognized for the amount by which the asset’s carrying amount exceed its recoverable amount only when the carrying amount exceeds its undiscounted future cash flows.

Under IFRS, whenever there is an indication that such asset may be impaired, the carrying amount and the recoverable amount of the asset are compared, and an impairment loss of the asset is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount.

#### 6. Accounting for oil and gas E&P business

In adopting IFRS, JX Group has reviewed accounting of oil and gas E&P business and made certain changes as follows:

- (i) JX Group has changed the reporting currencies in certain companies because it is determined that the functional currencies in those companies are different from their

current reporting currencies.

- (ii) JX Group has reviewed a scope of exploration and development investments account. Under Japanese GAAP, JX Group capitalizes concessions acquisition costs and expenditures arising from exploration and development costs. Under IFRS, JX Group capitalizes concessions acquisition costs, excavation and construction costs for exploration and evaluation wells and development wells, and costs of the related production equipment. Costs for exploration and evaluation wells are expensed if it is determined subsequently that the capitalized concession does not meet the criteria for recognition as an asset and other exploration costs including geological studies are expensed when they incur.

#### 7. Goodwill amortization

Under Japanese GAAP, JX Group estimates the period during which the influence of goodwill is expected to apply, and to be amortized goodwill over the estimated period. Under IFRS, since there is no concept of amortization of goodwill, amortization after the date of transition to IFRS is suspended.

#### 8. Valuation of unlisted stock

Under Japanese GAAP, unlisted stock measured at its acquisition cost. Under IFRS, they are measured at their fair value.

#### 9. Financial assets measured at FVOCI

Under Japanese GAAP, if fair value of securities (other than a trading security) which has a market price has significantly declined, an impairment loss is recognized unless the fair value is expected to be recovered.

Under IFRS, subsequent changes in fair value of financial assets measured at FVOCI are recognized in other comprehensive income. JX Group reclassifies such amounts recognized in other comprehensive income to retained earnings when the financial assets are derecognized or when their fair values decline significantly.

#### 10. Interest rate swap contracts

Under Japanese GAAP, if interest rate swap contracts meet certain conditions for the exceptional treatment, it is permitted that they are not measured at their fair values, while under IFRS, such interest rate swap contracts are measured at their fair values and recognized as assets or liabilities.

#### 11. Recognition of provisions (excluding "Accounting for repair costs")

Certain provisions recognized under Japanese GAAP which do not meet the recognition criteria under IFRS are reversed.

## 12. Levies

In adopting IFRS, a levy is recognized as a liability when an obligation to pay a levy is incurred.

## 13. Adjustments related to retirement benefits

Under Japanese GAAP, actuarial gains and losses recognized in accumulated other comprehensive income which are expensed in the current period are adjusted in other comprehensive income.

Under IFRS, remeasurements of the net benefit liability including actuarial gain and loss are recognized in other comprehensive income in the current period and reclassified from other components of equity to retained earnings immediately.

## 14. Tax effects of eliminating inter-company unrealized gains and losses

Under Japanese GAAP, the tax effects on unrealized gains eliminated on consolidation are recorded as deferred tax assets at the amount of the tax incurred by the seller, and the tax effects on unrealized losses recorded as deferred tax liabilities at the amount of the tax deduction for the seller.

Under IFRS, the buyer recognizes the tax effects on unrealized gains eliminated on consolidation as deferred tax assets at the tax rate applicable to the buyer, considering their recoverability, and recognizes tax effects on unrealized loss as deferred tax liabilities in principle.

## 15. Deemed costs

In adopting IFRS, JX Group has elected to use the fair value that is determined under the Japanese GAAP at the date of transition to IFRS as the deemed cost on that date for certain assets.

## 16. Revenue recognition

### (i) Barter transactions

Under Japanese GAAP, goods sold, which are exchanged for the goods with similar nature and value in certain transactions, are also recorded as "Revenue". Under IFRS, such transactions are not considered to generate revenue, and therefore, "Revenue" is offset with "Costs of sales".

### (ii) Indirect taxes

Under Japanese GAAP, certain indirect taxes which JX Group collected as an agent are included in "Revenue". Under IFRS, such indirect taxes are not considered to result in an increase in equity, and therefore, "Revenue" is offset with "Costs of sales".

### (iii) Sale and repurchase agreements

Under Japanese GAAP, when a seller concurrently agrees, in substance, to repurchase the same goods or the processed goods at a later date in certain transactions, sale and repurchase are considered to be separated and they are recorded as “Revenue” or “Costs of sales”. Under IFRS, the risks and rewards of ownership of the goods are not considered to be substantially transferred to the buyer in such transactions and therefore, “Revenue” is offset with “Costs of sales”.

As a result of these three adjustments, “Revenue” and “Costs of sales” are offset by 1,183,736 million yen.

## Consolidated Financial Results for the 2015[IFRS]

November 22, 2016

Company name TonenGeneral Sekiyu K.K.

Listed on: Tokyo Stock Exchange

Code number: 5012 URL <http://www.tonengeneral.co.jp/>

Representative: Jun Mutoh Representative Director and President

(Amounts are rounded to the nearest one million yen.)

### 1. Consolidated financial results for the full year 2015 (January 1, 2015 through December 31, 2015)

#### (1) Operating results

	Revenue	Operating profit	Profit before tax	Profit for the year	Profit for the year attributable to owners of the parent	Total comprehensive income for the year
	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen
2015	2,555,533	21,965	19,826	27,623	27,559	29,192
2014	3,340,569	(62,890)	(66,583)	(31,780)	(31,897)	(36,772)

	Net income per share	Diluted net income per share
	Yen	Yen
2015	75.65	75.61
2014	(87.55)	(87.55)

#### (2) Financial position

	Total assets	Net assets
	Million yen	Million yen
2015	1,324,063	269,422
2014	1,479,885	267,730

#### (3) Cash flows

	Net cash flows from operating activities	Net cash flows from investing activities	Net cash flows from financing activities	Cash and cash equivalents at the end of the period
	Million yen	Million yen	Million yen	Million yen
2015	174,954	(48,188)	(61,653)	100,162
2014	107,451	(59,943)	(31,828)	35,049

【Consolidated statements of financial position】

TonenGeneral Sekiyu K.K.  
(Millions of Yen)

	Date of transition to IFRS (January 1,2014)	As of December 31,2014	As of December 31,2015
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	18,656	35,049	100,162
Trade and other receivables	283,780	228,200	187,399
Inventories	433,837	348,451	191,500
Income tax receivable	3,954	25,232	4,100
Other financial assets	17,093	951	123
Other current assets	9,417	10,362	9,747
Total current assets	766,737	648,245	493,031
Non-current assets			
Property, plant and equipment	305,311	357,882	368,278
Goodwill	313,108	321,640	321,640
Intangible assets	13,860	14,607	14,093
Investments accounted for using the equity method	32,034	8,455	18,652
Other financial assets	9,192	11,927	16,026
Deferred tax assets	26,622	105,595	83,933
Net defined benefit assets	178	622	—
Other non-current assets	11,069	10,912	8,410
Total non-current assets	711,374	831,640	831,032
Total assets	1,478,111	1,479,885	1,324,063

TonenGeneral Sekiyu K.K.  
(Millions of Yen)

	Date of transition to IFRS (January 1,2014)	As of December 31,2014	As of December 31,2015
<b>LIABILITIES</b>			
Current liabilities			
Trade and other payables	557,136	492,178	423,917
Borrowings	153,129	168,347	118,180
Income taxes payable	13,823	2,906	1,761
Provisions	302	353	348
Other financial liabilities	18,660	16,787	24,075
Other current liabilities	21,654	47,859	30,042
Total current liabilities	764,704	728,430	598,323
Non-current liabilities			
Bonds and borrowings	175,370	216,568	215,401
Deferred tax liabilities	69,457	107,362	89,954
Net defined benefit liabilities	151,319	153,825	143,682
Provisions	2,399	2,772	3,211
Other financial liabilities	386	1,542	1,647
Other non-current liabilities	4,277	1,656	2,423
Total non-current liabilities	403,208	483,725	456,318
Total liabilities	1,167,912	1,212,155	1,054,641
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Common stock	35,123	35,123	35,123
Capital surplus	54,189	62,551	49,015
Retained earnings	361,152	310,744	325,346
Treasury shares	(142,141)	(142,202)	(142,278)
Other components of equity	824	510	1,194
Total equity attributable to owners of the parent	309,147	266,726	268,400
Non-controlling interests	1,052	1,004	1,022
Total equity	310,199	267,730	269,422
Total liabilities and equity	1,478,111	1,479,885	1,324,063



【Consolidated statements of profit or loss】

TonenGeneral Sekiyu K.K.

(Millions of Yen)

	Year ended December 31, 2014	Year ended December 31, 2015
Revenue	3,340,569	2,555,533
Cost of sales	3,314,260	2,452,944
Gross profit	26,309	102,589
Selling, general and administrative expenses	88,678	89,453
Share of profit (loss) of investments accounted for using the equity method	661	(90)
Other operating income	4,605	11,995
Other operating expenses	5,787	3,076
Operating profit (loss)	(62,890)	21,965
Finance income	310	417
Finance costs	4,003	2,556
Profit (loss) before tax	(66,583)	19,826
Income tax benefit	(34,803)	(7,797)
Profit (loss) for the year	(31,780)	27,623
Profit (loss) for the year attributable to:		
Owners of the parent	(31,897)	27,559
Non-controlling interests	117	64
Profit (loss) for the year	(31,780)	27,623

【Consolidated statements of comprehensive income】

TonenGeneral Sekiyu K.K.

(Millions of Yen)

	Year ended December 31, 2014	Year ended December 31, 2015
Profit (loss) for the year	(31,780)	27,623
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss:		
Change in fair value of financial assets measured at fair value through other comprehensive income (loss)	(292)	639
Remeasurement gains (losses) on defined benefit plans	(4,702)	904
Share of other comprehensive income of investments accounted for using the equity method	2	26
Total other comprehensive income (loss), net of tax	(4,992)	1,569
Total comprehensive income (loss) for the year	(36,772)	29,192
Comprehensive income (loss) for the year attributable to:		
Owners of the parent	(36,872)	29,129
Non-controlling interests	100	63
Total comprehensive income (loss) for the year	(36,772)	29,192

【Differences in accounting standards between Japanese GAAP and IFRS  
(Year ended December 31, 2015)】

TonenGeneral Sekiyu K.K.

Impacts on capital

(Millions of Yen)

	Capital
Japanese GAAP	234,106
Goodwill amortization	34,771
Depreciation method applied for property, plant and equipment	19,255
Major periodic repair costs	25,727
Employee benefits	(9,723)
Deferred tax assets and liabilities	(34,441)
Others	(273)
IFRS	269,422

Impacts on profit before tax

(Millions of Yen)

	Profit before tax
Japanese GAAP	8,941
Goodwill amortization	17,451
Depreciation method applied for property, plant and equipment	(129)
Major periodic repair costs	(3,307)
Employee benefits	(2,616)
Others	(514)
IFRS	19,826

#### 1. Goodwill amortization

Under Japanese GAAP, TG and its subsidiaries (“TG Group”) amortize goodwill over 20 years during which the influence of goodwill is expected. Under IFRS, since there is no concept of amortization of goodwill, amortization after the date of transition to IFRS is suspended.

#### 2. Depreciation method applied for property, plant and equipment

Under Japanese GAAP, TG Group adopts declining balance method as the depreciation method applied for property, plant and equipment. Under IFRS, TG Group adopts straight line methods as the depreciation method for these assets.

#### 3. Major periodic repair costs

Under Japanese GAAP, TG Group records a provision for costs of major periodic repairs in the future. The provision is reversed when the repairs are incurred. Major periodic costs are mainly accounted for as provisions and are not capitalized.

Under IFRS, the provision for repairs which does not meet the recognition criteria is reversed. Such expenditures for repairs are capitalized as they incur and those assets are subsequently depreciated.

#### 4. Employee benefits

Under Japanese GAAP, in the calculation of retirement benefit obligations, the straight-line basis is adopted. Under IFRS, projected unit credit method is adopted.

Under Japanese GAAP, actuarial gains and losses arisen in each period are amortized over certain periods and recognized in profit (loss) for the year. Unrecognized actuarial gains and losses after tax are included in other comprehensive income. Those unrecognized actuarial gains and losses recognized in accumulated other comprehensive income which are expensed in the current period are adjusted in other comprehensive income.

Under IFRS, remeasurements of the net benefit liability including actuarial gain and loss are recognized in other comprehensive income in the current period and reclassified to retained earnings immediately.

#### 5. Deferred tax assets and liabilities

##### Assessment of the recoverability of deferred tax assets

Under Japanese GAAP, TG Group recognizes the deferred tax assets related to deductible temporary differences to the extent that can be realized within a certain future period as defined in the accounting standard. Under IFRS, TG Group recognizes the assets to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and there is no defined periodical limit.

#### Deferred tax liabilities

Under Japanese GAAP, TG is required to recognize the deferred tax liabilities for all future taxable temporary differences. TG does not recognize, however, the deferred tax liability on the future taxable temporary difference arising from investments in its subsidiaries when it is reasonably probable that such future taxable income is not realized, which is defined as exceptional rule under the accounting standard. Under IFRS, there is no such exceptional definition and such deferred tax liabilities are recognized.

## Consolidated Financial Results for the Second Quarter 2016〔IFRS〕

November 22, 2016

Company name: TonenGeneral Sekiyu K.K.  
 Code number: 5012 URL <http://www.tonengeneral.co.jp/>  
 Representative: Jun Mutoh Representative Director and President

Listed on: Tokyo Stock Exchange

(Amounts are rounded to the nearest one million yen.)

### 1. Consolidated financial results for the second quarter 2016 (January 1, 2016 through June 30, 2016)

#### (1) Operating results

	Revenue	Operating profit	Profit before tax	Profit for the period	Profit for the period attributable to owners of the parent	Total comprehensive income for the period
	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen
2QYTD 2016	955,663	19,510	17,732	13,992	13,537	11,762
2QYTD 2015	1,314,154	51,186	50,586	36,393	36,395	35,954

	Net income per share	Diluted net income per share
	Yen	Yen
2QYTD 2016	37.16	37.14
2QYTD 2015	99.91	99.86

#### (2) Financial position

	Total assets	Net assets
	Million yen	Million yen
Jun 30, 2016	1,229,852	273,028
Dec 31, 2015	1,324,063	269,422

#### (3) Cash flows

	Net cash flows from operating activities	Net cash flows from investing activities	Net cash flows from financing activities	Cash and cash equivalents at the end of the period
	Million yen	Million yen	Million yen	Million yen
2QYTD 2016	(32,831)	(18,319)	(33,861)	13,760
2QYTD 2015	25,970	(18,229)	(27,682)	15,278

【Condensed consolidated statements of financial position】

TonenGeneral Sekiyu K.K.

(Millions of Yen)

	As of December 31, 2015	As of June 30, 2016
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	100,162	13,760
Trade and other receivables	187,399	152,993
Inventories	191,500	218,591
Income tax receivable	4,100	4,575
Other financial assets	123	522
Other current assets	9,747	12,344
Total current assets	493,031	402,785
Non-current assets		
Property, plant and equipment	368,278	371,261
Goodwill	321,640	321,640
Intangible assets	14,093	13,514
Investments accounted for using the equity method	18,652	17,063
Other financial assets	16,026	13,725
Deferred tax assets	83,933	80,025
Other non-current assets	8,410	9,839
Total non-current assets	831,032	827,067
Total assets	1,324,063	1,229,852

TonenGeneral Sekiyu K.K.  
(Millions of Yen)

	As of December 31, 2015	As of June 30, 2016
<b>LIABILITIES</b>		
Current liabilities		
Trade and other payables	423,917	355,381
Borrowings	118,180	116,787
Income taxes payable	1,761	3,570
Provisions	348	289
Other financial liabilities	24,075	24,042
Other current liabilities	30,042	27,827
Total current liabilities	598,323	527,896
Non-current liabilities		
Bonds and borrowings	215,401	191,196
Deferred tax liabilities	89,954	85,520
Net defined benefit liabilities	143,682	144,095
Provisions	3,211	3,290
Other financial liabilities	1,647	2,466
Other non-current liabilities	2,423	2,361
Total non-current liabilities	456,318	428,928
Total liabilities	1,054,641	956,824
<b>EQUITY</b>		
Equity attributable to owners of the parent		
Common stock	35,123	35,123
Capital surplus	49,015	49,039
Retained earnings	325,346	190,269
Treasury shares	(142,278)	(1,250)
Other components of equity	1,194	(385)
Total equity attributable to owners of the parent	268,400	272,796
Non-controlling interests	1,022	232
Total equity	269,422	273,028
Total liabilities and equity	1,324,063	1,229,852



【Condensed consolidated statements of profit or loss】

TonenGeneral Sekiyu K.K.  
(Millions of Yen)

	Six-month period ended June 30, 2015	Six-month period ended June 30, 2016
Revenue	1,314,154	955,663
Cost of sales	1,227,640	891,045
Gross profit	86,514	64,618
Selling, general and administrative expenses	44,363	45,373
Share of profit (loss) of investments accounted for using the equity method	122	△644
Other operating income	10,189	2,061
Other operating expenses	1,276	1,152
Operating profit	51,186	19,510
Finance income	326	224
Finance costs	926	2,002
Profit before tax	50,586	17,732
Income tax expense	14,193	3,740
Profit for the period	36,393	13,992
Profit for the period attributable to:		
Owners of the parent	36,395	13,537
Non-controlling interests	△2	455
Profit for the period	36,393	13,992

【Condensed consolidated statements of comprehensive income】

TonenGeneral Sekiyu K.K.  
(Millions of Yen)

	Six-month period ended June 30, 2015	Six-month period ended June 30, 2016
Profit for the period	36,393	13,992
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Change in fair value of financial assets measured at fair value through other comprehensive income (loss)	947	(1,555)
Remeasurement gains (losses) on defined benefit plans	(1,409)	(648)
Share of other comprehensive income of investments accounted for using the equity method	23	(27)
Total other comprehensive income (loss), net of tax	(439)	(2,230)
Total comprehensive income for the period	35,954	11,762
Comprehensive income for the period attributable to:		
Owners of the parent	35,914	11,298
Non-controlling interests	40	464
Total comprehensive income for the period	35,954	11,762