[The official language for TonenGeneral's filings with the Tokyo Stock Exchange and Japanese authorities, and for communications with our shareholders, is Japanese. We have posted English versions of some of this information on this web site. While these English versions have been prepared in good faith, TonenGeneral does not accept responsibility for the accuracy of the translations, and reference should be made to the original Japanese language materials.]

To Shareholders

Internet Disclosure of the 96th Ordinary General Meeting of Shareholders

The following information is disclosed on the internet website of the Company to the shareholders as the Attachment to the Notice of Ordinary General Meeting of Shareholders to be sent on March 4, 2016 pursuant to the Laws of Japan and the Company's Articles of Incorporation.

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TonenGeneral Sekiyu K.K.

Notes to Consolidated financial statements

1. Significant accounting policies

(1) Scope of consolidation

a) Number of consolidated subsidiaries: 7 companies

EMG Marketing G.K., Tonen Chemical Corporation, TGSH G.K., TonenGeneral Kaiun Y. K., Chuo Sekiyu Hanbai K. K., NUC Corporation, MOC Marketing G.K.

The Company acquired the entire equity interest in Kyokuto Petroleum Industries, Ltd. from the Company's consolidated subsidiary EMG Marketing Godo Kaisha effective July 1, 2015, followed by an absorption-type merger of Kyokuto Petroleum Industries, Ltd., a designated and wholly-owned subsidiary, into the Company, also effective July 1, 2015. Kyokuto Petroleum Industries, Ltd. has been excluded from the scope of consolidation effective from the current period as a result of this.

b) Names of major non-consolidated subsidiaries

- Name of non-consolidated subsidiaries

TonenGeneral Americas L.L.C., Shimizu LNG Thermal Power Generation G.K.

- Reason for exclusion from scope of consolidation

The size of each of the non-consolidated subsidiaries is small, and each company's total assets, sales and fiscal year profit or loss (amount corresponding to equity) and retained earnings (amount corresponding to equity) do not have a material effect on the consolidated financial statements.

(2) Application of equity method

a. Number of affiliates accounted for by the equity method: 6 companies

Shimizu LNG K. K., Kobe Standard Sekiyu K.K., NISSEI CORPORATION Co., Ltd., Standard Sekiyu Osaka Hatsubaisho Co., Gyxis Corporation, Japan Biofuels Supply LLP

On April 1, 2015, Gyxis Corporation, in which Cosmo Oil Co., Ltd., Showa Shell Sekiyu K.K., Sumitomo Corporation and the Company each have 25% stakes, was established. As a result, Gyxis Corporation is included in the scope of entities accounted for using the equity method from the current period.

b. Name of major non-consolidated subsidiaries and non-equity-method companies and reason equity method was not applied

1) Name of major non-consolidated subsidiaries and non-equity-method companies

TonenGeneral Americas L.L.C., Shimizu LNG Thermal Power Generation G.K., Emori Sekiyu K. K., Kimura Sekiyu K.K., K.K. Marutaka Sekiyu

2) Reason equity method was not applied

The affiliates above are not accounted for by the equity method because they do not have a material impact on net income (loss), retained earnings, etc. on a consolidated basis and the total amount as a whole does not have a material impact to the consolidated financial statements.

c. Notes to the procedures of applying equity method

Reasonable adjustments are made to the most recent available financial statements of companies accounted for by the equity method whose closing dates are not the same as the Company.

(3) Summary of accounting procedures

a. Valuation rules and methods for significant assets

1) Securities

Other securities

- Securities with readily determinable fair values

  Market value at the closing date (Valuation difference on available-for-sales securities is directly reflected in net assets, and cost of sales is calculated using the moving-average method)

- Securities without readily determinable fair values

  The moving-average cost method

2) Derivatives transactions

Market value at the closing date

3) Inventories

Generally the lower of acquisition costs determined by the weighted average cost method or their net realizable value

b. Depreciation and amortization of significant noncurrent assets

1) Property, plant and equipment (excluding leased assets)

Generally the declining-balance method

The service life ranges by major assets are:

Buildings and structures:	10 to 50 years
Tanks:	10 to 25 years
Machinery, equipment and vehicles:	7 to 15 years

2) Intangible assets (excluding leased assets)

The straight-line method

In-house computer software is amortized over its service life (5 to 15 years) using the straight-line method.

3) Leased assets

The straight-line method is employed, where the leasing period is deemed as the service life and residual value is set as zero. The accounting treatment for finance lease transactions that do not transfer ownership to the lessee and became effective on or before December 31, 2008 is calculated pursuant to the method applied to ordinary operating lease transactions.

c. Basis for significant provisions

1) Allowance for doubtful accounts

To provide for losses due to bad debt, the Company and its consolidated subsidiaries reserve an estimated bad debt allowance on ordinary receivables based on historical bad debt ratios, and on highly doubtful receivables based on the recoverability from individual customers.

2) Provision for bonuses

To provide for the payment of employees' bonuses, the Company and its consolidated subsidiaries accrue an estimated reserve for the period.

3) Provision for repairs

To provide for periodic tank inspections required under the Fire Service Act and for periodic repairs of machinery and equipment, the Company and its consolidated subsidiaries reserve an estimated cost for the current period, based on actual payments and repair plans, respectively.

d. Accounting method related to retirement benefits

1) Method of attributing expected retirement benefits to periods

In the calculation of retirement benefit obligations, the straight-line basis is adopted as the method of attributing expected retirement benefits to the period up to the end of the current period.

2) Method of amortizing actuarial difference, and the past service liabilities

Actuarial differences are generally amortized into pension expenses beginning with the next period, using the declining-balance method over a period determined based on employees' average remaining service years (12 years). Past service liabilities are amortized into pension expenses using the straight-line method over employees' average remaining service years (11.0 to 12.9 years).

Unrecognized actuarial gains and losses, and unrecognized prior service cost are included in accumulated other comprehensive income after adjusting deferred tax.

e. Other important items for consolidated financial statements

1) Principal methods of hedge accounting

- Method of hedge accounting

  Exceptional treatment permitting the effects of the interest rate swaps to be netted against the underlying interest expense of the loans payable subject to the swap agreement is adopted for the swap agreements that satisfy the requirements for exceptional treatment.

- Hedging instrument and hedged item

  Hedging instrument: Interest rate swap

  Hedged item: Interest on loans payable

- Hedging policy

  Upon the completion of internal approval procedures prescribed by the Company, interest rate swaps are carried out to convert floating interest rates associated with certain loans payable to fixed interest rates.

- Method of evaluating hedge effectiveness

  Hedge effectiveness of interest rate swaps is not evaluated because they are accounted for with exceptional treatment.

2) Amortization method and period of goodwill

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

3) Accounting method for consumption taxes

Each item in the consolidated statement of income does not include consumption taxes.

2. Change in accounting policies

- Application of Accounting Standard, etc. for Retirement Benefits

For the "Accounting Standard for Retirement Benefits" (The Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012) (the "Accounting Standard"), and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015) (the "Guidance"), effective from the current period, the Company has additionally applied the provisions set forth in the main clause of paragraph 35 of the Accounting Standard, and the main clause of paragraph 67 of the Guidance. Accordingly, the Company has reviewed its calculation method for retirement benefit obligations and service costs, and changed the method for determining the discount rate. The Company continues the straight line-basis for the attribution method of the estimated amount of retirement benefits to periods.

The Accounting Standard and the Guidance are applied in accordance with the transitional measures provided in paragraph 37 of the Accounting Standard. The amount of impact resulting from the changes in the calculation method for retirement benefit obligations and service costs has been deducted from retained earnings as of January 1, 2015.

The effect of this change on the consolidated balance sheet and the consolidated statement of income is immaterial.

3. Consolidated balance sheet

(1) Mortgaged assets

Mortgaged assets and mortgaged liabilities by security rights are as shown below;

Mortgaged assets	Balance sheet amounts (Million yen)	(Provided as plant mortgage) (Million yen)
Buildings and structures	3,246	(3,246)
Tanks	2,090	(2,090)
Machinery, equipment and vehicles	4,759	(4,759)
Land	12,203	(4,628)
Total	22,299	(14,724)

Mortgaged liabilities by security rights	Amounts (Million yen)	(Covered by plant mortgage) (Million yen)
Gasoline taxes payable	77,140	(14,724)

(Note) 1. The balance sheet amounts of mortgaged assets include the mortgages provided as plant mortgage as shown in parentheses.
2. The amounts of mortgaged liabilities include the liabilities covered by plant mortgages as shown in parentheses.

(2) Accumulated depreciation of property, plant and equipment 976,233 million yen

(3) Obligations for guarantees

a. Bank borrowing, etc.

Guarantees	Amounts
Japan Biofuels Supply LLP	2,767 million yen
Employees of the Company and consolidated subsidiaries	126 million yen
Total	2,894 million yen

b. Letters of credit

Guarantees	Amounts
Japan Biofuels Supply LLP	13,489 thousand USD
	(1,626 million yen)

c. Deferral of import consumption tax payment

Guarantees	Amounts
Japan Biofuels Supply LLP	312 million yen

4. Consolidated statement of changes in net assets

(1) Class and number of shares issued as of December 31, 2015

Common stock 565,182,000 shares

(2) Dividends in the current period

Resolution	Class of shares	Total dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on March 25, 2015	Common stock	6,921	19.00	December 31, 2014	March 26, 2015
Board of Directors Meeting held on August 14, 2015	Common stock	6,921	19.00	June 30, 2015	September 11, 2015

(3) Planned resolution at Ordinary General Meeting of Shareholders on March 25, 2016

Planned resolution	Class of shares	Dividend resource	Total dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on March 25, 2016	Common stock	Retained earnings	6,920	19.00	December 31, 2015	March 28, 2016

(4) Class and number of stock acquisition rights as of December 31, 2015 (Except for those rights whose first date of exercise period has not come.)

Resolution date	April 24, 2013	April 24, 2014	April 24, 2015
Number of stock acquisition rights	693 rights	891 rights	363 rights
Class of shares	Common stock	Common stock	Common stock
Number of shares	69,300 shares	89,100 shares	36,300 shares

5. Financial instruments

(1) Detail of financial instruments

The Company and its subsidiaries and affiliated companies (“TG group companies”) finance their working capital and capital investment through a combination of internally generated funds, external borrowing with banks and other financial institutions, and issuance of corporate bonds and commercial papers.

Trade accounts receivable are exposed to credit risk but TG group companies mitigate the risk in accordance with consistent guidelines. Part of trade accounts receivable are denominated in foreign currencies, but the risk of foreign currency rate fluctuations is hedged with forward exchange contracts.

Investment securities are limited to stock of companies with which TG group companies have a business relationship. Part of these stock investments is exposed to the risk of market stock price fluctuations.

Trade accounts payable outstanding are largely due within six months. Also trade accounts payable resulting from import transactions including crude oil import are exposed to the risk of foreign currency rate fluctuations but the risk has been mitigated through the use of forward exchange contracts.

Loans payable result from external loans with financial institutions including banks and the issuance of corporate bonds and commercial papers. The interest rate of such financing, except for fixed rate long-term loans payable and bonds payable, is in part determined with market reference rates and therefore the variable interest rate loans are exposed to the risk of interest fluctuations.

Derivative transactions are conducted mainly for the above-mentioned foreign exchange contracts and interest rate swaps. In addition, crude oil related derivatives are used to adjust pricing basis between regional crude market, etc, for the purpose of hedging risk of crude price fluctuations. The Company Group use derivative transactions for limited purpose of hedging risk of existing objectives from market fluctuations. The Company group has no derivative transaction for speculative purposes which is strictly prohibited under the Company’s guidelines.

(2) Fair value of financial instruments

The balance sheet amounts and fair values and the difference as of December 31, 2015 thereof are shown below.

(Unit: Million yen)

	Amounts recorded in the consolidated balance sheet	Fair value	Difference
1) Cash and deposits	100,161	100,161	–
2) Note and accounts receivable-trade (*1)	172,368	172,368	–
3) Income taxes receivable	4,100	4,100	–
4) Investment securities			
-Other securities	6,068	6,068	–
Total assets	282,699	282,699	–
5) Note and accounts payable-trade	129,769	129,769	–
6) Gasoline taxes payable	244,907	244,907	–
7) Short-term loans payable	118,180	118,180	–
8) Income taxes payable	1,761	1,761	–
9) Accrued consumption taxes	1,408	1,408	–
10) Guarantee deposits payable	23,618	23,618	–
11) Bonds payable	85,000	86,126	1,126
12) Long-term loans payable	131,027	133,421	2,394
Total liabilities	735,672	739,193	3,520
13) Derivative transactions (*2)	(380)	(380)	–

(*1) The amounts of related allowance for notes and accounts receivable-trade are deducted from the values.

(*2) The values of assets and liabilities arising from derivative transactions are shown at net value.

Assets:

1) Cash and deposits, 2) Note and accounts receivable-trade and 3) Income taxes receivable

Fair value is deemed the same as book value because these assets are settled within a short period of time and there is little rationale for fair and book values to diverge.

4) Investment securities

Fair value of stocks is based on the prices traded at the stock exchange. Among "Other securities," securities with a book value of 27,854 million yen are excluded from the above table because there is no ascertainable market value for those securities and it is deemed extremely difficult to calculate their fair value.

Liabilities:

5) Note and accounts payable-trade, 6) Gasoline taxes payable, 7) Short-term loans payable, 8) Income taxes payable, 9) Accrued consumption taxes and 10) Guarantee deposits payable

Fair value is deemed the same as book value because these liabilities are settled within a short period of time and there is little rational for fair and book value to diverge.

11) Bonds payable

Fair value of bonds is based on market price.

12) Long-term loans payable

The fair value of floating rate long-term loan is deemed the same as book value, since there is little rationale for fair and book values to diverge under such floating rate loan arrangement. The fair value of fixed rate long-term loan is estimated using the expected future principal and interest payments discounted at market interest rates for similar new borrowings. The fair value of derivatives that are subject to the special treatment of interest rate swap is calculated based on the value provided by financial institutions and it is included in the fair value of the hedged long-term loan.

13) Derivatives

Fair value is measured based on the actual market exchange rate.

6. Investment and rental property

(1) Overview of real estate for lease, etc.

The Company and two consolidated subsidiaries lease a part of lands at their refining and manufacturing sites, certain service stations assets and other assets in Japan. In the current period, the net of leasing income and related expense of these transactions are 736 million yen in income (the income is included in net sales and the expense is included in cost of sales or selling, general and administrative expenses); gain/loss on sales and retirement of related assets are a 1,017 million yen gain (included in extraordinary income/loss); and impairment loss of related assets is 80 million yen (included in extraordinary loss).

(2) Fair value of real estates for lease, etc.

Balance sheet amount	Fair value
93,100 million yen	100,190 million yen

(Note) 1. The balance sheet amount is the acquisition cost reduced by the accumulated depreciation and the accumulated impairment loss.
2. The amounts used for the fair value at the end of the period were mainly amounts determined by the Company based on the "Real Estate Appraisal Standard" (these amounts include adjustments that utilize indices etc.).

7. Financial data per share

(1) Net assets per share: 639.61 yen

(2) Net income per share: 0.14 yen

8. Significant subsequent events

-Cancellation of treasury shares

The Board of Directors of the Company held on February 12, 2016 resolved the cancellation of treasury shares as stated below, in accordance with the provision of Article 178 of the Companies Act.

1) Reason for the share cancellation

The Company has been studying the option to utilize a portion of the treasury shares for strategic purposes to support potential actions intended to create added value for shareholders. Considering the current sound financial status, the Company has concluded it is appropriate to cancel the 199,182,000 treasury shares.

2) Type of shares to be cancelled

Common Stock

3) Number of shares to be cancelled

199,182,000 (35.24% of the shares issued before cancellation)

4) Date of cancellation

February 29, 2016

5) Other

After the aforementioned cancellation, the Company will have a total of 366,000,000 shares outstanding

9. Others

- Amendment to amount of deferred tax assets and liabilities due to change in corporate income tax rate, etc.

The "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 9 of 2015) and the "Act on Partial Amendment of the Local Tax Act, etc." (Act No. 2 of 2015) have been promulgated on March 31, 2015. With this amendment, the corporate income tax rates, etc. are to be reduced effective from the fiscal year beginning on or after April 1, 2015. In conjunction with this, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities is changed from the previous rate of 35.6%. The rate is 33.1% for temporary differences expected to be realized in the fiscal year beginning on January 1, 2016, and 32.3% for temporary differences expected to be realized in the fiscal year beginning on or after January 1, 2017.

As a result, net deferred tax assets decreased by 2,622 million yen, capital surplus decreased by 1,552 million yen, revaluation reserve for land decreased by 32 million yen, remeasurements of defined benefit plans decreased by 582 million yen, income taxes - deferred increased by 525 million yen, investment securities increased by 32 million yen, and valuation difference on available-for-sale securities increased by 38 million yen.

Moreover, the system of deduction for losses carried forward has been revised. The limit of deduction from taxable income applicable to losses carried forward is amount equivalent to 65% of the income before loss carried forward effective from the fiscal year beginning on and after April 1, 2015, and 50% effective from the fiscal year beginning on and after April 1, 2017. As a result, deferred tax assets decreased by 15,346 million yen, capital surplus decreased by 2,243 million yen, and income taxes - deferred increased by 13,103 million yen.

10. Monetary unit used for reporting

Amounts are shown in truncated millions of yen.

Notes to Non-consolidated financial statements

1. Significant accounting policies
   (1) Valuation rules and methods for assets
      a. Securities
         1) Stock of subsidiaries and affiliates
            The moving-average cost method
         2) Other securities
            - Securities with readily determinable fair values
              Market value at the closing date (Valuation difference on available-for-sales securities is directly reflected in net assets, and cost of sales is calculated using the moving-average method)
            - Securities without readily determinable fair values
              The moving-average cost method
      b. Derivatives transactions
         Market value at the closing date
      c. Inventories
         Generally the lower of acquisition costs determined by the weighted average cost method or their net realizable value

   (2) Depreciation and amortization method for noncurrent assets
      a. Property, plant and equipment (excluding leased assets)
         Generally the declining-balance method
         The service life ranges by major assets are:

Buildings and structures:	10 to 50 years
Tanks:	10 to 25 years
Machinery, equipment and vehicles:	7 to 15 years

      b. Intangible assets (excluding leased assets)
         The straight-line method
         In-house computer software is amortized over its service life (5 to 15 years) using the straight-line method.
      c. Leased assets
         The straight-line method is employed, where the leasing period is deemed as the service life and residual value is set as zero. The accounting treatment for finance lease transactions that do not transfer ownership to the lessee and became effective on or before December 31, 2008 is calculated pursuant to the method applied to ordinary operating lease transactions.

   (3) Basis for provisions
      a. Allowance for doubtful accounts
         To provide for losses due to bad debt, the Company reserves an estimated bad debt allowance on ordinary receivables based on historical bad debt ratios, and on highly doubtful receivables based on the recoverability from individual customers.

b. Provision for bonuses

To provide for the payment of employees' bonuses, the Company accrues an estimated reserve for the period.

c. Provision for retirement benefits

To provide for the payment of employees' post-retirement benefits, the Company accrues an estimated reserve based on the projected benefit obligations and estimated pension plan assets as of the closing date. Any differences in actuarial calculations of retirement benefits are amortized beginning with the next period, using the declining-balance method over a period determined based on employees' average remaining service years (12 years). Prior service liabilities are amortized using the straight-line method over employees' average remaining service years (11.9 to 12.9 years).

d. Provision for repairs

To provide for periodic tank inspections required under the Fire Service Act and for periodic repairs of machinery and equipment, the Company reserves an estimated reserve for the period, based on actual payments and repair plans.

(4) Other important items for financial statements

a. Principal methods of hedge accounting

1) Method of hedge accounting

Exceptional treatment permitting the effects of the interest rate swaps to be netted against the underlying interest expense of the loans payable subject to the swap agreement is adopted for the swap agreements that satisfy the requirements for exceptional treatment.

2) Hedging instrument and hedged item

Hedging instrument: Interest rate swap

Hedged item: Interest on loans payable

3) Hedging policy

Upon the completion of internal approval procedures prescribed by the Company, interest rate swaps are carried out to convert floating interest rates associated with certain loans payable to fixed interest rates.

4) Method of evaluating hedge effectiveness

Hedge effectiveness of interest rate swaps is not evaluated because they are accounted for with exceptional treatment.

b. Amortization method and period of goodwill

Goodwill is amortized by the straight-line method over five years.

c. Accounting method for consumption taxes

Each item in the statement of income does not include consumption taxes.

2. Balance sheet

(1) Mortgaged assets

Mortgaged assets and mortgaged liabilities by security rights are as shown below;

Mortgaged assets	Balance sheet amounts (Million yen)	(Provided as plant mortgage) (Million yen)
Buildings	1,117	(1,117)
Structures	2,128	(2,128)
Tanks	2,090	(2,090)
Machinery, equipment	4,759	(4,759)
Land	12,203	(4,628)
Total	22,299	(14,724)

Mortgaged liabilities by security rights	Amounts (Million yen)	(Covered by plant mortgage) (Million yen)
Gasoline taxes payable	77,140	(14,724)

(Note) 1. The balance sheet amounts of mortgaged assets include the mortgages provided as plant mortgage as shown in parentheses.
2. The amounts of mortgaged liabilities include the liabilities covered by plant mortgages as shown in parentheses.

(2) Accumulated depreciation of property, plant and equipment 760,744 million yen

(3) Obligations for guarantees

a. Bank borrowing, etc.

Guarantees	Amounts
Japan Biofuels Supply LLP	2,767 million yen
Employees of the Company	89 million yen
Total	2,856 million yen

b. Letters of credit

Guarantees	Amounts
Japan Biofuels Supply LLP	13,489 thousand USD
	(1,626 million yen)

c. Deferral of import consumption tax payment

Guarantees	Amounts
Japan Biofuels Supply LLP	312 million yen

(4) Details of receivable from and payable to associated companies

Receivable

Accounts receivable-trade	143,793	million yen
Short-term loans receivable	11,528	
Accounts receivable-other	5,880	

Payable

Accounts payable-trade	31,322	million yen
Short-term loans payable	87,381	
Accounts payable-other	3,167	

3. Statement of income

Transaction with associated companies

Trade transaction	Net sales	1,269,255	million yen
	Cost of sales	374,064	
Non-trade transaction	Dividend income	5,650	
	Other	175	

4. Statement of changes in net assets

Treasury shares

Class and number of treasury shares as of December 31, 2015

Common stock 200,936,131 shares

5. Deferred tax accounting

Detail of deferred tax assets and deferred tax liabilities

(Deferred tax assets)

Tax loss carry forward	68,790	million yen
Provision for retirement benefits	13,019	
Provision for repairs	6,849	
Accumulated impairment loss	751	
Excess amortization	763	
Other	2,627	
Subtotal	92,802	
Valuation allowance	(25,459)	
Total deferred tax assets	67,342	

(Deferred tax liabilities)

Gain on sales of subsidiaries’ stocks	(27,513)	million yen
Deferred taxation on the gain from inventory valuation method change	(18,830)	
Reserve for property replacement	(6,300)	
Land revaluation	(5,320)	
Other	(3,329)	
Total deferred tax liabilities	(61,295)	
Net of deferred tax assets and liabilities	6,047	

Net deferred tax assets are included in the following accounts on the balance sheets.

Current assets - Deferred tax assets	679	million yen
Non-current assets - Deferred tax assets	5,367	million yen

- Amendment to amount of deferred tax assets and liabilities due to change in corporate income tax rate, etc.

The "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 9 of 2015) and the "Act on Partial Amendment of the Local Tax Act, etc." (Act No. 2 of 2015) have been promulgated on March 31, 2015. With this amendment, the corporate income tax rates, etc. are to be reduced effective from the fiscal year beginning on or after April 1, 2015. In conjunction with this, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities is changed from the previous rate of 35.6%. The rate is 33.1% for temporary differences expected to be realized in the fiscal year beginning on January 1, 2016, and 32.3% for temporary differences expected to be realized in the fiscal year beginning on or after January 1, 2017.

As a result, net deferred tax assets increased by 573 million yen, valuation difference on available-for-sale securities increased by 8 million yen and income taxes - deferred decreased by 565 million yen.

Moreover, the system of deduction for losses carried forward has been revised. The limit of deduction from taxable income applicable to losses carried forward is amount equivalent to 65% of the income before loss carried forward effective from the fiscal year beginning on and after April 1, 2015, and 50% effective from the fiscal year beginning on and after April 1, 2017. As a result, deferred tax assets decreased by 12,600 million yen and income taxes - deferred increased by 12,600 million yen.

6. Lease transactions

The accounting treatment for finance lease transactions that do not transfer ownership to the lessee and became effective on or before December 31, 2008 is calculated pursuant to the method applied to ordinary operating lease transactions. The detail is as follows.

(1) Acquisition cost equivalent, accumulated depreciation equivalent and net book value equivalent at the closing date

(Million yen)

Assets	Acquisition cost equivalent	Accumulated depreciation equivalent	Net book value equivalent at the closing date
Buildings	89	32	57
Machinery	210	186	24
Total	300	219	81

(Note) The acquisition cost equivalent includes interest-equivalent expenses with no adjustment made since the outstanding balance of future lease payment at the closing date is immaterial considering the total value of property, plant and equipment.

(2) Outstanding balance of future lease payment at the closing date

Due within one year	30 million yen
Due in over one year	50 million yen
Total	81 million yen

(Note) The outstanding balance of future lease payment includes interest-equivalent expenses, since the outstanding balance of future lease payment at the closing date is immaterial considering the total value of property, plant and equipment.

(3) Lease fees paid and depreciation expense equivalent

Lease fees paid	28 million yen
Depreciation expense equivalent	28 million yen

(4) Calculation method for depreciation expense equivalent

The straight-line method with no residual value, where the lease period is treated as the depreciation period.

7. Financial data per share

(3) Net assets per share: 859.06 yen

(4) Net loss per share: (24.94) yen

8. Significant subsequent events

- Cancellation of treasury shares

The Board of Directors of the Company resolved the cancellation of treasury shares as stated below, in accordance with the provision of Article 178 of the Companies Act. The details are shown in “8. Significant subsequent events” of “Notes to Consolidated financial statements”.

9. Monetary unit used for reporting

Amounts are shown in truncated millions of yen.