[The official language for TonenGeneral Sekiyu'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 website. While these English versions have been prepared in good faith, TonenGeneral Sekiyu does not accept responsibility for the accuracy of the translations, and reference should be made to the original Japanese language materials.]

Consolidated Financial Results for 2012
(Japan GAAP basis)

February 14, 2013

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
Contact person: Kosuke Kai Manager, Media Relations, Public and Government Relations, EMG Marketing Godo Kaisha Tel: 03-6713-4400
Scheduled date of Annual General Shareholders' Meeting: March 26, 2013
Scheduled date of filing Annual Securities Report: March 26, 2013
Scheduled date of start of dividends payment: March 27, 2012
Preparation of presentation material for yearly results: Yes
Briefing for institutional investors: Yes

(Amounts shown in truncated millions of yen)

1. Consolidated financial results for the full year 2012 (January 1, 2012 through December 31, 2012)

(1) Operating results

(Parentage 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	%
2012	2,804,929	4.8	27,298	(87.4)	22,529	(89.6)	54,770	(58.8)
2011	2,677,115	11.6	216,191	544.8	217,552	487.8	132,779	209.7

(Note) Comprehensive income: 55,523Million yen for 2012 [-51.2%] 132,674Million yen for 2011 [212.2 %]

	Net income per share	Diluted net income per share	Net income per shareholders' equity	Ordinary income per total assets	Operating income per net sales
	Yen	Yen	%	%	%
2012	122.38	–	16.9	1.8	1.0
2011	235.26	–	43.7	21.5	8.1

(Reference) Equity earnings: (1,105) Million yen for 2012 345Million yen for 2011

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
Dec. 31, 2012	1,385,014	288,384	20.8	788.81
Dec. 31, 2011	1,113,517	359,473	32.3	636.94

(Reference) Net assets: 287,563Million yen as of December 31, 2012 359,473 Million yen as of December 31, 2011

(3) Cash flows

	Net cash from operating activities	Net cash from investing activities	Net cash from financing activities	Cash and cash equivalents at the end of the period
	Million yen	Million yen	Million yen	Million yen
2012	(1,884)	(345,794)	360,767	13,369
2011	51,074	(10,351)	(40,721)	280

2. Dividends

	Annual dividend					Total amount (full year)	Payout ratio (consolidated)	Dividend per net assets (consolidated)
	1Q end	2Q end	3Q end	4Q end	Full year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
2011	–	19.00	–	19.00	38.00	21,446	16.2	7.1
2012	–	19.00	–	19.00	38.00	17,649	31.1	5.3
2013(Forecast)		19.00	–	19.00	38.00		69.2	

3. Projected consolidated operating results for 2013 (January 1, 2013 through December 31, 2013)

(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
2Q YTD	1,500,000	11.5	21,000	(245.3)	21,000	(247.4)	10,000	(834.2)	27.43
Full year	3,000,000	7.0	43,000	57.5	42,000	86.4	20,000	(63.5)	54.86

4. Others

(1) Change in major subsidiaries in the current period (change in designated subsidiaries resulting in a change in the scope of consolidation): Yes

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

(Note) For further details, please refer to “4. Consolidated financial statements (8) Note to consolidated financial statements, (Business combination)” on page 23.

(2) 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

(3) Number of shares issued (Common Stock)

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

2012	565,182,000	shares	2011	565,182,000	shares

b. Number of shares of treasury stock at period end

2012	200,628,166	shares	2011	808,432	shares

c. Average number of shares during the period

2012	447,541,274	shares	2011	564,387,998	shares

(Reference) Summary of non-consolidated financial results

1. Financial results for 2012 (January 1, 2012 through December 31, 2012)

(1) Operating results

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

	Net sales		Operating income		Ordinary income			
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2012	2,731,312	1.9	22,520	(89.3)	19,054	(91.0)	44,699	(76.2)
2011	2,680,197	12.0	209,951	574.0	212,746	264.2	187,672	317.3

	Net income per share	Diluted net income per share
	Yen	Yen
2012	82.47	–
2011	332.52	–

(2) Financial position

	Total assets	Net assets	Shareholders’ equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
Dec. 31, 2012	1,399,502	261,309	18.7	716.79
Dec. 31, 2011	1,132,477	380,255	33.6	673.77

(Reference) Net assets: 261,309Million yen as of December 31, 2012 380,255 Million yen as of December 31, 2011

2. Projected non-consolidated operating results for 2013 (January 1, 2013 through December 31, 2013)

(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	2.5	34,000	51.0	33,000	73.2	21,000	(53.0)	57.60

- **Audit status of Annual Securities Report *(Yukashoken-Houkokusho)* for 2012**

  This report is not required to be included and is not included in the scope of the external audit conducted pursuant to the Financial Instruments and Exchange Act of Japan. The audit procedures for the consolidated financial statements under the Financial Instruments and Exchange Act of Japan have not been completed as of the timing of disclosure of this report.

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

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

  For further information regarding the projections above, please refer “1. Analysis of operating results and financial condition (1) Analysis of operating results b. Earnings forecast for full year 2013” on page 2.

(Attachments)

Table of contents of attachments

1. Analysis of operating results and financial condition

(1) Analysis of operating results

a. Business overview

Consolidated net sales for 2012 amounted to 2,804.9 billion yen, an increase of 127.8 billion yen or 4.8 percent versus the previous year, primarily due to the inclusion of EMG Marketing Godo Kaisha as a consolidated subsidiary from the second half of this year.
Consolidated operating income was 27.3 billion yen, a decrease of 188.9 billion yen versus the previous year. The decrease was 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), partly offset by the increase arising from the consolidation of EMG Marketing Godo Kaisha during the current period.
Consolidated ordinary income was 22.5 billion yen, a decrease of 195.0 billion yen versus the previous year, primarily due to the addition of non-operating items including interest expenses and foreign exchange losses.
With extraordinary items including the gain from redemption upon dissolution of the battery separator film joint venture, favorable income tax and other adjustments, consolidated net income amounted to 54.8 billion yen, a decrease of 78.0 billion yen versus the previous year.
Operating income by segments discussed below excludes all goodwill amortization cost related to the acquisition of the interest in EMG Marketing Godo Kaisha (8.4 billion yen during the period) which is not allocated to segments.
The results by segment are as follows:

1) Oil segment

Oil segment operating income was 34.4 billion yen, a decrease of 177.4 billion yen versus the previous year. The vast majority of the decline is attributable to the absence of inventory gains associated with the inventory valuation method change recognized last year as mentioned above. Excluding inventory effects in both periods, Oil segment income for the current period was 31.5 billion yen or 7.4 billion yen increase from the previous year. The result benefits from the additional contribution to the Oil business attributable to the new consolidated subsidiary EMG Marketing Godo Kaisha.

Oil segment income compared with the previous year

(Unit: billion yen)

	2012	2011	Difference
Segment income as reported	34.4	211.8	(177.4)
Inventory-related gain (loss)	2.9	187.7	(184.8)
Segment income excluding above special factors	31.5	24.1	7.4

2) Chemical segment

Chemical segment operating income was 1.4 billion yen, a decrease of 3.0 billion yen versus the previous year. The decrease in Chemical results versus the previous year is mainly due to the decline in commodity chemical product margins affected by the domestic and external weak economic environments. Inventory effects included in Chemical segment income were 1.5 billion yen this year versus 1.4 billion yen last year.

b. Earnings forecast for full year 2013

(unit: million yen)

Net sales	Operating income	Ordinary income	Net income
3,000,000	43,000	42,000	20,000

Consolidated operating income for the full year 2013 is forecast as 43 billion yen including 50 billion yen from the Oil segment, 10 billion yen from the Chemical segment and a negative 17 billion yen of goodwill amortization (related to the acquisition of the interest in EMG Marketing Godo Kaisha) which is not allocated by segment. No inventory effects are included in the forecast.
Compared to 2012 operating income of 27.3 billion yen, the 15.7 billion yen increase reflects a full year of operating income from EMG Marketing Godo Kaisha, growing synergy effects following the EMG Marketing Godo Kaisha acquisition, operating expense reduction primarily pension and depreciation, and a modest upturn in margins in the Chemical segment. Partially offsetting is the absence of the 4.4 billion of inventory effects realized in 2012 and a full year of goodwill amortization (related to the acquisition of the interest in EMG Marketing Godo Kaisha) in 2013 versus one half year in 2012.
2013 net income including non-operating items, extra-ordinary items and income taxes is forecast to be 20 billion yen.

(2) Analysis of financial condition

a. Total assets, liabilities and net assets

The consolidated balance sheet as of December 31, 2012 reflects the Company's acquisition of a 99.0% ownership interest in EMG Marketing Godo Kaisha on June 1, 2012. Total assets as of December 31, 2012 were 1,385.0 billion yen, a 271.5 billion yen increase from December 31, 2011, which is mainly due to the recognition of goodwill, partly offset by a decrease in trade accounts receivable. Liabilities as of December 31, 2012 amounted to 1,096.6 billion yen, a 342.6 billion yen increase from December 31, 2011, which is mainly attributable to the issuance of commercial papers and straight bonds, an increase in other long-term loans payable, and an additional provision for retirement benefits. Total net assets as of December 31, 2012 amounted to 288.4 billion yen, a 71.1 billion yen decrease from December 31, 2011, which is mainly attributable to an increase in treasury stock. Treasury stock increased during the period in conjunction with the acquisition of the 99% interest in EMG Marketing Godo Kaisha.

b. Cash flows

At the end of December 2012, the outstanding balance of cash and cash equivalent was 13.4 billion yen, an increase of 13.1 billion yen versus December 31, 2011. Key factors influencing cash flows are summarized below.
In 2012, cash flows from operating activities were a negative 1.9 billion yen versus a positive 51.1 billion yen in the prior period. Negative factors such as the return of cash deposited by a joint venture and income tax payment outweighed positive factors such as income before income taxes and minority interests and depreciation.
Cash flows from investing activities were a negative 345.8 billion yen versus a negative 10.4 billion yen in the prior period. The cash outflows are due mainly to the acquisition of the 99.0% interest in EMG Marketing Godo Kaisha.
Cash flows from financing activities were a positive 360.8 billion yen versus a negative 40.7 billion yen in the prior period. This is mainly due to an increase in borrowings to finance the acquisition of 99.0% interest of EMG Marketing Godo Kaisha and the Company's working capital needs.

c. Key financial indices

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Shareholders' equity ratio (%) - book base	30.0	26.0	27.4	32.3	20.8
Shareholders' equity ratio (%) - market base	56.1	50.0	55.3	42.6	19.6
Cash flow vs. interest-bearing debt (Times)	0.5	16.3	0.6	1.2	–
Interest coverage ratio (Times)	205.0	14.5	234.8	172.5	–

(Note) 1. Definitions are as follows:
Shareholders' equity ratio - book base: (period-end total net assets - period-end minority interests) / period-end total assets
Shareholders' equity ratio - market base: total value of stock ex. treasury stock at period-end market price / period-end total assets
Cash flow vs. interest-bearing debt: period-end interest-bearing debt / operating cash flow
Interest coverage ratio: operating cash flows / interest paid
2. All indicators have been calculated based on consolidated financial data.
3. Operating cash flow is net cash provided by (used in) operating activities shown in the Consolidated statement of cash flows.
4. Interest-bearing debt is actual interest-bearing debt, defined as short-term loans payable, commercial papers, bonds payable and long-term loans payable on the Consolidated balance sheet. Interest paid is the amount shown in the Consolidated statement of cash flows.

(3) Dividend policy, dividend in current period and dividend in next period

a. Dividend policy

The Company intends to continue to carry out its stable dividend policy, while taking into account factors such as the need to maintain a solid balance sheet, generation of cash flows, and capital expenditure plans.

b. Dividend in current period

The Company projects a payment to its shareholders as of December 31, 2012 of 19 yen per share as a final dividend for the term ended December 31, 2012, subject to approval at the general meeting of shareholders.

c. Dividend in next period

Full-year dividends for 2013 are forecast to be 38 yen per share unchanged from 2012, subject to review of our full year business performance and cash flow results and the decision of both our Board of Directors and shareholders.

(4) Business and other risks

The following are risk factors that may affect the operating results and financial position of the TG Group (TonenGeneral Sekiyu K.K. [the Company] and its consolidated subsidiaries) as well as the share price of the Company.

a. Competitive factors

The energy and petrochemical industries are highly competitive. There is competition within the industry, as well as with other industries, in supplying products to customers. A key component of the Company's competitive position, particularly given the commodity-based nature of many of its products, is its ability to manage expenses effectively, which requires continuous management focus on reducing unit costs and improving efficiency.

b. Political factors

The Company's facilities are located in Japan. The Company acquires crude and feedstock supplies from a wide diversity of sources worldwide and conducts export sales primarily within Asia. Consequently, the Company's business operations may in the future be affected from time to time by both domestic and worldwide political developments and governmental activities that might interfere with normal supply, production and sales activities. Both the likelihood of such occurrences and their overall effect upon the TG Group vary greatly and are not predictable.

c. Regulatory factors

It is possible that the earnings of the TG Group could be affected by laws and regulations applicable to the energy and petrochemical industries. Examples of such laws and regulations include: environmental regulations; restrictions on production, imports and exports, and facilities; price controls; changes in taxation.

The Company will decommission two pipestills in Kawasaki and Wakayama, 105 KBD capacity in total. In addition, the Company intends to expand its H-Oil unit capacity (resid hydro conversion) to 34.5 KBD. As a result of these actions, the Company projects achieving pipestill utilization of more than 90% and a reduction in the yield of high sulfur fuel oil, which is currently higher than other oil companies. These two actions have been submitted to METI as a compliance plan with the regulations issued by METI on July 5, 2010 concerning the Energy Supply Structural Improvement Law dealing with the required ratio of atmospheric pipestill capacity to bottoms conversion capacity ("METI Regulation").

d. Industry and economic factors

The operations and earnings of the TG Group are affected by local, regional and global events or conditions that in turn affect supply and demand for oil, petroleum products and petrochemical products. These events and conditions are generally difficult to predict and include general economic growth rates and the occurrence of economic recessions; supply disruptions; weather including seasonal patterns that affect energy demand and severe weather events that can disrupt operations; technological advances relating to energy usage in refining and production; changes in demographics including population growth rates and consumer preferences; and the competitiveness of alternative hydrocarbon or other energy sources or product substitutes.

e. Market risks, inflation and other uncertainties

Crude oil, petroleum product and chemical prices have fluctuated widely in response to changing market forces and the dollar-yen exchange rates. The impacts of these fluctuations on the TG Group earnings are generally not predictable.

f. Disaster and accident risk

All of the Company's refineries, terminals and service stations are operated in accordance with the Company's Operations Integrity Management System to help ensure management of risk of loss and to ensure safety, health and environmental soundness in all aspects of the Company's operations. In spite of such thorough efforts to pursue safety, our business activities might be negatively affected by natural disasters, unexpected accidents, and resulting shutdowns at our business sites.

The Company generally carries property insurance against natural disaster and accidents to the extent feasible and reasonable. However, it is uncertain as to whether the insurance would cover any conceivable loss.

g. Information management risk

In an effort to secure proper use and management of confidential information including personal data, the TG Group has taken appropriate measures such as installation of firewalls on computer networks, introduction of computer antivirus software to protect internal databases and PC operations, monitoring of computer networks, and use of dedicated lines for data exchange with external parties. We have required that service providers to whom we have outsourced our customer data adopt the same security policies to ensure that our customer data has been properly managed and monitored.

Nevertheless, in cases of loss, leak or falsification of internal information including customer data, our business activities might be negatively affected.

h. Significant borrowings

The Company has entered into a loan arrangement involving a 135 billion yen fixed term loan and a revolving loan facility of 130 billion yen with a group of banks in connection with the transaction to acquire the 99.0% of the interest in EMG Marketing Godo Kaisha on June 1, 2012. The Company also issues commercial paper 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. The bank loans contain covenants and 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.

i. Goodwill

In conjunction with the acquisition of the 99.0% of the interest in EMG Marketing Godo Kaisha, the Company recognized 338,495 million yen of goodwill in its June 30, 2012 balance sheet to be amortized over 20 years. The goodwill asset primarily reflects the future profitability and cash flow generation of EMG Marketing Godo Kaisha. As is the case for fixed assets, the goodwill asset is subject to impairment accounting rules and must be tested periodically for impairment.

Among the risks stated above, the risks relative to the future events are the perception as of the end of this period. The risks stated above do not necessarily cover all risks relative to the TG Group.

2. Description of group companies

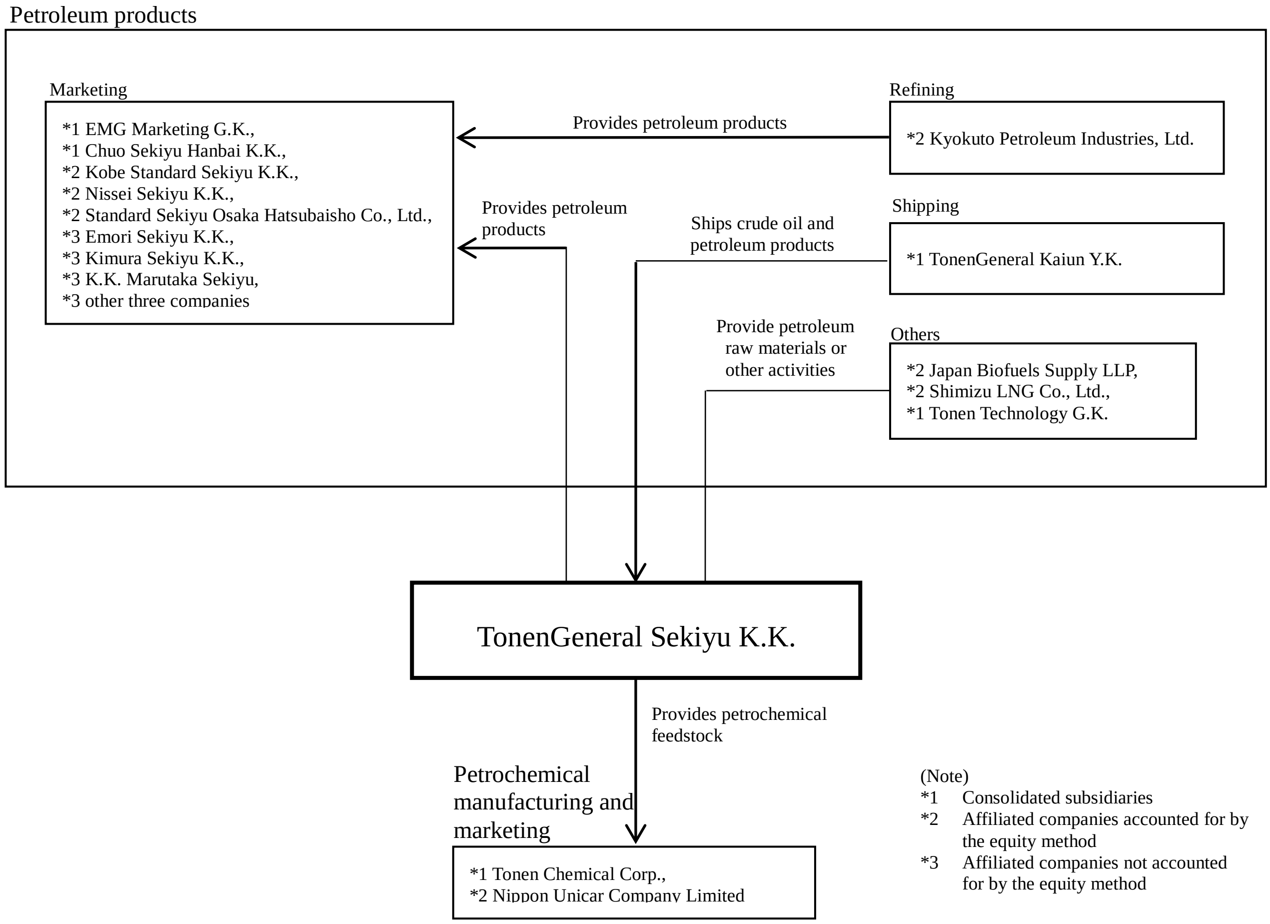
Major businesses of our 19 companies (the Company, 5 subsidiaries, and 13 affiliated companies) are importing, shipping, refining and marketing of crude oil, petroleum products, chemical products and related products.
The following table shows our business activities.

(As of December 31, 2012)

Segment	Function	Major business	Name of companies
Oil	Marketing	Sales of petroleum products	TonenGeneral Sekiyu K.K., EMG Marketing G.K, Chuo Sekiyu Hanbai K.K., Kobe Standard Sekiyu K.K., Nissei Sekiyu K.K., Standard Sekiyu Osaka Hatsubaisho Co., Ltd., Emori Sekiyu K.K., Kimura Sekiyu K.K., K.K. Marutaka Sekiyu, and other three companies
	Refining	Manufacturing, processing and sales of petroleum products	TonenGeneral Sekiyu K.K., Kyokuto Petroleum Industries, Ltd.
	Shipping	Marine transportation of crude oil and petroleum products	TonenGeneral Kaiun Y.K.
	Others	Purchases and sales of LNG Purchases and sales of bio-fuel Construction management	Shimizu LNG Co., Ltd., Japan Biofuels Supply LLP, Tonen Technology G.K.
Chemical	Manufacturing and Marketing	Manufacturing, processing and sales of chemical products	TonenGeneral Sekiyu K.K., EMG Marketing G.K, Tonen Chemical Corp., Nippon Unicar Company Limited

(Note)
1. ExxonMobil Yugen Kaisha converted its entity form from *yugen kaisha* to *godo kaisha* as of May 21, 2012.
2. On June 1, 2012, the Company acquired 99.0% of shares of EMG Marketing Godo Kaisha. As a consequence, EMG Marketing Godo Kaisha became a consolidated subsidiary of the Company, and Kyokuto Petroleum Industries, Ltd., K. K., Kobe Standard Sekiyu, Nissei Sekiyu K. K. and Standard Sekiyu Osaka Hatsubaisho Co. Ltd., which are all affiliates of EMG Marketing Godo Kaisha, became equity-method affiliates of the Company.
3. As a consequence of redemption of the Company subsidiaries' interests in Toray Tonen Specialty Separator G.K., the Company's ownership ratio of Toray Tonen Specialty Separator G.K., Toray Tonen Specialty Separator Korea Limited, and Toray Tonen Services G.K. became zero as of January 31, 2012. These three companies are therefore no longer accounted for by the equity method beginning in 2012.
4. On November 1, 2012, Tonen Chemical Nasu Corporation which was a consolidated subsidiary of the Company merged with Tonen Chemical Corporation.

Business structure of the TG Group as of December 31, 2012 is shown below:



3. Corporate principles

(1) Basic corporate philosophy

As a premier petroleum and petrochemical company in Japan, the TonenGeneral group is committed to

- Maintain a stable supply of high-quality petroleum and petrochemical products
- Respond swiftly to the ever-changing business environment and customer needs while offering high-value-added services
- Make meaningful contributions to our customers, employees, shareholders, local communities, and greater society.

TonenGeneral is taking advantage of key six strengths, which characterize its group: intense focus on safe operations, high efficiency, financial discipline, strong brands, quality facilities, and motivated people. The company focuses resources on business selectively, taking the changing business environment into consideration.

(2) Operating strategies, objectives and indicators

Under the new corporate structure that started in June, 2012, the group is strengthening the core business, improving customer orientation, and enhancing its cost competitiveness and technology while at the same time seeking mutual advantage through appropriate cooperative relationships with other companies.

- Commitment to Safety, Health and Environment

Management and the employees are fostering a corporate culture to share high awareness of safety and health in the every process of corporate activities. The company is also dedicated to running our business with the utmost attention to the environment.

The highest priority is placed on safety. The company introduced a comprehensive framework of safety control system in the 1990s and has improved safety performance through a disciplined and systematic approach. We aim to achieve zero personal incidents of employees, contractors, and communities under the slogan of “Nobody Gets Hurt”. In the Health area, industrial physicians and industrial hygienists assess health risk at the workplace and propose technical measures to minimize the impact on workers and communities. Our goal is to have no environmental incidents. TonenGeneral strives to continuously improve its environmental performance. As one of the initiatives to meet this goal, we are working on energy conservation at manufacturing sites in a disciplined and orderly manner. The company achieved the target “Energy Bench Mark” set out in the revised Energy Conservation Law last year. According to an announcement by the Agency for Natural Resources and Energy, an organization under the Ministry of Economy, Trade and Industry, only two companies met the target out of fourteen refiners: TonenGeneral Sekiyu K.K. and Kyokuto Petroleum Industries, Ltd., an affiliate accounted for by the equity method. Refineries in our group were publicly recognized for the most efficient operation with the smallest environmental impact. The company will continuously improve energy efficiency by 1% per year.

- Medium Term Management Plan

Regarding the Company’s future strategies and mid-term forecasts,, please refer to the item titled “Medium Term Management Plan and Full Year 2012 Financial Results” which was posted on the Company’s website (http://www.tonengeneral.co.jp/english/) today (February 14, 2013).

(3) Issues to be addressed

a. Refinery Capacity Management

The Company will decommission two pipestills in Kawasaki and Wakayama, 105 KBD capacity in total. In addition, the Company intends to expand its H-Oil unit capacity (resid hydro conversion) to 34.5 KBD. As a result of these actions, the Company projects achieving pipestill utilization of more than 90% and a reduction in the yield of high sulfur fuel oil, which is currently higher than other oil companies. These two actions have been submitted to METI as a compliance plan with the METI Regulation issued under the Energy Supply Structural Improvement Law.

b. Sakai Incident

The company learned in July 2012 that a leakage of molten sulfur from a product shipping pipeline at Sakai Refinery in June 2011 had not been reported to the regulatory authority. The company was referred to the public prosecutors for violation of Article 23 (mandatory reporting of abnormal conditions) of the Act for the Prevention of Disasters at Petrochemical Complexes in September. The Company received a summary order from the Sakai Summary Court in connection with the case in December 2012. As the Company has a strict policy of legal compliance, the Company deeply regrets this matter and the Company would like to offer its sincere apologies for the incident to shareholders and people concerned.

After learning of this matter, the company immediately reported to the regulatory authority and set up an independent investigation committee to investigate the causes and to work out measures for preventing a reoccurrence of such an incident. The Company provided its full cooperation to the committee. The Company received the investigation report compiled by the Committee which includes recommendations for preventing reoccurrence as described below.

Measures to prevent reoccurrence of the molten sulfur leak

- Further strengthen refinery safety controls
- Raise employee safety awareness for on-site operations

Measures to prevent reoccurrence of violation of reporting duty for abnormal events in accordance with the Petroleum Disaster Law

- Through education and retraining, ensure that all employees have a thorough understanding of refinery rules and procedures based on laws and regulations
- Clarify the reporting system
- Re-establish a system to audit and verify refinery legal compliance
- Under Head Office Management leadership, once again inform all employees of the importance of safety and legal compliance.

The Company immediately initiated and has nearly completed the implementation of these recommendations. Furthermore, the Company has entrusted a new Independent Investigation Committee to confirm the Sakai refinery's progress regarding the actions recommended by the committee. This new committee will also be entrusted with an investigation of the Company's other two refineries to determine whether any other potential issue exists. A report from the new committee is expected by April 2013.

The conduct of safe and reliable operations at our refineries based on legal requirements and solid practices consistent with and in full compliance with those requirements is one of our most basic obligations as an oil refiner. Efficient operations built on this foundation executed correctly by all of our management and employees every day are essential to carrying out our social responsibility as a corporate citizen to provide a safe and stable supply of energy. We will utilize the committee's recommendations to fortify both our procedures and actions in order to prevent reoccurrence of such an incident.

4. Consolidated financial statements

(1) Consolidated balance sheet

(Unit: Million yen)

	Prior period (December 31, 2011)	Current period (December 31, 2012)
Assets		
Current assets		
Cash and deposits	280	13,369
Notes and accounts receivable-trade	445,227	249,604
Merchandise and finished goods	62,013	95,270
Semi-finished goods	57,850	58,506
Raw materials	188,853	213,052
Supplies	5,168	6,678
Income taxes receivable	–	28,087
Deferred tax assets	519	9,242
Short-term loans receivable	103,846	15,081
Other	8,726	17,486
Allowance for doubtful accounts	(41)	(343)
Total current assets	872,445	706,036
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	205,570	269,387
Accumulated depreciation	(165,944)	(215,257)
Buildings and structures, net	39,626	54,129
Tanks	66,818	73,938
Accumulated depreciation	(62,441)	(68,991)
Tanks, net	4,377	4,947
Machinery, equipment and vehicles	602,055	637,815
Accumulated depreciation	(557,048)	(598,202)
Machinery, equipment and vehicles, net	45,007	39,613
Tools, furniture and fixtures	11,521	17,978
Accumulated depreciation	(9,396)	(15,499)
Tools, furniture and fixtures, net	2,124	2,479
Land	76,040	146,419
Construction in progress	5,558	3,388
Total property, plant and equipment	172,734	250,978
Intangible assets		
Goodwill	–	330,033
Leasehold right	1,492	7,716
Software	2,575	7,682
Other	206	7,428
Total intangible assets	4,274	352,861
Investments and other assets		
Investment securities	50,805	34,855
Deferred tax assets	163	19,602
Other	13,386	20,952
Allowance for doubtful accounts	(293)	(271)
Total investments and other assets	64,062	75,138
Total noncurrent assets	241,071	678,978
Total assets	1,113,517	1,385,014

(Unit: Million yen)

	Prior period (December 31, 2011)	Current period (December 31, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	302,516	279,567
Gasoline taxes payable	180,890	220,034
Short-term loans payable	61,056	102,616
Commercial papers	–	64,000
Income taxes payable	22,019	2,461
Accrued consumption taxes	9,728	5,310
Guarantee deposits payable	7,822	19,864
Deferred tax liabilities	8,471	10
Provision for bonuses	1,121	1,476
Other	57,154	49,687
Total current liabilities	650,780	745,030
Noncurrent liabilities		
Bonds payable	–	30,000
Long-term loans payable	2,231	136,539
Deferred tax liabilities	40,909	30,705
Provision for retirement benefits	40,870	128,066
Provision for directors’ retirement benefits	62	81
Provision for repairs	17,330	17,817
Asset retirement obligation	691	2,319
Other	1,168	6,070
Total noncurrent liabilities	103,262	351,599
Total liabilities	754,043	1,096,630
Net assets		
Shareholders’ equity		
Capital stock	35,123	35,123
Capital surplus	20,742	52,743
Retained earnings	304,566	341,684
Treasury stock	(697)	(141,966)
Total shareholders’ equity	359,734	287,584
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(72)	(21)
Foreign currency translation adjustment	(188)	–
Total accumulated other comprehensive income	(261)	(21)
Minority interests	–	821
Total net assets	359,473	288,384
Total liabilities and net assets	1,113,517	1,385,014

(2) Consolidated statement of income and comprehensive income

a. Consolidated statement of income

(Unit: Million yen)

	Prior period (January 1, 2011 through December 31, 2011)	Current period (January 1, 2012 through December 31, 2012)
Net sales	2,677,115	2,804,929
Cost of sales	2,428,148	2,711,086
Gross profit	248,966	93,843
Selling, general and administrative expenses	32,775	66,544
Operating income	216,191	27,298
Non-operating income		
Interest income	117	90
Dividends income	85	367
Foreign exchange gains	1,083	–
Equity in earnings of affiliates	345	–
Other	79	283
Total non-operating income	1,710	740
Non-operating expenses		
Interest expenses	299	2,116
Foreign exchange losses	–	2,053
Equity in losses of affiliates	–	1,105
Bond issuance cost	–	148
Other	49	85
Total non-operating expenses	348	5,509
Ordinary income	217,552	22,529
Extraordinary income		
Gain from redemption upon dissolution of a joint venture	–	16,354
Gain on sales of noncurrent assets	1,958	1,226
Gain on distribution of residual assets	–	103
Reversal of provision for offshore well abandonment	654	–
Total extraordinary income	2,613	17,684
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	644	1,341
Impairment loss	43	63
Loss on adjustment for changes of accounting standard for asset retirement obligations	545	–
Total extraordinary losses	1,233	1,404
Income before income taxes and minority interests	218,933	38,809
Income taxes-current	22,459	16,611
Income taxes-deferred	63,693	(33,085)
Total income taxes	86,153	(16,473)
Income before minority interests	132,779	55,283
Minority interests in Income	–	512
Net income	132,779	54,770

b. Consolidated statement of comprehensive income

(Unit: Million yen)

	Prior period (January 1, 2011 through December 31, 2011)	Current period (January 1, 2012 through December 31, 2012)
Income before minority interests	132,779	55,283
Other comprehensive income		
Valuation difference on available-for-sale securities	(78)	51
Share of other comprehensive income of associates accounted for using equity method	(26)	188
Total other comprehensive income	(105)	239
Comprehensive income	132,674	55,523
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	132,674	55,010
Comprehensive income attributable to minority interests	–	512

(3) Consolidated statement of changes in net assets

(Unit: Million yen)

	Prior period (January 1, 2011 through December 31, 2011)	Current period (January 1, 2012 through December 31, 2012)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	35,123	35,123
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	35,123	35,123
Capital surplus		
Balance at the beginning of current period	20,741	20,742
Changes of items during the period		
Disposal of treasury stock	0	(0)
Purchase of treasury stock from a consolidated subsidiary	–	32,001
Total changes of items during the period	0	32,000
Balance at the end of current period	20,742	52,743
Retained earnings		
Balance at the beginning of current period	193,234	304,566
Changes of items during the period		
Dividends from surplus	(21,447)	(17,649)
Net income	132,779	54,770
Disposal of treasury stock	–	(2)
Total changes of items during the period	111,332	37,118
Balance at the end of current period	304,566	341,684
Treasury stock		
Balance at the beginning of current period	(647)	(697)
Changes of items during the period		
Purchase of treasury stock	(58)	(25)
Disposal of treasury stock	9	20
Increase due to business combination	–	(141,264)
Total changes of items during the period	(49)	(141,269)
Balance at the end of current period	(697)	(141,966)
Total shareholders' equity		
Balance at the beginning of current period	248,451	359,734
Changes of items during the period		
Dividends from surplus	(21,447)	(17,649)
Net income	132,779	54,770
Purchase of treasury stock	(58)	(25)
Disposal of treasury stock	9	17
Increase due to business combination	–	(141,264)
Purchase of treasury stock from a consolidated subsidiary	–	32,001
Total changes of items during the period	111,283	(72,150)
Balance at the end of current period	359,734	287,584

(Unit: Million yen)

	Prior period (January 1, 2011 through December 31, 2011)	Current period (January 1, 2012 through December 31, 2012)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	5	(72)
Changes of items during the period		
Net changes of items other than shareholders' equity	(78)	51
Total changes of items during the period	(78)	51
Balance at the end of current period	(72)	(21)
Foreign currency translation adjustment		
Balance at the beginning of current period	(161)	(188)
Changes of items during the period		
Net changes of items other than shareholders' equity	(26)	188
Total changes of items during the period	(26)	188
Balance at the end of current period	(188)	–
Total accumulated other comprehensive income		
Balance at the beginning of current period	(156)	(261)
Changes of items during the period		
Net changes of items other than shareholders' equity	(105)	239
Total changes of items during the period	(105)	239
Balance at the end of current period	(261)	(21)
Minority interests		
Balance at the beginning of current period	–	–
Changes of items during the period		
Net changes of items other than shareholders' equity	–	821
Total changes of items during the period	–	821
Balance at the end of current period	–	821
Total net assets		
Balance at the beginning of current period	248,295	359,473
Changes of items during the period		
Dividends from surplus	(21,447)	(17,649)
Net income	132,779	54,770
Purchase of treasury stock	(58)	(25)
Disposal of treasury stock	9	17
Increase due to business combination	–	(141,264)
Purchase of treasury stock from a consolidated subsidiary	–	32,001
Net changes of items other than shareholders' equity	(105)	1,061
Total changes of items during the period	111,178	(71,088)
Balance at the end of current period	359,473	288,384

(4) Consolidated statement of cash flows

(Unit: Million yen)

	Prior period (January 1, 2011 through December 31, 2011)	Current period (January 1, 2012 through December 31, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	218,933	38,809
Depreciation and amortization	26,993	28,436
Amortization of goodwill	―	8,462
Equity in (earnings) losses of affiliates	(345)	1,105
Loss on adjustment for changes of accounting standard for asset retirement obligations	545	―
Reversal of provision for offshore well abandonment	(654)	―
Increase (decrease) in provision for bonuses	(31)	(64)
Increase (decrease) in provision for retirement benefits	3,682	1,265
Increase (decrease) in provision for repairs	714	(430)
Loss (gain) on sales and retirement of noncurrent assets	(1,313)	114
Impairment loss	43	63
Interest and dividends income	(202)	(457)
Interest expenses	299	2,116
Gain from redemption upon dissolution of a joint venture	–	(16,354)
Gain on distribution of residual assets	–	(103)
Decrease (increase) in notes and accounts receivable-trade	(30,791)	18,487
Decrease (increase) in inventories	(186,872)	(44,645)
Decrease (increase) in accounts receivable-other	215	2,956
Increase (decrease) in notes and accounts payable-trade	22,305	19,781
Increase (decrease) in accounts payable-other	(8,447)	153
Other	(595)	(9,426)
Subtotal	44,476	50,271
Interest and dividends income received	1,222	1,240
Interest expenses paid	(296)	(2,328)
Payments for early extra retirement payments	(1)	―
Income taxes refund	7,206	87
Income taxes paid	(1,533)	(51,154)
Net cash provided by (used in) operating activities	51,074	(1,884)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(12,317)	(13,161)
Proceeds from sales of property, plant and equipment	2,431	2,426
Purchase of intangible assets	(613)	(4,898)
Proceeds from sales of intangible assets	30	323
Proceeds from distribution of residual assets	―	103
Collection of investments in capital	―	50,099
Payments of long-term loans receivable	(9)	(9)
Collection of long-term loans receivable	127	110
Acquisition of share capital of a subsidiary resulting in change in scope of consolidation	–	(380,788)
Net cash provided by (used in) investing activities	(10,351)	(345,794)

(Unit: Million yen)

	Prior period (January 1, 2011 through December 31, 2011)	Current period (January 1, 2012 through December 31, 2012)
Net cash provided by (used in) financing activities		
Net decrease (increase) in short-term loans receivable	(29,496)	49,043
Net increase (decrease) in short-term loans payable	12,026	101,336
Proceeds from long-term loans payable	–	175,000
Repayment of long-term loans payable	(1,754)	(40,692)
Net increase (decrease) in commercial papers	–	64,000
Proceeds from issuance of bonds	–	29,851
Purchase of treasury stock	(58)	(25)
Proceeds from sales of treasury stock	9	17
Cash dividends paid	(21,447)	(17,649)
Repayments to minority shareholders	–	(114)
Net cash provided by (used in) financing activities	(40,721)	360,767
Net increase (decrease) in cash and cash equivalents	1	13,089
Cash and cash equivalents at beginning of period	278	280
Cash and cash equivalents at end of period	280	13,369

(5) Notes on assumption of going concern

No items to report.

(6) Significant accounting policies

a. Scope of consolidation

1) Number of consolidated subsidiaries: 5 companies

Each company's name is omitted as those are already listed in "2. Description of group companies".

2) Number of newly consolidated company: 1 company

3) Name of the consolidated company: EMG Marketing Godo Kaisha

The Company acquired a 99.0% ownership interest in EMG Marketing Godo Kaisha on June 1, 2012. Consequently, EMG Marketing Godo Kaisha has been included in the scope of consolidation in the current period from a deemed acquisition date of June 30, 2012.

4) Number of company excluded from the scope of consolidation: 1 company

5) Name of company excluded from the scope of consolidation: Tonen Chemical Nasu Corporation

As a consequence of the merger with Tonen Chemical Corporation on November 1, 2012, Tonen Chemical Nasu Corporation which was a consolidated subsidiary of the Company had been excluded from the scope of consolidation.

b. Application of equity method

1) Number of equity companies: 7 companies

Each company's name is omitted as those are already listed in "2. Description of group companies".

2) Number of companies newly accounted for by the equity method: 4 companies

3) Name of equity companies: Kyokuto Petroleum Industries, Ltd., Kobe Standard Sekiyu K.K., Nissei Sekiyu K.K. and Standard Sekiyu Osaka Hatsubaisho Co., Ltd.

As a consequence of the inclusion of EMG Marketing Godo Kaisha into the scope of consolidation as mentioned in "a. Scope of consolidation", the four companies above, which are all affiliates of EMG Marketing Godo Kaisha, have been included in the scope of equity method effective from the current period.

4) Number of companies no longer accounted for by the equity method: 3 companies

5) Name of the companies accounted for by the equity method:

Toray Tonen Specialty Separator G.K., Toray Tonen Specialty Separator Korea Limited and Toray Tonen Services G.K.

As a consequence of redemption of all the Company subsidiaries' interests in Toray Tonen Specialty Separator G.K., the three companies above were no longer accounted for by the equity method.

6) Name of major non-equity-method companies

Emori Sekiyu K.K., Kimura Sekiyu K.K., K.K. Marutaka Sekiyu

7) Reason equity method was not applied

These affiliated companies 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.

8) 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.

c. Closing date of consolidated subsidiaries

Closing dates of consolidated subsidiaries are the same as that of the Company.

d. Summary of significant accounting procedures

In order to prepare each company's financial statements, which form the basis of these consolidated financial statements, the Company and its subsidiaries applied the following accounting procedures.

1) Valuation rules and method

- Inventories

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

- 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

-Derivative transactions, etc.

Market value at the closing date

2) Depreciation and amortization of significant noncurrent assets

- 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

- 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

- Lease 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, in which ownership is not transferred to the lessee and which became effective on or before December 31, 2008, is the same as the method applied to ordinary operating lease transactions.

3) Basis for significant provisions

- 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 estimated recoverability from individual customers.

- Provision for bonuses

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

- Provision for retirement benefits

To provide for the payment of employees' post-retirement benefits, the Company and its consolidated subsidiaries accrue an estimated reserve based on the projected benefit obligations and estimated pension plan assets as of the closing date.

Actuarial differences are 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).

Prior service liabilities are amortized into pension expenses using the straight-line method over employees' average remaining service years (11.0 to 12.9 years)

- Provision for directors' retirement benefits

To provide for the payment of officers' post-retirement allowance, the Company and its consolidated subsidiaries reserve an estimated amount of lump sum retirement allowance assuming that officers retire at the closing date.

- 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 two consolidated subsidiaries reserve an estimated cost for the consolidated accounting period, based on actual payments and repair plans, respectively

4) Translation method for foreign currency assets and liabilities

Foreign currency assets and liabilities are translated into yen at the spot rate at the closing date, and any difference from exchange rate change is reflected in income.

5) Amortization method and period of Goodwill

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

6) Scope of cash and cash equivalents in consolidated statement of cash flows

Cash and cash equivalents are composed of cash on hand, deposits drawable at any time, deposits readily convertible to cash and price change insensitive short-term advances whose maturity comes generally within three months.

7) Accounting method for consumption taxes
Each item in the consolidated statement of income does not include consumption taxes.

(7) 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 current period.

b. Acquisition of share capital of EMG Marketing Godo Kaisha
On June 1, the Company acquired from ExxonMobil Asia International Limited Liability Company SARL, a company indirectly and wholly owned by Exxon Mobil Corporation, a 99.0% ownership interest in ExxonMobil Yugen Kaisha (currently EMG Marketing Godo Kaisha).
Prior to the Acquisition, EMG Marketing Godo Kaisha transferred to EM Group Companies some of its assets including 80 million common shares of the Company, part of the Chemical business, shares of Japan Butyl Co. Ltd., and shares of Mobil Korea Lube Oil Inc. which operates a lubricants business in Korea.
As a result, Exxon Mobil Corporation continues to own 80 million common shares of the Company or 22.2% of the voting shares in the Company after the Acquisition.
An overview of the company acquired is shown in (8) Notes to consolidated financial statements, (Business combination).

c. Significant borrowing
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 the 99.0% interest in 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 rate
(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 December 31, 2012 were 160,000 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.

(8) Note to consolidated financial statements

(Segment information)

a. Segment information

1) Overview of reportable segments

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

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

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

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

2) Measurement method of net sales and segment income, assets, liabilities and others by reportable segments

The accounting methods used in the reportable segments are the same as described in "Significant accounting policies."

The basis for the reporting of segment income is the same as for operating income.

The amounts of internal transactions between segments are based on fair market value.

3) Net sales, segment income, assets, liabilities and other information by reportable segments

Prior period (January 1, 2011 through December 31, 2011)

(Unit: Million yen)

	Oil	Chemical	Total
Net sales			
(1) Sales to third parties	2,425,189	251,925	2,677,115
(2) Internal transactions	237,337	34,746	272,083
Total	2,662,527	286,671	2,949,199
Segment income	211,791	4,399	216,191
Other items			
Depreciation and amortization	22,036	4,957	26,993

(Note) 1. Total segment income is the same as operating income in the consolidated statement of income.
2. The information of assets is omitted because the Company does not allocate assets into segments.

Current period (January 1, 2012 through December 31, 2012)

(Unit: Million yen)

	Oil	Chemical	Total	Adjustment (Note) 1, 2	Quarterly consolidated statement of income amount
Net sales					
Sales to third parties	2,533,844	271,085	2,804,929	–	2,804,929
Internal transactions	1,073,078	117,975	1,191,054	(1,191,054)	–
Total	3,606,923	389,060	3,995,984	(1,191,054)	2,804,929
Segment income	34,369	1,391	35,760	(8,462)	27,298
Other items					
Depreciation and amortization	24,072	4,363	28,436	–	28,436

(Note) 1. Adjustment of (1,191,054) million yen represents an elimination of inter-segment transactions.
2. Goodwill amortization of (8,462) million yen is shown in the adjustment column as it is not allocated to each segment.
3. Total segment income is the same as operating income in the consolidated statement of income.
4. The information of assets is omitted because the Company does not allocate assets into segments.

b. Related information

Prior period (January 1, 2011 through December 31, 2011)

1) Information by products and services

This information is omitted, because the same information is presented in “Segment information”.

2) Information by geographic area

- Net sales

The information is omitted, because over 90% of total net sales are sales to third parties in Japan.

- Property, plant and equipment

This information is omitted, because the Company does not own any tangible assets outside of Japan.

3) Information by major customers

(Unit: Million yen)

Customer name	Net sales	Related segment
ExxonMobil Y.K.	1,614,520	Oil, Chemical
Kygnus Sekiyu K.K.	384,527	Oil

Current period (January 1, 2012 through December 31, 2012)

1) Information by products and services

This information is omitted, because the same information is presented in “Segment information”.

2) Information by geographic area

- Net sales

Japan	Other area	Total
2,451,252	353,677	2,804,929

(Note) 1. Net sales are classified into countries or regions based on customers’ location
2. Overseas sales are not given by countries or regions as net sales for each major country or region is not deemed to be material.
3. Major countries or regions included in other area: Asia Pacific

- Tangible assets

This information is omitted, because the Company does not own any tangible assets outside of Japan.

3) Information by major customers

(Unit: Million yen)

Customer name	Net sales	Related segment
EMG Marketing G.K.	812,521	Oil, Chemical
Kygnus Sekiyu K.K.	380,115	Oil

(Note) Net sales to EMG Marketing G.K. (former ExxonMobil Y.K.) covers only transaction amounts from January 1, 2012 to June 30, 2012, as EMG Marketing G.K. became a consolidated subsidiary of the Company on the deemed acquisition date of June 30, 2012.

c. Impairment loss of noncurrent assets by reportable segments

Prior period (January 1, 2011 through December 31, 2011)

(Unit: Million yen)

	Oil	Chemical	Total
Impairment loss	43	–	43

Current period (January 1, 2012 through December 31, 2012)

(Unit: Million yen)

	Oil	Chemical	Total
Impairment loss	63	–	63

d. Amortization and residual balance of goodwill by reportable segments

Prior period (January 1, 2011 through December 31, 2011)

Not applicable.

Current period (January 1, 2012 through December 31, 2012)

Amortization expense and residual balance of goodwill are not allocated to reportable segments.

(Unit: Million yen)

	Company total
Amortization expense	8,462
Residual balance at the end of the period	330,033

e. Negative goodwill by reportable segments

Prior period (January 1, 2011 through December 31, 2011)

Not applicable.

Current period (January 1, 2012 through December 31, 2012)

Not applicable.

(Business combination)

Current period (January 1, 2012 through December 31, 2012)

a. 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.

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

Result of operations from July 1, 2012 to December 31, 2012 are included, because the deemed acquisition date was June 30, 2012.

c. 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

d. 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

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.

e. Amount and major item of assets acquired and liabilities assumed on the closing date of the transaction

Current assets	269,546 million yen
Noncurrent assets	278,981
Total assets	548,528
Current liabilities	411,201
Noncurrent liabilities	92,134
Total liabilities	503,335

(Note) 1. Assets and liabilities as of deemed acquisition date of June 30, 2012, are noted above.
2. Noncurrent assets include a 141,264 million yen of treasury stock held by EMG Marketing Godo Kaisha.

f. Estimated impact on consolidated statement of income assuming that the business combination had been completed on the beginning date of the current period and its calculation method

Net sales	80,099 million yen
Operating income	(1,450)
Ordinary income	(948)
Net income	(4,276)

(Method for calculating the amount)
The amount means the difference between sales and income calculated on the presumption that the business combination has been completed on the beginning date of the current period and the sales and income amounts actually recognized. Amortization of goodwill is calculated, as if it was recognized and started to be amortized on the beginning date of the current period.
These numbers are not audited.

(Financial data per share)

Prior period (January 1, 2011 through December 31, 2011)

Net assets per share	636.94 yen
Net income per share	235.26 yen

(Note) Basis of the calculation

1. Diluted net income per share for the current period is not noted because the Company has not issued any dilutive securities.
2. Net income per share

Net income	132,779 million yen
Net income not relating to common shareholders	–
Net income pertaining to common stock	132,779 million yen
Average number of outstanding common shares	564,387,998 shares

Current period (January 1, 2012 through December 31, 2012)

Net assets per share	788.81 yen
Net income per share	122.38 yen

(Note) Basis of the calculation

1. Diluted net income per share for the current period is not noted because the Company has not issued any dilutive securities.
2. Net income per share

Net income	54,770 million yen
Net income not relating to common shareholders	–
Net income pertaining to common stock	54,770 million yen
Average number of outstanding common shares	447,541,274 shares

(Significant subsequent events)

Not applicable.

5. Non-consolidated financial statements

(1) Non-consolidated balance sheet

(Unit: Million yen)

	Prior period (December 31, 2011)	Current period (December 31, 2012)
Assets		
Current assets		
Cash and deposits	16	10,417
Accounts receivable-trade	445,847	381,126
Merchandise and finished goods	58,553	74,563
Semi-finished goods	57,660	58,293
Raw materials	188,853	213,052
Supplies	4,079	4,354
Prepaid expenses	3,054	4,401
Income taxes receivable	–	13,717
Deferred tax assets	–	6,902
Short-term loans receivable	103,475	64
Short-term loans receivable to subsidiaries and affiliates	9,509	2,260
Accounts receivable-other	4,358	5,731
Other	855	2,101
Allowance for doubtful accounts	(41)	(54)
Total current assets	876,222	776,933
Noncurrent assets		
Property, plant and equipment		
Buildings	38,570	38,660
Accumulated depreciation	(27,954)	(28,519)
Buildings, net	10,616	10,141
Structures	154,203	154,815
Accumulated depreciation	(128,208)	(130,856)
Structures, net	25,995	23,958
Tanks	64,295	65,432
Accumulated depreciation	(60,049)	(61,212)
Tanks, net	4,246	4,219
Machinery and equipment	530,282	534,341
Accumulated depreciation	(492,890)	(503,974)
Machinery and equipment, net	37,392	30,367
Vehicles	877	873
Accumulated depreciation	(830)	(845)
Vehicles, net	46	28
Tools, furniture and fixtures	10,625	10,928
Accumulated depreciation	(8,698)	(9,422)
Tools, furniture and fixtures, net	1,926	1,505
Land	67,227	66,910
Construction in progress	4,352	2,416
Total property, plant and equipment	151,803	139,548
Intangible assets		
Leasehold right	1,492	1,492
Software	2,281	3,905
Technology royalty	–	7,038
Right of using facilities	182	159
Total intangible assets	3,955	12,595

(Unit: Million yen)

	Prior period (December 31, 2011)	Current period (December 31, 2012)
Investments and other assets		
Investment securities	4,101	4,212
Stocks of subsidiaries and affiliates	1,056	1,056
Investments in capital of subsidiaries and affiliates	88,500	457,621
Long-term deposits	2,353	2,086
Other	4,778	5,592
Allowance for doubtful accounts	(293)	(144)
Total investments and other assets	100,495	470,425
Total noncurrent assets	256,254	622,569
Total assets	1,132,477	1,399,502
Liabilities		
Current liabilities		
Accounts payable-trade	306,228	277,172
Gasoline taxes payable	180,890	219,346
Short-term loans payable	59,133	101,924
Current portion of long-term loans payable	1,754	692
Short-term loans payable to subsidiaries and affiliates	832	143,373
Commercial papers	—	64,000
Accounts payable-other	10,064	9,135
Accrued expenses	11,962	12,851
Income taxes payable	20,850	—
Accrued consumption taxes	8,542	4,310
Deferred tax liabilities	8,471	—
Advances received	4,851	3,984
Guarantee deposits payable	7,813	8,514
Provision for bonuses	914	886
Other	2,268	3,501
Total current liabilities	624,576	849,691
Noncurrent liabilities		
Bonds payable	—	30,000
Long-term loans payable	2,231	136,539
Deferred tax liabilities	68,139	57,011
Provision for retirement benefits	39,794	44,614
Provision for directors' retirement benefits	62	79
Provision for repairs	16,320	15,113
Asset retirement obligation	691	636
Other	406	4,507
Total noncurrent liabilities	127,645	288,502
Total liabilities	752,221	1,138,193

(Unit: Million yen)

	Prior period (December 31, 2011)	Current period (December 31, 2012)
Net assets		
Shareholders' equity		
Capital stock	35,123	35,123
Capital surplus		
Legal capital surplus	20,741	20,741
Other capital surplus	0	―
Total capital surplus	20,742	20,741
Retained earnings		
Legal retained earnings	8,780	8,780
Other retained earnings		
Reserve for property replacement	15,297	14,360
Retained earnings brought forward	301,081	325,268
Total retained earnings	325,159	348,410
Treasury stock	(697)	(142,965)
Total shareholders' equity	380,328	261,309
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(72)	(0)
Total valuation and translation adjustments	(72)	(0)
Total net assets	380,255	261,309
Total liabilities and net assets	1,132,477	1,399,502

(2) Non-consolidated statement of income

(Unit: Million yen)

	Prior period (January 1, 2011 through December 31, 2011)	Current period (January 1, 2012 through December 31, 2012)
Net sales	2,680,197	2,731,312
Cost of sales	2,444,299	2,681,107
Gross profit	235,898	50,205
Selling, general and administrative expenses	25,946	27,684
Operating income	209,951	22,520
Non-operating income		
Interest income	178	153
Dividends income	1,524	1,114
Foreign exchange gains	1,288	—
Other	79	104
Total non-operating income	3,071	1,372
Non-operating expenses		
Interest expenses	248	1,997
Interest on bonds	—	19
Foreign exchange loss	—	2,644
Bond issuance cost	—	148
Other	27	28
Total non-operating expenses	276	4,838
Ordinary income	212,746	19,054
Extraordinary income		
Gain on sales of subsidiaries' stocks	86,383	—
Gain on sales of noncurrent assets	1,958	429
Gain on distribution of residual assets	—	103
Reversal of provision for offshore well abandonment	654	—
Total extraordinary income	88,996	533
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	612	894
Loss on adjustment for changes of accounting standard for asset retirement obligations	545	—
Impairment loss	44	—
Total extraordinary losses	1,202	894
Income before income taxes	300,541	18,693
Income taxes-current	20,878	535
Income taxes-deferred	91,990	(26,541)
Total income taxes	112,868	(26,005)
Net income	187,672	44,699

(3) Non-consolidated statement of changes in net assets

(Unit: Million yen)

	Prior period (January 1, 2011 through December 31, 2011)	Current period (January 1, 2012 through December 31, 2012)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	35,123	35,123
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	35,123	35,123
Capital surplus		
Legal capital surplus		
Balance at the beginning of current period	20,741	20,741
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	20,741	20,741
Other capital surplus		
Balance at the beginning of current period	–	0
Changes of items during the period		
Disposal of treasury stock	0	(0)
Total changes of items during the period	0	(0)
Balance at the end of current period	0	―
Total capital surplus		
Balance at the beginning of current period	20,741	20,742
Changes of items during the period		
Disposal of treasury stock	0	(0)
Total changes of items during the period	0	(0)
Balance at the end of current period	20,742	20,741
Retained earnings		
Legal retained earnings		
Balance at the beginning of current period	8,780	8,780
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	8,780	8,780
Other retained earnings		
Reserve for property replacement		
Balance at the beginning of current period	14,733	15,297
Changes of items during the period		
Provision of reserve for property replacement	563	―
Reversal of reserve for property replacement	–	(937)
Total changes of items during the period	563	(937)
Balance at the end of current period	15,297	14,360
Retained earnings brought forward		
Balance at the beginning of current period	135,420	301,081
Changes of items during the period		
Dividends from surplus	(21,447)	(21,446)
Net income	187,672	44,699
Disposal of treasury stock	–	(2)
Provision of reserve for property replacement	(563)	―
Reversal of reserve for property replacement	–	937
Total changes of items during the period	165,661	24,187
Balance at the end of current period	301,081	325,268

(Unit: Million yen)

	Prior period (January 1, 2011 through December 31, 2011)	Current period (January 1, 2012 through December 31, 2012)
Total retained earnings		
Balance at the beginning of current period	158,934	325,159
Changes of items during the period		
Dividends from surplus	(21,447)	(21,446)
Net income	187,672	44,699
Disposal of treasury stock	–	(2)
Total changes of items during the period	166,224	23,250
Balance at the end of current period	325,159	348,410
Treasury stock		
Balance at the beginning of current period	(647)	(697)
Changes of items during the period		
Purchase of treasury stock	(58)	(142,289)
Disposal of treasury stock	9	20
Total changes of items during the period	(49)	(142,268)
Balance at the end of current period	(697)	(142,965)
Total shareholders' equity		
Balance at the beginning of current period	214,152	380,328
Changes of items during the period		
Dividends from surplus	(21,447)	(21,446)
Net income	187,672	44,699
Purchase of treasury stock	(58)	(142,289)
Disposal of treasury stock	9	17
Total changes of items during the period	166,176	(119,018)
Balance at the end of current period	380,328	261,309
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	5	(72)
Changes of items during the period		
Net changes of items other than shareholders' equity	(78)	71
Total changes of items during the period	(78)	71
Balance at the end of current period	(72)	(0)
Total valuation and translation adjustments		
Balance at the beginning of current period	5	(72)
Changes of items during the period		
Net changes of items other than shareholders' equity	(78)	71
Total changes of items during the period	(78)	71
Balance at the end of current period	(72)	(0)
Total net assets		
Balance at the beginning of current period	214,158	380,255
Changes of items during the period		
Dividends from surplus	(21,447)	(21,446)
Net income	187,672	44,699
Purchase of treasury stock	(58)	(142,289)
Disposal of treasury stock	9	17
Net changes of items other than shareholders' equity	(78)	71
Total changes of items during the period	166,097	(118,946)
Balance at the end of current period	380,255	261,309