[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 the said information on our 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 the First Quarter 2015
(Japanese GAAP basis)

May 15, 2015

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 filing Quarterly Securities Report: May 15, 2015
Scheduled date of start of dividends payment: -
Preparation of presentation material for quarterly results: Yes
Briefing for institutional investors: Yes

(Amounts shown in truncated millions of yen)

1. Consolidated financial results for the first quarter 2015 (January 1, 2015 through March 31, 2015)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1QYTD 2015	663,838	(19.2)	(14,215)	-	(14,900)	-	(25,885)	-
1QYTD 2014	821,396	3.0	(13,602)	-	(14,292)	-	(10,700)	-

(Note) Comprehensive income: (25,933) Million yen [- %] for 1QYTD 2015 (10,561) Million yen [-%] for 1QYTD 2014

	Net income per share	Diluted net income per share
	Yen	Yen
1QYTD 2015	(71.06)	-
1QYTD 2014	(29.37)	-

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio
As of	Million yen	Million yen	%
Mar. 31, 2015	1,241,664	227,561	18.2
Dec. 31, 2014	1,376,212	262,753	19.0

(Reference) Net assets excluding minority interests and subscription rights to shares:
226,591Million yen as of March 31, 2015 261,699 Million yen as of December 31, 2014

2. Dividends

	Annual dividend				
	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Full-year
	Yen	Yen	Yen	Yen	Yen
2014	-	19.00	-	19.00	38.00
2015	-				
2015(Forecast)		19.00	-	19.00	38.00

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

3. Projected consolidated operating results for 2015 (January 1, 2015 through December 31, 2015)

(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
2QYTD2015	1,250,000	(26.1)	10,500	(163.9)	10,000	(157.0)	(1,000)	(93.3)	(2.75)
Full year	2,600,000	(24.7)	32,000	(143.9)	31,000	(142.2)	9,000	(164.4)	24.71

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

* Notes

(1) Change in major subsidiaries in the current quarter year-to-date (change in designated subsidiaries resulting in a change in the scope of consolidation): No

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

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

a. Change in accounting policy with accounting standards revisions	: Yes
b. Change in accounting policy other than above	: No
c. Change in accounting estimates	: No
d. Restatements	: No

(4) Number of shares issued (Common Stock)

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

1Q2015	565,182,000	shares	Full year 2014	565,182,000	shares

b. Number of treasury shares at the end of period

1Q2015	200,897,513	shares	Full year 2014	200,876,446	shares

c. Average number of shares during the period

1QYTD2015	364,293,458	shares	1Q YTD 2014	364,359,823	shares

- **Review status of Quarterly Securities Report *(Shihanki-Houkokusho)* for the first quarter 2015**
  This report is not required to be included and is not included in the scope of external audit quarterly review conducted pursuant to the Financial Instruments and Exchange Act of Japan. However, PricewaterhouseCoopers Aarata has separately completed their quarterly review of the quarterly consolidated financial statements included in "Financial information," a part of the Quarterly Securities Report for the First Quarter 2015. The auditor expressed the conclusion on May 15, 2015 that "nothing has come to our attention that causes us to believe that the quarterly consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the TonenGeneral Sekiyu K.K. (the "Company") and its consolidated subsidiaries as of March 31, 2015, the results of their operations and their cash flows for the three-month period then ended in conformity with accounting principles for quarterly consolidated financial statements generally accepted in Japan."

- **Explanatory note on the use of projections / other notes**
  This filing contains forward-looking statements based on projections and estimates that involve many variables. The Company operates in an extremely competitive business environment and in an industry characterized by rapid changes in supply-demand balance. Certain risks and uncertainties including, without limitation, general economic conditions in Japan and other countries, crude and product prices and the exchange rate between the yen and the U.S. dollar, could cause the Company's results to differ materially from any projections and estimates presented.
  For further information regarding the projections above, please refer to (Attachments) "1. Discussion of quarterly consolidated financial results (3) Discussion of projected consolidated operating results" on page 3.

(Reference)

Projected non-consolidated operating results for 2015 (January 1, 2015 through December 31, 2015)

(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	2,500,000	(16.1)	31,000	(151.0)	30,000	268.7	16,000	(78.9)	43.92

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

(Attachments)

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1. Discussion of quarterly consolidated financial results

(1) Discussion of consolidated operating results

Consolidated net sales for the first quarter year-to-date period amounted to 663.8 billion yen, a decrease of 157.6 billion yen or 19.2 % versus the same period of the previous year, primarily due to lower product prices in response to the lower current crude prices which was partly offset by a sales volume increase attributable to the acquisition of MOC Marketing G.K.(previously, Mitsui Oil Co. Ltd.).

Consolidated operating income was a loss of 14.2 billion yen, a decrease of 0.6 billion yen versus the same period of the previous year, as a result of inventory valuation losses caused by the crude and product price decline, more than offsetting a recovery of oil product margins.

Consolidated ordinary income which incorporates non-operating items including equity in earnings of affiliates, foreign exchange losses and interest expense was a loss of 14.9 billion yen, a loss increase of 0.6 billion yen versus the same period of the previous year.

Consolidated net income which includes extraordinary items and income taxes was a loss of 25.9 billion yen, a loss increase of 15.2 billion yen versus the same period of the previous year. Income taxes reflect adverse adjustments in line with revisions to the statutory effective tax rate as further described in the section titled “Additional information”.

Segment results based on operating income less goodwill amortization are shown as follows:

a. Oil segment

Oil segment income for the first quarter year-to-date period was a loss of 11.0 billion yen, a loss decrease of 6.1 billion yen versus the same period of the previous year. Oil segment income, excluding 41.8 billion yen of negative inventory effects, a negative effect of 41.9 billion yen versus the same period of the previous year, was 30.8 billion yen, a 48.0 billion yen increase versus the same period of the previous year, due to a large recovery of oil product margins.

Oil segment income (loss) compared with the same period of the previous year

(Unit: Billion yen)

	1Q YTD 2014	1Q YTD 2015	Difference
Segment income (loss) as reported	(17.1)	(11.0)	6.1
Inventory effects (loss)	0.2	(41.8)	(41.9)
Segment income (loss) excluding above inventory effects	(17.3)	30.8	48.0

b. Chemical segment

Chemical segment income for the first quarter year-to-date period was 1.1 billion yen, a decrease of 6.6 billion yen versus the same period of the previous year. Inventory effects were a loss of 3.2 billion yen, a loss increase of 3.1 billion yen versus the same period of the previous year. Chemical segment income excluding inventory effects was 4.3 billion yen, a decrease of 3.5 billion yen versus the same period of the previous year largely reflecting a decline in olefins margins.

(2) Discussion of consolidated financial condition

a. Total assets, liabilities and net assets

Total assets as of March 31, 2015 were 1,241.7 billion yen, a 134.5 billion yen decrease from December 31, 2014, mainly due to decreases in accounts receivable - trade and inventories caused by the crude and product price decline.

Total liabilities as of March 31, 2015 amounted to 1,014.1 billion yen, a 99.4 billion yen decrease from December 31, 2014, attributable mainly to decreases in gasoline taxes payable and commercial papers more than offsetting an increase in short-term loans payable. Total net assets as of March 31, 2015 amounted to 227.6 billion yen, a 35.2 billion yen decrease from December 31, 2014.

b. Cash flows

At the end of March 2015, the outstanding balance of cash and cash equivalents was 27.4 billion yen, a decrease of 7.6 billion yen versus December 31, 2014. Key factors influencing cash flows are summarized below.

In the first quarter year-to-date 2015, cash flows from operating activities were negative 13.0 billion yen versus a negative 46.1 billion yen in the same period of the previous year. Negative factors such as a decrease in payables reflecting payment of 4 months equivalent of gasoline tax during the 3 months period outweighed positive factors such as decreases in inventories and trade account receivables.

Cash flows from investing activities were negative 5.7 billion yen versus a negative 29.1 billion yen in the same period of the previous year. The current period cash outflows are mainly due to capital expenditures. The prior period included the acquisition of MOC Marketing G.K.

Cash flows from financing activities were positive 11.0 billion yen versus a positive 105.7 billion yen in the same period of the previous year. This is due mainly to an increase in short-term loans, partially offset by a decrease in commercial paper outstanding and dividends paid. Cash flows in the previous year included an increase in short-term and long-term loans primarily to finance the negative cash flow from operations and the acquisition of MOC Marketing G. K.

(3) Discussion of projected consolidated operation results

The forecasts for the second quarter year-to-date period and full year 2015 have been revised as noted below reflecting significantly higher than forecast the first quarter year-to-date period Oil and Chemical results excluding inventory effects and lower crude and product prices. Operating income excluding inventory effects is being increased by 17.5 billion yen for the second quarter year-to-date period and by 17.0 billion for full year 2015. Both the second quarter year-to-date period and full year 2015 forecasts include 30.0 billion yen of inventory losses versus zero in the prior forecast. The Company reaffirms the full year dividend of 38 yen per share stated in our previous announcement.

Revision of consolidated earnings forecast figures for the second quarter year-to date 2015 (January 1 through June 30, 2015)

(Unit: million yen)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per share (yen)
Previous forecast (A)	1,350,000	23,000	23,000	5,000	13.72
Revised forecast (B)	1,250,000	10,500	10,000	(1,000)	(2.75)
Difference (B-A)	(100,000)	(12,500)	(13,000)	(6,000)	-
Increase/ (decrease) (%)	(7.4)	(54.3)	(56.5)	-	-

Revision of consolidated earnings forecast figures for full-year 2015 (January 1 through December 31, 2015)

(Unit: million yen)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per share (yen)
Previous forecast (A)	2,700,000	45,000	45,000	16,000	43.92
Revised forecast (B)	2,600,000	32,000	31,000	9,000	24.71
Difference (B-A)	(100,000)	(13,000)	(14,000)	(7,000)	-
Increase/ (decrease) (%)	(3.7)	(28.9)	(31.1)	(43.8)	-

2. Information relating to Notes in summary

(1) Summary of change in major subsidiaries

Not applicable.

(2) Changes in accounting policy, change in accounting estimates and restatements

- Application of Accounting Standard, etc. for Retirement Benefits

The Company has adopted the “Accounting Standard for Retirement Benefits” (The Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012) (“Accounting Standard”), and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015) (“Guidance”), effective from the first quarter period, and has 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. In addition, 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.

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 quarterly consolidated balance sheet and the quarterly consolidated statement of income is immaterial.

(3) Business and other risks

No new business risks or other risks have arisen during the first quarter year-to-date period.

There were no material changes to the business and other risks which were already reported in the year-end report for 2014.

(4) Issues to be addressed

There were no material changes to the business issues to be addressed by the Company Group (the Company and the nine subsidiaries) during the first quarter year-to-date period.

3. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheet

(Unit: Million yen)

	2014 (December 31, 2014)	1Q 2015 (March 31, 2015)
Assets		
Current assets		
Cash and deposits	35,048	27,435
Notes and accounts receivable - trade	221,098	173,785
Merchandise and finished goods	101,860	89,206
Semi-finished goods	70,701	49,259
Raw materials	167,362	145,218
Supplies	10,599	9,908
Income taxes receivable	25,232	25,572
Deferred tax assets	7,711	8,777
Other	18,471	15,548
Allowance for doubtful accounts	(320)	(301)
Total current assets	657,765	544,411
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	36,075	34,679
Land	176,022	175,839
Other, net	82,512	85,269
Total property, plant and equipment	294,610	295,788
Intangible assets		
Goodwill	306,316	301,953
Other	22,802	22,250
Total intangible assets	329,118	324,203
Investments and other assets		
Investment securities	19,870	18,664
Deferred tax assets	58,703	42,419
Other	16,262	16,291
Allowance for doubtful accounts	(118)	(114)
Total investments and other assets	94,718	77,260
Total non-current assets	718,447	697,253
Total assets	1,376,212	1,241,664

(Unit: Million yen)

	2014 (December 31, 2014)	1Q 2015 (March 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	174,552	189,281
Gasoline taxes payable	248,473	175,449
Short-term loans payable	153,347	185,974
Commercial papers	15,000	-
Income taxes payable	2,905	446
Provision	1,683	4,142
Other	131,592	74,668
Total current liabilities	727,554	629,963
Non-current liabilities		
Bonds payable	85,000	85,000
Long-term loans payable	132,298	132,089
Deferred tax liabilities	7,317	5,546
Net defined benefit liability	132,997	131,650
Provision for repairs	23,863	25,194
Other	4,427	4,658
Total non-current liabilities	385,904	384,139
Total liabilities	1,113,459	1,014,103
Net assets		
Shareholders’ equity		
Capital stock	35,123	35,123
Capital surplus	57,400	55,157
Retained earnings	322,911	290,032
Treasury shares	(142,201)	(142,225)
Total shareholders’ equity	273,233	238,088
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	576	782
Remeasurements of defined benefit plans	(12,109)	(12,278)
Total accumulated other comprehensive income	(11,533)	(11,496)
Subscription rights to shares	146	146
Minority interests	907	823
Total net assets	262,753	227,561
Total liabilities and net assets	1,376,212	1,241,664

(2) Quarterly consolidated statement of income and comprehensive income

a. Quarterly consolidated statement of income

First quarter YTD period

(Unit: Million yen)

	1Q YTD 2014 (January 1, 2014 through March 31, 2014)	1Q YTD 2015 (January 1, 2015 through March 31, 2015)
Net sales	821,396	663,838
Cost of sales	812,473	652,955
Gross profit	8,923	10,883
Selling, general and administrative expenses	22,525	25,099
Operating loss	(13,602)	(14,215)
Non-operating income		
Interest income	45	16
Share of profit of entities accounted for using equity method	234	310
Other	68	338
Total non-operating income	349	664
Non-operating expenses		
Interest expenses	666	567
Foreign exchange losses	52	649
Bond issuance cost	155	-
Other	164	132
Total non-operating expenses	1,038	1,349
Ordinary loss	(14,292)	(14,900)
Extraordinary income		
Gain on sales of non-current assets	61	94
Gain on step acquisitions	431	-
Total extraordinary income	493	94
Extraordinary losses		
Loss on sales and retirement of non-current assets	604	389
Impairment loss	-	15
Settlement package	1,169	-
Total extraordinary losses	1,774	405
Loss before income taxes and minority interests	(15,574)	(15,211)
Income taxes	(4,886)	10,758
Loss before minority interests	(10,687)	(25,970)
Minority interests in income (loss)	12	(84)
Net loss	(10,700)	(25,885)

b. Quarterly consolidated statement of comprehensive income
First quarter YTD period

(Unit: Million yen)

	1Q YTD 2014 (January 1, 2014 through March 31, 2014)	1Q YTD 2015 (January 1, 2015 through March 31, 2015)
Loss before minority interests	(10,687)	(25,970)
Other comprehensive income		
Valuation difference on available-for-sale securities	126	206
Remeasurements of defined benefit plans, net of tax	-	(168)
Total other comprehensive income	126	37
Comprehensive income	(10,561)	(25,933)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(10,575)	(25,848)
Comprehensive income attributable to minority interests	13	(84)

(3) Quarterly consolidated statement of cash flows

(Unit: Million yen)

	1Q YTD 2014 (January 1, 2014 through March 31, 2014)	1Q YTD 2015 (January 1, 2015 through March 31, 2015)
Cash flows from operating activities		
Loss before income taxes and minority interests	(15,574)	(15,211)
Depreciation	4,843	5,369
Amortization of goodwill	4,231	4,362
Share of (profit) loss of entities accounted for using equity method	(234)	(310)
Impairment loss	-	15
Increase (decrease) in provision for retirement benefits	(1,327)	-
Increase (decrease) in liability for retirement benefits	-	(1,347)
Increase (decrease) in provision for repairs	721	1,331
Interest and dividend income	(46)	(16)
Interest expenses	666	567
Foreign exchange losses (gains)	-	12
Loss (gain) on step acquisitions	(431)	-
Settlement package	1,169	-
Loss (gain) on sales and retirement of non-current assets	543	295
Decrease (increase) in notes and accounts receivable - trade	42,425	47,296
Decrease (increase) in inventories	16,161	56,930
Increase (decrease) in notes and accounts payable - trade	(30,621)	14,729
Decrease (increase) in accounts receivable - other	1,244	346
Increase (decrease) in accounts payable - other	(53,543)	(102,242)
Other, net	(40)	(1,536)
Subtotal	(29,812)	10,593
Interest and dividend income received	899	853
Interest expenses paid	(759)	(716)
Income taxes paid	(15,257)	(23,683)
Settlement package paid	(1,169)	-
Net cash provided by (used in) operating activities	(46,099)	(12,953)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,684)	(6,336)
Proceeds from sales of property, plant and equipment	309	309
Purchase of intangible assets	(269)	(292)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(25,503)	-
Other, net	17	621
Net cash provided by (used in) investing activities	(29,130)	(5,697)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	47,420	33,627
Repayments of long-term loans payable	(171)	(1,209)
Proceeds from long-term loans payable	30,000	-
Net increase (decrease) in commercial papers	-	(15,000)
Proceeds from issuance of bonds	34,844	-
Cash dividends paid	(6,353)	(6,346)
Other, net	(10)	(22)
Net cash provided by (used in) financing activities	105,730	11,049
Effect of exchange rate change on cash and cash equivalents	-	(12)
Net increase (decrease) in cash and cash equivalents	30,499	(7,613)
Cash and cash equivalents at beginning of period	18,655	35,048
Cash and cash equivalents at end of period	49,155	27,435

(4) Additional information

- 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 be 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 2,329 million yen as follows: remeasurements of defined benefit plans decreased by 568 million yen, income taxes - deferred increased by 2,565 million yen, capital surplus increased by 757 million yen, and valuation difference on available-for-sale securities increased by 46 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, net deferred tax assets decreased by 15,631 million yen as follows: capital surplus decreased by 3,000 million yen, and income taxes - deferred increased by 12,630 million yen.

(5) Notes on assumption of going concern

Not applicable.

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

Not applicable.

(7) Segment information

First quarter YTD 2014 period (January 1, 2014 through March 31, 2014)

1. Net sales and segment income (loss) by reportable segments

(Unit: Million yen)

	Oil	Chemical	Total	Adjustment (Note) 1, 2	Quarterly consolidated statement of income amount
Net sales					
Sales to customers outside the Company group	724,513	96,883	821,396	-	821,396
Internal transactions	451,259	19,155	470,414	(470,414)	-
Total	1,175,772	116,038	1,291,811	(470,414)	821,396
Segment income (loss)	(17,091)	7,720	(9,371)	(4,231)	(13,602)

(Note) 1. Adjustment of (470,414) million yen represents an elimination of inter-segment transactions.
2. Goodwill amortization of (4,231) million yen is shown in the adjustment column as it is not allocated to each segment.
3. Total segment income (loss) plus "Adjustment" is the same as operating loss in the quarterly consolidated statement of income.

First quarter YTD 2015 period (January 1, 2015 through March 31, 2015)

1. Net sales and segment income (loss) by reportable segments

(Unit: Million yen)

	Oil	Chemical	Total	Adjustment (Note) 1, 2	Quarterly consolidated statement of income amount
Net sales					
Sales to customers outside the Company group	597,597	66,241	663,838	-	663,838
Internal transactions	473,272	12,960	486,233	(486,233)	-
Total	1,070,870	79,201	1,150,072	(486,233)	663,838
Segment income (loss)	(10,985)	1,132	(9,853)	(4,362)	(14,215)

(Note) 1. Adjustment of (486,233) million yen represents an elimination of inter-segment transactions.
2. Goodwill amortization of (4,362) million yen is shown in the adjustment column as it is not allocated to each segment.
3. Total segment income (loss) plus "Adjustment" is the same as operating loss in the quarterly consolidated statement of income.

2. Change in reporting segment

(Application of Accounting Standard, etc. for Retirement Benefits)

The Company has changed the calculation method for retirement benefit obligations and service costs effective from the first quarter period as noted in "Change in accounting policies."

The effect of this change on segment income (loss) for the first quarter year-to-date 2015 period is immaterial.

(8) Significant subsequent events

The Company's Board of Directors on April 24, 2015, passed a resolution to acquire the entire equity interest in Kyokuto Petroleum Industries, Ltd., (KPI) from its 99%-owned consolidated subsidiary EMG Marketing Godo Kaisha and to merge KPI, a designated and wholly-owned subsidiary, with the Company as the surviving company, and KPI as the absorbed company effective July 1, 2015 and the Company signed the merger agreement effective May 1, 2015.

1. Purpose of the merger

   The merged company, KPI, owns and operates the Chiba refinery. In order to streamline the capital structure and achieve further operational efficiency with the Company's three existing refineries, the Company has decided to acquire the entire equity interest in KPI from its 99%-owned consolidated subsidiary EMG Marketing Godo Kaisha and then merge KPI with the Company as the surviving company.

2. Summary of the merger

   a. Schedules of the merger

Resolution of the Board of Directors	April 24, 2015
Signing of the Merger Agreement	May 1, 2015
Merger date (effective date)	July 1, 2015 (plan)

   This merger is a simplified merger under the provisions of paragraph (2) of Article 796 of the Companies Act. Therefore, the Company will not hold a general meeting of shareholders to carry out the merger.

   KPI shall take steps to obtain its Members' approval for the Merger Agreement by the day before the Merger Date pursuant to paragraph (1) - (i) of Article 793 of the Companies Act (provided, however that the articles of incorporation shall govern in case where it is otherwise provided for in the articles of incorporation).

   b. Method of the merger

   The Company will remain as the surviving company, with KPI herewith dissolved.

   c. Allotment in relation to the merger

   Since the absorbed company is a fully-owned subsidiary, there will be no new stocks issued, capital increased, or cash payouts made as a result of this merger.

   d. Share acquisition rights and bonds with stock acquisition rights of the merged company

   Not applicable.

3. Overview of the merged company (as of December 31, 2014)

Company name	: Kyokuto Petroleum Industries, Ltd.
Name of representative	: Representative EMG Marketing G.K.
	: Executing Person Tomohide Miyata, President
Address of head office	: Chigusa-Kaigan 1, Ichihara City, Chiba
Paid-in capital	: 7,000 million yen
Net assets	: 9,599 million yen
Total assets	: 169,400 million yen
Business	: Oil refining and other auxiliary business

4. Status of the merging company after the merger

   There will be no change in company name, business, address of head office, name of representative, paid-in capital or accounting period by the merger.

5. Overview of accounting treatment

   The Company will utilize the "Accounting Standard for Business Combinations" (The Accounting Standard Board of Japan (ASBJ) statement No. 21, December 26, 2008) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008).