

*** Notes**

(1) Change in major subsidiaries in the current quarter year-to-date (change in designated subsidiaries resulting in a change in the scope of consolidation): Yes
Excluded: 1 company (Name: Kyokuto Petroleum Industries, Ltd)

(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)					
3Q2015	565,182,000	shares	Full year 2014	565,182,000	shares
b. Number of treasury shares at the end of period					
3Q2015	200,914,386	shares	Full year 2014	200,876,446	shares
c. Average number of shares during the period					
3QYTD2015	364,283,492	shares	3Q YTD 2014	364,347,302	shares

• **Review status of Quarterly Securities Report (*Shihanki-Houkokusho*) for the third 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 Third Quarter 2015. The auditor expressed the conclusion on November 13, 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 September 30, 2015, the results of their operations and their cash flows for the nine-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) Summary of non-consolidated financial results

1. 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)	5,000	-	4,000	(50.8)	1,000	(98.7)	2.75

(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 third quarter year-to-date period amounted to 2,043.8 billion yen, a decrease of 574.7 billion yen or 21.9% 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 expanded sales network resulting from the acquisition of MOC Marketing G.K. (previously, Mitsui Oil Co. Ltd.).

Consolidated operating income was 10.1 billion yen, an increase of 17.0 billion yen versus the same period of the previous year, primarily reflecting higher oil product margins partly offset by inventory valuation losses of 60.1 billion yen caused by the significant crude and product price decline.

Consolidated ordinary income which incorporates non-operating items including dividend income, foreign exchange losses and interest expenses was 7.9 billion yen, an increase of 15.1 billion yen versus the same period of the previous year.

Consolidated net income which incorporates extraordinary items including a 9.6 billion yen gain on change in equity as a result of the formation of Gyxis Corporation, an LP gas integrated company, and income taxes was 1.6 billion yen, an increase of 10.5 billion yen versus the same period of the previous year. Income taxes reflect adverse adjustments due to revisions to the statutory effective tax rate and so forth in line with the amendment of the Income Tax Act, as further described in “(4) Additional information” of “3. Quarterly consolidated financial statements”.

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

a. Oil segment

Oil segment income for the third quarter year-to-date period was 3.1 billion yen, an increase of 11.7 billion yen versus the same period of the previous year. Oil segment income includes inventory valuation losses of 58.0 billion yen, a loss increase of 48.3 billion yen versus the same period of the previous year. Excluding inventory effects, Oil segment income was 61.1 billion yen, a 60.1 billion yen increase versus the same period of the previous year, reflecting an increase in the sales volume of petroleum products, and an environment of strong margins for domestic petroleum products and product exports.

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

	(Unit: Billion yen)		
	3Q YTD 2014	3Q YTD 2015	Difference
Segment income (loss) as reported	(8.7)	3.1	11.7
Inventory effects (inventory valuation gains (losses))	(9.6)	(58.0)	(48.3)
Segment income (loss) excluding above inventory effects	1.0	61.1	60.1

b. Chemical segment

Chemical segment income for the third quarter year-to-date period was 20.1 billion yen, an increase of 5.4 billion yen versus the same period of the previous year. The amount reflects 2.1 billion yen of negative inventory effects, a loss increase of 2.0 billion yen versus the same period of the previous year. Excluding inventory effects, Chemical segment income was 22.3 billion yen, an increase of 7.5 billion yen versus the same period of the previous year, primarily due to higher olefins margins.

(2) Discussion of consolidated financial condition

a. Total assets, liabilities and net assets

Total assets as of September 30, 2015 were 1,183.8 billion yen, a 192.4 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 and income tax receivable partially offset by an increase in investment securities primarily as a result of holding 25% of the shares of Gyxis Corporation, an LP gas integrated company.

Total liabilities as of September 30, 2015 amounted to 941.3 billion yen, a 172.2 billion yen decrease from December 31, 2014, attributable mainly to decreases in gasoline taxes payable, short-term loans payable and commercial papers. Total net assets as of September 30, 2015 amounted to 242.6 billion yen, a 20.2 billion yen decrease from December 31, 2014, reflecting a decrease in retained earnings due mainly to year-end and interim dividends exceeding net income.

b. Cash flows

At the end of September 2015, the outstanding balance of cash and cash equivalents was 20.3 billion yen, a decrease of 14.8 billion yen versus December 31, 2014. Key factors influencing cash flows are summarized below.

In the third quarter year-to-date 2015, cash flows from operating activities were positive 66.3 billion yen versus a positive 6.9 billion yen in the same period of the previous year. Positive factors such as income before income taxes and minority interests outweighed negative factors such as a decrease in payables reflecting payment of ten months equivalent of gasoline tax during the nine months period.

Cash flows from investing activities were negative 31.8 billion yen versus a negative 41.1 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 negative 49.3 billion yen versus a positive 66.1 billion yen in the same period of the previous year. This is mainly due to decreases in commercial paper and short-term loans outstanding and dividends paid. Cash flows in the same period of the previous year included an increase in short-term and long-term loans payable primarily to finance the acquisition of MOC Marketing G. K.

(3) Discussion of projected consolidated operation results

Projections for full year 2015 have been revised reflecting lower crude and product prices. Consequently net sales will be lower and projected consolidated operating income includes 65.0 billion yen of inventory losses versus 45.0 billion yen in the prior forecast. There is no change to operating income of 94.0 billion yen excluding inventory effects and goodwill amortization. The Company reaffirms the full year dividend of 38 yen per share stated in our previous announcement.

Revision of consolidated earnings forecast figures for full-year 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	32,000	31,000	15,000	41.18
Revised forecast (B)	2,650,000	12,000	11,000	2,000	5.49
Difference (B-A)	(50,000)	(20,000)	(20,000)	(13,000)	-
Increase/ (decrease) (%)	(1.9)	(62.5)	(64.5)	(86.7)	-

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

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

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

- Application of Accounting Standard, etc. for Retirement Benefits

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

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

The effect of this change on the 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 third 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 seven subsidiaries) during the third quarter year-to-date period.

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

(Unit: Million yen)

	2014 (December 31, 2014)	3Q 2015 (September 30, 2015)
Assets		
Current assets		
Cash and deposits	35,048	20,269
Notes and accounts receivable - trade	221,098	166,100
Merchandise and finished goods	101,860	85,272
Semi-finished goods	70,701	50,699
Raw materials	167,362	112,024
Supplies	10,599	9,465
Income taxes receivable	25,232	504
Deferred tax assets	7,711	976
Other	18,471	30,527
Allowance for doubtful accounts	(320)	(282)
Total current assets	657,765	475,558
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	36,075	35,164
Land	176,022	175,229
Other, net	82,512	92,819
Total property, plant and equipment	294,610	303,213
Intangible assets		
Goodwill	306,316	293,227
Other	22,802	21,100
Total intangible assets	329,118	314,327
Investments and other assets		
Investment securities	19,870	31,203
Deferred tax assets	58,703	43,827
Other	16,262	15,793
Allowance for doubtful accounts	(118)	(74)
Total investments and other assets	94,718	90,749
Total non-current assets	718,447	708,290
Total assets	1,376,212	1,183,849

(Unit: Million yen)

	2014 (December 31, 2014)	3Q 2015 (September 30, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	174,552	151,188
Gasoline taxes payable	248,473	193,594
Short-term loans payable	153,347	129,829
Commercial papers	15,000	-
Income taxes payable	2,905	2,026
Provision	1,683	4,112
Other	131,592	79,026
Total current liabilities	727,554	559,777
Non-current liabilities		
Bonds payable	85,000	85,000
Long-term loans payable	132,298	131,107
Deferred tax liabilities	7,317	5,515
Net defined benefit liability	132,997	129,235
Provision for repairs	23,863	25,138
Other	4,427	5,496
Total non-current liabilities	385,904	381,493
Total liabilities	1,113,459	941,270
Net assets		
Shareholders' equity		
Capital stock	35,123	35,123
Capital surplus	57,400	49,018
Retained earnings	322,911	310,553
Treasury shares	(142,201)	(142,251)
Total shareholders' equity	273,233	252,443
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	576	689
Revaluation reserve for land	-	(32)
Remeasurements of defined benefit plans	(12,109)	(11,580)
Total accumulated other comprehensive income	(11,533)	(10,923)
Subscription rights to shares	146	170
Minority interests	907	887
Total net assets	262,753	242,578
Total liabilities and net assets	1,376,212	1,183,849

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

(Unit: Million yen)

	3Q YTD 2014 (January 1, 2014 through September 30, 2014)	3Q YTD 2015 (January 1, 2015 through September 30, 2015)
Net sales	2,618,444	2,043,781
Cost of sales	2,550,710	1,956,772
Gross profit	67,733	87,008
Selling, general and administrative expenses	74,638	76,899
Operating income (loss)	(6,905)	10,109
Non-operating income		
Interest income	77	89
Dividend income	200	267
Foreign exchange gains	731	-
Share of profit of entities accounted for using equity method	601	-
Compensation income	292	52
Other	659	507
Total non-operating income	2,562	917
Non-operating expenses		
Interest expenses	2,300	1,790
Foreign exchange losses	-	542
Share of loss of entities accounted for using equity method	-	391
Bond issuance cost	156	-
Other	397	365
Total non-operating expenses	2,854	3,089
Ordinary income (loss)	(7,196)	7,937
Extraordinary income		
Gain on sales of non-current assets	1,692	269
Gain on change in equity	-	9,617
Gain on step acquisitions	431	-
Total extraordinary income	2,124	9,886
Extraordinary losses		
Loss on sales and retirement of non-current assets	2,399	1,688
Impairment loss	113	91
Settlement package	1,169	-
Total extraordinary losses	3,683	1,780
Income (loss) before income taxes and minority interests	(8,756)	16,043
Income taxes	114	14,470
Income (loss) before minority interests	(8,870)	1,573
Minority interests in income	96	17
Net income (loss)	(8,967)	1,556

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

(Unit: Million yen)

	3Q YTD 2014 (January 1, 2014 through September 30, 2014)	3Q YTD 2015 (January 1, 2015 through September 30, 2015)
Income (loss) before minority interests	(8,870)	1,573
Other comprehensive income		
Valuation difference on available-for-sale securities	167	82
Remeasurements of defined benefit plans, net of tax	-	517
Share of other comprehensive income of entities accounted for using equity method	1	(6)
Total other comprehensive income	169	593
Comprehensive income	(8,701)	2,167
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(8,798)	2,166
Comprehensive income attributable to minority interests	96	0

(3) Quarterly consolidated statement of cash flows

(Unit: Million yen)

	3Q YTD 2014 (January 1, 2014 through September 30, 2014)	3Q YTD 2015 (January 1, 2015 through September 30, 2015)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	(8,756)	16,043
Depreciation	17,162	17,460
Amortization of goodwill	12,956	13,088
Share of (profit) loss of entities accounted for using equity method	(601)	391
Impairment loss	113	91
Increase (decrease) in provision for retirement benefits	(4,044)	-
Increase (decrease) in liability for retirement benefits	-	(3,762)
Increase (decrease) in provision for repairs	(2,130)	1,275
Interest and dividend income	(277)	(357)
Interest expenses	2,300	1,790
Foreign exchange losses (gains)	(741)	38
Loss (gain) on step acquisitions	(431)	-
Loss (gain) on change in equity	-	(9,617)
Settlement package	1,169	-
Compensation income	(292)	(52)
Loss (gain) on sales and retirement of non-current assets	706	1,418
Decrease (increase) in notes and accounts receivable - trade	77,643	54,969
Decrease (increase) in inventories	25,694	88,777
Increase (decrease) in notes and accounts payable - trade	(73,868)	(23,364)
Decrease (increase) in accounts receivable - other	921	(11,602)
Increase (decrease) in accounts payable - other	(19,075)	(77,510)
Other, net	(6,091)	(951)
Subtotal	22,359	68,128
Interest and dividend income received	1,119	1,171
Interest expenses paid	(2,336)	(1,875)
Income taxes refund	4,554	25,525
Income taxes paid	(17,925)	(26,657)
Settlement package paid	(1,169)	-
Proceeds from compensation	292	52
Net cash provided by (used in) operating activities	6,893	66,344
Cash flows from investing activities		
Purchase of property, plant and equipment	(15,337)	(25,745)
Proceeds from sales of property, plant and equipment	2,461	1,292
Purchase of intangible assets	(2,754)	(3,145)
Proceeds from sales of intangible assets	-	321
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(25,503)	-
Purchase of investment securities	-	(5,127)
Other, net	36	644
Net cash provided by (used in) investing activities	(41,098)	(31,759)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	61,397	(17,011)
Repayments of long-term loans payable	(85,860)	(7,438)
Proceeds from long-term loans payable	70,000	3,440
Net increase (decrease) in commercial papers	-	(15,000)
Redemption of bonds	(1,000)	-
Proceeds from issuance of bonds	34,843	-
Cash dividends paid	(13,245)	(13,270)
Other, net	(39)	(46)
Net cash provided by (used in) financing activities	66,096	(49,326)
Effect of exchange rate change on cash and cash equivalents	741	(38)
Net increase (decrease) in cash and cash equivalents	32,633	(14,779)
Cash and cash equivalents at beginning of period	18,655	35,048
Cash and cash equivalents at end of period	51,288	20,269

(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 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 2,419 million yen, revaluation reserve for land decreased by 32 million yen, remeasurements of defined benefit plans decreased by 568 million yen, income taxes - deferred increased by 2,655 million yen, investment securities increased by 32 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, 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**Third quarter YTD 2014 period (January 1, 2014 through September 30, 2014)**

Net sales and segment income (loss) by reportable segment

(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	2,354,348	264,095	2,618,444	-	2,618,444
Internal transactions	1,777,236	44,257	1,821,494	(1,821,494)	-
Total	4,131,584	308,353	4,439,938	(1,821,494)	2,618,444
Segment income (loss)	(8,650)	14,702	6,051	(12,956)	(6,905)

(Note) 1. Adjustment of (1,821,494) million yen represents an elimination of inter-segment transactions.

2. Goodwill amortization of (12,956) 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.

Third quarter YTD 2015 period (January 1, 2015 through September 30, 2015)

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

(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	1,831,985	211,796	2,043,781	-	2,043,781
Internal transactions	1,343,314	38,288	1,381,603	(1,381,603)	-
Total	3,175,300	250,085	3,425,385	(1,381,603)	2,043,781
Segment income	3,087	20,110	23,197	(13,088)	10,109

(Note) 1. Adjustment of (1,381,603) million yen represents an elimination of inter-segment transactions.

2. Goodwill amortization of (13,088) million yen is shown in the adjustment column as it is not allocated to each segment.

3. Total segment income plus "Adjustment" is the same as operating income in the quarterly consolidated statement of income.

2. Disclosure of changes, etc. in reportable segments

(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 "Changes in accounting policy, change in accounting estimates and restatements"

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