[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 2015
(Japanese GAAP basis)

February 12, 2016

Company name: TonenGeneral Sekiyu K.K. Listed on: Tokyo Stock Exchange
Code number: 5012 URL: http://www.tonengeneral.co.jp
Representative: Jun Mutoh Representative Director and President
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 25, 2016
Scheduled date of filing Annual Securities Report: March 25, 2016
Scheduled date of start of dividends payment: March 28, 2016
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 2015 (January 1, 2015 through December 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	%
2015	2,627,850	(23.9)	2,017	-	(294)	-	51	-
2014	3,451,097	6.5	(72,948)	-	(73,383)	-	(13,975)	-

(Note) Comprehensive income: (5,728) Million yen [-%] for 2015 (13,609) Million yen [-%] for 2014

	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	%	%	%
2015	0.14	0.14	0.0	0.0	0.1
2014	(38.36)	-	(5.0)	(5.3)	(2.1)

(Reference) Equity earnings: (57) Million yen for 2015 791 Million yen for 2014

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
Dec. 31, 2015	1,209,364	234,106	19.3	639.61
Dec. 31, 2014	1,376,212	262,753	19.0	718.35

(Reference) Net assets excluding minority interests and subscription rights to shares:
232,976 Million yen as of December 31, 2015 261,699 Million yen as of December 31, 2014

(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
2015	170,938	(44,172)	(61,653)	100,161
2014	99,896	(52,388)	(31,828)	35,048

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	%	%
2014	-	19.00	-	19.00	38.00	13,844	-	5.0
2015	-	19.00	-	19.00	38.00	13,841	26,775.4	5.3
2016(Forecast)	-	19.00	-	19.00	38.00		44.7	

3. Projected consolidated operating results for 2016 (January 1, 2016 through December 31, 2016)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2Q YTD	1,100,000	(20.5)	22,000	(46.0)	22,000	(45.2)	17,000	(26.9)	46.67
Full year	2,300,000	(12.5)	48,000	-	47,000	-	31,000	-	85.11

*** Notes**

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

(2) Change in accounting method, change in accounting estimates and restatements
a. Change in accounting method with accounting standards revisions : Yes
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 issued at the end of period (includes treasury shares)
2015 565,182,000 shares 2014 565,182,000 shares

b. Number of treasury shares at the end of period
2015 200,936,131 shares 2014 200,876,446 shares

c. Average number of shares during the period
2015 364,276,579 shares 2014 364,338,663 shares

(Reference) Summary of non-consolidated financial results

1. Financial results for 2015 (January 1, 2015 through December 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	%
2015	2,372,577	(20.4)	(8,976)	-	(5,344)	-	(9,085)	-
2014	2,979,545	(1.8)	(60,775)	-	8,137	(79.7)	75,969	190.0

	Net income per share	Diluted net income per share
	Yen	Yen
2015	(24.94)	-
2014	208.51	208.42

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
Dec. 31, 2015	1,243,415	313,078	25.2	859.06
Dec. 31, 2014	1,296,635	335,858	25.9	921.51

(Reference) Net assets excluding subscription rights to shares:
: 312,908 Million yen as of December 31, 2015 335,712 Million yen as of December 31, 2014

- **Audit status of Annual Securities Report *(Yukashoken-Houkokusho)* for 2015**
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. TonenGeneral Sekiyu K.K. (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 2016" on page 2.

The Company announces earnings forecast in increments of one billion yen as a basic rule.

(Attachments)

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1. Analysis of operating results and financial condition

(1) Analysis of operating results

a. Business overview

Consolidated net sales for 2015 amounted to 2,627.9 billion yen, a decrease of 823.2 billion yen or 23.9 percent versus 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 growth in product exports.
Consolidated operating income was 2.0 billion yen compared to a loss of 72.9 billion yen for the previous year, primarily reflecting higher oil product margins. Both 2014 and 2015 included substantial inventory losses, 86.5 billion yen and 87.1 billion yen respectively 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 a loss of 0.3 billion yen, compared to a loss of 73.4 billion yen for 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 51 million yen, compared to a loss of 14.0 billion yen for the previous year. 2015 income taxes reflect adverse adjustments amounting to 13.6 billion yen due to revisions to the statutory effective tax rate and other effects arising from the amendment of the Income Tax Act, as further described in (5) Notes to consolidated financial statements - Deferred tax accounting” of “5. Consolidated financial statements”. 2014 net income included approximately 40 billion yen of positive tax effects largely arising from the de-capitalization of a subsidiary company.

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

1) Oil segment

Oil segment income was a loss of 4.4 billion yen, compared to a loss of 68.0 billion yen for the previous year. Excluding inventory valuation losses of 84.3 billion yen versus losses of 85.7 billion yen in the previous year, the segment income increased to 79.8 billion yen from 17.7 billion yen in the previous year, reflecting a favorable margin for domestic sales and product exports and an increase in the sales volume of petroleum products. The Company and its seven consolidated subsidiaries (TG Group) advantages in terms of flexible crude acquisition, sales channel optimization and mogas focus under the integrated supply chain of production, distribution and marketing were also contributing factors.

Oil segment income (loss) compared with the previous year

(Unit: billion yen)

	2014	2015	Difference
Segment income (loss) as reported	(68.0)	(4.4)	63.6
Inventory-related gain (loss)	(85.7)	(84.3)	1.4
Segment income excluding above special factors	17.7	79.8	62.2

2) Chemical segment

Chemical segment income increased to 23.9 billion yen from 12.4 billion yen in the previous year. Excluding inventory valuation losses of 2.8 billion yen, compared to losses of 0.8 billion yen for the previous year, the segment income increased to 26.7 billion yen from 13.2 billion yen in the previous year, primarily due to higher olefins margins and the absence of the turnaround of the Kawasaki steam-cracker in 2014.

Chemical segment income (loss) compared with the previous year

(Unit: billion yen)

	2014	2015	Difference
Segment income (loss) as reported	12.4	23.9	11.5
Inventory-related gain (loss)	(0.8)	(2.8)	(1.9)
Segment income excluding above special factors	13.2	26.7	13.5

b. Earnings forecast for full year 2016

(Unit: million yen)

Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
2,300,000	48,000	47,000	31,000

Consolidated operating income for the full year 2016 is forecasted as 48.0 billion yen including 47.0 billion yen from the Oil segment, 18.0 billion yen from the Chemical segment and a negative 17.0 billion yen of goodwill amortization (related to the acquisitions of the interest in EMG Marketing Godo Kaisha etc.) which is not allocated by segment. Inventory effects are assumed to be zero in the forecast.

Compared to 2015 operating income of a 2.0 billion yen, the 46.0 billion yen improvement mainly reflects the absence of the 87.1 billion yen of inventory losses realized in 2015. In the Oil segment 32.0 billion yen of negative effects are included due to less favorable export margins and reduced crude acquisition advantages. In addition, 9.0 billion yen of negative effects are assumed in the Chemical segment due to lower ethylene margins. Consolidated ordinary income is forecasted as 47.0 billion yen and consolidated net income attributable to owners of the parent is forecasted as 31.0 billion yen.

(2) Analysis of financial condition

a. Total assets, liabilities and net assets

Total assets as of December 31, 2015 were 1.209.4 billion yen, a 166.8 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 offsetting were an increase in cash and deposits as well as an increase in investment securities arising from the holding 25% of the shares of Gyxis Corporation, an LP gas integrated company.

Liabilities as of December 31, 2015 amounted to 975.3 billion yen, a 138.2 billion yen decrease from December 31, 2014, mainly attributable to a decrease in account payable-trade reflecting the crude price decline, short-term loans payable and commercial papers. Total net assets as of December 31, 2015 amounted to 234.1 billion yen, a 28.6 billion yen decrease from December 31, 2014 mainly because dividend payments exceeded net income. Additionally, there was a decrease in capital surplus and an increase in remeasurements of defined benefits plans in comprehensive income.

b. Cash flows

At the end of the current period, the outstanding balance of cash and cash equivalents was 100.2 billion yen, an increase of 65.1 billion yen versus the end of the prior period. Key factors influencing cash flows are summarized below.

Cash flows from operating activities were positive 170.9 billion yen versus positive 99.9 billion yen in the prior period. This is mainly due to net income before income taxes and minority interests excluding the impact of items such as inventory valuation losses caused by the drop in crude and product prices and non-cash expenses including depreciation and amortization of goodwill. Lower crude and product inventory volume as a result of the working capital management also contributed to the positive cash flows.

Cash flows from investing activities were negative 44.2 billion yen versus negative 52.4 billion yen in the prior period. 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 61.7 billion yen versus negative 31.8 billion yen in the prior period. This is mainly due to a decrease in short-term loans outstanding and commercial paper, and dividends paid.

c. Key financial indices

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Shareholders’ equity ratio (%) - book base	32.3	20.8	20.8	19.0	19.3
Shareholders’ equity ratio (%) - market base	42.6	19.6	25.0	27.2	30.8
Cash flow vs. interest-bearing debt (Times)	1.2	-	8.0	3.9	2.0
Interest coverage ratio (Times)	172.5	-	14.5	37.0	72.8

(Note) Definitions are as follows:

Shareholders’ equity ratio - book base: (period-end total net assets - period-end minority interests and subscription rights to shares) / period-end total assets

Shareholders’ equity ratio - market base: total value of stock ex. treasury shares at period-end market price / period-end total assets

Cash flow vs. interest-bearing debt: interest-bearing debt / operating cash flow

Interest coverage ratio: operating cash flows / interest paid

1. All indicators have been calculated based on consolidated financial data.
2. Operating cash flow is net cash provided by (used in) operating activities shown in the Consolidated statement of cash flows.
3. 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.
4. No ratios of cash flow vs. interest-bearing debt and interest coverage ratio are shown in FY 2012 as operating cash flow was negative.

(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 business performance in the mid to long term, and capital expenditure plans.

b. Dividend in current period

The Company projects a payment to its shareholders as of December 31, 2015 of 19 yen per share as a final dividend for the term ended December 31, 2015, subject to approval at the general meeting of shareholders.

c. Dividend in next period

Full-year dividends for 2016 are forecast to be 38 yen per share unchanged from 2015, subject to 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 as well as the share price of the Company.

a. 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 decrease in 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; decrease in domestic oil product demand due to changes in demographics including population growth rates and consumer preferences; and the competitiveness of alternative hydrocarbon, or other energy sources or product substitutes.

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. 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. These fluctuations which affect the TG Group earnings are generally not predictable.

d. 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.

e. 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.

As a result of an ordinance of the Ministry of Economy, Trade and Industry (METI) issued on July 31, 2014 (Ministerial Ordinance for Partial Revision of the Ordinance for Enforcement of the Act on Promotion of Utilization of Non-Fossil Energy Sources and Effective Utilization of Fossil Energy Materials by Energy Suppliers), further improvement in the ratio of the Company's residual oil cracking capacity to its atmospheric distillation capacity is required by March 31, 2017. The Company will examine and implement the most economical measures to respond to this requirement including the potential to reduce atmospheric distillation capacity.

f. Disaster and accident risk

All of the Company's refineries, terminals and owned 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. The TG Group generally carries property insurance against natural disasters and accidents to the extent that such insurance is available and can be obtained on reasonable terms. However, a major natural disaster or an unexpected accident might negatively affect the Group's business activities through resulting shutdowns at the business sites and property losses in excess of insurance thereby causing a serious impact on the financial position and operating results of the Group.

g. Information management risk

The TG Group directly or indirectly uses and maintains personal information of customers in connection with petroleum businesses and credit card businesses. In order to protect the information, the Group has implemented appropriate security program in the Group and external third parties managing the information. Nevertheless, possible loss, leakage or falsification of the information could erode social confidence in the Group, and have material impact on the Group's financial condition and business performance, regardless of its root cause or whether the Group directly controls the information.

h. Financing risk

The Company and its subsidiaries finance their working capital and capital investment through a combination of internally generated funds, borrowing from banks and other financial institutions, and issuance of corporate bonds and commercial papers. The interest rate of such financing, except for fixed rate long-term loans and bonds, is determined with market reference rates and therefore interest rate increase may affect the Company's financial results. In addition, some of the bank loans contain covenants, and any significant inability of the Company to comply with such covenants may have an effect on the Company's financial position.

i. Pension liability and pension asset

The Company and its subsidiaries recognize pension liabilities and pension expenses based on reasonable assumptions including those for the discount rate and expected return on pension assets as required by applicable Accounting Standards. However, unexpected changes in the basis for these assumptions including share prices, foreign exchange rates, and interest rates in domestic or foreign markets may result in either a deterioration of the performance of the pension fund or significant increase in pension liability causing a material effect on the Company's financial position.

j. Goodwill

The company recognized 288.9 billion yen of goodwill asset as of December 31, 2015 balance sheet. The goodwill asset was mainly related to the acquisition of the 99.0% of the interest in EMG Marketing Godo Kaisha in 2012 and primarily reflects the future profitability and cash flow generation of EMG Marketing Godo Kaisha. The goodwill asset is amortized over 20 years. As is the case for other fixed assets, the goodwill asset is subject to impairment under current accounting standards.

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

The TG Group and 20 associated companies are engaged in importing, shipping, refining and marketing of crude oil, petroleum products, chemical products and related products.

The following table shows the Group's business activities.

(As of December 31, 2015)

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., MOC Marketing G.K., Gyxis Corporation, Kobe Standard Sekiyu K.K., Nissei Corporation K.K., Standard Sekiyu Osaka Hatsubaisho Co., Ltd., Emori Sekiyu K.K., Kimura Sekiyu K.K., K.K. Marutaka Sekiyu, TQ Holdings Australia Pty Limited and other five companies
	Refining	Manufacturing, processing and sales of petroleum products	TonenGeneral Sekiyu K.K., Keiyo Seisei JV G.K. and Keiyo Sea Berth Co., 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 Stock and equity share holding	TGSH G.K., Shimizu LNG Thermal Power Generation G.K., TonenGeneral Americas L.L.C., Shimizu LNG Co., Ltd., Japan Biofuels Supply LLP, and Ichihara Thermal Power Generation G.K.
Chemical	Manufacturing and Marketing	Manufacturing, processing and sales of chemical products	TonenGeneral Sekiyu K.K., Tonen Chemical Corporation, NUC Corporation

(Note) 1. Toyo Sekiyu Hanbai Kabushiki Kaisha which was a consolidated company was merged into Chuo Sekiyu Hanbai Kabushiki Kaisha on April 1, 2015 and delisted from consolidated companies.

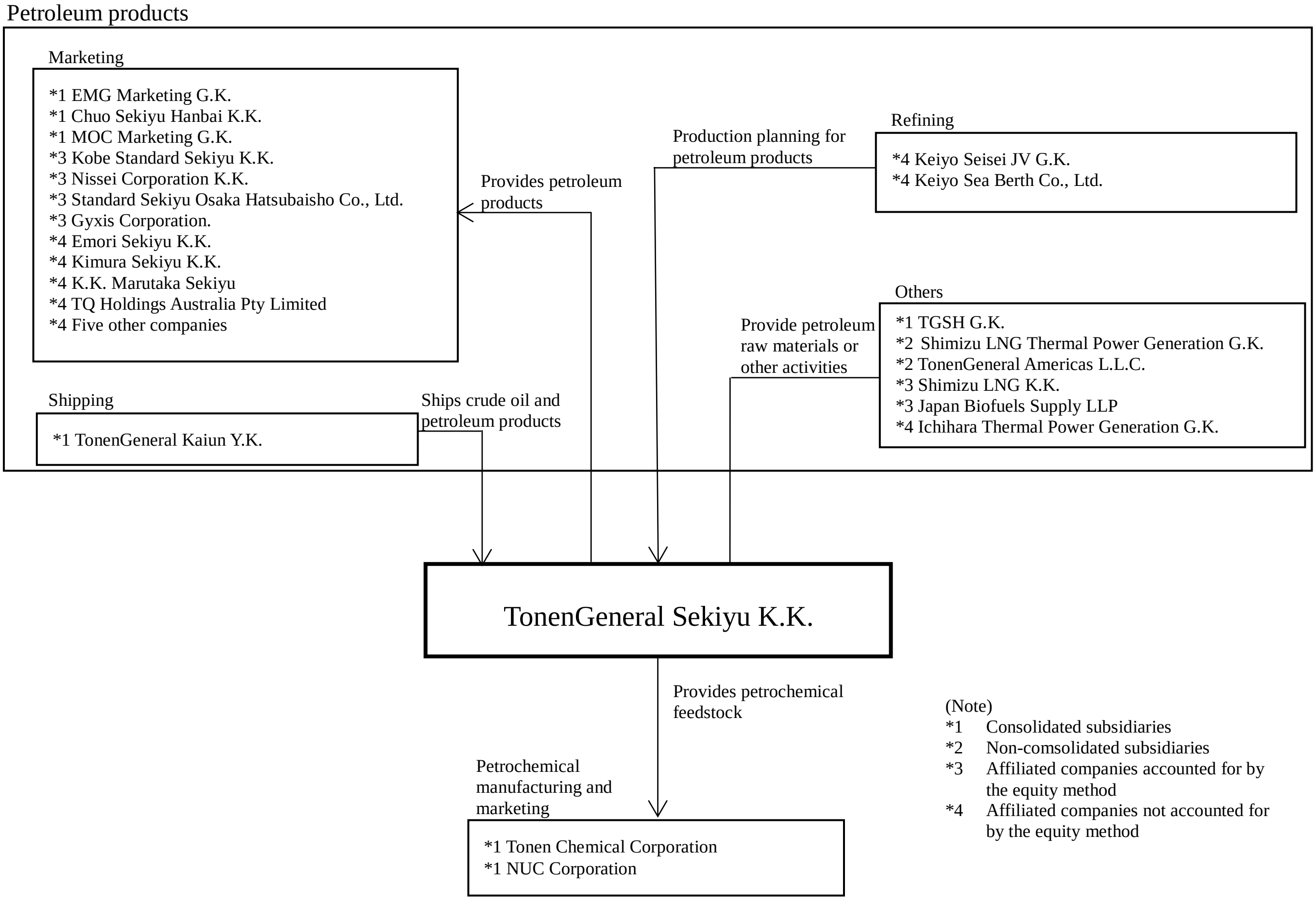
2. The Company, Cosmo Oil Co., Ltd., Showa Shell Sekiyu K. K. and Sumitomo Corporation jointly established Gyxis Corporation on April 1, 2015 with each making a 25% investment in the new integrated LPG business company following which it became an equity company.

3. MOC Marketing Godo Kaisha (former Mitsui Oil Co., Ltd.), after transferring all its business to other group companies, dissolved on June 30, 2015 and went into liquidation.

4. The Company, after acquiring full ownership of the equity of Kyokuto Petroleum Industries, Ltd. ("KPI") which was a consolidated company from EMG Marketing Godo Kaisha on July 1, 2015, merged KPI into the Company on that same day. As a result, KPI was delisted from consolidates companies.

Business structure of the TG Group as of December 31, 2015 is shown below:

Petroleum products



3. Corporate principles

(1) Basic corporate philosophy

With more than three years having elapsed since launching the new TonenGeneral Group in June 2012, the TG Group has revisited the Corporate philosophy. And the Group formulated the new corporate slogan "Think deeply. Shape the future." as the words directly representing the corporate philosophy.

With this slogan, the Group established the following three missions;

-For Society

Contribute to the development of society by providing a stable supply of energy and high-quality products and services that support daily life.

-For the Environment

Ensure effective use of limited resources to maintain a sustainable environment.

- For Our Stakeholders

Create value that is favored and endorsed by customers, employees, shareholders, business partners and communities.

To ensure a brighter future, and fulfill the missions, integrating the best ideas from Japan and around the world, the Group provides unique solutions such as:

ENERGY SOLUTION	Support for day to day life
PRODUCT SOLUTION	Creation of new value
PROCESS SOLUTION	Optimization

(2) Operating strategies, objectives and indicators

Giving full consideration to the situation of declining domestic oil demand, the Company released its first mid-term management plan in February 2013. The plan summarizes courses of actions and goals over the 5 years from 2013 to 2017. Thereafter, the Company has been focusing on solidifying its core oil and petrochemical businesses and also pursuing business evolution in growing areas such as electricity or overseas businesses. The Company will continue implementing measures based on the mid-term management plan.

(3) Issues to be addressed

TG and JX Holdings, Inc. signed a Memorandum of Understanding on December 3, 2015 regarding a business integration through the merger of the two groups and agreed on a target date of April 2017 for the business integration and merger.

The Companies acknowledged the necessity of maximizing their enterprise value through the business integration in an environment in which demand for oil in Japan is decreasing in order to develop into the most prominent and internationally-competitive comprehensive energy, natural resource and materials company groups in Asia, and contribute to the development of a sustainable and vigorous economy and society.

The two companies plan to conduct detailed examinations of and discussions on the integration, based on mutual trust and in the spirit of equal partnership, in order to execute a definitive agreement concerning the business integration with a target date for definitive agreements of August 2016. Subject to regulatory approvals and the approval of shareholders, the merger of the groups is projected for April of 2017.

4. Basic policy for selection of accounting standard

The Company selects Japanese Generally Accepted Accounting Principles as its accounting standards to ensure the comparability across financial statements and other domestic firms.

5. Consolidated financial statements

(1) Consolidated balance sheet

(Unit: Million yen)

	Prior period (December 31, 2014)	Current period (December 31, 2015)
Assets		
Current assets		
Cash and deposits	35,048	100,161
Notes and accounts receivable - trade	221,098	172,650
Merchandise and finished goods	101,860	64,274
Semi-finished goods	70,701	35,332
Raw materials	167,362	83,692
Supplies	10,599	10,003
Income taxes receivable	25,232	4,100
Deferred tax assets	7,711	1,733
Other	18,471	24,682
Allowance for doubtful accounts	(320)	(282)
Total current assets	657,765	496,348
Non-current assets		
Property, plant and equipment		
Buildings and structures	296,345	292,522
Accumulated depreciation	(233,767)	(230,396)
Buildings and structures, net	62,578	62,126
Tanks	77,998	79,456
Accumulated depreciation	(70,694)	(71,552)
Tanks, net	7,303	7,903
Machinery, equipment and vehicles	686,575	690,270
Accumulated depreciation	(650,499)	(654,023)
Machinery, equipment and vehicles, net	36,075	36,247
Tools, furniture and fixtures	23,031	22,901
Accumulated depreciation	(20,181)	(20,261)
Tools, furniture and fixtures, net	2,850	2,640
Land	176,022	174,562
Construction in progress	9,780	24,249
Total property, plant and equipment	294,610	307,728
Intangible assets		
Goodwill	306,316	288,865
Leasehold right	8,195	7,410
Software	7,292	7,931
Other	7,314	6,161
Total intangible assets	329,118	310,368
Investments and other assets		
Investment securities	19,870	33,922
Deferred tax assets	58,703	45,391
Net defined benefit asset	3,920	4,222
Other	12,341	11,455
Allowance for doubtful accounts	(118)	(74)
Total investments and other assets	94,718	94,918
Total non-current assets	718,447	713,015
Total assets	1,376,212	1,209,364

(Unit: Million yen)

	Prior period (December 31, 2014)	Current period (December 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	174,552	129,769
Gasoline taxes payable	248,473	244,907
Short-term loans payable	153,347	118,180
Commercial papers	15,000	-
Income taxes payable	2,905	1,761
Accrued consumption taxes	19,491	1,408
Guarantee deposits payable	16,573	23,618
Deferred tax liabilities	749	-
Provision for bonuses	1,683	1,743
Other	94,777	75,260
Total current liabilities	727,554	596,649
Non-current liabilities		
Bonds payable	85,000	85,000
Long-term loans payable	132,298	131,027
Deferred tax liabilities	7,317	319
Net defined benefit liability	132,997	132,993
Provision for repairs	23,863	23,634
Asset retirement obligations	2,772	3,210
Other	1,655	2,423
Total non-current liabilities	385,904	378,609
Total liabilities	1,113,459	975,258
Net assets		
Shareholders’ equity		
Capital stock	35,123	35,123
Capital surplus	57,400	48,473
Retained earnings	322,911	309,049
Treasury shares	(142,201)	(142,278)
Total shareholders’ equity	273,233	250,367
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	576	1,054
Revaluation reserve for land	-	(32)
Remeasurements of defined benefit plans	(12,109)	(18,412)
Total accumulated other comprehensive income	(11,533)	(17,390)
Subscription rights to shares	146	170
Minority interests	907	959
Total net assets	262,753	234,106
Total liabilities and net assets	1,376,212	1,209,364

(2) Consolidated statement of income and comprehensive income

a. Consolidated statement of income

(Unit: Million yen)

	Prior period (January 1, 2014 through December 31, 2014)	Current period (January 1, 2015 through December 31, 2015)
Net sales	3,451,097	2,627,850
Cost of sales	3,421,654	2,521,511
Gross profit	29,442	106,339
Selling, general and administrative expenses	102,391	104,322
Operating income (loss)	(72,948)	2,017
Non-operating income		
Interest income	92	123
Dividend income	217	293
Foreign exchange gains	880	-
Share of profit of entities accounted for using equity method	791	-
Gain on sales of spent catalyst	167	155
Compensation income	292	70
Other	705	477
Total non-operating income	3,146	1,120
Non-operating expenses		
Interest expenses	2,791	2,347
Foreign exchange losses	-	602
Share of loss of entities accounted for using equity method	-	57
Bond issuance cost	208	-
Other	581	424
Total non-operating expenses	3,581	3,431
Ordinary income (loss)	(73,383)	(294)
Extraordinary income		
Gain on sales of non-current assets	2,200	1,707
Gain on change in equity	-	9,617
Gain on step acquisitions	431	-
Total extraordinary income	2,631	11,324
Extraordinary losses		
Loss on sales and retirement of non-current assets	3,848	1,997
Impairment loss	191	91
Settlement package	1,169	-
Total extraordinary losses	5,210	2,089
Income (loss) before income taxes and minority interests	(75,961)	8,940
Income taxes - current	5,940	4,208
Income taxes – deferred	(68,030)	4,564
Total income taxes	(62,090)	8,772
Income (loss) before minority interests	(13,871)	168
Minority interests in income	104	116
Net income (loss)	(13,975)	51

b. Consolidated statement of comprehensive income

(Unit: Million yen)

	Prior period (January 1, 2014 through December 31, 2014)	Current period (January 1, 2015 through December 31, 2015)
Income (loss) before minority interests	(13,871)	168
Other comprehensive income		
Valuation difference on available-for-sale securities	259	455
Remeasurements of defined benefit plans, net of tax	-	(6,344)
Share of other comprehensive income of entities accounted for using equity method	1	(6)
Total other comprehensive income	261	(5,896)
Comprehensive income	(13,609)	(5,728)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(13,714)	(5,805)
Comprehensive income attributable to minority interests	104	77

(3) Consolidated statement of changes in net assets

Prior period (January 1, 2014 through December 31, 2014)

(Unit: Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	35,123	49,561	350,736	(142,140)	293,280
Changes of items during period					
Dividends of surplus			(13,845)		(13,845)
Net income (loss)			(13,975)		(13,975)
Purchase of treasury shares				(63)	(63)
Disposal of treasury shares		0		2	3
Deferred tax adjustment due to purchase of treasury shares of prior year		7,837			7,837
Increase of consolidated subsidiaries - minority interests			(4)		(4)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	7,838	(27,825)	(60)	(20,047)
Balance at end of current period	35,123	57,400	322,911	(142,201)	273,233

	Accumulated other comprehensive income			Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	315	-	315	72	971	294,640
Changes of items during period						
Dividends of surplus						(13,845)
Net income (loss)						(13,975)
Purchase of treasury shares						(63)
Disposal of treasury shares						3
Deferred tax adjustment due to purchase of treasury shares of prior year						7,837
Increase of consolidated subsidiaries - minority interests						(4)
Net changes of items other than shareholders' equity	260	(12,109)	(11,848)	74	(64)	(11,839)
Total changes of items during period	260	(12,109)	(11,848)	74	(64)	(31,886)
Balance at end of current period	576	(12,109)	(11,533)	146	907	262,753

Current period (January 1, 2015 through December 31, 2015)

(Unit: Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	35,123	57,400	322,911	(142,201)	273,233
Cumulative effects of changes in accounting policies			(71)		(71)
Restated balance	35,123	57,400	322,840	(142,201)	273,161
Changes of items during period					
Dividends of surplus			(13,843)		(13,843)
Net income (loss)			51		51
Purchase of treasury shares				(89)	(89)
Disposal of treasury shares		4		13	17
Deferred tax adjustment due to purchase of treasury shares of prior year		(8,931)			(8,931)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(8,927)	(13,791)	(76)	(22,794)
Balance at end of current period	35,123	48,473	309,049	(142,278)	250,367

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	576	-	(12,109)	(11,533)	146	907	262,753
Cumulative effects of changes in accounting policies							(71)
Restated balance	576	-	(12,109)	(11,533)	146	907	262,682
Changes of items during period							
Dividends of surplus							(13,843)
Net income (loss)							51
Purchase of treasury shares							(89)
Disposal of treasury shares							17
Deferred tax adjustment due to purchase of treasury shares of prior year							(8,931)
Net changes of items other than shareholders' equity	478	(32)	(6,302)	(5,856)	23	51	(5,781)
Total changes of items during period	478	(32)	(6,302)	(5,856)	23	51	(28,575)
Balance at end of current period	1,054	(32)	(18,412)	(17,390)	170	959	234,106

(4) Consolidated statement of cash flows

(Unit: Million yen)

	Prior period (January 1, 2014 through December 31, 2014)	Current period (January 1, 2015 through December 31, 2015)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	(75,961)	8,940
Depreciation	24,066	24,265
Amortization of goodwill	17,319	17,451
Share of (profit) loss of entities accounted for using equity method	(791)	57
Increase (decrease) in provision for bonuses	(430)	60
Increase (decrease) in net defined benefit liability	(10,626)	(3)
Increase (decrease) in provision for repairs	(755)	(228)
Loss (gain) on sales and retirement of non-current assets	1,647	290
Impairment loss	191	91
Interest and dividend income	(309)	(416)
Interest expenses	2,791	2,347
Foreign exchange losses (gains)	(713)	0
Loss (gain) on step acquisitions	(431)	-
Loss (gain) on change in equity	-	(9,617)
Settlement package	1,169	-
Compensation income	(292)	(70)
Decrease (increase) in notes and accounts receivable - trade	83,158	48,418
Decrease (increase) in inventories	180,809	152,936
Decrease (increase) in accounts receivable - other	(999)	(7,607)
Increase (decrease) in notes and accounts payable - trade	(149,884)	(44,783)
Increase (decrease) in accounts payable - other	45,461	(16,656)
Other, net	3,680	(2,421)
Subtotal	119,102	173,054
Interest and dividend income received	1,152	1,298
Interest expenses paid	(2,699)	(2,349)
Income taxes refund	4,554	25,525
Income taxes paid	(21,336)	(26,660)
Settlement package paid	(1,169)	-
Proceeds from compensation	292	70
Net cash provided by (used in) operating activities	99,896	170,938
Cash flows from investing activities		
Purchase of property, plant and equipment	(24,440)	(37,155)
Proceeds from sales of property, plant and equipment	3,565	3,547
Purchase of intangible assets	(3,336)	(4,433)
Proceeds from sales of intangible assets	0	321
Purchase of investment securities	(2,727)	(7,107)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(25,503)	-
Other, net	54	654
Net cash provided by (used in) investing activities	(52,388)	(44,172)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(38,874)	(27,660)
Proceeds from long-term loans payable	79,000	-
Repayments of long-term loans payable	(86,040)	(5,078)
Net increase (decrease) in commercial papers	(15,000)	(15,000)
Redemption of bonds	(1,000)	-
Proceeds from issuance of bonds	44,791	-
Cash dividends paid	(13,845)	(13,843)
Cash dividend paid to minority shareholders	(559)	-
Repayments to minority shareholders	(240)	-
Others, net	(60)	(72)
Net cash provided by (used in) financing activities	(31,828)	(61,653)
Effect of exchange rate change on cash and cash equivalents	713	0
Net increase (decrease) in cash and cash equivalents	16,392	65,113
Cash and cash equivalents at beginning of period	18,655	35,048
Cash and cash equivalents at end of period	35,048	100,161

(5) Note to consolidated financial statements

(Notes on assumption of going concern)

No items to report.

(Significant accounting policies)

a. Scope of consolidation

1) Number of consolidated subsidiaries: 7 companies

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

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

2) Names of major non-consolidated subsidiaries

- Name of non-consolidated subsidiaries

TonenGeneral Americas L.L.C., Shimizu LNG Thermal Power Generation Godo Kaisha

- Reason for exclusion from scope of consolidation

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

b. Application of equity method

1) Number of affiliates accounted for by the equity method: 6 companies

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

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

2) Name of major non-consolidated and non-equity-method companies

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

3) Reason equity method was not applied

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

4) 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 accounting procedures

1) Valuation rules and methods for significant assets

- 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

Market value at the closing date

- Inventories

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

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 that do not transfer ownership to the lessee and became effective on or before December 31, 2008 is calculated pursuant to the method applied to ordinary operating lease transactions.

3) Basis for 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 repairs

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

4) Accounting method related to retirement benefits

- Method of attributing expected retirement benefits to periods

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

- Method of amortizing actuarial difference, and the past service liabilities

Actuarial differences are generally amortized into pension expenses beginning with the next period, using the declining-balance method over a period determined based on employees' average remaining service years (mainly 12 years). Past service liabilities are amortized into pension expenses using the straight-line method over employees' average remaining service years (11.0 to 12.9 years). Unrecognized actuarial gains and losses, and unrecognized prior service cost are included in accumulated other comprehensive income after adjusting deferred tax.

5) 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.

6) Principal methods of hedge accounting

- Method of hedge accounting

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

-Hedging instrument and hedged item

Hedging instrument: Interest rate swap

Hedged item: Interest on loans payable

-Hedging policy

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

-Method of evaluating hedge effectiveness

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

7) Amortization method and period of goodwill

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

8) 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.

9) Accounting method for consumption taxes

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

(Change in accounting policies)

- Application of Accounting Standard, etc. for Retirement Benefits

For the "Accounting Standard for Retirement Benefits" (The Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012) (the "Accounting Standard"), and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015) (the "Guidance"), effective from the 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 consolidated balance sheet and the consolidated statement of income is immaterial.

(Accounting standards and other regulations to be applied)

・Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013)
・Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013)
・Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013)
・Accounting Standard for Earnings per Share (ASBJ Statement No. 2, September 13, 2013)
・Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, September 13, 2013)
・Guidance on Accounting Standard for Earnings per Share (ASBJ Guidance No. 4, September 13, 2013)

1) Summary

In the context of additional acquisition of subsidiary shares, revisions have been made to the accounting treatment for any changes in the parent company's equities of subsidiaries that remain under the control of the parent, the treatment of acquisition-related expenses, presentation of net income and changes from minority interests to non-controlling interests as well as the treatment of the finalization of the provisional accounting.

2） Application schedule

The revisions will be adopted starting from the beginning of the fiscal year ending in December 2016. The finalization of the provisional accounting will be applied to business combinations that will take place starting in the fiscal year ending in December 2016.

3）Effect of application of accounting standards and other regulations

The amount of impact of the revisions to Accounting Standard for Business Combinations on the consolidated financial statements is yet to be determined.

(Change in presentation)

- Consolidated statement of income

"Gain on sales of spent catalyst" which had been included in "Other" in the section of "Non-operating income" is separately presented in the current period since the amount exceeded 10% of the total non-operating income. In order to reflect this change, the reclassification has been made for the consolidated financial statement in the previous year. 872 million yen presented in "Other" in the section of "Non-operating income" in the consolidated financial statement in the previous year are reclassified to 167 million yen of "Gain on sales of spent catalyst" and 705 million yen of "Other".

- Consolidated statement of cash flows

1) "Payments of long-term loans receivable" and "Collection of long-term loans receivable" which had been separately disclosed in the section of "Cash flows from investing activities" in the previous year are included in "Other" in the current period since it has decreased materiality.

In order to reflect this change, the reclassification has been made for the consolidated statement of cash flows in the previous year.
(29) million yen presented as “Payments of long-term loans receivable” and 83 million yen presented as “Collection of long term loans receivable” in the consolidated statement of cash flows in the previous year are reclassified to “Other” in the section of “Cash flows from investing activities”.

2) “Purchase of treasury shares” and ”Proceeds from sales of treasury shares” which had been separately disclosed in the section of “Cash flows from financing activities” in the previous year are included in “Other” in the current period since it has decreased materiality. In order to reflect this change, the reclassification has been made for the consolidated statement of cash flows in the previous year. (63) million yen presented as “Purchase of treasury shares” and 3 million yen presented as “Proceeds from sales of treasury shares” in the consolidated statement of cash flows in the previous year are reclassified to “Other” in the section of “Cash flows from financing activities”.

(Deferred tax accounting)

a. Detail of deferred tax assets and deferred tax liabilities

	Prior period (December 31, 2014)	Current period (December 31, 2015)
Deferred tax assets		
Tax loss carry forward	103,530 million yen	101,274 million yen
Net defined benefit liability	46,506	42,114
Valuation difference on securities	24,915	-
Land valuation difference	8,724	7,197
Provision for repairs	7,860	7,447
Accumulated impairment loss	2,611	1,602
Non-refundable deposits	2,331	2,134
Unrealized gains and losses	1,414	1,493
Asset retirement obligations	956	1,148
Other	7,869	8,327
Subtotal	206,721	172,739
Valuation allowance	(70,520)	(71,615)
Total deferred tax assets	136,200	101,124
Deferred tax liabilities		
Deferred taxation on the gain from inventory valuation method change	(32,285)	(19,735)
Land valuation difference	(26,148)	(23,526)
Reserve for property replacement	(15,089)	(6,327)
Prepaid pension costs	(1,192)	(1,360)
Other	(3,136)	(3,369)
Total deferred tax liabilities	(77,851)	(54,319)
Net of deferred tax assets and liabilities	58,348	46,805

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

	Prior period (December 31, 2014)	Current period (December 31, 2015)
Current assets- Deferred tax assets	7,711	1,733
Non-current assets- Deferred tax assets	58,703	45,391
Current liabilities- Deferred tax liabilities	(749)	-
Non-current liabilities Deferred tax liabilities	(7,317)	(319)

(Change in presentation)

"Asset retirement obligations" which had been included in "Other" in the section of "Deferred tax assets" is separately presented in the current period since it has increased materiality, and "Accrued enterprise tax payable" which had been separately disclosed in the previous year is included in "Other" in the section of "Deferred tax assets" since it decreased materiality. In order to reflect these changes, the reclassification has been made.

198 million yen presented as "Accrued enterprise tax" and 8,627 million yen presented as "Other" in the section of "Deferred tax assets" in the previous year are reclassified to 956 million yen of "Asset retirement obligations" and 7,869 million yen of "Other".

b. Reconciliation of significant differences between the statutory effective tax rate and the actual effective tax rate after application of deferred tax accounting

	Prior period (December 31, 2014)	Current period (December 31, 2015)
Statutory effective tax rate	38.0%	35.6%
(Adjustments)		
Differences in applicable tax rates	(7.7)	195.0
Goodwill amortization	(8.7)	69.7
Equity earnings	(0.4)	0.2
Valuation allowance	(40.3)	(163.9)
Gain on change in equity	-	(38.3)
Items not recognized as income, such as dividend received	23.1	(1.2)
Valuation difference on shares	74.7	-
Others	3.0	1.7
Actual effective tax rate	81.7	98.2

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

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

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

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

(Segment information)

a. Segment information

1) Overview of reportable segments

The reportable 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, etc.
(2) Chemical: olefins, aromatics, hydrocarbon fluids, petroleum resins, polyethylene, 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, 2014 through December 31, 2014)

(Unit: Million yen)

	Oil	Chemical	Total	Adjustment (Note) 1, 2	Consolidated statement of income amount
Net sales					
Sales to customers outside the Company group	3,104,214	346,882	3,451,097	-	3,451,097
Internal transactions	2,424,080	60,960	2,485,041	(2,485,041)	-
Total	5,528,294	407,843	5,936,138	(2,485,041)	3,451,097
Segment income (loss)	(68,004)	12,375	(55,628)	(17,319)	(72,948)
Other items					
Depreciation and amortization	20,804	3,262	24,066	-	24,066

(Note) 1. Adjustment of (2,485,041) million yen represents an elimination of inter-segment transactions.
2. Goodwill amortization of (17,319) 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 income (loss) in the consolidated statement of income.
4. The information of assets is omitted because the Company does not allocate assets into segments.

Current period (January 1, 2015 through December 31, 2015)

(Unit: Million yen)

	Oil	Chemical	Total	Adjustment (Note) 1, 2	Consolidated statement of income amount
Net sales					
Sales to customers outside the Company group	2,355,490	272,360	2,627,850	-	2,627,850
Internal transactions	1,717,866	49,609	1,767,475	(1,767,475)	-
Total	4,073,357	321,969	4,395,326	(1,767,475)	2,627,850
Segment income (loss)	(4,446)	23,914	19,468	(17,451)	2,017
Other items					
Depreciation and amortization	21,015	3,248	24,263	-	24,263

(Note) 1. Adjustment of (1,767,475) million yen represents an elimination of inter-segment transactions.
2. Goodwill amortization of (17,451) 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 income (loss) 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, 2014 through December 31, 2014)

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

(Unit: Million yen)

Japan	Other area	Total
2,745,810	705,286	3,451,097

(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 TG Group does not own any tangible assets outside of Japan.

3) Information by major customers

(Unit: Million yen)

Customer name	Net sales	Related segment
Kygnus Sekiyu K.K.	408,533	Oil

Current period (January 1, 2015 through December 31, 2015)

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

(Unit: Million yen)

Japan	Other area	Total
2,108,639	519,211	2,627,850

(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 TG Group does not own any material tangible assets outside of Japan.

3) Information by major customers

(Unit: Million yen)

Customer name	Net sales	Related segment
Kygnus Sekiyu K.K.	308,526	Oil

c. Impairment loss of noncurrent assets by reportable segments

Prior period (January 1, 2014 through December 31, 2014)

(Unit: Million yen)

	Oil	Chemical	Total
Impairment loss	191	-	191

Current period (January 1, 2015 through December 31, 2015)

(Unit: Million yen)

	Oil	Chemical	Total
Impairment loss	91	-	91

d. Amortization and residual balance of goodwill by reportable segments

Prior period (January 1, 2014 through December 31, 2014)

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

(Unit: Million yen)

	Company total
Amortization expense	17,319
Residual balance at the end of the period	306,316

Current period (January 1, 2015 through December 31, 2015)

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

(Unit: Million yen)

	Company total
Amortization expense	17,451
Residual balance at the end of the period	288,865

e. Negative goodwill by reportable segments

Prior period (January 1, 2014 through December 31, 2014)

Not applicable.

Current period (January 1, 2015 through December 31, 2015)

Not applicable.

(Financial data per share)

Prior period (January 1, 2014 through December 31, 2014)

Net assets per share	718.35 yen
Net income (loss) per share	(38.36 yen)

(Note) Basis of the calculation

Net income (loss)	(13,975) million yen
Net income not relating to common shareholders	-
Net income (loss) pertaining to common stock	(13,975) million yen
Average number of outstanding common shares	364,338,663 shares

Diluted net income per share

Diluted net income per share is not noted even though the Company has issued dilutive securities, because the per share data is a net loss per share.

Current period (January 1, 2015 through December 31, 2015)

Net assets per share	639.61 yen
Net income (loss) per share	0.14 yen

(Note) Basis of the calculation

Net income (loss)	51 million yen
Net income not relating to common shareholders	-
Net income (loss) pertaining to common stock	51 million yen
Average number of outstanding common shares	364,276,579 shares

Diluted net income per share 0.14yen

(Note) Basis of the calculation

Adjustments in net income	-
Increase in number of common shares	190,342 shares
(Number of stock acquisition rights included)	(190,342) shares

(Significant subsequent events)

- Cancellation of treasury shares

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

1) Reason for the share cancellation
The Company has been studying the option to utilize a portion of the treasury shares for strategic purposes to support potential actions intended to create added value for shareholders. Considering the current sound financial status, the Company has concluded it is appropriate to cancel the 199,182,000 treasury shares.
2) Type of shares to be cancelled
Common Stock
3) Number of shares to be cancelled
199,182,000 (35.24% of the shares issued before cancellation)
4) Date of cancellation
February 29, 2016
5) Other
After the aforementioned cancellation, the Company will have a total of 366,000,000 shares outstanding

6. Non-consolidated financial statements

(1) Non-consolidated balance sheet

(Unit: Million yen)

	Prior period (December 31, 2014)	Current period (December 31, 2015)
Assets		
Current assets		
Cash and deposits	27,975	95,003
Accounts receivable - trade	308,743	260,535
Merchandise and finished goods	60,533	39,883
Semi-finished goods	60,042	35,159
Raw materials	129,878	83,212
Supplies	4,427	6,435
Prepaid expenses	4,716	4,712
Income taxes receivable	21,033	913
Deferred tax assets	4,274	679
Short-term loans receivable from subsidiaries and associates	32,477	11,528
Accounts receivable - other	15,843	18,138
Other	952	226
Allowance for doubtful accounts	(33)	-
Total current assets	670,865	556,429
Non-current assets		
Property, plant and equipment		
Buildings	9,575	12,868
Structures	21,775	26,530
Tanks	5,395	7,441
Machinery and equipment	20,708	27,546
Vehicles	14	16
Tools, furniture and fixtures	1,396	1,269
Land	67,979	93,743
Construction in progress	7,122	23,006
Total property, plant and equipment	133,966	192,423
Intangible assets		
Goodwill	838	1,098
Leasehold right	1,473	1,494
Software	3,379	2,976
Technology royalty	5,140	5,567
Right of using facilities	188	270
Total intangible assets	11,020	11,407
Investments and other assets		
Investment securities	7,192	9,430
Shares of subsidiaries and associates	1,056	5,471
Investments in capital of subsidiaries and associates	454,584	455,588
Long-term deposits	1,751	2,300
Deferred tax assets	12,499	5,367
Other	3,732	5,036
Allowance for doubtful accounts	(32)	(39)
Total investments and other assets	480,783	483,154
Total non-current assets	625,770	686,985
Total assets	1,296,635	1,243,415

(Unit: Million yen)

	Prior period (December 31, 2014)	Current period (December 31, 2015)
Liabilities		
Current liabilities		
Notes payable - trade	10,930	6,149
Accounts payable - trade	192,885	144,059
Gasoline taxes payable	208,934	241,470
Short-term loans payable	123,269	106,909
Current portion of long-term loans payable	342	1,271
Short-term loans payable to subsidiaries and associates	65,446	87,381
Commercial papers	15,000	-
Accounts payable - other	21,496	29,196
Accrued expenses	12,562	10,132
Income taxes payable	36	393
Accrued consumption taxes	17,455	-
Advances received	7,309	6,802
Guarantee deposits payable	7,589	14,240
Provision for bonuses	851	1,026
Other	1,047	1,244
Total current liabilities	685,155	650,278
Non-current liabilities		
Bonds payable	85,000	85,000
Long-term loans payable	129,855	131,027
Provision for retirement benefits	40,453	40,619
Provision for repairs	19,483	21,687
Asset retirement obligations	543	1,409
Other	285	314
Total non-current liabilities	275,621	280,058
Total liabilities	960,777	930,336
Net assets		
Shareholders’ equity		
Capital stock	35,123	35,123
Capital surplus		
Legal capital surplus	20,741	20,741
Other capital surplus	1	6
Total capital surpluses	20,743	20,748
Retained earnings		
Legal retained earnings	8,780	8,780
Other retained earnings		
Reserve for property replacement	13,406	13,217
Retained earnings brought forward	400,694	377,955
Total retained earnings	422,882	399,954
Treasury shares	(143,200)	(143,277)
Total shareholders’ equity	335,548	312,547
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	163	360
Total valuation and translation adjustments	163	360
Subscription rights to shares	146	170
Total net assets	335,858	313,078
Total liabilities and net assets	1,296,635	1,243,415

(2) Non-consolidated statement of income

(Unit: Million yen)

	Prior period (January 1, 2014 through December 31, 2014)	Current period (January 1, 2015 through December 31, 2015)
Net sales	2,979,545	2,372,577
Cost of sales	3,013,489	2,354,816
Gross profit (loss)	(33,944)	17,760
Selling, general and administrative expenses	26,831	26,736
Operating loss	(60,775)	(8,976)
Non-operating income		
Interest income	140	213
Dividend income	73,046	5,792
Other	259	350
Total non-operating income	73,445	6,356
Non-operating expenses		
Interest expenses	1,987	1,559
Interest on bonds	510	664
Foreign exchange losses	1,651	286
Bond issuance cost	208	-
Other	174	215
Total non-operating expenses	4,533	2,725
Ordinary income(loss)	8,137	(5,344)
Extraordinary income		
Gain on sales of non-current assets	1,802	549
Gain on extinguishment of tie-in investments	-	2,520
Total extraordinary income	1,802	3,069
Extraordinary losses		
Loss on sales and retirement of non-current assets	1,072	493
Impairment loss	125	-
Settlement package	559	-
Total extraordinary losses	1,757	493
Income (loss) before income taxes	8,181	(2,768)
Income taxes - current	1,441	789
Income taxes - deferred	(69,229)	5,528
Total income taxes	(67,787)	6,317
Net income (loss)	75,969	(9,085)

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

Prior period (January 1, 2014 through December 31, 2014)

(Unit: Million yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						Reserve for property replacement	Retained earnings brought forward	
Balance at beginning of current period	35,123	20,741	1	20,743	8,780	13,814	338,163	360,758
Changes of items during period								
Dividends of surplus							(13,845)	(13,845)
Net income							75,969	75,969
Purchase of treasury shares								
Disposal of treasury shares			0	0				
Reversal of reserve for property replacement						(407)	407	-
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	0	0	-	(407)	62,530	62,123
Balance at of current period	35,123	20,741	1	20,743	8,780	13,406	400,694	422,882

	Shareholders' equity		Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	(143,139)	273,485	119	119	72	273,676
Changes of items during period						
Dividends of surplus		(13,845)				(13,845)
Net income		75,969				75,969
Purchase of treasury shares	(63)	(63)				(63)
Disposal of treasury shares	2	3				3
Reversal of reserve for property replacement		-				-
Net changes of items other than shareholders' equity			44	44	74	118
Total changes of items during period	(60)	62,063	44	44	74	62,181
Balance at end of current period	(143,200)	335,548	163	163	146	335,858

Current period (January 1, 2015 through December 31, 2015)

(Unit: Million yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						Reserve for property replacement	Retained earnings brought forward	
Balance at beginning of current period	35,123	20,741	1	20,743	8,780	13,406	400,694	422,882
Changes of items during period								
Dividends of surplus							(13,843)	(13,843)
Net income							(9,085)	(9,085)
Purchase of treasury shares								
Disposal of treasury shares			4	4				
Reversal of reserve for property replacement						(189)	189	-
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	4	4	-	(189)	(22,738)	(22,928)
Balance at of current period	35,123	20,741	6	20,748	8,780	13,217	377,955	399,954

	Shareholders' equity		Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	(143,200)	335,548	163	163	146	335,858
Changes of items during period						
Dividends of surplus		(13,843)				(13,843)
Net income		(9,085)				(9,085)
Purchase of treasury shares	(89)	(89)				(89)
Disposal of treasury shares	13	17				17
Reversal of reserve for property replacement		-				-
Net changes of items other than shareholders' equity			196	196	23	220
Total changes of items during period	(76)	(23,000)	196	196	23	(22,779)
Balance at end of current period	(143,277)	312,547	360	360	170	313,078