



November 1, 2016

Consolidated Financial Results for the Second Quarter of Fiscal Year 2016 (From April 1, 2016 to September 30, 2016) [Japan GAAP]

Company Name: **Idemitsu Kosan Co., Ltd.** (URL <http://www.idemitsu.com>)

Company Code: 5019, Shares listed on: Tokyo Stock Exchange

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Scheduled date of filing of quarterly securities report: November 14, 2016

Scheduled date of commencement of dividend payments: December 7, 2016

Supplementary materials for the quarterly financial results: Yes

Quarterly financial results presentation: Yes (for institutional investors and analysts)

(Figures less than ¥1 million are rounded off)

1. Consolidated Financial Results for the Second Quarter of FY2016 (From April 1, 2016 to September 30, 2016)

(1) Consolidated operating results

(Percentage figures represent changes from the corresponding previous period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	¥million	%	¥million	%	¥million	%	¥million	%
2Q FY2016	1,426,341	(23.6)	32,530	—	32,075	—	22,749	—
2Q FY2015	1,866,129	(22.8)	(10,296)	—	(12,247)	—	(6,571)	—

Notes: Comprehensive income 2Q FY2016 ¥ (19,657) million — % 2Q FY2015 ¥ (13,155) million — %

	Net income per share	Diluted net income per share
	¥	¥
2Q FY2016	142.23	—
2Q FY2015	(41.08)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	¥million	¥million	%
2Q FY2016	2,321,206	511,487	20.7
FY2015	2,402,118	537,660	20.8

Reference: Total equity 2Q FY 2016 ¥479,734 million FY 2015 ¥500,642 million

2. Dividends

	Cash dividends per share				
	As of Jun.30	As of Sep.30	As of Dec.31	As of Mar.31	Total
	¥	¥	¥	¥	¥
FY2015	—	25.00	—	25.00	50.00
FY2016	—	25.00			
FY2016 (Forecasts)			—	25.00	50.00

Notes: Revisions of the forecasts of cash dividends since the latest announcement: None

3. Forecasts of Consolidated Financial Results for FY2016 (From April 1, 2016 to March 31, 2017)

(Percentage figures represent changes from the corresponding previous periods)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	¥million	%	¥million	%	¥million	%	¥million	%	¥
FY2016	3,260,000	(8.7)	113,000	—	112,000	—	70,000	—	437.63

Notes: Revisions of the forecasts of consolidated financial results since the latest announcement: None

* Notes

- (1) Changes of number of material consolidated subsidiaries during the six months ended September 30, 2016: **None**
- (2) Application of the accounting method peculiar to the preparation of the quarterly financial statements: **Yes**
- (3) Changes in accounting policies, accounting estimates and restatement
 - a) Changes in accounting policies arising from revision of accounting standards: **None**
 - b) Changes arising from other factors: **None**
 - c) Changes in accounting estimates: **None**
 - d) Restatement: **None**
- (4) Number of shares issued (common stock)
 - a) Number of shares issued (including treasury stock)

As of September 30, 2016: 160,000,000	As of March 31, 2016: 160,000,000
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 - b) Number of shares of treasury stock

As of September 30, 2016: 46,956	As of March 31, 2016: 46,956
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 - c) Weighted average number of shares outstanding during the period

Six months ended September 30, 2016: 159,953,044	
Six months ended September 30, 2015: 159,953,207	

*1 This document is out of the scope of the quarterly review procedures under the Financial Instruments and Exchange Act. The quarterly review procedures for the financial statements under this Act have been completed as of the date of disclosure of this document.

*2 The financial forecasts above are based on information available and assumptions as of the date of publication of this document. Actual operating results may differ from the forecasts due to various factors. Additionally, for the assumptions used for the forecasts of the above, please refer to page 4.

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1. Qualitative Information on the Consolidated Operating Results for the Second Quarter of FY 2016

(1) Explanation of Operating Results

The overall domestic demand for petroleum products during the six months ended September 30, 2016 decreased, especially in gasoline and middle distillate, largely due to effects of climatic instability.

Dubai crude oil prices showed a moderate increase for the relevant period because of interlacing of upward factors, including political uncertainty in Nigeria and Libya and expectations for OPEC's production adjustment, and downward factors such as spread of oversupply concern. On the other hand, the average price of crude oil from April to September 2016 was \$43.2/bbl, a decline of \$12.3/bbl from the same period last year.

Demand for petrochemical products during the first half of fiscal 2016 was consistent with the same period of fiscal 2015. The price for naphtha, a petrochemical raw material, was \$404/ton, a decline of \$144/ton from the same period last year.

The Japanese yen appreciated against the US dollar mainly due to reduced expectations on US interest rate hike and the average exchange rate during the six months ended September 30, 2016 was ¥106.3/\$, an appreciation by ¥16.5 compared with the first half of the previous fiscal year.

(Crude oil price, naphtha price and exchange rate)

	Six months ended September 30, 2015	Six months ended September 30, 2016	Change	
Dubai Crude Oil (\$/bbl)	55.5	43.2	(12.3)	(22.2)%
Naphtha (\$/ton)	548	404	(144)	(26.3)%
Exchange Rate (¥/\$)	122.8	106.3	(16.5)	(13.4)%

The Idemitsu Group's net sales for the six months ended September 30, 2016 were ¥1,426.3 billion, down 23.6% over the corresponding period of fiscal 2015, mainly due to decreased import prices for crude oil.

Operating income for the first half of fiscal 2016 was ¥32.5 billion, an increase of ¥42.8 billion from the same period last year, mainly due to increased margins of petroleum products and smaller unfavorable impact on inventories by a drop in crude oil compared to the previous year. Non-operating loss decreased to ¥0.5 billion, an improvement of ¥1.5 billion from the same period of the last year, thanks to a decrease of foreign exchange losses. Consequently, ordinary income was ¥32.1 billion, an increase of ¥44.3 billion from the same period last year.

As a result, net income attributable to owners of the parent was ¥22.7 billion, an increase of ¥29.3 billion from the same period last year.

The performance of each business segment for the six months ended September 30, 2016 is as follows:

As to quarterly reporting periods, domestic subsidiaries use September 30 as their balance sheet date whereas overseas subsidiaries use June 30 as their balance sheet date, except for certain subsidiaries. As such, the following performance of the business segments includes

the operating results of overseas subsidiaries for the six months ended June 30, 2016, and those of domestic subsidiaries for the six months ended September 30, 2016.

[Petroleum products segment]

Net sales of the petroleum products segment were ¥1,087.3 billion, a decrease of 25.9% compared with the same period of fiscal 2015, due partly to declines in import prices for crude oil.

Operating income was ¥13.5 billion, an increase of ¥45.2 billion from the corresponding period last year, mainly due to reduction in unfavorable effect of inventory valuation and improved product margins.

[Petrochemical products segment]

Net sales of the petrochemical products segment for the six months ended September 30, 2016 were ¥208.1 billion, a decrease of 22.1% from the same period of fiscal 2015, due largely to declines in naphtha prices on a customs clearance basis.

Operating income was ¥16.9 billion, down 24.1% from the same period of the previous year, affected by decreased product margins of styrene monomer from the previous year and other downward factors, including yen appreciation.

[Resources segment]

(Oil exploration and production business)

Net sales of the oil exploration and production business for the first half of fiscal 2016 were ¥33.3 billion, down 1.6% from the corresponding period of the previous year. This was partly because the crude oil prices decreased while production volume increased.

Operating income was ¥1.5 billion, an increase of ¥1.7 billion from the same period of the preceding year, helped by favorable factors including reduction in costs accompanied by exploration and development of oilfields and depreciation of currencies of resource-rich countries.

(Coal business and others)

Net sales of the coal business and others for the six months ended September 30, 2016 were ¥70.7 billion, up 5.1% compared with the same period last year. This was partly because sales quantity of the coal business increased.

Operating income was ¥0.8 billion, an increase of ¥1.8 billion from the corresponding period of the previous year, thanks to stronger upward factors such as weaker currencies of resource-rich countries compared to downward factors, including price decline.

As a result, total net sales of the resources segment were ¥104.0 billion, up 2.8% from the corresponding period of the previous year, and operating income was ¥2.3 billion, an increase of ¥3.5 billion from the corresponding period of last year.

[Other segments]

Net sales of the other segments for the six months ended September 30, 2016 were ¥26.9 billion, down 13.3% from the same period last year, and operating income was ¥1.6 billion, down 36% compared with the corresponding period of fiscal 2015.

(2) Explanation of Financial Position

Total assets as of September 30, 2016 decreased by ¥80.9 billion from the end of fiscal 2015 to ¥2,321.2 billion, due mainly to decreases in accounts receivable-trade and tangible fixed assets despite an increase in inventories. Total liabilities as of September 30, 2016 decreased by ¥54.7 billion from the end of fiscal 2015 to ¥1,809.7 billion, mainly due to decreases in interest-bearing debt (down to ¥887.7 billion) and in accounts payable-trade.

Total net assets as of September 30, 2016 decreased by ¥26.2 billion from the end of fiscal 2015 to ¥511.5 billion, mainly due to decrease in foreign currency translation adjustment reflecting the appreciation of yen compared with the end of the previous fiscal year, while shareholders' equity increased because of net income attributable to owners of parent. Consequently, the equity ratio was 20.7%, down 0.2 percentage points from the end of fiscal 2015.

Cash and cash equivalents as of September 30, 2016 were ¥96.8 billion, a decrease of ¥22.0 billion compared with the end of fiscal 2015. Major factors for this decrease are as follows:

Net cash provided by operating activities amounted to ¥32.9 billion. This was because cash-increasing factors such as favorable quarterly net income before income taxes and accounts receivable-trade exceeded decreasing factors such as increase of inventories.

Net cash used in investing activities amounted to ¥33.8 billion, due mainly to an increase in property, plant, and equipment from capital expenditures and investments in affiliated companies in the form of long-term loans.

Net cash used in financing activities was ¥11.6 billion, attributable primarily to a decrease in interest-bearing debt.

(3) Explanation of Forecasts of Consolidated Financial Results for FY2016

The Company has not revised the forecasts of the consolidated financial results for the year ending March 31, 2017 released on May 10, 2016.

2. Summary Information

(1) Changes in the Material Subsidiaries

None

(2) Application of the Accounting Method Peculiar to the Preparation of the Quarterly Financial Statements

Income taxes are calculated by multiplying the income before income taxes for the six months ended September 30, 2016 by the estimated effective tax rate that is reasonably estimated for income before income taxes for the fiscal year that includes the current quarter.

However, if the calculation using the relevant estimated effective tax rate leads to significantly irrational results, income taxes are calculated by multiplying the quarterly income before income taxes by the effective statutory tax rate, after adjusting important differences that do not constitute temporary differences.

(3) Changes of Accounting Policies, Changes in Accounting Estimates and Restatement

None

(4) Additional Information

(Agreement to Purchase Showa Shell Sekiyu K.K.Share)

On July 30, 2015, the Company's Board of Directors' meeting reached a resolution to purchase Showa Shell Sekiyu K.K. ("Showa Shell") shares with 33.3% voting rights from subsidiary companies of Royal Dutch Shell plc and a share purchase agreement was entered into between the Company and such subsidiary companies on the same day. The details are as follows:

(a) Names of sellers

The Shell Petroleum Company Limited
The Anglo-Saxon Petroleum Company Limited

(b) Overview of Showa Shell

- i. Company name: Showa Shell Sekiyu K.K.
- ii. Main business: oil business and energy solutions business
- iii. Scale:
 - Capital: ¥34,197 million
 - Consolidated sales: ¥2,177,625million (fiscal year ended December 31, 2015)

(c) Schedule for share transfer

The transfer of the shares is planned for November 2016.
(Execution of the share transfer is contingent upon the completion of the Japan Fair Trade Commission's corporate merger review.)

(d) Number of shares to be purchased, purchase price, and shareholding after purchase

Number of shares to be purchased: 125,261,200
Purchase price: ¥169,103 million (¥1,350 per share)
Shareholding after purchase: 33.3% of voting rights

(e) Method of funding share purchase

The share purchase is planned to be funded through borrowings. The Company entered into a syndicate loan agreement for ¥100 billion subject to subordination (“Subordinated Loan”) with financial institutions on March 31, 2016. 75% of the Subordinated Loan will be treated as equity by a credit rating agency for credit rating purposes. The execution of the Subordinated Loan is expected at the time of the share purchase.

(Execution of Memorandum of Understanding Regarding the Business Integration)

On November 12, 2015, the Company signed a Memorandum of Understanding for the Business Integration of Idemitsu Kosan Co.,Ltd. and Showa Shell Sekiyu K.K. (collectively the “Companies”) (the “MoU”) based on the spirit of equal partnership with Showa Shell. The MoU has no binding effect and the Companies plan to consult with each other and separately execute a legally binding definitive agreement after taking necessary procedures including, among others, obtaining their Board of Directors’ resolutions.

(a) Objectives of the Business Integration

The Companies have agreed to create an industry-leading player with an unparalleled competitive position by combining the strengths and management resources of the Companies. The new company (the “NewCo”) will lead the effort to resolve various structural issues in the industry to improve the lives of Japanese citizens through more efficient and stable energy supplies.

(b) Method of the Business Integration

The Companies have set a merger as the basic structure of the Business Integration subject to further consideration and discussion, and will definitely agree on the method of the Business Integration.

(c) Schedule of the Business Integration

After signing the MoU, the Companies have had discussions aiming at establishing the NewCo on April 1, 2017, contingent upon the execution of a final agreement providing for final content and detailed terms and conditions of the Business Integration after conducting due diligence of each company and its subsidiaries, and obtaining approval at the shareholders meetings of each company.

However, the Companies have judged that, in order to secure sufficient time to discuss this issue with the stakeholders, it is not appropriate to make the Business Integration effective as of April 1, 2017 after obtaining approval at the extraordinary shareholders meetings of each company by that time and to set a clear schedule of Business Integration at the present stage. The scheduled date to establish the NewCo is, therefore, to be undecided.

(d) Name of the New Company

The name of the NewCo is currently undetermined and is scheduled to be decided upon further discussion between the Companies.

(e) Location of the Head Office of the NewCo

The Companies have yet to decide the location of the NewCo’s head office, but are planning to use a location different from the current offices of the Companies by the effective date of the Business Integration or as soon as possible thereafter.

(f) Structure of the Board of Directors

While the structure of the Board of Directors will be decided upon further discussions between the Companies, representative directors and executive directors are expected to comprise an equal number of representatives from each company.

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company adopted revised Guidance No.26 (revised on March 28, 2016) “Implementation Guidance on Recoverability of Deferred Tax Assets” from the first quarter of FY2016.

3. Consolidated Financial Statements for the Second Quarter of FY2016

(1) Consolidated Quarterly Balance Sheets

(Unit: ¥Million)

	FY 2015 (As of March 31, 2016)	2nd Quarter of FY2016 (As of September 30, 2016)
Assets		
Current assets:		
Cash and deposits	121,120	98,294
Notes and accounts receivable, trade	259,817	236,166
Inventories	362,746	377,017
Other	117,306	119,642
Less: Allowance for doubtful accounts	(2,330)	(2,559)
Total current assets	858,661	828,561
Fixed assets:		
Property, plant and equipment:		
Machinery and equipment, net	235,916	202,263
Land	586,690	585,102
Other, net	243,976	233,068
Total property, plant and equipment	1,066,583	1,020,435
Intangible fixed assets	23,566	22,471
Investments and other assets:		
Investment securities	255,021	237,732
Oil field premium assets	23,188	27,219
Other	175,566	185,246
Less: Allowance for doubtful accounts	(468)	(459)
Total investments and other assets	453,308	449,737
Total fixed assets	1,543,457	1,492,644
Total assets	2,402,118	2,321,206
Liabilities		
Current liabilities:		
Notes and accounts payable, trade	291,676	285,044
Short-term loans payable	293,947	233,776
Commercial paper	—	61,999
Current portion of bonds payable	—	10,000
Accounts payable, other	255,994	242,811
Income taxes payable	3,856	8,633
Provision for bonuses	6,157	6,798
Other	85,539	76,860
Total current liabilities	937,171	925,924
Non-current liabilities:		
Bonds payable	65,000	55,000
Long-term loans payable	550,639	526,899
Liability for employees' retirement benefits	21,351	20,186
Reserve for repair work	28,440	36,161
Asset retirement obligations	79,843	68,019
Oil field premium liabilities	29,042	33,207
Other	152,969	144,319
Total non-current liabilities	927,286	883,795
Total liabilities	1,864,457	1,809,719

(Unit: ¥Million)

	FY 2015 (As of March 31, 2016)	2nd Quarter of FY2016 (As of September 30, 2016)
Net assets		
Shareholders' equity:		
Common stock	108,606	108,606
Capital surplus	71,131	71,131
Retained earnings	168,990	188,358
Treasury stock	(130)	(130)
Total shareholders' equity	348,597	367,965
Accumulated other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	4,527	3,856
Deferred gains (losses) on hedging activities, net	(12,854)	(11,736)
Surplus from land revaluation	154,263	153,646
Foreign currency translation adjustments	10,764	(30,039)
Defined retirement benefit plans	(4,656)	(3,958)
Total accumulated other comprehensive income	152,045	111,768
Noncontrolling interests	37,018	31,753
Total net assets	537,660	511,487
Total liabilities and net assets	2,402,118	2,321,206

(2) Consolidated Quarterly Statements of Income and Comprehensive Income

1) Consolidated Quarterly Statements of Income

(Unit: ¥Million)

	2nd Quarter of FY2015 (From April 1, 2015 to September 30, 2015)	2nd Quarter of FY2016 (From April 1, 2016 to September 30, 2016)
Net sales	1,866,129	1,426,341
Cost of sales	1,739,261	1,261,354
Gross profit	126,867	164,986
Selling, general and administrative expenses	137,164	132,456
Operating income (loss)	(10,296)	32,530
Non-operating income:		
Interest income	735	1,242
Dividend income	1,025	1,121
Equity in earnings of nonconsolidated subsidiaries and affiliates, net	5,251	2,749
Other	1,054	1,438
Total non-operating income	8,066	6,551
Non-operating expenses:		
Interest expense	5,674	4,441
Loss on foreign exchange, net	3,282	1,311
Other	1,061	1,254
Total non-operating expenses	10,017	7,007
Ordinary income (loss)	(12,247)	32,075
Extraordinary income:		
Gain on sales of fixed assets	191	1,312
Gain on sale of affiliate stock	3,628	39
Other	45	278
Total extraordinary income	3,865	1,630
Extraordinary loss:		
Impairment loss on fixed assets	442	363
Loss on sales of fixed assets	20	79
Loss on disposals of fixed assets	1,174	1,203
Loss on business of subsidiaries and affiliates	1,357	—
Other	129	77
Total extraordinary loss	3,124	1,724
Income (loss) before income taxes	(11,506)	31,981
Income taxes	(6,344)	8,228
Net income (loss)	(5,162)	23,752
Net income attributable to noncontrolling interests	1,409	1,003
Net income (loss) attributable to owners of the parent	(6,571)	22,749

2) Consolidated Quarterly Statements of Comprehensive Income

(Unit: ¥Million)

	2nd Quarter of FY2015 (From April 1, 2015 to September 30, 2015)	2nd Quarter of FY2016 (From April 1, 2016 to September 30, 2016)
Net income (loss)	(5,162)	23,752
Other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	(555)	(577)
Deferred gains (losses) on hedging activities, net	(1,752)	483
Surplus from land revaluation	229	—
Foreign currency translation adjustments	(7,325)	(28,434)
Defined retirement benefit plans	59	696
Share of other comprehensive income in equity method affiliates	1,351	(15,578)
Total other comprehensive income	(7,992)	(43,410)
Comprehensive income	(13,155)	(19,657)
Comprehensive income attributable to:		
Owners of the parent	(13,106)	(16,909)
Noncontrolling interests	(48)	(2,748)

(3) Consolidated Statements of Cash Flows

	(Unit: ¥Million)	
	2nd Quarter of FY2015 (From April 1, 2015 to September 30, 2015)	2nd Quarter of FY2016 (From April 1, 2016 to September 30, 2016)
Cash flows from operating activities:		
Income (loss) before income taxes	(11,506)	31,981
Depreciation and amortization	37,442	33,756
Impairment loss on fixed assets	442	363
Amortization of goodwill	658	560
Increase (decrease) in liability for employees' retirement benefits	(1,047)	(234)
Increase (decrease) in reserve for repair work	4,386	7,721
Interest and dividend income	(1,761)	(2,364)
Interest expense	5,674	4,441
(Gain) loss on sales of fixed assets, net	(171)	(1,232)
(Gain) loss on sale of affiliate stock	(3,628)	(39)
(Increase) decrease in notes and accounts receivable, trade	18,646	11,708
(Increase) decrease in inventories	17,648	(22,076)
Increase (decrease) in notes and accounts payable, trade	(50,953)	3,181
Increase (decrease) in accounts payable, other	(2,579)	(9,675)
(Increase) decrease in accounts receivable, other	3,722	2,176
Other, net	(692)	(23,072)
Subtotal	16,280	37,194
Interest and dividends received	2,329	3,028
Interest paid	(5,635)	(4,526)
Income taxes paid	(3,058)	(2,795)
Net cash provided by (used in) operating activities	9,916	32,901
Cash flows from investing activities:		
Purchases of tangible fixed assets	(34,854)	(21,512)
Proceeds from sales of tangible fixed assets	890	2,494
Purchases of intangible fixed assets	(361)	(980)
Purchases of investment securities	(18,746)	(350)
Proceeds from sale of affiliate stock	6,012	39
Disbursements for long-term loans	(208)	(10,412)
Proceeds from collection of long-term loans receivable	68	750
(Increase) decrease in short-term loans receivable, net	154	2,353
Other, net	(10,182)	(6,135)
Net cash provided by (used in) investing activities	(57,228)	(33,753)

	(Unit: ¥Million)	
	2nd Quarter of FY2015 (From April 1, 2015 to September 30, 2015)	2nd Quarter of FY2016 (From April 1, 2016 to September 30, 2016)
Cash flows from financing activities:		
Increase (decrease) in short-term loans payable, net	51,122	(41,267)
Increase (decrease) in commercial paper, net	28,998	61,999
Proceeds from long-term loans payable	63,445	6,370
Repayments of long-term loans payable	(109,670)	(31,968)
Purchase of treasury stock	(0)	—
Cash dividends paid	(3,998)	(3,998)
Cash dividends paid to noncontrolling interests	(65)	(2,516)
Other, net	(47)	(239)
Net cash provided by (used in) financing activities	29,783	(11,621)
Effect of exchange rate change on cash and cash equivalents	(1,892)	(9,524)
Net increase (decrease) in cash and cash equivalents	(19,420)	(21,997)
Cash and cash equivalents at the beginning of period	111,195	118,787
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	1,075	—
Cash and cash equivalents at the end of period	92,851	96,789

(4) Notes to the Consolidated Financial Statements

1) Notes on the Assumption of a Going Concern

None

2) Notes on Significant Changes in Shareholders' Equity

None

3) Consolidated Segment Information

Second Quarter of FY2015 (From April 1, 2015 to September 30, 2015)

(a) Net sales and income or loss by reportable segment

(Unit: ¥Million)

	Reportable segment				Others	Total	Reconciliation	Consolidated
	Petroleum products	Petro-chemical products	Resources	Total				
Net sales:								
Net sales to outside customers	1,466,695	267,216	101,184	1,835,096	31,033	1,866,129	—	1,866,129
Inter-segment	5,374	2,861	4	8,241	2,220	10,461	(10,461)	—
Total	1,472,069	270,078	101,189	1,843,337	33,253	1,876,591	(10,461)	1,866,129
Operating income (loss)	(31,690)	22,243	(1,211)	(10,658)	2,486	(8,172)	(2,124)	(10,296)

Notes:

1. The segment "Others" refers to the total of other business segments that are not included in the reportable segments, including engineering businesses, insurance businesses, electronic materials businesses, agricultural biotechnology businesses and renewable energy businesses.
2. The amount of reconciliation for the operating income (loss) mainly represents research and development costs, which do not belong to reportable segments.
3. The operating income (loss) of the reportable segments was reconciled to the amount of operating loss in the consolidated quarterly statement of income.

(b) Impairment loss on fixed assets and goodwill by reportable segment

There was no significant item during the period.

Second Quarter of FY2016 (From April 1, 2016 to September 30, 2016)

(a) Net sales and income or loss by reportable segment

(Unit: ¥Million)

	Reportable segment				Others	Total	Reconciliation	Consolidated
	Petroleum products	Petro-chemical products	Resources	Total				
Net sales:								
Net sales to outside customers	1,087,317	208,066	104,049	1,399,432	26,908	1,426,341	—	1,426,341
Inter-segment	4,505	1,812	0	6,318	1,751	8,070	(8,070)	—
Total	1,091,823	209,878	104,049	1,405,751	28,660	1,434,411	(8,070)	1,426,341
Operating income	13,467	16,879	2,315	32,662	1,591	34,253	(1,723)	32,530

Notes:

1. The segment “Others” refers to the total of other business segments that are not included in the reportable segments, including engineering businesses, insurance businesses, electronic materials businesses, agricultural biotechnology businesses and renewable energy businesses.
2. The amount of reconciliation for the operating income mainly represents research and development costs, which do not belong to reportable segments.
3. The operating income of the reportable segments was reconciled to the amount of operating income in the consolidated quarterly statement of income.

(b) Impairment loss on fixed assets and goodwill by reportable segment

There was no significant item during the period.