

Summary of The Financial Statements for First Half of 2001

August 29, 2001

Registration Company Name : TonenGeneral Sekiyu K.K.

Registered to : Tokyo Stock Exchange (1st Section)

Stock Code No. 5012

H.O. Address : Tokyo

For further information, please contact :

Position : Public Affairs Manager

Telephone : (03) 5425-9000

Name : M.Maeda

Date of BOD for Closing : August 29, 2001

Interim Dividend Plan : (Available) • Unavailable

Starting Date of Payment of Interim Dividend : September 25, 2001

1. Business Performance for 1H 2001 (January 1, 2001 ~ June 30, 2001)

(1) Business Performance

(Note) Amounts are shown in truncated Million Yen.

| | Sales Revenue | | Operating Profit | | Ordinary Profit | |
|---------|---------------|----------|------------------|----------|-----------------|----------|
| | M Yen | % | M Yen | % | M Yen | % |
| 2001/6 | 913,886 | (-) | 23,641 | (-) | 48,400 | (-) |
| 2000/6 | 296,498 | (28.4) | 1,671 | (56.4) | 1,305 | (72.7) |
| 2000/12 | 1,212,060 | | 21,204 | | 30,657 | |

| | Interim (Annual) Net Profit | | Interim (Annual) Net Profit Per Share |
|---------|-----------------------------|-------|---|
| | M Yen | % | Yen |
| 2001/6 | 28,639 | (-) | 41.19 |
| 2000/6 | 2,862 | (-) | 7.52 |
| 2000/12 | 15,291 | | 28.35 |

(Note) Average No. of Issued Share: 2001/6 695,353 K Shares 2000/6 380,628 K Shares 2000/12 539,356 K Shares
Change in Accounting Procedures, etc. Yes • (No)

Percentage shown in Sales Revenue, Operating Profit, Ordinary Profit and Net Profit are comparison with previous accounting period.

Due to the merger with Tonen Corporation on July 1, 2000, comparison with previous accounting period is omitted, since numbers for 2000/6 show the performance of General Sekiyu K.K. only.

(2) Dividends

| | Interim Dividend Per Share | Annual Dividend Per Share |
|---------|-------------------------------|------------------------------|
| | Yen | Yen |
| 2001/6 | 17.00 | - |
| 2000/6 | 6.25 | - |
| 2000/12 | - | 21.25 |

(Note) Detail of Interim Dividend Per Share Paid for in June, 2001
Regular Dividend 17.00 Yen

(3) Financial Position

| | Total Assets | Shareholders' Equity | Net Worth Ratio | Net Worth Per Share |
|---------|--------------|----------------------|-----------------|------------------------|
| | M Yen | M Yen | % | Yen |
| 2001/6 | 928,904 | 222,824 | 24.0 | 351.05 |
| 2000/6 | 346,637 | 79,325 | 22.9 | 208.41 |
| 2000/12 | 919,657 | 255,842 | 27.8 | 364.21 |

(Note) Number of Issued Shares as of June 30, 2001

2001/6 634,742 K Shares 2000/6 380,628 K Shares 2000/12 702,462 K Shares

2. Estimated Profit or Loss for 2001 Annual Accounting Period (January 1, 2001 ~ December 31, 2001)

| | Sales Revenue | Ordinary Profit | Net Profit | Annual Dividend Per Share | |
|-----------|---------------|-----------------|------------|---------------------------|-------|
| | M Yen | M Yen | M Yen | Year-end Yen | Yen |
| Full Year | 2,050,000 | 80,000 | 54,000 | 17.00 | 34.00 |

(Reference) Estimated Net Profit Per Share 81.23 Yen

. Interim Financial Statements

Comparative Interim Balance Sheet

(Unit : Million Yen)

| Account Title | June End 2000 | June End 2001 | Jun. End 2001 vs. Dec. End 2000 | December End 2000 |
|--------------------------------|------------------|------------------|---------------------------------------|----------------------|
| Asset Section | 346,637 | 928,904 | 9,247 | 919,657 |
| Current Assets | 199,716 | 611,848 | -10,293 | 622,141 |
| Cash on Hand and in Bank | 5,770 | 653 | -288 | 941 |
| TAR | 129,827 | 379,041 | 23,394 | 355,647 |
| Marketable Securities | 1,263 | - | -7,007 | 7,007 |
| Inventories | 38,071 | 135,676 | -8,290 | 143,966 |
| Deferred Tax Assets | 10,715 | 3,172 | -6,038 | 9,211 |
| S/T Loans Receivable | 9,155 | 27,511 | -11,113 | 38,624 |
| Others | 6,151 | 66,949 | -903 | 67,852 |
| Reserve for Bad Debt | -1,238 | -1,156 | -46 | -1,109 |
| Fixed Assets | 146,920 | 317,056 | 19,540 | 297,516 |
| Tangible Fixed Assets | 107,908 | 228,158 | 2,561 | 225,597 |
| Buildings, Structures & Tanks | 32,269 | 72,924 | 1,821 | 71,102 |
| Machinery and Equipmen | 20,030 | 61,681 | -3,072 | 64,753 |
| Land | 53,478 | 88,160 | 3,056 | 85,104 |
| Others | 2,129 | 5,392 | 755 | 4,636 |
| Intangible Fixed Assets | 4,296 | 6,038 | 53 | 5,985 |
| Investments, etc. | 34,715 | 82,859 | 16,925 | 65,933 |
| Stocks of Subsidiaries | 9,827 | 26,430 | -900 | 27,331 |
| Investment in Securities | 5,629 | 30,037 | 18,698 | 11,339 |
| Deferred Tax Assets | - | 5,202 | 319 | 4,883 |
| Others | 19,258 | 21,187 | -1,190 | 22,378 |
| Total Assets | 346,637 | 928,904 | 9,247 | 919,657 |

(Note) Amounts are shown in truncated Million Yen

Comparative Interim Balance Sheet

(Unit : Million Yen)

| Account Title | June End 2000 | June End 2001 | Jun. End 2001 vs. Dec. End 2000 | December End 2000 |
|---|------------------|------------------|---------------------------------------|----------------------|
| Liabilities Section | 267,311 | 706,080 | 42,265 | 663,814 |
| Current Liabilities | 236,833 | 611,415 | 34,482 | 576,932 |
| TAP | 110,547 | 208,243 | 32,770 | 175,472 |
| Gasoline Tax etc., Payables | 69,005 | 228,352 | 2,151 | 226,201 |
| S/T Loans Payable | 17,099 | 94,963 | -7,294 | 102,257 |
| Commercial Paper | - | 5,000 | 5,000 | - |
| Others | 40,180 | 74,855 | 1,854 | 73,000 |
| Long Term Liabilities | 30,478 | 94,665 | 7,783 | 86,882 |
| L/T Loans Payable | 2,644 | 22,269 | -2,073 | 24,342 |
| Deferred Tax Liabilities | 1,636 | - | - | - |
| Res. for Retirement Allowance | 15,340 | - | -42,558 | 42,558 |
| Res. for Accrued Pension Cost | - | 46,687 | 46,687 | - |
| Res. For Repairs | 5,034 | 10,914 | -1,582 | 12,497 |
| Others | 5,822 | 14,794 | 7,310 | 7,484 |
| Shareholders' Equity Section | 79,325 | 222,824 | -33,018 | 255,842 |
| Capital | 19,031 | 35,123 | - | 35,123 |
| Additional Paid-in Capital | 4,421 | 20,741 | - | 20,741 |
| Legal Earned Reserve | 4,757 | 8,780 | -4,058 | 12,839 |
| Retained Earnings | 51,114 | 152,326 | -34,810 | 187,137 |
| Res. for Replacement of Property | 19,143 | 20,738 | -898 | 21,636 |
| Res. for Mine Exploration | 57 | 162 | 67 | 95 |
| Res. for Special Depreciation | 383 | 511 | -62 | 574 |
| General Reserve | 2,803 | - | -2,803 | 2,803 |
| Interim Unappropriated Retained Earnings | 28,727 | 130,913 | -31,114 | 162,028 |
| (Interim (Annual) Net P/-L) | (-2,862) | (28,639) | (13,348) | (15,291) |
| Unrealized Holding Gain on Securities | - | 5,851 | 5,851 | - |
| Total Liabilities and Shareholders' Equity | 346,637 | 928,904 | 9,247 | 919,657 |

(Note) Amounts are shown in truncated Million Yen

Comparative Interim Income Statement

(Unit : Million Yen)

| Account Title | | 2000 1H (January 2000 ~ June 2000) | 2001 1H (January 2001 ~ June 2001) | 2000 (January 2000 ~ December 2000) | |
|--|---|--|--|---|-----------|
| Ordinary P/L Section | Operating P/L Section | Sales Revenue | 296,498 | 913,886 | 1,212,060 |
| | | Cost of Goods Sold | 273,054 | 869,177 | 1,147,986 |
| | | Mktg. & .General Admin. Expenses | 21,771 | 21,068 | 42,869 |
| | | Operating Profit | 1,671 | 23,641 | 21,204 |
| | Non-Operating P/L Section | Non-Operating Income | | | |
| | | Interest Income | 371 | 391 | 845 |
| | | Dividends Received | 270 | 25,618 | 11,083 |
| | | Others | 25 | 84 | 554 |
| | | Non-Operating Expenses | | | |
| | | Interest Expenses | 312 | 706 | 1,050 |
| | Foreign Exchange Loss | 597 | 371 | 1,366 | |
| | Others | 124 | 257 | 613 | |
| | Ordinary Profit | 1,305 | 48,400 | 30,657 | |
| Extraordinary P/L Section | Extraordinary Gain | | | | |
| | Gain on Fixed Assets Sold | 331 | 270 | 1,606 | |
| | Gain on Sales of Investment Securities | 81 | 52 | 81 | |
| | Reversal of Reserve for Bad Debt | - | - | 687 | |
| | Extraordinary Loss | | | | |
| | Lump-sum Recognition of Retractive Costs due to Pension Accounting | - | 15,732 | - | |
| | Accrued Loss for Golf Club Membership | - | 638 | 421 | |
| | Loss on Fixed Assets Sold and Retired | 228 | 585 | 2,474 | |
| | Additional Allowance for Early Retirement | 5,652 | 299 | 7,065 | |
| | Accrued Loss of Investment Securities, etc. | - | 281 | 2,699 | |
| | Restructuring Cost for Subsidiary Companies | 769 | - | 1,358 | |
| | Penalty for Past Transaction | - | - | 542 | |
| Loss on Sales of Investment Securities | 28 | - | 38 | | |
| Interim (Annual) Net P/-L Before Income Taxes | | -4,960 | 31,186 | 18,433 | |
| Current Income Tax, Enterprise Tax | | 17 | 1,058 | 93 | |
| Deferred Income Tax | | -2,116 | 1,488 | 3,049 | |
| Interim (Annual) Net P/-L | | -2,862 | 28,639 | 15,291 | |
| Retained Earnings Brought Forward | | 10,424 | 159,247 | 10,424 | |
| Extinguishment of Repurchased Treasury Stocks | | - | 59,999 | - | |
| Increase in Unappro. Retained Earnings due to Merger | | - | 3,027 | 117,526 | |
| Retractive Tax Effect Adjustments due to D.Tax Accounting | | 6,962 | - | 6,962 | |
| Reversal of Reserve for Replacement of Property due to D.Tax Accounting | | 14,201 | - | 13,882 | |
| Reversal of Reserve for Mine Exploration due to D.Tax Accounting | | - | - | 277 | |
| Reversal of Reserve for Special Depreciation due to D.Tax Accounting | | - | - | 41 | |
| Interim Dividend | | - | - | 2,378 | |
| Interim (Annual) Unappropriated Retained Earnings | | 28,727 | 130,913 | 162,028 | |

(Note) 1. Amounts are reported in truncated Million Yen.

2. Due to the merger with Tonen Corporation on July 1, 2000, comparison with previous accounting period is omitted, since numbers for June End 2000 show the performance of General Sekiyu K.K. only.

Additional Information

1. Pension Accounting

Starting from this interim accounting period, TG has adopted the accounting standards on the postretirement benefits ("Opinion on Establishment of Accounting Regulation on Postretirement Benefit (Corporate Accounting Council, June 16, 1998)). As a result, as compared with the procedure TG had taken, the Accrued Pension Expenses has increased by 11,555M yen, the Ordinary Profit has increased by 4,177M yen, the Interim Net Profit Before Income Tax has decreased by 11,555M yen. Due to the adoption of the pension accounting in the interim accounting period, reserve for retirement allowance, the severance allowance of 1,860M yen payable within next one year, and the remaining severance allowance of 6,828M yen and reserve for retirement allowance for officers of 520M yen has been recorded as the "Reserve for Accrued Pension Costs", "Others" in the Current Liabilities and the Long Term Liabilities respectively, however, which had been recorded as the "Reserve for Retirement Allowance". As a result, "Others" in the Current Liabilities and the Long Term Liabilities have increased by 1,860M yen and 7,516M yen respectively.

2. Financial Instruments Accounting

Starting from this interim accounting period, TG has adopted the accounting standards on the financial instruments ("Opinion on Establishment of Accounting Regulation on Financial Instruments"(Corporate Accounting Council, January 22, 1999)) and, consequently, changed costing method for the securities and golf club membership, and also changed calculation procedure for the bad debt reserve. As a result, the Ordinary Profit and the Interim Net Profit Before Income Tax have increased by 31M yen respectively, as compared with the procedure TG had taken. Also, as a result of revaluation of other securities with current market value, the "Investment in Securities" has increased by 10,096M yen, "Deferred Tax Assets" has decreased by 4,245M yen and the "Unrealized Holding Gain on Securities" in the Shareholders' Equity Section has increased by 5,851M yen respectively.

In addition, TG examined the purpose of possession of securities owned at the beginning of the period and, consequently, the Treasury Stocks and all other securities have been recorded as the "Others" in the Current Assets and the "Investment in Securities" respectively. As a result, the "Marketble Securities" in the Current Assets have decreased by 7,001M yen respectively, and then the "Investment in Securities" have been increased by 7,001M yen respectively.

3. Foreign Currency Transaction Accounting

Starting from this interim accounting term, TG has adopted revised accounting standards on the foreign currency transactions ("Opinion on Establishment of Revised Accounting Regulation on Foreign Currency Transaction" (Corporate Accounting Council, October 22, 1999)). The impact of this change to the Interim Income Statement is not material.

Notes

1. Extinguishment of Repurchased Treasury Stocks

| | |
|----------------------------------|----------------------|
| (1) Number of shares repurchased | : 67,720,000 shares |
| (2) Acquisition Amount | : 59,999,920,000 Yen |

2. Interim Balance Sheet

| | <u>Jun. End 2000</u> | <u>Jun. End 2001</u> | <u>Dec. End 2000</u> |
|--|----------------------|----------------------|----------------------|
| (1) Accumulated Depreciation of Tangible Fixed Assets | 215,422 M Yen | 548,086 M Yen | 534,817 M Yen |
| (2) Long-term Reserve for Bad Debt | 404 M Yen | 725 M Yen | 488 M Yen |
| (3) Contingent Liabilities | 7,598 M Yen | 9,796 M Yen | 7,766 M Yen |
| (4) Treasury Stocks | | | |
| No. of Shares | 32,701 Shares | 6,634 Shares | 8,920 Shares |
| Amount | 7 M Yen | 5 M Yen | 5 M Yen |

3. Interim Income Statement

| | | | |
|---|----------------------|----------------------|----------------------|
| (1) Extraordinary Gain | | | |
| - Gain on Fixed Assets Sold | <u>Jun. End 2000</u> | <u>Jun. End 2001</u> | <u>Dec. End 2000</u> |
| · Gain on Land for Terminal Site | - M Yen | 185 M Yen | 552 M Yen |
| · Gain on Land for SS | 331 M Yen | 84 M Yen | 345 M Yen |
| · Gain on Land for Dormitory | - M Yen | - M Yen | 610 M Yen |
| · Gain on Land for LPG Bottling Plant | - M Yen | - M Yen | 98 M Yen |
| (2) Extraordinary Loss | | | |
| - Loss on Fixed Assets Sold or Retired | | | |
| · Sales and Retirement of Machinery & Equipment | 44 M Yen | 290 M Yen | 986 M Yen |
| · Sales and Retirement of Buildings, Structures, Tanks, etc. | 85 M Yen | 240 M Yen | 1,011 M Yen |
| · Sales of Land for SS | 91 M Yen | 34 M Yen | - M Yen |
| · Retirement of Intangible Fixed Assets, etc. | 1 M Yen | 11 M Yen | 62 M Yen |
| · Retirement of Tools, Furniture and Fixture | 5 M Yen | 8 M Yen | 26 M Yen |
| · Sales and Retirement of Land for LPG Bottling Plant | - M Yen | - M Yen | 322 M Yen |
| · Sales and Retirement of Land and Building for Dormitory | - M Yen | - M Yen | 64 M Yen |

4. Lease Transactions

Finance lease without transfer of ownership of leased items to Lessee

(1) Acquisition Equivalent Amount, Accumulated Depreciation Equivalent Amount and Outstanding Balance as of June 30, 2001.

| | <u>1H 2000</u> | <u>1H 2001</u> | <u>2000</u> |
|---|------------------------------|------------------------------|------------------------------|
| | Tool, Furniture & Fixture | Tool, Furniture & Fixture | Tool, Furniture & Fixture |
| Acquisition Equivalent Amount | 615 M Yen | 1,039 M Yen | 1,444 M Yen |
| Accumulated Depreciation Equivalent Amount | <u>526 M Yen</u> | <u>769 M Yen</u> | <u>1,118 M Yen</u> |
| Outstanding Balance | 89 M Yen | 270 M Yen | 326 M Yen |

(Note) Acquisition equivalent amount includes interest equivalent expense based on its materiality. Interest equivalent expense is very small in comparison with total tangible fixed assets amount.

(2) Outstanding Balance of Accrued lease fees as of June 30, 2001.

| | <u>1H 2000</u> | <u>1H 2001</u> | <u>2000</u> |
|---------------|-----------------|------------------|-----------------|
| Due One Year | 71 M Yen | 135 M Yen | 236 M Yen |
| Over One Year | <u>17 M Yen</u> | <u>134 M Yen</u> | <u>89 M Yen</u> |
| Total | 89 M Yen | 270 M Yen | 326 M Yen |

(Note) Outstanding Balance of accrued lease expense as of June 30, 2001 includes interest equivalent expense based on its materiality. Interest equivalent expense is very small in comparison with total tangible fixed assets amount.

(3) Lease fees paid & Depreciation expenses

| | <u>1H 2000</u> | <u>1H 2001</u> | <u>2000</u> |
|------------------------------------|----------------|----------------|-------------|
| Lease Fees Paid | 55 M Yen | 114 M Yen | 293 M Yen |
| Depreciation Equivalent Expense | 55 M Yen | 114 M Yen | 293 M Yen |

(4) Calculation Method for Depreciation

Straight-Line Method with no residual value

5. Current Market Value of Securities, etc.

Own

Information related to the "Marketable Securities" (excluding the Subsidiaries and Investment in Securities with market values) for this interim consolidated accounting period and the information related to the "Current Market Value of Securities" in the previous consolidated accounting period are disclosed in the notes of the Interim Consolidated Financial Statements.

1H 2000 (as of June 30, 2000)

Current Market Value of Securities, etc.

(Unit: Million Yen)

| Type | Book Value | Market Value | Unrealized Gain/Loss |
|--------------------|------------|--------------|----------------------|
| (1) Current Assets | | | |
| Stocks | 1,263 | 5,135 | 3,872 |
| Bonds | - | - | - |
| Others | - | - | - |
| Sub-Total | 1,263 | 5,135 | 3,872 |
| (2) Fixed Assets | | | |
| Stocks | 1,246 | 1,384 | 137 |
| Bonds | - | - | - |
| Others | - | - | - |
| Sub-Total | 1,246 | 1,384 | 137 |
| Grand Total | 2,509 | 6,520 | 4,010 |

(Note)

1. Valuation Methods

(1) Listed Marketable Stocks

Based on the final market price of Tokyo Stock Exchange Market

(2) Over-the-counter Stocks

Based on prices announced by Nihon Security Association

2. Treasury stocks (Current Assets) are included in "Others" in the Current Assets
Unrealized Holding Gain or Loss on Treasury Stocks has not been incurred.

3. Book value of non-listed Securities which are not disclosed above and recorded as Fixed Assets in the Interim Balance Sheet.

| | |
|-----------------------------------|---------------|
| Non-Listed Stocks | 14,204 M Yen |
| (Exclude Over-the-counter Stocks) | |
| (Include Related Companies) | (9,881 M Yen) |
| Bonds, etc. | 6 M Yen |

1H 2001 (as of June 30, 2001)

There are no market value on Stocks of Subsidiaries and Investment in Securities.

6. Derivatives Transactions

Information related to current market value of transactions, etc. for this interim accounting period and previous accounting period are disclosed in the notes of the Interim Consolidated Financial Statements

Contract Amounts, Market Value and Unrealized Gain/Loss of Derivatives Transactions

1H 2000 (as of June 30, 2000)

Information related to Interest

(Unit : Million Yen)

| Classify | Type | Contract Amounts, etc. | | Market Value | Unrealized Gain/Loss |
|--------------------------------|--|------------------------|-------------|--------------|----------------------|
| | | | Over 1 Year | | |
| Other than Market Transactions | Swap for Interests | | | | |
| | Receivable(Variable) Payable(Fixed) | 212 | - | 3 | 3 |
| Total | | 212 | - | 3 | 3 |

(Note) Basis for Calculation of Current Value

Based on prices provided by the financial institutions.

Qualitative information regarding the above derivative transaction is not disclosed.

. Actual Sales Volume & Sales Amounts

(Unit : KKL, Kton, Million Yen)

| Products | 2000 1H (January 1, 2000 - June 30, 2000) | | 2001 1H (January 1, 2001 - June 30, 2001) | | 2000 (January 1, 2000 - December 31, 2000) | |
|--------------------------------|--|------------------|--|------------------|---|--------------------|
| | Volume | Amount | Volume | Amount | Volume | Amount |
| Gasoline | 1,573 20.0 | 127,879 44.5 | 5,450 24.4 | 466,222 52.2 | 7,312 23.9 | 600,485 50.8 |
| Naphtha | 241 3.1 | 4,288 1.5 | 2,512 11.3 | 61,298 6.9 | 2,676 8.8 | 62,069 5.3 |
| Kerosene | 939 11.9 | 25,795 9.0 | 3,028 13.6 | 88,741 9.9 | 3,450 11.3 | 102,395 8.7 |
| A.D.O. | 929 11.8 | 26,033 9.1 | 3,045 13.7 | 82,258 9.2 | 4,103 13.4 | 116,992 9.9 |
| Fuel, Crude | 3,303 41.9 | 68,844 24.0 | 5,624 25.2 | 126,855 14.2 | 9,052 29.6 | 204,054 17.3 |
| Lubes | 2 0.0 | 679 0.2 | 181 0.8 | 12,602 1.4 | 195 0.6 | 13,199 1.1 |
| LPG | 662 8.4 | 24,917 8.7 | 1,969 8.8 | 42,349 4.7 | 3,012 9.9 | 60,532 5.1 |
| Chemical | 214 2.7 | 8,214 2.9 | 223 1.0 | 8,041 0.9 | 549 1.8 | 18,317 1.5 |
| Other Products | 15 0.2 | 303 0.1 | 274 1.2 | 5,273 0.6 | 226 0.7 | 4,060 0.3 |
| Sub Total | 7,882 100.0 | 286,956 100.0 | 22,310 100.0 | 893,643 100.0 | 30,580 100.0 | 1,182,106 100.0 |
| Other Operating Revenue | | 9,541 | | 20,242 | | 29,954 |
| Grand Total | 7,882 | 296,498 | 22,310 | 913,886 | 30,580 | 1,212,060 |

(Note) 1. Figure in lower line in each column shows the percent of total sales.

2. Due to the merger with Tonen Corporation on July 1, 2000, comparison with previous accounting period is omitted, since numbers for June End 2000 show the performance of former General Sekiyu K.K. only.