

Summary of The Financial Statements for 2003

February 24, 2004

Registration Company Name : TonenGeneral Sekiyu K.K.

Registered to : Tokyo Stock Exchange

Stock Code No. 5012

Location of Head Office: Tokyo

(URL <http://www.tonengeneral.co.jp>)

Representative :

Position : Representative Director, Chairman and President

Name : G.W.Pruessing

For further information, please contact :

Position : Management Support Manager

Name : T.Uchimura Telephone : (03) 5425-9000

Date of Board Meeting for Year-End Closing : February 24, 2004 Interim Dividend Plan : Available

Date of General Shareholders' Meeting : March 26, 2004

Unit Share Adoption : Available
(Number of Unit Share 1,000 Shares)

1. Business Performance for 2003 (January 1, 2003 ~ December 31, 2003)

(1) Business Performance

(Note) Amounts are shown in truncated Million Yen.

	Sales Revenue		Operating Income		Ordinary Income	
	M Yen	%	M Yen	%	M Yen	%
2003	2,170,613	(11.7)	27,170	(-)	32,742	(-)
2002	1,943,346	(1.0)	2,911	(-)	2,919	(96.6)

	Net Income		Net Income Per Share	Net Income Per Share, Diluted	Income Ratio to Shareholders' Equity	Ordinary Income Ratio to Total Assets	Ordinary Income Ratio to Sales Revenue
	M Yen	%	Yen	Yen	%	%	%
2003	23,913	(354.0)	40.40	-	13.7	3.7	1.5
2002	5,267	(90.9)	8.65	-	2.6	0.3	0.2

(Note) Average No. of Issued Shares 2003 591,867,896 Shares 2002 608,833,591 Shares
Change in Accounting Policies No
Percentages shown in Sales Revenue, Operating Income, Ordinary Income and Net Income are comparisons with previous accounting period.

(2) Dividends

	Annual Dividend Per Share			Total Amount of Dividend (Annual)	Payout Ratio	Dividend Ratio to Shareholders' Equity
	Interim	Year-end				
	Yen	Yen	Yen	M Yen	%	%
2003	36.00	18.00	18.00	21,306	89.1	12.0
2002	36.00	18.00	18.00	21,317	405	12.4

(3) Financial Position

	Total Assets	Shareholders' Equity	Net Worth Ratio	Net Worth Per Share
	M Yen	M Yen	%	Yen
12/31/2003	870,873	177,112	20.3	299.25
12/31/2002	880,213	172,511	19.6	291.48

(Note) Number of Outstanding Shares 12/31/2003 591,846,572 Shares
12/31/2002 591,853,559 Shares
Number of Treasury Stocks 12/31/2003 696,446 Shares
12/31/2002 689,459 Shares

2. Projected Earnings for 2004 (January 1, 2004 ~ December 31, 2004)

	Sales Revenue	Ordinary Income	Net Income	Annual Dividend Per Share		
				Interim	Year-end	
	M Yen	M Yen	M Yen	Yen	Yen	Yen
First Half	990,000	19,000	12,000	18.00	-	-
Full Year	2,070,000	36,000	22,000	-	18.00	36.00

(Reference) Projected Net Income Per Share 37.17 Yen

The forecast is based on information available at the issue date, and may differ from actual results
See attached information . Financial results (2) in respect of the forecast above.

. Financial Statements

Parent

Balance Sheets

(Unit: Million Yen)

Account Titles	As of December 31, 2002	As of December 31, 2003	December 31, 2003 vs. December 31, 2002
Assets	880,213	870,873	-9,339
Current Assets	599,913	598,562	-1,351
Cash on Hand and in Banks	573	223	-349
Trade Accounts Receivable	418,441	409,132	-9,309
Inventories	137,044	152,912	15,868
Deferred Income Tax Assets	2,958	4,611	1,653
Short-term Loans Receivable	29,788	23,052	-6,735
Other Accounts Receivable	8,252	6,185	-2,067
Others	3,604	3,441	-162
Allowance for Bad Debt	-748	-996	-247
Fixed Assets	280,299	272,311	-7,988
Property, Plant and Equipment	226,985	216,724	-10,261
Buildings, Structures & Tanks	64,010	63,301	-709
Machinery and Equipment	56,293	56,861	568
Land	91,191	88,004	-3,187
Others	15,489	8,556	-6,933
Intangible Assets	5,963	6,338	375
Investments and Other Assets	47,350	49,248	1,897
Stocks of Subsidiaries	11,849	11,464	-384
Investment in Subsidiaries	967	967	-
Investment in Securities	13,573	16,190	2,616
Deferred Income Tax Assets	6,068	4,487	-1,580
Others	14,893	16,138	1,245
Total Assets	880,213	870,873	-9,339

(Note) Amounts are shown in truncated millions of Yen.

Balance Sheets

(Unit: Million Yen)

Account Titles	As of December 31, 2002	As of December 31, 2003	December 31, 2003 vs. December 31, 2002
Liabilities	707,702	693,761	-13,940
Current Liabilities	623,086	611,647	-11,439
Trade Accounts Payable	226,366	228,244	1,877
Gasoline Tax etc., Payables	215,217	222,345	7,127
Short-term Loans	118,204	91,593	-26,610
Commercial Paper	10,000	-	-10,000
Other Accounts Payable	14,700	14,537	-163
Guarantee Deposits Payable	11,780	11,687	-92
Others	26,817	43,239	16,422
Long Term Liabilities	84,615	82,113	-2,501
Long-term Loans Debt	17,361	14,384	-2,977
Reserve for Accrued Pension Costs	44,990	47,960	2,969
Reserve for Retirement Allowance for Officers	214	221	6
Reserve for Repairs	13,210	12,789	-420
Others	8,838	6,758	-2,079
Shareholders' Equity	172,511	177,112	4,600
Common Stock	35,123	35,123	-
Additional Paid-in Capital	20,741	20,741	-
Legal Capital Surplus	20,741	20,741	-
Retained Earnings	116,646	121,247	4,600
Legal Earned Reserve	8,780	8,780	-
Voluntary Reserves	20,518	21,888	1,369
Reserve for Replacement of Property	19,845	21,279	1,434
Reserve for Mine Exploration	203	244	41
Reserve for Special Depreciation	470	364	-105
Unappropriated Retained Earnings	87,276	88,511	1,235
Unrealized Gains on Holding Securities	619	2,624	2,005
Treasury Stock	-548	-558	-9
Total Liabilities and Shareholders' Equity	880,213	870,873	-9,339

(Note) Amounts are shown in truncated millions of yen.

Income Statements

(Unit: Million Yen)

Account Titles		2002 (January 2002 ~ December 2002)	2003 (January 2003 ~ December 2003)	2003 vs. 2002	
Ordinary P/L Section	Operating P/L Section	Sales Revenue	1,943,346	2,170,613	227,266
		Cost of Goods Sold	1,900,926	2,104,237	203,311
		Selling, General & Administrative Expenses	45,331	39,205	-6,126
		Operating Income (- Loss)	-2,911	27,170	30,081
	Non-Operating P/L Section	Non-Operating Income			
		Interest Income	539	487	-52
		Dividends Received	4,446	3,943	-503
		Gain on Foreign Exchange	1,753	2,070	316
		Others	132	31	-101
		Non-Operating Expenses			
		Interest Expenses	907	852	-54
	Others	133	106	-26	
Ordinary Income		2,919	32,742	29,823	
Extraordinary P/L Section	Extraordinary Gain				
	Gain on Sales of Fixed Assets	6,965	8,231	1,266	
	Gain on Sales of Investment in Securities	2,294	1,067	-1,226	
	Gain on Sales of Technical License	-	319	319	
	Gain on Reversal of Reserve for Offshore Well Abandonment	-	259	259	
	Gain on Liquidation of Subsidiary Company	46	173	126	
	Gain on Business Transfer of Lubricants Oil Blending	848	-	-848	
	Extraordinary Loss				
	Loss on Sales and Retirement of Fixed Assets	2,238	3,605	1,366	
	Evaluation Loss on Stock of Subsidiary Company	-	332	332	
	Loss on Sales of Investment in Securities	857	137	-719	
	Evaluation Loss on Investment Securities and Other Assets	833	126	-706	
	Additional Allowance for Early Retirement	2,801	-	-2,801	
Net Income Before Income Taxes		6,344	38,590	32,246	
Current Income Tax and Enterprise Tax		677	16,101	15,423	
Deferred Income Tax		399	-1,424	-1,823	
Net Income		5,267	23,913	18,646	
Unappropriated Retained Earnings Brought Forward		132,974	75,252	-57,721	
Loss on Treasury Stock Disposal		-	0	0	
Amortization of Repurchased Treasury Stocks		40,301	-	-40,301	
Interim Dividends Declared		10,664	10,654	-9	
Unappropriated Retained Earnings at End of Period		87,276	88,511	1,235	

(Note) Amounts are shown in truncated millions of Yen.

Statements of Appropriations

(Unit:Millions of Yen)

Account Titles	2002 (January 1, 2002 ~ December 31, 2002)	2003 (January 1, 2003 ~ December 31, 2003)	2003 vs. 2002
Unappropriated Retained Earnings	87,276	88,511	1,235
Reversal of Voluntary Reserves:			
Reserve for Special Depreciation	105	102	-3
Total	87,381	88,613	1,231
Appropriation:			
Cash Dividends	10,653 18.00 yen per share	10,653 18.00 yen per share	0
Reserve for Mine Exploration	41	20	-21
Reserve for Replacement of Property	1,434	2,545	1,111
Retained Earnings Carried Forward	75,252	75,394	141

(Note) Amounts are reported in truncated Million Yen.

Important Accounting Policies

Parent

1. Evaluation Methods for Securities
 - (1) Stocks of Subsidiaries and Affiliated Companies: Moving Average Method
 - (2) Others
 - Marketable: Market Value at the Closing Date
(Unrealized Holding Gain or Loss is directly reflected to Shareholders' Equity, and cost of sales is based on the moving average method.)
 - Non-Marketable: Moving Average Method
2. Evaluation Methods for Derivative Transactions
 - Derivative: Market Value at the Closing Date
3. Evaluation Methods for Inventories
 - (1) Goods, Products, Unfinished Products, and Crude: LIFO at the Lower of Cost or Market
 - (2) Supplies: Moving Average Method
4. Depreciation and Amortization Method for Fixed Assets
 - (1) Property, Plant and Equipment: Declining Balance Method
 - The service life ranges of major types of assets are:
 - Buildings: 10 to 50 years
 - Structures: 10 to 50 years
 - Machinery and Equipment: 8 to 15 years
 - (2) Intangible Assets: Straight Line Method
 - In-house computer software is amortized under the straight line method over its service life (5 to 15 years).
5. Translation Method for Foreign Currency Assets and Liabilities
 - Foreign currency assets and liabilities are translated into yen at spot rate at the closing date and any difference in exchange rate is reflected to income.
6. Accounting Standards for Major Reserves
 - (1) Allowance for Bad Debt
 - To provide for losses due to bad debt, TG and consolidated subsidiaries accrue an estimated reserve for bad debt on ordinary receivables based on the experienced bad debt ratio; and on highly doubtful receivables based on the credit risk of individual customer.
 - (2) Reserve for Accrued Pension Costs
 - To provide for payment of employees' postretirement benefits, TG accrues an estimated reserve based on the projected benefit obligation and fair value of plan assets at the closing date.
 - Moreover, any differences in cost caused by the actuarial calculation of retirement benefits are amortized the average employees' remaining starting from the next accounting period using the declining balance method over a period which is within service years(12 years) as incurred. Prior service obligations are amortized using the straight line method over the average employees' remaining service years (15.5 years) as incurred.
 - (3) Reserve for Retirement Allowance for Officers
 - To provide for the payment of officers' postretirement allowance, TG accrues an estimated amount of lump sum retirement allowance on the basis that officers retire at the closing date.
 - (4) Reserve for Repairs
 - TG accrues an estimated reserve for periodic tank opening inspection expenses, as required by The Fire Service Law based on actual payments; and for turnaround repair expenses relating to machinery and equipment based on actual payments and repair plans.

7. Accounting Procedure for Lease Transaction

Finance lease transactions without transfer of ownership of leased items to lessee are treated using the same accounting method as ordinary operating lease transactions.

8. Other important items

The Income Statement does not include any consumption tax transactions.

Additional Information

1. Shareholders' Equity

According to the revision in accounting standards, revised version of Accounting Standards for Financial Statement is applied to Shareholders' Equity of Balance Sheet.

2. Information of Earnings Per Share

"Accounting Standard for Earnings Per Share" (issued by the Accounting Standards Board of Japan on September 25, 2002, Accounting Standards Board Statement No.2) and related guidance, "Implementation Guidance for Accounting Standard for Earnings Per Share" (issued by the Accounting Standards Board of Japan on September 25, 2002, Accounting Standards Board Statement No.4) are adopted from this accounting period. There is no impact on earnings per share due to this change.

3 Introduction of Non Income Base Tax System

According to the law revising the calculation method of the statutory enterprise local tax proclaimed on March 31, 2003, the tax rate on the previous basis is applied for deferred income tax assets scheduled to realize by the end of December, 2004, and the tax rate on the new basis is applied for deferred income tax assets scheduled to realize after the beginning of 2005.

As a result, the amount of deferred income tax assets decreased by 126 million yen, unrealized gains on holding securities increased by 60 million yen, and deferred income tax charge of current accounting period increased by 187 million yen compared with the amount on the previous basis.

Remarks

Parent

1. Balance Sheet related Information

	<u>As of Dec. 31, 2002</u>	<u>As of Dec. 31, 2003</u>
(1) Accumulated Depreciation of Property, Plant and Equipment	615,700 M Yen	612,601 M Yen
(2) Long-term Allowance for Bad Debt	1,451 M Yen	1,560 M Yen
(3) Contingent Liabilities	8,228 M Yen	5,624 M Yen
(4) Treasury Stocks	689,459 Shares	696,446 Shares
Number of Shares Amount	548 M Yen	558 M Yen

2. Income Statement related Information

(1) Important Items of Extraordinary Gain

	2002 <u>(Jan.1, 2002 ~ Dec.31, 2002)</u>	2003 <u>(Jan.1, 2003 ~ Dec.31, 2003)</u>
Gain on Sales of Land, Buildings for Dormitory, etc.	2,320 M Yen	3,302 M Yen
Gain on Sales of CRDL	- M Yen	2,965 M Yen
Gain on Sales of Land, Buildings for Service Station	2,272 M Yen	1,108 M Yen
Gain on Sales of Land, Buildings for Lent	2,366 M Yen	760 M Yen
Gain on Sales of Easement	- M Yen	84 M Yen

(2) Important Items of Extraordinary Loss

	2002 <u>(Jan.1, 2002 ~ Dec.31, 2002)</u>	2003 <u>(Jan.1, 2003 ~ Dec.31, 2003)</u>
Sales and Disposal of Buildings, Structures, Tanks, etc.	749 M Yen	
Cost of Dismantlement for Refinery Plant	607 M Yen	
Sales and Disposal of Machinery and Equipment	543 M Yen	
Sales and Disposal of Tools, Furniture and Fixtures	100 M Yen	
Disposal of Intangible Assets, etc.	91 M Yen	
Sales of Land for Buildings	53 M Yen	
Sales of Land for Service Station	47 M Yen	
Sales of Land for Terminal Site	40 M Yen	
Loss on Sales of Land, Buildings for Service Station		1,067 M Yen
Gain on Liquidation of Subsidiary Company		332 M Yen
Loss on Sales of Investment in Securities		137 M Yen
Evaluation Loss on Stock of Subsidiary Company		126 M Yen

4. Lease Transactions

Finance Lease without Transfer of Ownership of Leased Items to Lessee

(1) The acquisition Equivalent Amount, Accumulated Depreciation Equivalent Amount and Net Book Value Equivalent Amount at the Closing Dates

	<u>As of Dec. 31, 2002</u>	<u>As of Dec. 31, 2003</u>
	Tools, Furniture & Fixtures	Tools, Furniture & Fixtures
Acquisition Equivalent Amount	325 M Yen	380 M Yen
Accumulated Depreciation Equivalent Amount	<u>295 M Yen</u>	<u>328 M Yen</u>
Net Book Value Equivalent Amount	29 M Yen	51 M Yen

(Note) The acquisition equivalent amounts include interest equivalent expenses, since interest equivalent expenses are immaterial in comparison to the total property, plant and equipment.

(2) Outstanding Balance of Accrued Lease Fees at the Closing Dates

	<u>As of Dec. 31, 2002</u>	<u>As of Dec. 31, 2003</u>
Due within One Year	29 M Yen	36 M Yen
Due over One Year	<u>- M Yen</u>	<u>15 M Yen</u>
Total	29 M Yen	51 M Yen

(Note) The outstanding Balance of accrued lease fees includes interest equivalent expenses, since interest equivalent expenses are immaterial in comparison to the total property, plant and equipment.

(3) Lease Fees Paid and Depreciation Equivalent Expenses

	<u>As of Dec. 31, 2002</u>	<u>As of Dec. 31, 2003</u>
Lease Fees Paid	88 M Yen	85 M Yen
Depreciation Equivalent Expenses	88 M Yen	85 M Yen

(4) Calculation Method for Depreciation

Straight Line Method with No Residual Value, by using lease period as useful life

5. Market Value of Securities, etc.

As of December 31, 2002

There was no Stocks of Subsidiaries and Investments in Securities with market value.

As of December 31, 2003

There was no Stocks of Subsidiaries and Investments in Securities with market value.

.Sales Volume & Sales Value

(Unit : KKL, Millions of Yen)

Products	2002 (January 1, 2002 - December 31, 2002)		2003 (January 1, 2003 - December 31, 2003)		2003 vs. 2002	
	Volume	Value	Volume	Value	Volume	Value
Gasoline	13,247 28.8	1,153,412 60.4	13,782 28.3	1,277,655 59.4	534	124,243
Naphtha	2,919 6.3	54,798 2.9	3,035 6.2	71,472 3.3	116	16,673
Kerosene	5,860 12.7	153,549 8.0	5,834 12.0	169,792 7.9	-25	16,243
Diesel Fuel	6,623 14.4	177,341 9.3	6,316 13.0	183,632 8.5	-307	6,291
Fuel, Crude	10,997 23.9	241,540 12.6	11,973 24.6	280,419 13.0	975	38,878
Lube Oil	333 0.7	16,939 0.9	355 0.7	15,719 0.7	22	-1,220
LPG	4,710 10.2	73,116 3.8	5,604 11.5	91,489 4.2	894	18,373
Chemicals	956 2.1	31,299 1.6	1,106 2.3	44,867 2.1	149	13,567
Other Products	373 0.8	8,624 0.5	659 1.4	20,260 0.9	285	11,635
Sub Total	46,020 100.0	1,910,623 100.0	48,667 100.0	2,155,310 100.0	2,646	244,686
Other Operating Revenue		32,723		15,303		-17,420
Grand Total	46,020	1,943,346	48,667	2,170,613	2,646	227,266

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

. Change in Board Members

TonenGeneral today announces that its Board has decided to recommend to the General Meeting of Shareholders scheduled to be held on March 26, 2004 the election of the following persons as Directors of the company.

(1) Newly- Appointed Directors (Plan)

**Director J. F. Spruill (Representative Director, Vice President (Fuels Marketing),
EMYK) (Present)**

**Director Jun. Mutoh (Wakayama Refinery Manager, TonenGeneral Sekiyu
K.K.)(Present)**

In addition, TonenGeneral Board has decided to recommend to the March 26, 2004 General Meeting of Shareholders that the Articles of Incorporation of the company be amended to take advantage of the authorization by the Ministry of Law in April 2003 which permit companies to provide for Alternate Statutory Directors. By adoption of these provisions, an Alternate Statutory Auditor can be elected in advance to succeed to a Statutory Auditor position should there be a deficiency in the legally required minimum number of Statutory Auditors. Subject to approval and adoption by the General Meeting of those changes in the Articles of Incorporation, TonenGeneral Board has further decided to recommend to the General Meeting of Shareholders the election of the Tsutomu Ohta as Alternate Statutory Auditor.

Career History of Director Candidates

Name (Date of Birth)	Personal History & Title and Incumbent Representative Directorship of Other Companies
<p>J. F. Spruill (Dec. 11, 1952)</p>	<p>9/1974 Joined Exxon Company, USA 6/1997 Senior Managing Director, General Manager of Marketing, General Sekiyu K.K.(Currently TonenGeneral Sekiyu K.K.) 1/1999 General Manager, Esso Sekiyu K.K. /General Sekiyu K.K. 2/2000 Marketing Manager, Mobil Sekiyu K.K. 7/2000 Representative Director, President, ExxonMobil Marketing Services 7/2000 Director, ExxonMobil Business Services 6/2002 Representative Director, Vice President (Fuels Marketing), ExxonMobil Yugen Kaisha(Present)</p>
<p>J. Mutoh (Aug. 20, 1959)</p>	<p>4/1982 Joined General Sekiyu K.K. (Currently TonenGeneral Sekiyu K.K.) 2/1999 Manager, Technical Center, General Sekiyu K.K. 6/2000 Manager, Project Services, Japan Regional Engineering Office, General Sekiyu K.K. 4/2002 Manager, Process/Equipment, Japan Regional Engineering Office, TonenGeneral Sekiyu K.K. 3/2003 Wakayama Refinery Manager, TonenGeneral Sekiyu K.K. (Present)</p>

Career History for Alternate statutory auditor

Name (Date of Birth)	Personal History & Title and Incumbent Representative Directorship of Other Companies
<p>T. Ohta (Nov. 25, 1937)</p>	<p>12/1965 Joined Esso Sekiyu K.K. (currently ExxonMobil Yugen Kaisha) 7/1992 Manager, Information Systems Department, Esso Sekiyu K.K. 3/1993 Statutory Auditor, Tonen Corporation (currently TonenGeneral Sekiyu K.K.) 8/1999 Statutory Auditor, Esso Sekiyu K.K. 3/2000 Retired as Statutory Auditor of Esso Sekiyu K.K.</p>