

Summary of Consolidated Financial Statements for 1st - 3rd Quarter of 2004

November 18, 2004

Registered Company Name: TonenGeneral Sekiyu K.K.

(Stock Code Number: 5012 Tokyo Stock Exchange)

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

Representative:

Position: Representative Director, Chairman and President Name: G.W.Pruessing

For further information, please contact

Position: ExxonMobil Y.K. Public Affairs Manager Name: K.Morishita (Telephone: 03-5425-9000)

1. Matters concerning compilation of the quarter consolidated income statement.

Adoption of a simplified method in accounting treatment

Yes · No

Change in accounting methods compared to the last consolidated accounting period

Yes · No

Two subsidiaries : Method of inventory evaluation (Change from first half of 2004)

One subsidiary : Depreciation method of tangible fixed assets (Change from first half of 2004)

Change in the scope of consolidated companies and equity companies

Yes · No

Consolidation (Removal) One Company (Change from first half of 2004)

2. Business Performance for 3rd Quarter 2004 (January 1, 2004 through September 30, 2004)

(1) Consolidated Business Performance

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

	Sales Revenue		Operating Income		Ordinary Income		Net Income	
	M Yen	%	M Yen	%	M Yen	%	M Yen	%
3rd Quarter YTD 2004	1,702,951	(7.7)	37,640	(36.7)	41,140	(32.6)	26,711	(25.0)
3rd Quarter YTD 2003	1,581,732	(15.1)	27,544	(-)	31,027	(-)	21,371	(1,542.6)
2003 Full Year	2,135,289		33,992		38,386		27,712	

	Net Income per Share	Net Income per Share after adjustments
	Yen	Yen
3rd Quarter YTD 2004	45 . 14	-
3rd Quarter YTD 2003	36 . 11	-
2003 Full Year	46 . 82	-

(Note) The display of the percentage in sales, operating income, etc. shows the rate of increase or decrease in the amounts from those in previous year.

Consolidated year-to-date sales revenue increased by 121.2 billion yen to 1,703.0 billion yen, mainly due to the elevated product selling prices following the rise in crude oil prices. On the other hand, sales volume in major petroleum products decreased by 2.1%. Consolidated year-to-date operating earnings increased by 10.1 billion yen from the previous year, to 37.6 billion yen. Main reasons for this were:

- (1) Increased margins for Chemical products: Continuous strong demand boosted petrochemical sales. Strong trends were observed in all of the segments. This margin increase contribution versus last year was 13.4 billion yen.
- (2) Reduced petroleum product margins: Though in the 3rd quarter margins showed a recovering trend, year-to-date crude cost increases have not been totally passed on into product selling prices. These margin effects, together with a loss in volume mainly due to the warm winter effect, reduced profits by 3.6 billion yen versus the prior year.
- (3) Inventory valuation effects: TonenGeneral applies the LIFO/LOCOM method for inventory evaluation. Operating income includes total inventory valuation losses of 0.5 billion yen, versus 4.3 billion yen of favorable inventory effects in the previous year. These inventory valuation effects do not affect our cash earnings.
- (4) Operating cost reduction: Lower pension plan expenses and lower personnel costs were the main contributors to operating cost reduction of 5.1 billion yen versus the same period of last year.

Non-operating income was 3.5 billion yen, about the same as the prior year. Net extraordinary income stood at 2.4 billion yen chiefly due to stock sales gains offset in part by the costs related to implementation of an early retirement program for our employees. Net extraordinary income in the prior year period was 4.0 billion yen. Taking into account both non-operating income and extraordinary items, 3rd quarter year-to-date net income improved by 5.3 billion yen versus the previous period, to 26.7 billion yen.

[Consolidated Financial Condition Overview]

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	M Yen	M Yen	%	Yen
3rd Quarter 2004 End	883,827	228,795	25.9	386 . 60
3rd Quarter 2003 End	889,594	217,149	24.4	366 . 88
2003 End	932,586	225,882	24.2	381 . 66

[Consolidated Cash Flows Overview]

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the end of the Period
	M Yen	M Yen	M Yen	M Yen
3rd Quarter YTD 2004	21,144	228	21,024	550
3rd Quarter YTD 2003	18,469	1,699	21,181	657
2003 Full Year	50,115	28,909	80,036	658

Total assets as of September 30, 2004 were 883.8 billion yen, a 48.8 billion yen decrease from December 31, 2003. The change was mainly due to sales of securities and to a reduction in trade accounts receivable, gasoline tax payable, and other current items, which were at customarily higher level at year-end due to delayed settlement of payments associated with year-end/New Year bank holidays. Total shareholders' equity was 228.8 billion yen, or 2.9 billion yen larger than December 31, 2003, reflecting positive net income, partially offset by dividends payments etc.

At the end of September 2004, outstanding balance of cash and cash equivalent was 0.6 billion yen, a decrease of 0.1 billion yen versus 2003 year-end. In January to September 2004, Cash Flows from Operating Activities were positive 21.1 billion yen. Positive factors such as before-tax income and decrease in account receivable exceeded the negative factors such as income tax payment and reduction in other accounts payable. In this period, ten-months' equivalent of gasoline tax, etc. was paid (due to time when due dates fell on the calendar), and the amount of the extra months' payment was 21.2 billion yen. This amount will be reversed in the 4th quarter. Excluding this extra month payment of gasoline tax, etc., Cash Flows from Operating Activities were positive 42.3 billion yen. Cash Flows from Investing Activities were negative 0.2 billion yen. Cash-decreasing factors such as acquisition of PP&E were higher than cash-increasing factors such as proceeds from sales of PP&E and investment securities. Cash Flows from Financing Activities were negative 21.0 billion yen, which was mainly due to cash outflows for dividend payment.

3. Consolidated Earnings Outlook for Full Year 2004 (January 1, 2004 through December 31, 2004)

	Estimated Sales Revenue	Estimated Ordinary Income	Estimated Net Income	Estimated Net Income per Share
	M Yen	M Yen	M Yen	Yen
Full Year	2,330,000	55,000	39,000	65 . 90

Consolidated net income for full year 2004 is projected at 39.0 billion yen. Included in the estimate is a forecast of zero inventory valuation effects on profits for the entire year, though (because we adopt the LIFO method of inventory accounting) inventory valuation will be significantly affected by actual crude oil prices at the end of the year. Some considerations leading to the forecast include the following:

- (1) Extraordinary items are expected to net to positive 8.5 billion yen in the 4th quarter versus the previous forecast of 4.8 billion yen, totaling at 10.8 billion yen for 2004 full-year. The latest forecast includes gains from the previously-announced sale of stock in Kygnus Sekiyu and other portfolio stock investments, as well as net losses on sales of fixed assets. The net also includes a gain related to transfer to the government of certain portions of our company pension plans, losses from our employee early retirement programs, and the 3.0 billion yen negative impact from asset-impairment accounting.
- (2) Chemicals sector earnings are expected to be higher than projected in the previous forecast.
- (3) Petroleum product margins are assumed to slightly increase from the previous forecast.

Early Adoption of Asset-Impairment Accounting

TonenGeneral will adopt early implementation of asset-impairment accounting, and will make necessary revisions in the earnings forecast for full-year 2004. We anticipate a charge of about 3.0 billion yen in 4th quarter 2004, taking into account, chiefly, impairment of the value in service stations. This relatively small charge reflects the success of our intensive efforts over the several years since the Tonen/General merger to rigorously rationalize our capital assets and to eliminate non-performing property. In the five years to year-end 2004, TonenGeneral will have realized over 40.0 billion yen through disposals of fixed assets, including transactions resulting in cumulative book losses of about 6.5 billion yen.

(Reference) Earnings Outlook for Tonen General Parent for Full Year 2004 (January 1, 2004 through December 31, 2004)

	Estimated Sales Revenue	Estimated Ordinary Income	Estimated Net Income	Estimated Dividend per Share	
				End of the term	
	M Yen	M Yen	M Yen	Yen	Yen
Full Year	2,360,000	40,000	32,000	18.00	36.00

We have not changed the estimated dividends announced on August 23, 2004.

This material contains forward-looking statements based on projections and estimates that involve many variables. TonenGeneral operates in an extremely competitive business environment and in an industry characterized by rapid changes in supply-demand balance. Certain risks and uncertainty including, without limitation, general economic conditions in Japan and other countries, crude 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 in this publication.

Attachments

1. Interim Consolidated Balance Sheet

(Unit: Million Yen)

Account Title	September 30, 2003	September 30, 2004	December 31, 2003	Dec. 31, 2003 vs Sep. 30, 2004
Asset	889,594	883,827	932,586	48,759
Current Assets	561,835	577,470	610,649	33,178
Cash and Cash Equivalents	657	550	658	108
Notes and Accounts Receivable	352,009	393,780	418,655	24,875
Inventories	166,553	163,543	169,111	5,567
Deferred Tax Assets	5,400	4,007	6,964	2,957
Short-term Loans Receivable	28,430	5,262	4,893	368
Others	9,669	11,261	11,371	109
Bad Debt Allowance	883	935	1,006	71
Long-term Assets	327,758	306,356	321,936	15,580
Property, Plant and Equipment	261,419	250,900	257,651	6,750
Buildings, Structures and Tanks	75,425	69,296	72,118	2,822
Machinery and Equipments	64,676	66,736	70,432	3,696
Land	105,156	100,304	103,435	3,130
Others	16,161	14,562	11,663	2,898
Intangible Assets	8,361	5,893	6,764	871
Investments and Other Assets	57,978	49,562	57,521	7,958
Investment in Securities	27,758	21,470	31,851	10,381
Long-term Loans Receivable	2,761	2,084	2,705	621
Deferred Tax Assets	8,612	6,152	4,736	1,415
Others	20,670	21,583	19,487	2,096
Bad Debt Allowance	1,823	1,727	1,259	467
Total Assets	889,594	883,827	932,586	48,759

(Note) Amounts are shown in truncated millions of Yen

(Unit: Million Yen)

Account Title	September 30, 2003	September 30, 2004	December 31, 2003	Dec. 31, 2003 vs Sep. 30, 2004
Liabilities	671,554	654,102	705,788	51,685
Current Liabilities	581,201	563,832	615,401	51,569
Trade Accounts Payable	181,092	222,296	213,943	8,353
Gasoline Tax etc., Payable	179,731	190,996	232,492	41,496
Short-term Loans	138,087	87,249	90,194	2,945
Accrued Income Tax	11,982	4,843	15,411	10,567
Accrued Consumption Tax	8,509	9,924	10,336	412
Guarantee Deposits Payable	11,730	11,915	11,697	217
Reserve for Bonus	3,840	3,917	1,580	2,336
Others	46,228	32,688	39,744	7,055
Long-term Liabilities	90,352	90,270	90,386	116
Long-term Debt	14,754	16,942	14,384	2,558
Reserve for Accrued Pension Cost	52,395	53,269	53,295	26
Reserve for Officers' Retirement Allowance	442	292	382	89
Reserve for Repairs	13,979	13,772	14,123	350
Reserve for Offshore Well Abandonmen	1,585	1,608	1,608	-
Consolidation Adjustment Accoun	95	-	-	-
Others	7,100	4,386	6,593	2,207
Minority Interests	890	928	915	13
Shareholders' Equity	217,149	228,795	225,882	2,913
Common Stock	35,123	35,123	35,123	-
Capital Surplus	20,741	20,748	20,741	6
Retained Earnings	159,787	171,537	166,131	5,406
Unrealized Holding Gains on Securitie	2,037	2,041	4,454	2,412
Foreign Currency Translation Adjustment	10	10	10	0
Treasury Stock	530	645	558	86
Total Liabilities, Minority Interests and Shareholders' Equity	889,594	883,827	932,586	48,759

(Note) Amounts are shown in truncated millions of Yen

2 . Interim Consolidated Statement of Income

(Unit: Million Yen)

Account Title		3rd Q 2003 (January 1, 2003 ~ September 30, 2003)	3rd Q 2004 (January 1, 2004 ~ September 30, 2004)	3rd Q 2003 vs 3rd Q 2004	2003 (January 1, 2003 ~ December 31, 2003)
Ordinary P/L	Operating P/L				
	Sales Revenue	1,581,732	1,702,951	121,219	2,135,289
	Cost of Sales	1,519,140	1,630,803	111,663	2,050,573
	Gross Margin	62,591	72,147	9,555	84,715
	Selling, General and Administrative Expenses	35,047	34,507	539	50,723
	Operating Income	27,544	37,640	10,095	33,992
	Non-Operating P/L				
	Non-Operating Income				
	Interest Income	331	112	218	409
	Dividends Received	91	123	32	137
	Foreign Exchange Gain	1,720	1,370	349	2,253
	Consolidation Adjustment Account	859	-	859	954
	Equity in Earnings of Affiliates	1,170	2,448	1,278	1,597
	Others	382	434	51	532
	Total Non-Operating Income	4,555	4,489	65	5,884
	Non-Operating Expenses				
	Interest Expenses	733	538	194	935
Loss on Sales and Disposal of Supplies	20	98	78	31	
Others	319	351	31	523	
Total Non-Operating Expense	1,072	989	83	1,490	
Ordinary Income	31,027	41,140	10,113	38,386	
Extraordinary P/L	Extraordinary Gain				
	Gain on Sales of Investment Securities	4,246	4,301	54	4,322
	Gain on Sales of Property, Plant and Equipment	3,441	2,211	1,230	9,366
	Gain on Sales of Technical License	669	-	669	669
	Gain on Reversal of Reserve for Offshore Well Abandonment	259	-	259	259
	Gain on Reversal of Bad Debt Allowance	37	-	37	37
	Others	52	55	3	69
	Total Extraordinary Gain	8,706	6,568	2,138	14,725
	Extraordinary Loss				
	Additional Allowance for Early Retirement	25	2,314	2,288	27
	Loss on Sales and Disposal of Property, Plant and Equipment	861	1,793	931	3,383
	Loss on Retirement Allowance Expense for Transferred Employment	3,699	-	3,699	3,699
	Evaluation Loss on Investment Securities	128	-	128	126
Others	5	18	12	345	
Total Extraordinary Loss	4,720	4,126	593	7,581	
Income Before Income Taxes	35,013	43,582	8,568	45,529	
Current Income Taxes	12,971	13,460	489	17,073	
Deferred Income Tax	751	3,396	2,644	778	
Minority Interests	80	13	94	35	
Net Income	21,371	26,711	5,340	27,712	

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

3 . Interim Consolidated Statement of Cash Flows

(Unit: Million Yen)

Title	3rd Q 2003	3rd Q 2004	2003
	(January 1, 2003 ~ September 30, 2003)	(January 1, 2004 ~ September 30, 2004)	(January 1, 2003 ~ December 31, 2003)
	Amounts	Amounts	Amounts
.Cash Flows from Operating Activities			
Income before Income Taxes	35,013	43,582	45,529
Depreciation and Amortization	15,632	15,376	21,673
Decrease(Increase) in Trade Accounts Receivable	72,036	24,875	5,212
Decrease(Increase) in Inventories	11,838	5,567	14,547
Increase(Decrease) in Trade Accounts Payable	34,396	8,353	1,518
Increase(Decrease) in Other Accounts Payable	53,442	50,302	9,041
Others	4,382	1,383	4,656
Sub-Total	27,389	46,070	60,735
Interest and Dividend Income Received	455	192	610
Interest Paid	814	517	992
Payments for Additional Allowance for Early Retirement	4,967	193	6,475
Income Taxes Paid	3,592	24,406	3,761
Net Cash Provided by Operating Activities	18,469	21,144	50,115
.Cash Flows from Investing Activities			
Payments for Additions to Property, Plant and Equipment	11,474	11,395	19,558
Proceeds from Sales of Property, Plant and Equipment	4,460	3,411	14,531
Payments for Additions to Intangible Assets	2,400	272	1,180
Proceeds from Sales of Investment Securities	10,596	7,770	10,949
Decrease(Increase) in Short-term Loans Receivable	2,825	520	20,644
Payments for Long-term Loans Receivable	12	55	12
Collection of Long-term Loans Receivable	3,265	828	3,387
Others	90	5	150
Net Cash Provided(Used) in Investing Activities	1,699	228	28,909
.Cash Flows from Financing Activities			
Increase(Decrease) in Short-term Borrowings	1,775	2,565	22,678
Increase(Decrease) in Commercial Paper	-	-	10,000
Increase(Decrease) in Long-term Debt	2,607	2,177	26,018
Payments for Repurchase of Treasury Stock	75	141	127
Proceeds from Sales of Treasury Stock	89	61	116
Cash Dividends Paid	20,364	20,556	21,307
Payment to Minority Interests Due to Capital Reduction	-	-	21
Net Cash Used in Financing Activities	21,181	21,024	80,036
.Decrease in Cash and Cash Equivalents	1,012	108	1,011
.Cash and Cash Equivalents at the Beginning of the Period	1,670	658	1,670
.Cash and Cash Equivalents at the End of the Period	657	550	658

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

4. Segment Information

Consolidated ⑤

Segment Information by Business Line:

(1) 3rd Q 2003 (January 1, 2003 through September 30, 2003)

(Unit: Million Yen)

	Oil	Chemicals	Others	Total	Elimination	Consolidated
Net Sales and Operating Income						
(1)Sales Revenue to Third Parties	1,462,067	118,323	1,341	1,581,732	-	1,581,732
(2)Internal Transactions	264,184	18,333	1,280	283,798	△ 283,798	-
Total	1,726,251	136,656	2,622	1,865,530	△ 283,798	1,581,732
Operating Expenses	1,711,978	123,547	2,679	1,838,205	△ 284,017	1,554,187
Operating Income (△Loss)	14,272	13,109	△ 56	27,325	219	27,544

(2) 3rd Q 2004 (January 1, 2004 through September 30, 2004)

(Unit: Million Yen)

	Oil	Chemicals	Others	Total	Elimination	Consolidated
Net Sales and Operating Income						
(1)Sales Revenue to Third Parties	1,562,217	139,337	1,396	1,702,951	-	1,702,951
(2)Internal Transactions	275,459	17,818	1,175	294,453	△ 294,453	-
Total	1,837,677	157,155	2,572	1,997,405	△ 294,453	1,702,951
Operating Expenses	1,826,653	130,649	2,673	1,959,977	△ 294,666	1,665,311
Operating Income (△Loss)	11,023	26,505	△ 101	37,427	212	37,640

(3) 2003 (January 1, 2003 through December 31, 2003)

(Unit: Million Yen)

	Oil	Chemicals	Others	Total	Elimination	Consolidated
Sales Revenue						
(1)Sales Revenue to Third Parties	1,975,199	158,101	1,987	2,135,289	-	2,135,289
(2)Internal Transactions	343,610	24,438	2,008	370,057	△ 370,057	-
Total	2,318,810	182,540	3,995	2,505,347	△ 370,057	2,135,289
Operating Expenses	2,305,230	162,390	4,000	2,471,622	△ 370,325	2,101,297
Operating Income (△Loss)	13,579	20,149	△ 4	33,724	267	33,992

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