

Summary of Financial Results for the First Half 2006 (Parent)

August 22, 2006



Listed company: TonenGeneral Sekiyu Kabushiki Kaisha Listed on: Tokyo Stock Exchange
 Code number: 5012 Location of the head office: Tokyo
 URL: http://www.tonengeneral.co.jp
 Representative: D. G. Wascom, Representative Director, Chairman and President
 Contact person: K. Morishita, ExxonMobil Y.K., Public Affairs Manager
 Tel. (03) 6713-4400

Date of Board of Directors meeting for interim closing: August 22, 2006
 Starting Date of Payment of Interim Dividend: September 25, 2006
 Unit Share System: Yes (One Unit = 1,000 Shares)

1. Financial Results for the First Half 2006 (January 1, 2006 through June 30, 2006)

(1) Financial Results Amounts shown in truncated Millions of yen

	Sales Revenue		Operating Income		Ordinary Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
1H 2006	1,453,591	(12.3)	356	(△97.0)	29,055	(92.7)
1H 2005	1,294,946	(18.3)	12,026	(44.0)	15,074	(△3.7)
2005	2,800,894		△ 1,363		7,075	

	Interim (Annual) Net Income		Interim (Annual) Net Income per Share	
	Millions of yen	%	Yen	
1H 2006	27,373	(198.8)	46.93	
1H 2005	9,160	(△31.9)	15.48	
2005	4,055		6.86	

- (Notes)
- ① Average number of issued shares
 1H 2006: 583,296,884 shares 1H 2005: 591,612,402 shares 2005: 591,379,999 shares
- ② Change in accounting policies: No
- ③ Percentages shown in Sales Revenue, Operating Income, Ordinary Income and Interim (Annual) Net Income are comparisons with the previous interim accounting period.

(2) Financial Position

	Total Assets	Net Assets	Owners' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
1H 2006	842,631	182,921	21.7	313.61
1H 2005	789,234	192,304	24.4	325.08
2005	917,982	166,442	18.1	285.33

- (Notes)
- ① Number of outstanding shares at the end of the period
 1H 2006: 583,278,362 shares 1H 2005: 591,563,063 shares 2005: 583,329,495 shares
- ② Number of treasury stocks
 1H 2006: 121,638 shares 1H 2005: 979,955 shares 2005: 70,505 shares
- ③ Net Assets for 1H and FY 2005 represent "Shareholders' Equity" based on the rules for financial statements etc. then in force

2. Projected Business Performance for 2006 (January 1, 2006 through December 31, 2006)

	Sales Revenue	Ordinary Income	Net Income
	Millions of yen	Millions of yen	Millions of yen
Full Year	3,118,000	59,000	57,000

(Reference) Projected Net Income per share 97.72 Yen

3. Dividends

— Cash Dividends	Dividends Declared per Share (Yen)		
	1H	2H	Annual
2005	18.00	18.50	36.50
1H 2006 (Actual)	18.50	-	37.00
2006 (Projection)	-	18.50	

This filing contains forward-looking statements based on projections and estimates that involve many variables. 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 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.

VIII. Interim Financial Statements

Interim Balance Sheets

(Unit: Million yen)

Account Title	June 30, 2005	June 30, 2006	December 31, 2005	Jun. 30, 2006 vs. Dec. 31, 2005
(ASSETS)				
I Current Assets				
1 Cash and Cash Equivalents	578	414	115	298
2 Notes and Trade Accounts Receivable	375,273	391,319	492,211	△100,891
3 Inventories	146,752	176,971	151,104	25,867
4 Income Tax Refund Receivable	-	4,245	11,979	△7,734
5 Deferred Tax Assets	3,719	5,062	5,186	△124
6 Short-term Loans Receivable	12,754	14,470	13,172	1,298
7 Other Accounts Receivable	4,773	4,484	4,547	△63
8 Others	5,090	3,353	2,306	1,047
9 Bad Debt Allowance	△744	△279	△623	344
Total Current Assets	548,198	600,043	680,000	△79,956
II Long-term Assets				
1 Property, Plant and Equipment				
(1) Buildings	17,794	16,230	16,756	△526
(2) Structures	33,674	32,219	33,297	△1,078
(3) Tanks	5,761	5,473	5,626	△153
(4) Machinery and Equipment	53,808	50,731	53,504	△2,773
(5) Land	78,333	75,702	76,024	△322
(6) Others	9,662	20,679	10,238	10,441
Total Property, Plant and Equipment	199,034	201,036	195,448	5,587
2 Intangible Assets	5,164	4,992	5,322	△329
3 Investments and Other Assets				
(1) Investment Securities	5,572	5,649	5,720	△70
(2) Stock of Subsidiaries	12,520	12,520	12,520	-
(3) Investment in Subsidiaries	967	967	967	-
(4) Long-term Loans Receivable	1,742	1,210	1,288	△78
(5) Deferred Tax Assets	6,149	6,173	6,531	△357
(6) Others	11,232	10,640	10,821	△180
(7) Bad Debt Allowance	△1,347	△603	△638	34
Total Investments and Other Assets	36,837	36,558	37,211	△652
Total Long-term Assets	241,035	242,588	237,982	4,605
Total Assets	789,234	842,631	917,982	△75,350

(Note) Amounts shown in truncated millions of yen .

Interim Balance Sheets

(Unit: Million yen)

Account Title	June 30, 2005	June 30, 2006	December 31, 2005	Jun. 30, 2006 vs. Dec. 31, 2005
(LIABILITIES)				
I Current Liabilities				
1 Notes and Trade Accounts Payable	233,397	301,940	311,043	△9,102
2 Gasoline Tax etc., Payable	166,972	148,149	226,730	△78,581
3 Short-term Debt	77,161	94,813	75,069	19,744
4 Commercial Paper	-	-	15,000	△15,000
5 Other Accounts Payable	6,808	12,219	11,428	791
6 Accrued Income Taxes	4,594	-	-	-
7 Accrued Consumption Taxes	7,383	3,700	10,458	△6,757
8 Guarantee Deposits Payable	12,306	12,650	12,335	314
9 Reserve for Bonuses	1,222	1,361	1,165	196
10 Others	16,590	18,753	18,743	10
Total Current Liabilities	526,437	593,590	681,973	△88,382
II Long-term Liabilities				
1 Long-term Debt	14,750	12,713	13,801	△1,088
2 Reserve for Accrued Pension Costs	37,674	36,139	37,588	△1,449
3 Reserve for Officers' Retirement Allowance	231	164	233	△68
4 Reserve for Repairs	13,404	14,009	14,371	△361
5 Reserve for Offshore Well Abandonment	1,604	1,562	1,567	△5
6 Others	2,828	1,529	2,004	△474
Total Long-term Liabilities	70,492	66,119	69,566	△3,446
Total Liabilities	596,930	659,710	751,539	△91,829
(SHAREHOLDERS' EQUITY)				
I Common Stock				
	35,123	-	35,123	△35,123
II Additional Paid-in Capital				
1 Legal Capital Surplus	20,741	-	20,741	△20,741
2 Other Legal Capital Surplus	20	-	28	△28
Total Additional Paid-in Capital	20,761	-	20,770	△20,770
III Retained Earnings				
1 Legal Earned Reserve	8,780	-	8,780	△8,780
2 Voluntary Reserves	21,887	-	21,887	△21,887
3 Unappropriated Retained Earnings	106,259	-	79,491	△79,491
Total Retained Earnings	136,927	-	110,160	△110,160
IV Net Unrealized Holding Gains on Securities	352	-	474	△474
V Treasury Stock	△861	-	△85	85
Total Shareholders' Equity	192,304	-	166,442	△166,442
Total Liabilities and Shareholders' Equity	789,234	-	917,982	△917,982
(NET ASSETS)				
I Owners' Equity				
1 Paid-in Capital	-	35,123	-	35,123
2 Capital Surplus	-	-	-	-
(1) Capital Legal Surplus	-	20,741	-	20,741
(2) Other Capital Surplus	-	27	-	27
Total Capital Surplus	-	20,769	-	20,769
3 Earned Surplus	-	-	-	-
(1) Earned Legal Reserve	-	8,780	-	8,780
(2) Other Earned Surplus	-	-	-	-
Reserve for Replacement of Property	-	18,811	-	18,811
Reserve for Mine Exploration	-	216	-	216
Reserve for Special Depreciation	-	39	-	39
Earned Surplus Brought Forward	-	98,893	-	98,893
Total Earned Surplus	-	126,741	-	126,741
4 Treasury Stock	-	△146	-	△146
Total Owners' Equity	-	182,487	-	182,487
II Valuation and Translation Adjustments				
1 Valuation difference on Available-for-Sales Securities	-	433	-	433
Total Valuation and Translation Adjustments	-	433	-	433
Total Net Assets	-	182,921	-	182,921
Total Liabilities and Net Assets	-	842,631	-	842,631

(Note) Amounts shown in truncated millions of yen .

Interim Statement of Income

(Unit: Million yen)

Account Title	1H 2005 (Jan. 1 through Jun. 30)	1H 2006 (Jan. 1 through Jun. 30)	2006 vs. 2005	2005 (Jan. 1 through Dec. 31)
I Sales Revenue	1,294,946	1,453,591	158,645	2,800,894
II Cost of Sales	1,269,210	1,440,596	171,386	2,774,637
Gross Margin	25,735	12,994	△12,740	26,257
III Selling, General and Administrative Expenses	13,709	12,637	△1,071	27,621
Operating Income (△Loss)	12,026	356	△11,669	△1,363
IV Non-operating Income				
1 Interest Income	195	481	286	383
2 Dividends Received	2,362	25,406	23,044	7,364
3 Foreign Exchange Gain	810	3,064	2,254	1,362
4 Others	19	62	43	53
Total Non-operating Income	3,387	29,016	25,628	9,164
V Non-operating Expenses				
1 Interest Expenses	315	312	△3	617
2 Loss on Sales and Disposal of Supplies	8	3	△5	81
3 Others	14	2	△12	25
Total Non-operating Expenses	339	318	△21	725
Ordinary Income	15,074	29,055	13,980	7,075
VI Extraordinary Gain				
1 Gain on Sales of Property, Plant and Equipment	253	58	△194	2,536
2 Gain on Sales of Golf Membership	37	25	△12	37
Total Extraordinary Gain	290	84	△206	2,574
VII Extraordinary Loss				
1 Loss on Asset Impairment	30	322	291	868
2 Loss on Disposals of Property, Plant and Equipment	847	197	△650	2,818
3 Evaluation Loss on Investment Securities	615	-	△615	664
4 Additional Allowance for Employee's Early Retirement	-	-	-	3,203
Total Extraordinary Loss	1,493	519	△974	7,554
Interim (Annual) Income before Income Taxes	13,871	28,620	14,748	2,095
Current Income Taxes	4,411	737	△3,674	32
Prior Year's Income Taxes	-	-	-	△359
Deferred Income Tax	299	510	210	△1,633
Interim (Annual) Net Income	9,160	27,373	18,212	4,055

(Note) Amounts shown in truncated millions of yen .

Interim Statement of Changes in Net Assets

The 1st half, 2006 (January 1, 2006 through June 30, 2006)

(Unit: Million yen)

	Owners' Equity											Treasury Stock	Total
	Paid-in Capital	Capital Surplus			Earned Legal Reserve	Earned Surplus				Total			
		Capital Legal Reserve	Other Capital Surplus	Total		Other Earned Surplus			Earned Surplus brought Forward				
						Reserve for Replacement Property	Reserve for Mine Exploration	Reserve for Special Depreciation					
Balance at December 31, 2005	35,123	20,741	28	20,770	8,780	21,467	258	161	79,491	110,160	△ 85	165,968	
Changes of items during the period	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends from Surplus	-	-	-	-	-	-	-	-	△ 10,791	△ 10,791	-	△ 10,791	
Interim Net Income	-	-	-	-	-	-	-	-	27,373	27,373	-	27,373	
Purchase of Treasury Stock	-	-	-	-	-	-	-	-	-	-	△ 103	△ 103	
Sales of Treasury Stock	-	-	△ 0	△ 0	-	-	-	-	-	-	42	42	
Addition/ Withdrawal of Other Earned Surplus	-	-	-	-	-	△ 2,656	△ 42	△ 121	2,820	-	-	-	
Net changes of items other than Owners' Equity	-	-	-	-	-	-	-	-	-	-	-	-	
Total changes of items during the period	-	-	△ 0	△ 0	-	△ 2,656	△ 42	△ 121	19,402	16,581	△ 61	16,519	
Balance at June 30, 2006	35,123	20,741	27	20,769	8,780	18,811	216	39	98,893	126,741	△ 146	182,487	

	Valuation and Translation Adjustments		Total Net Assets
	Valuation Difference on Available-for-Sales securities	Total	
Balance at December 31, 2005	474	474	166,442
Changes of items during the period	-	-	-
Dividends from Surplus	-	-	△ 10,791
Interim Net Income	-	-	27,373
Purchase of Treasury Stock	-	-	△ 103
Sales of Treasury Stock	-	-	42
Addition/ Withdrawal of Other Earned Surplus	-	-	-
Net changes of items other than Owners' Equity	△ 40	△ 40	△ 40
Total changes of items during the period	△ 40	△ 40	16,478
Balance at June 30, 2006	433	433	182,921

(Note) Amounts shown in truncated millions of yen .

Notes to Interim Financial Statements

1. Evaluation Methods for Important Assets

- (1) Securities
 - Stocks of subsidiaries and affiliated companies: the moving-average method
 - Others Securities
 - Marketable: market value at the closing date
(Valuation difference on available-for-sales securities is directly reflected in Owners' equity, and cost of sales is calculated using the moving-average method.)
 - Non-marketable: the moving-average method
- (2) Inventories
 - Goods, products, unfinished products, and crude: generally LIFO at the lower of cost or market
 - Supplies: the moving-average method
- (3) Derivative transactions, etc.: market value at the closing date

2. Depreciation and Amortization of Fixed Assets

- (1) Property, Plant and Equipment: generally the declining-balance method
The service life ranges of major types of assets are:

Buildings and Structures:	10 to 50 years
Tanks:	10 to 25 years
Machinery and Equipment:	8 to 15 years
- (2) Intangible Assets: the straight-line method
In-house computer software is amortized over its service life (5 to 15 years) using the straight-line method.

3. Accounting Standards for Major Reserves

- Bad Debt Allowance
To provide for losses due to bad debt, the Company accrues an estimated bad debt allowance on ordinary receivables based on historical bad debt ratios, and on highly doubtful receivables based on the financial conditions of individual customers.
- Reserve for Bonuses
To provide for the payment of employees' bonuses, the Company accrues an estimated reserve for the interim accounting period.
- Reserve for Accrued Pension Costs
To provide for the payment of employees' post-retirement benefits, the Company accrues an estimated reserve based on the projected benefit obligations and estimated pension plan assets as of the interim closing date. Any difference caused in actuarial calculations of retirement benefits is amortized beginning with the next accounting period, where the declining balance method is employed over a period which is set within employees' average remaining service years (12 years). Prior service obligations are amortized with the straight-line method over employees' average remaining service years (12.9 and 15.5 years).
- Reserve for Officers' Retirement Allowance
To provide for the payment of officers' post-retirement allowance, the Company accrues an estimated amount of lump sum retirement allowance assuming that officers retire at the closing date.
- Reserve for Repairs
To provide for periodic tank inspections required under the Fire Service Law and for periodic repairs of machinery and equipment, the Company accrues estimated reserves for the interim accounting period, based on actual payments and on actual payments and repair plans, respectively.
- Reserve for Offshore Well Abandonment
To provide for expenses for offshore well abandonment to be incurred when natural gas production is terminated, the Company accrues an estimated amount using the unit of production method.

4. 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 in exchange rate is reflected into income.

5. Accounting for Finance Lease Transactions

The same accounting method is employed for finance lease transactions without transfer of ownership of leased items to lessee as for ordinary operating lease transactions.

6. Others

Interim Statement of Income does not include consumption tax.

Changes in Fundamental and Important Items for Interim Financial Statements

1. Accounting Standard for Presentation of Net Assets in the Balance Sheet

"Accounting standard for presentation of net assets in the balance sheet" and "its implementation guideline" were issued by Accounting Standards Board of Japan ("ASBJ") on December 9, 2005 as "Accounting Standard No.5" and "Guideline No.8". The standard and guideline are effective from the accounting period that ends after May 1, 2006 and the Company has applied them from this interim accounting period. The amount of "Owners' Equity" is unchanged from the amount of "Shareholders' Equity" based on the previous standard.

The changes in presentation in the interim balance sheet due to adoption of the new ASBJ requirements are as follows;

- (1) Shareholders' Equity" in the prior period is changed in this period, to "Net Assets" including "Owners' Equity" and "Valuation and Translation Adjustments".
- (2) Paid-in Capital", "Capital Surplus", and "Earned Surplus" which were independently identified in the prior period are included in "Owners' Equity" in this period.
- (3) Net Unrealized Holding Gains on Securities", presented under "Retained Earnings" in the prior period, is included in "Valuation and Translation Adjustments" in this period.

2. Revision of Accounting Standard for Treasury Shares and Appropriation of Legal Reserve

Revised "Accounting Standard for Treasury Shares and Appropriation of Legal Reserve" and its implementation guideline were issued by ASBJ on December 27, 2005 as "Accounting Standard No.1" and "Guideline No.2". The Company has applied the standard and guideline from this interim accounting period. There is no P/L impact from this application.

The changes in presentation in the interim balance sheet is as follows:

In the prior period, "Treasury Stock", which is a deduction from the amount of "Shareholders' Equity", is presented at the bottom of "Shareholders' Equity". From this accounting period, "Treasury Stock", which is a deduction from "Owners' Equity", is presented at the bottom of "Owners' Equity".

1. Interim Balance Sheets

	June 30, 2005	June 30, 2006	December 31, 2005
(1) Accumulated Depreciation of Property, Plant and Equipment	628,119 million yen	638,599 million yen	632,874 million yen
(2) Contingent Liabilities	4,098 million yen	3,515 million yen	3,760 million yen
(3) Number of Shares Issued: Common Stock	592,543,018 shares	583,400,000 shares	583,400,000 shares
(4) Treasury Stock	979,955 shares	121,638 shares	70,505 shares
Number of Shares Amount	861 million yen	146 million yen	85 million yen

2. Interim Statement of Income

	1H 2005	1H 2006	2005
(1) Gain on Sales of Property, Plant and Equipment			
Structures (Service Stations, etc.)	- million yen	58 million yen	- million yen
Land (Service Stations, etc.)	246 million yen	0 million yen	2,468 million yen
Buildings (Service Stations, etc.)	2 million yen	- million yen	22 million yen
Others	4 million yen	- million yen	45 million yen
Total	<u>253</u> million yen	<u>58</u> million yen	<u>2,536</u> million yen
(2) Loss on Sales and Disposals of Property, Plant and Equipment			
Machinery and Equipment (Refinery Facilities, etc.)	221 million yen	59 million yen	485 million yen
Structures (Service Stations, etc.)	69 million yen	54 million yen	220 million yen
Buildings (Service Stations, etc.)	204 million yen	43 million yen	802 million yen
Tanks (Refinery Facilities)	- million yen	2 million yen	- million yen
Land (Service Stations, etc.)	289 million yen	- million yen	892 million yen
Others	64 million yen	36 million yen	417 million yen
Total	<u>847</u> million yen	<u>197</u> million yen	<u>2,818</u> million yen

3. Interim Statement of Changes in Net Assets

Treasury Stock				
Category	December 31, 2005	Increase	Decrease	June 30, 2006
Common Stock (Share)	70,505	86,417	35,284	121,638

(Major cause of movement) Increase and decrease of Treasury Stock is due to purchase and sales of odd-lot stocks

4. Lease Transactions

Parent (8)

Finance Leases without Transfer of Ownership of Leased Items to Lessee

(1) Acquisition Cost Equivalent, Accumulated Depreciation Equivalent and Net Book Value Equivalent at the Closing Dates

June 30, 2005			June 30, 2006			December 31, 2005					
Acquisition Amount Equivalent	Accumulated Depreciation Equivalent	Outstanding Balance	Acquisition Amount Equivalent	Accumulated Depreciation Equivalent	Outstanding Balance	Acquisition Amount Equivalent	Accumulated Depreciation Equivalent	Outstanding Balance			
(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)			
Tanks	301	137	164	Tanks	301	231	70	Tanks	301	184	117
Machinery and Equipment	238	218	19	Machinery and Equipment	-	-	-	Machinery and Equipment	238	229	9
Property, Plant, Equipment and other	44	22	22	Property, Plant, Equipment and other	153	40	113	Property, Plant, Equipment and other	44	28	16
Intangible Assets	88	86	2	Intangible Assets	-	-	-	Intangible Assets	-	-	-
Total	673	465	208	Total	455	271	183	Total	585	442	142

(Note) The acquisition cost equivalent amounts include interest-equivalent expenses, since the outstanding balance of accrued lease fee at the end of period is immaterial considering the total amount of property, plant and equipment.

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

	June 30, 2005	June 30, 2006	December 31, 2005
Due within One Year	126 million yen	99 million yen	109 million yen
Due over One Year	82 million yen	83 million yen	33 million yen
Total	208 million yen	183 million yen	142 million yen

(Note) The outstanding balances of accrued lease fees include interest-equivalent expenses, since the outstanding balance of accrued lease fee at the end of period is immaterial considering the total amount of property, plant and equipment.

(3) Lease Fees Paid and Depreciation Expense Equivalent

	1H 2005	1H 2006	2005
Lease Fees Paid	79 million yen	65 million yen	145 million yen
Depreciation Expenses Equivalent	79 million yen	65 million yen	145 million yen

(4) Calculation Method for Depreciation Expense Equivalent

The Straight-line method with no residual value, where a lease period is treated as a period of depreciation.

5. Securities

There were no stocks of subsidiaries or investments in securities that had market values in the previous interim accounting period, the current interim accounting period or the previous accounting period.