

Summary of Financial Results for 2006 (Parent)

February 19, 2007



Listed company: TonenGeneral Sekiyu Kabushiki Kaisha
 Code number: 5012
 URL: http://www.tonengeneral.co.jp
 Representative: D. G. Wascom, Representative Director, Chairman and President
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Listed on: Tokyo Stock Exchange
 Location of the head office: Tokyo

Date of Board of Directors meeting for closing: February 19, 2007
 Date of Annual General Shareholders' meeting: March 27, 2007
 Starting Date of Payment of Dividend: March 28, 2007
 Unit Share System: Yes (One Unit = 1,000 Shares)

1. Financial Results for 2006 (January 1, 2006 through December 31, 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	%
2006	3,027,083	(8.1)	33,739	(-)	95,117	(-)
2005	2,800,894	(18.2)	△ 1,363	(-)	7,075	(△86.5)

	Net Income		Net Income per Share	Net Income per Share After Adjustment	Income Ratio to Owners' Equity	Ordinary Income Ratio to Total Assets	Ordinary Income Ratio to Sales Revenue
	Millions of yen	%	Yen	Yen	%	%	%
2006	77,200	(-)	132.36	-	39.8	10.0	3.1
2005	4,055	(△90.0)	6.86	-	2.3	0.8	0.3

(Notes) ① Average number of issued shares 2006: 583,277,811 shares 2005: 591,379,999 shares
 ② Change in accounting policies: No
 ③ Percentages figures shown in Sales Revenue, Operating Income, Ordinary Income and Net Income are comparisons with the previous accounting period.

(2) Financial Position

	Total Assets	Net Assets	Owners' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
2006	986,415	221,909	22.7	380.49
2005	917,982	166,442	18.1	285.33

(Notes) ① Number of outstanding shares at the end of the period 2006: 583,224,522 shares 2005: 583,329,495 shares
 ② Number of treasury stocks 2006: 175,478 shares 2005: 70,505 shares
 ③ Net Assets for FY 2005 represent "Shareholders' Equity" based on the rules for financial statements etc. then in force

2. Projected Business Performance for 2007 (January 1, 2007 through December 31, 2007)

	Sales Revenue	Ordinary Income	Net Income
	Millions of yen	Millions of yen	Millions of yen
First Half	1,480,000	13,000	9,000
Full Year	2,980,000	29,000	18,000

(Reference) Projected Net Income per share 30.86 Yen

3. Dividends

— Cash Dividends	Dividends Declared per Share (Yen)			Total amount of Dividends (Millions of yen)	Payout Ratio (%)	Dividends Ratio to Net Assets (%)
	1H	2H	Annual			
2005	18.00	18.50	36.50	21,439	528.6	12.9
2006	18.50	18.50	37.00	21,580	28.0	9.7
2007 (Projection)	18.50	18.50	37.00			

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. Financial Statements

Balance Sheet

(Unit: Million yen)

Account Title	December 31, 2005	December 31, 2006	Dec. 31, 2006 vs. Dec. 31, 2005
(ASSETS)			
I Current Assets			
1 Cash and Cash Equivalents	115	198	82
2 Notes and Trade Accounts Receivable	492,211	517,480	25,268
3 Inventories	151,104	169,907	18,803
4 Income Tax Refund Receivable	11,979	-	△11,979
5 Deferred Tax Assets	5,186	3,978	△1,207
6 Short-term Loans Receivable	13,172	36,055	22,883
7 Other Accounts Receivable	4,547	4,647	100
8 Others	2,306	4,445	2,139
9 Bad Debt Allowance	△623	△202	421
Total Current Assets	680,000	736,511	56,511
II Long-term Assets			
1 Property, Plant and Equipment			
(1) Buildings	16,756	15,720	△1,036
(2) Structures	33,297	31,034	△2,263
(3) Tanks	5,626	5,266	△359
(4) Machinery and Equipment	53,504	54,954	1,449
(5) Land	76,024	73,768	△2,256
(6) Others	10,238	26,986	16,748
Total Property, Plant and Equipment	195,448	207,730	12,282
2 Intangible Assets			
	5,322	5,121	△201
3 Investments and Other Assets			
(1) Investment Securities	5,720	5,639	△80
(2) Stock of Subsidiaries	12,520	13,487	967
(3) Investment in Subsidiaries	967	-	△967
(4) Long-term Loans Receivable	1,288	1,126	△161
(5) Deferred Tax Assets	6,531	7,307	775
(6) Others	10,821	10,008	△813
(7) Bad Debt Allowance	△638	△517	121
Total Investments and Other Assets	37,211	37,052	△158
Total Long-term Assets	237,982	249,904	11,922
Total Assets	917,982	986,415	68,433

(Note) Amounts shown in truncated millions of yen .

Balance Sheet

(Unit: Million yen)

Account Title	December 31, 2005	December 31, 2006	Dec. 31, 2006 vs. Dec. 31, 2005
(LIABILITIES)			
I Current Liabilities			
1 Notes and Trade Accounts Payable	311,043	369,281	58,238
2 Gasoline Tax etc., Payable	226,730	224,555	△2,175
3 Short-term Debt	75,069	41,401	△33,667
4 Commercial Paper	15,000	5,000	△10,000
5 Other Accounts Payable	11,428	16,668	5,240
6 Accrued Income Taxes	-	3,543	3,543
7 Accrued Consumption Taxes	10,458	6,265	△4,192
8 Guarantee Deposits Payable	12,335	12,637	302
9 Reserve for Bonuses	1,165	1,122	△43
10 Others	18,743	19,091	348
Total Current Liabilities	681,973	699,567	17,594
II Long-term Liabilities			
1 Long-term Debt	13,801	11,625	△2,176
2 Reserve for Accrued Pension Costs	37,588	34,645	△2,942
3 Reserve for Officers' Retirement Allowance	233	167	△66
4 Reserve for Repairs	14,371	14,919	548
5 Reserve for Offshore Well Abandonment	1,567	2,234	666
6 Others	2,004	1,345	△659
Total Long-term Liabilities	69,566	64,937	△4,628
Total Liabilities	751,539	764,505	12,965
(SHAREHOLDERS' EQUITY)			
I Common Stock			
	35,123	-	△35,123
II Additional Paid-in Capital			
1 Legal Capital Surplus	20,741	-	△20,741
2 Other Legal Capital Surplus	28	-	△28
Total Additional Paid-in Capital	20,770	-	△20,770
III Retained Earnings			
1 Legal Earned Reserve	8,780	-	△8,780
2 Voluntary Reserves	21,887	-	△21,887
3 Unappropriated Retained Earnings	79,491	-	△79,491
Total Retained Earnings	110,160	-	△110,160
IV Net Unrealized Holding Gains on Securities	474	-	△474
V Treasury Stock	△85	-	85
Total Shareholders' Equity	166,442	-	△166,442
Total Liabilities and Shareholders' Equity	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	-	24	24
Total Capital Surplus	-	20,766	20,766
3 Earned Surplus			
(1) Earned Legal Reserve	-	8,780	8,780
(2) Other Earned Surplus			
Reserve for Replacement of Property	-	18,067	18,067
Reserve for Mine Exploration	-	239	239
Reserve for Special Depreciation	-	20	20
Earned Surplus Brought Forward	-	138,670	138,670
Total Earned Surplus	-	165,778	165,778
4 Treasury Stock	-	△206	△206
Total Owners' Equity	-	221,461	221,461
II Valuation and Translation Adjustments			
1 Valuation difference on Available-for-Sales Securities	-	448	448
Total Valuation and Translation Adjustments	-	448	448
Total Net Assets	-	221,909	221,909
Total Liabilities and Net Assets	-	986,415	986,415

(Note) Amounts shown in truncated millions of yen .

Statement of Income

(Unit: Million yen)

Account Title	2005 (Jan. 1 through Dec. 31)	2006 (Jan. 1 through Dec. 31)	2006 vs. 2005
I Sales Revenues	2,800,894	3,027,083	226,188
II Cost of Sales	2,774,637	2,968,011	193,374
Gross Margin	26,257	59,071	32,813
III Selling, General and Administrative Expenses	27,621	25,331	△2,289
Operating Income	△1,363	33,739	35,103
IV Non-operating Income			
1 Interest Income	383	704	321
2 Dividends Received	7,364	55,153	47,788
3 Foreign Exchange Gain	1,362	6,037	4,675
4 Others	53	231	177
Total Non-operating Income	9,164	62,127	52,962
V Non-operating Expenses			
1 Interest Expenses	617	723	106
2 Loss on Sales and Disposal of Supplies	81	23	△58
3 Others	25	2	△23
Total Non-operating Expenses	725	749	24
Ordinary Income	7,075	95,117	88,041
VI Extraordinary Gain			
1 Gain on Liquidation of Investment Securities	-	503	503
2 Gain on Sales of Property, Plant and Equipment	2,536	107	△2,428
3 Gain on Sales of Golf Membership	37	47	9
Total Extraordinary Gain	2,574	658	△1,915
VII Extraordinary Loss			
1 Loss on Asset Impairment	868	2,131	1,262
2 Loss on Disposals of Property, Plant and Equipment	2,818	909	△1,908
3 Provision Loss on Reserve for Offshore Well Abandonment	-	672	672
4 Evaluation Loss on Investment Securities	664	-	△664
5 Additional Allowance for Employee's Early Retirement	3,203	-	△3,203
Total Extraordinary Loss	7,554	3,712	△3,841
Income before Income Taxes	2,095	92,063	89,967
Current Income Taxes	32	14,412	14,379
Prior Year's Income Taxes	△359	-	359
Deferred Income Tax	△1,633	450	2,084
Net Income	4,055	77,200	73,144

(Note) Amounts shown in truncated millions of yen .

Statement of Appropriations

(Unit: Million Yen)

Account Titles	2005 (January 1 through December 31)
Unappropriated Retained Earnings at the End of Period	79,491
Reversal of Voluntary Reserves:	
Reserve for Replacement of Property	1,980
Reserve for Mine Exploration	8
Reserve for Special Depreciation	103
Total	81,583
Appropriation:	
Dividends to Shareholders	10,791 18.50 yen per share
Retained Earnings Carried Forward	70,791

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

Statement of Changes in Net Assets

2006 (January 1, 2006 through December 31, 2006)

(Unit: Million yen)

	Owners' Equity											
	Paid-in Capital	Capital Surplus			Earned Legal Reserve	Earned Surplus				Treasury Stock	Total	
		Capital Legal Reserve	Other Capital Surplus	Total		Other Earned Surplus						
						Reserve for Replacement Property	Reserve for Mine Exploration	Reserve for Special Depreciation	Earned Surplus brought Forward			
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	-	-	-	-	-	-	-	-	△ 21,582	△ 21,582	-	△ 21,582
Net Income	-	-	-	-	-	-	-	-	77,200	77,200	-	77,200
Purchase of Treasury Stock	-	-	-	-	-	-	-	-	-	-	△ 210	△ 210
Sales of Treasury Stock	-	-	△ 4	△ 4	-	-	-	-	-	-	90	85
Addition/ Withdrawal of Other Earned Surplus	-	-	-	-	-	△ 3,400	△ 19	△ 140	3,560	-	-	-
Net changes of items other than Owners' Equity	-	-	-	-	-	-	-	-	-	-	-	-
Total changes of items during the period	-	-	△ 4	△ 4	-	△ 3,400	△ 19	△ 140	59,178	55,618	△ 120	55,493
Balance at December 31, 2006	35,123	20,741	24	20,766	8,780	18,067	239	20	138,670	165,778	△ 206	221,461

	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	-	-	△ 21,582
Net Income	-	-	77,200
Purchase of Treasury Stock	-	-	△ 210
Sales of Treasury Stock	-	-	85
Addition/ Withdrawal of Other Earned Surplus	-	-	-
Net changes of items other than Owners' Equity	△ 26	△ 26	△ 26
Total changes of items during the period	△ 26	△ 26	55,467
Balance at December 31, 2006	448	448	221,909

(Note) Amounts shown in truncated millions of yen .

Notes to Financial Statements

1. Evaluation Methods for Securities

- (1) Stocks of subsidiaries and affiliated companies: the moving-average method
- (2) 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. Evaluation Methods for Derivative transactions, etc.: market value at the closing date

3. Evaluation Methods for Inventories

- (1) Goods, products, unfinished products, and crude: generally LIFO at the lower of cost or market
- (2) Supplies: the moving-average method

4. 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.

5. 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.

6. Accounting Standards for Major Reserves

- (1) 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.

- (2) Reserve for Bonuses

To provide for the payment of employees' bonuses, the Company accrues an estimated reserve for the accounting period.

- (3) 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 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).

- (4) 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.

- (5) 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 an estimated reserves for the accounting period, based on actual payments and repair plans, respectively.

- (6) 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.

7. 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.

8. Others

Statement of Income does not include consumption tax.

Changes in Fundamental and Important Items for 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 accounting period. The amount of "Shareholders' Equity" based on the previous standard is 221,909 million yen. The changes in presentation in the 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) "Voluntary Reserves" which were included in "Retained Earnings" in the prior period are itemized in "Other Earned Surplus" in this period. With an adoption of the standard, the independent line of "Voluntary Reserves" is omitted in this period.
- (4) "Unappropriated Retained Earnings" which were included in "Retained Earnings" in the prior period are included in "Other Earned Surplus" as "Earned Surplus Brought Forward" in this period.
- (5) "Net Unrealized Holding Gain on Securities", presented under "Retained Earnings" in the prior period, is included in "Valuation and Translation Adjustment" 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 accounting period. There is no P/L impact from this application.

The changes in presentation in the 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".

Change in presentation of accounts

The Company's interests in private limited companies, which was presented as "Investment in Subsidiaries" in "Investments and Other Assets" in the prior period are included in "Stock of Subsidiaries" under "Investments and Other Assets" from this period. As a result of the promulgation of "Preparation Law for the Related Laws of New Company Law" (Law No.87, 2006), the interests in private limited companies under former Private Company Law have been deemed as stocks of Stock Companies under the New Company Law (Law No.86, 2006) from May 1st, 2006. The Company's interests in private limited companies, which included in "Stock of Subsidiaries" in this period is 967 Million yen.

1. Balance Sheets

	<u>December 31, 2005</u>	<u>December 31, 2006</u>
(1) Accumulated Depreciation of Property, Plant and Equipment	632,874 million yen	641,327 million yen
(2) Contingent Liabilities	3,760 million yen	3,262 million yen
(3) Number of Shares Issued: Common Stock	583,400,000 shares	583,400,000 shares
(4) Treasury Stock	70,505 shares	175,478 shares
Number of Shares Amount	85 million yen	206 million yen

2. Statement of Income

	<u>2005</u>	<u>2006</u>
(1) Gain on Sales of Property, Plant and Equipment		
Structures (Service Stations, etc.)	- million yen	58 million yen
Land (Service Stations, etc.)	2,468 million yen	49 million yen
Buildings (Service Stations, etc.)	22 million yen	- million yen
Others	45 million yen	0 million yen
Total	<u>2,536</u> million yen	<u>107</u> million yen
(2) Loss on Sales and Disposals of Property, Plant and Equipment		
Machinery and Equipment (Refinery Facilities, etc.)	485 million yen	445 million yen
Buildings (Service Stations, etc.)	802 million yen	137 million yen
Structures (Service Stations, etc.)	220 million yen	115 million yen
Land (Service Stations)	892 million yen	17 million yen
Tanks (Refinery Facilities)	13 million yen	4 million yen
Others	404 million yen	188 million yen
Total	<u>2,818</u> million yen	<u>909</u> million yen

3. Statement of Changes in Net Assets

Treasury Stock Category	<u>December 31, 2005</u>	<u>Increase</u>	<u>Decrease</u>	<u>December 31, 2006</u>
Common Stock (Share)	70,505	180,158	75,185	175,478

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

4. Lease Transactions

Parent (9)

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

December 31, 2005			December 31, 2006				
	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)
Tanks	301	184	117	Tanks	301	278	23
Machinery and Equipment	238	229	9	Machinery and Equipment	-	-	-
Property, Plant, Equipment and other	44	28	16	Property, Plant, Equipment and other	150	54	96
Total	585	442	142	Total	452	332	120

(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

	<u>December 31, 2005</u>	<u>December 31, 2006</u>
Due within One Year	109 million yen	51 million yen
<u>Due over One Year</u>	<u>33 million yen</u>	<u>68 million yen</u>
Total	142 million yen	120 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

	<u>2005</u>	<u>2006</u>
Lease Fees Paid	145 million yen	137 million yen
Depreciation Expenses Equivalent	145 million yen	137 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 accounting period, the current accounting period or the previous accounting period.

6. Deferred Tax Accounting

(1) Breakdown of Deferred Tax Assets and Deferred Tax Liabilities

(Unit: Million Yen)

	December 31, 2005	December 31, 2006
(Deferred Tax Assets)		
Reserve for Retirement Allowance	15,636	14,319
Excess over Deduction Limit of Reserve for Turnaround	3,807	4,050
Variance from Different Inventory Evaluations	1,857	1,628
Tax Loss Carry Forward	1,239	-
Accrued Allowance for Employee's Early Retirement	826	3
Loss on Asset Impairment	807	1,555
Enterprise Tax Payable	-	1,021
Others	4,372	3,508
Total Deferred Tax Assets	28,548	26,087
(Deferred Tax Liabilities)		
Reserve for Replacement of Property	△ 13,369	△ 12,395
Enterprise Tax Receivable	△ 1,004	-
Unrealized Holding Gains on Securities	△ 325	△ 307
Other	△ 2,131	△ 2,098
Total Deferred Tax Liabilities	△ 16,830	△ 14,800
Net of Deferred Tax Assets	11,718	11,286

(2) Factors in the Difference between the Statutory Effective Tax Rate and the Actual Effective Tax Rate

	December 31, 2005	December 31, 2006
Statutory Effective Tax Rate	40.7 %	40.7 %
(Adjustment)		
Items Never Recognized as Loss, Such as Entertainment Expense	1.6 %	0.0 %
Items Never Recognized as Profit, Such as Dividends Received	△ 141.9 %	△ 24.5 %
Others	6.0 %	△ 0.1 %
Actual Effective Tax Rate	△ 93.6 %	16.1 %