

Summary of Consolidated Financial Statements for 1st Quarter 2007

May 15, 2007

Listed Company: TonenGeneral Sekiyu Kabushiki Kaisha
(URL <http://www.tonengeneral.co.jp>)

(Code #: 5012 Tokyo Stock Exchange, First Section)



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1. Matters concerning development of the quarterly consolidated financial statements.

- ① Adoption of a simplified method in accounting treatment (Yes) • No
 Statutory effective tax rate was used for corporate tax calculations.
- ② Change in accounting methods compared to the last consolidated accounting period Yes • (No)
- ③ Change in the scope of consolidated companies and equity companies Yes • (No)

2. Consolidated financial results for 1st Quarter 2007 (January 1, 2007 through March 31, 2007)

(1) Financial Results

(Note) Amounts shown in truncated millions of yen.

	Sales Revenue		Operating Income		Ordinary Income		Interim (Annual) Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1Q YTD 2007	708,815	(△7.8)	22,519	(29.7)	23,612	(20.3)	14,351	(22.3)
1Q YTD 2006	768,875	(15.9)	17,366	(81.8)	19,622	(88.5)	11,733	(84.4)
Full Year 2006	3,078,772		58,694		65,987		39,820	

	Interim (Annual) Net Income per Share	Interim (Annual) Net Income per Share after Adjustments
	Yen	Yen
1Q YTD 2007	24.61	-
1Q YTD 2006	20.12	-
Full Year 2006	68.27	-

(Note) Percentages figures shown in Sales Revenue, Operating Income, Ordinary Income and Interim (annual) Net Income are comparisons with the previous interim accounting period.

Sales Revenue

Consolidated sales revenue fell 60.1 billion yen versus the same period last year to 708.8 billion yen due to decreased sales volumes and overall lower average prices for the mix of products sold.

Operating Income

Consolidated operating income improved by 5.2 billion yen over the same period last year to 22.5 billion yen. The factors involved in this 5.2 billion yen are as follows:

- (1) Strong trends in petrochemical product earnings:
 Due to continued strong demand, margins for olefins and aromatics improved versus the same period last year and they remain high compared with trends of the past several years. As a result, petrochemical product margins increased earnings by 3.6 billion yen versus the same period last year.
- (2) Improved earnings in the petroleum sector:
 Improved product margins increased earnings by 3.0 billion yen versus the same period last year.
- (3) Inventory valuation effects:
 TonenGeneral applies the LIFO/LOCOM method for inventory valuation. As a result of this method, operating income includes inventory valuation gains of 8.4 billion yen (versus 8.9 billion yen for the same period last year). These earnings do not have cash effects.
- (4) Increase in operating expense:
 Operating expense increased 0.9 billion yen versus the same period last year. This is mostly due to timing factors, and overall 2007 operating expense is expected to be reduced from 2006 as planned.

Net Income

Extraordinary gain items such as profits from the sale of fixed assets were essentially offset by extraordinary losses such as impairment losses. This resulted in a net income of 14.4 billion yen, 2.6 billion yen higher than the same period in 2006.

(2) Financial Position

	Total Assets	Net Assets	Owners' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
1Q 2007 End	997,135	252,565	25.2	431.58
1Q 2006 End	919,013	231,020	25.1	396.05
2006 End	1,019,517	249,155	24.3	425.60

(Notes) "Net Assets" for 1Q 2006 represent "Shareholders' Equity" based on the rules for financial statements etc. then in force.

【 Cash Flows 】

	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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
1Q YTD 2007	△ 10,458	△ 5,224	15,304	286
1Q YTD 2006	△ 10,021	△ 7,553	17,587	582
Full Year 2006	75,085	△ 34,433	△ 40,557	664

Financial Position

Total Assets as of March 31, 2007 totaled 997.1 billion yen, a 22.4 billion yen decrease from December 31, 2006. (Total Assets increased by 78.1 billion yen versus March 31, 2006.) The change was mainly attributable to decreases in Trade Accounts Receivables. Liabilities amounted to 744.6 billion yen, a 25.8 billion yen decrease from December 31, 2006, which is mainly due to a decrease in Trade Accounts Payable, offsetting an increase in Commercial Paper. (Total Liabilities increased by 57.5 billion yen versus March 31, 2006)

Cash Flows

At the end of March 2007, the outstanding balance of cash and cash equivalent was 0.3 billion yen, a decrease of 0.4 billion yen from December 31, 2006.

In the period from January to March 2007, Cash Flows from Operating Activities were negative 10.5 billion yen. Negative factors such as an increase in net trade accounts receivable (offsetting trade accounts payable) exceeded positive factors such as pre tax net income. As the last day of March was not a banking day, payments on a significant number of trade accounts were not received until after quarter-close. Without this effect, Cash Flows from Operating Activities would have been positive.

Cash Flows from Investing Activities were negative 5.2 billion yen. The cash outflows mainly for capital expenditures were larger than the cash inflows from the divestment of fixed assets.

Cash Flows from Financing Activities were positive 15.3 billion yen. Increases in commercial paper exceeded cash outflows from dividend payment and repayment of short-term borrowings.

Attachment:

Interim Consolidated Balance Sheets and Interim Consolidated Statement of Income, etc.

[Reference]

Projected Consolidated 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
1st Half	1,510,000	22,000	13,000
Full Year	3,030,000	52,000	30,000

(Reference) Projected net income per share(Full Year) 51.44 Yen

We have not changed the 2007 full year and interim earnings forecast announced on February 19, 2007. Also, there is no change in the original projected full-year dividends forecast of 37 yen per share.

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.

Attachments

1. Interim Consolidated Balance Sheets

(Unit: Million yen)

Account Title	March 31, 2006	March 31, 2007	December 31, 2006	Mar. 31, 2007 vs. Dec. 31, 2006
(ASSETS)				
I Current Assets				
1 Cash and Cash Equivalents	582	286	664	△ 377
2 Notes and Trade Accounts Receivable	431,478	492,280	517,645	△ 25,364
3 Inventories	176,529	192,538	188,054	4,484
4 Income Tax Refund Receivable	12,630	-	-	-
5 Deferred Tax Assets	5,349	5,505	5,544	△ 38
6 Short-term Loans Receivable	305	377	346	30
7 Others	7,662	7,469	10,153	△ 2,683
8 Bad Debt Allowance	△ 564	△ 202	△ 202	0
Total Current Assets	633,974	698,256	722,206	△ 23,950
II Long-term Assets				
1 Property, Plant and Equipment				
(1) Buildings and Structures	56,429	54,171	54,826	△ 655
(2) Tanks	6,773	6,356	6,478	△ 122
(3) Machinery, Equipment and Vehicles	65,310	69,550	72,303	△ 2,752
(4) Tools, Furniture and Fixture	1,536	1,639	1,572	66
(5) Land	91,545	88,534	89,311	△ 777
(6) Incomplete Construction	19,271	31,412	26,127	5,285
Total Property, Plant and Equipment	240,868	251,664	250,620	1,044
2 Intangible Assets				
(1) Consolidation Adjustment Account	2,450	-	-	-
(2) Goodwill	-	1,796	1,960	△ 163
(3) Leasehold	1,961	1,909	1,909	-
(4) Software	3,048	3,090	3,097	△ 7
(5) Others	462	324	348	△ 24
Total Intangible Assets	7,922	7,121	7,315	△ 194
3 Investments and Other Assets				
(1) Investment Securities	13,269	14,371	14,276	95
(2) Long-term Loans Receivable	1,366	1,186	1,217	△ 31
(3) Deferred Tax Assets	7,344	8,644	8,285	359
(4) Others	14,961	16,427	16,167	259
(5) Bad Debt Allowance	△ 694	△ 536	△ 572	35
Total Investments and Other Assets	36,247	40,093	39,374	718
Total Long-term Assets	285,038	298,879	297,310	1,568
Total Assets	919,013	997,135	1,019,517	△ 22,381

(Note) Amounts shown in truncated millions of yen.

Interim Consolidated Balance Sheets

(Unit: Million yen)

Account Title	March 31, 2006	March 31, 2007	December 31, 2006	Mar. 31, 2007 vs. Dec. 31, 2006
(LIABILITIES)				
I Current Liabilities				
1 Notes and Trade Accounts Payable	279,384	312,016	354,461	△ 42,445
2 Gasoline Tax etc., Payable	173,110	226,379	234,216	△ 7,836
3 Short-term Debt	89,561	35,868	39,666	△ 3,797
4 Commercial Paper	-	35,000	5,000	30,000
5 Accrued Income Taxes	2,193	7,825	7,197	627
6 Accrued Consumption Taxes	11,989	9,121	7,660	1,460
7 Guarantee Deposits Payable	12,484	13,105	12,647	458
8 Reserve for Bonuses	3,568	3,425	1,374	2,051
9 Others	39,767	32,938	38,197	△ 5,258
Total Current Liabilities	612,060	675,680	700,421	△ 24,740
II Long-term Liabilities				
1 Long-term Debt	13,918	11,631	12,403	△ 772
2 Deferred Tax Liabilities	1,348	1,707	1,707	0
3 Reserve for Accrued Pension Costs	38,839	35,324	36,545	△ 1,220
4 Reserve for Officers' Retirement Allowance	239	169	169	-
5 Reserve for Repairs	17,149	16,400	15,397	1,002
6 Reserve for Offshore Well Abandonment	1,567	2,233	2,234	0
7 Others	1,950	1,423	1,483	△ 60
Total Long-term Liabilities	75,013	68,890	69,941	△ 1,051
Total Liabilities	687,073	744,570	770,362	△ 25,791
(MINORITY INTERESTS)				
	919	-	-	-
(SHAREHOLDERS' EQUITY)				
I Common Stock				
II Additional Paid-in Capital	35,123	-	-	-
III Retained Earnings	20,769	-	-	-
IV Net Unrealized Holding Gains on Securities	174,714	-	-	-
V Treasury Stock	527	-	-	-
	△ 114	-	-	-
Total Shareholders' Equity	231,020	-	-	-
Total Liabilities, Minority Interests and Shareholders' Equity	919,013	-	-	-
(NET ASSETS)				
I Owners' Equity				
1 Paid-in Capital	-	35,123	35,123	-
2 Capital Surplus	-	20,766	20,766	0
3 Earned Surplus	-	195,572	192,010	3,561
4 Treasury Stock	-	△ 283	△ 206	△ 77
Total Owners' Equity	-	251,178	247,693	3,484
II Valuation and Translation Adjustments				
1 Valuation Difference on Available-for-Sales Securities	-	504	527	△ 22
Total Valuation and Translation Adjustments	-	504	527	△ 22
III Minority Interests				
	-	881	933	△ 51
Total Net Assets	-	252,565	249,155	3,409
Total Liabilities and Net Assets	-	997,135	1,019,517	△ 22,381

(Note) Amounts shown in truncated millions of yen.

2. Interim Consolidated Statement of Income

(Unit: Million yen)

Account Title	1Q 2006 (Jan. 1 through Mar. 31)	1Q 2007 (Jan. 1 through Mar. 31)	1Q 2007 vs. 1Q 2006	2006 (Jan. 1 through Dec. 31)
I Sales Revenue	768,875	708,815	△ 60,060	3,078,772
II Cost of Sales	742,171	677,543	△ 64,627	2,984,391
Gross Margin	26,703	31,271	4,567	94,380
III Selling, General and Administrative Expenses	9,336	8,751	△ 584	35,685
Operating Income	17,366	22,519	5,152	58,694
IV Non-operating Income				
1 Interest Income	9	9	0	346
2 Dividends Received	3	1	△ 2	60
3 Foreign Exchange Gain	2,042	1,172	△ 869	6,123
4 Equity Earnings of Affiliates	362	133	△ 229	1,395
5 Others	26	24	△ 2	235
Total Non-operating Income	2,444	1,342	△ 1,102	8,160
V Non-operating Expenses				
1 Interest Expenses	139	220	80	698
2 Others	49	28	△ 20	169
Total Non-operating Expenses	189	248	59	867
Ordinary Income	19,622	23,612	3,990	65,987
VI Extraordinary Gain				
1 Gain on Sales of Property, Plant and Equipment	-	351	351	108
2 Gain on Sales of Golf Membership	-	13	13	47
3 Gain on Liquidation of Investment Securities	-	-	-	503
Total Extraordinary Gain	-	364	364	658
VII Extraordinary Loss				
1 Loss on Asset Impairment	-	167	167	2,109
2 Penalty	-	130	130	-
3 Loss on Sales and Disposals of Property, Plant and Equipment	90	97	6	1,121
4 Provision Loss on Reserve for Offshore Well Abandonment	-	-	-	672
5 Evaluation Loss on Investment Securities	-	-	-	7
Total Extraordinary Loss	90	394	304	3,910
Interim (Annual) Income before Income Taxes	19,532	23,582	4,049	62,736
Current Income Taxes	6,893	9,586	2,693	22,791
Deferred Income Tax	968	△ 304	△ 1,272	173
Minority Interests (△Loss)	△ 62	△ 51	10	△ 47
Interim (Annual) Net Income	11,733	14,351	2,618	39,820

(Note) Amounts shown in truncated millions of yen.

3. Interim Consolidated Statement of Changes in Net Assets

1st Quarter 2007 (January 1, 2007 through March 31, 2007)

(Unit: Million yen)

	Owner's Equity					Valuation and Translation Adjustments		Minority Interests	Net Assets
	Paid-in Capital	Capital Surplus	Earned Surplus	Treasury Stock	Total Owner's Equity	Valuation Difference on Available-for-Sale Securities	Total Valuation and Translation Adjustments		
Balance at December 31, 2006	35,123	20,766	192,010	△ 206	247,693	527	527	933	249,155
Changes of Items during the Period									
Dividends from Surplus	-	-	△ 10,789	-	△ 10,789	-	-	-	△ 10,789
Interim Net Income	-	-	14,351	-	14,351	-	-	-	14,351
Purchases of Treasury Stock	-	-	-	△ 83	△ 83	-	-	-	△ 83
Disposal of Treasury Stock	-	0	-	6	6	-	-	-	6
Net Changes of Items Other than Owners' Equity	-	-	-	-	-	△ 22	△ 22	△ 51	△ 74
Total Changes of Items during the Period	-	0	3,561	△ 77	3,484	△ 22	△ 22	△ 51	3,409
Balance at March 31, 2007	35,123	20,766	195,572	△ 283	251,178	504	504	881	252,565

(Note) Amounts shown in truncated millions of yen.

4. Interim Consolidated Statement of Cash Flows

(Unit: Million yen)

Title	1Q 2006	1Q 2007	2006
	(Jan. 1 through Mar. 31)	(Jan. 1 through Mar. 31)	(Jan. 1 through Dec. 31)
	Amounts	Amounts	Amounts
I Cash Flows from Operating Activities			
Interim (Annual) Income before Income Taxes	19,532	23,582	62,736
Depreciation and Amortization	4,469	4,375	19,191
Gain on Liquidation of Investment Securities	—	—	△ 503
Loss on Asset Impairment	—	167	2,109
Provision Loss on Reserve for Offshore Well Abandonment	—	—	672
Increase(△Decrease) in Reserve for Repairs	754	1,002	△ 997
Decrease(△Increase) in Trade Accounts Receivable	61,080	25,364	△ 25,543
Decrease(△Increase) in Inventories	△ 9,629	△ 4,484	△ 21,154
Increase(△Decrease) in Trade Accounts Payable	△ 15,278	△ 42,445	59,798
Increase(△Decrease) in Other Accounts Payable	△ 65,367	△ 11,637	△ 3,482
Others	845	2,273	△ 6,124
Sub-Total	△ 3,594	△ 1,800	86,702
Interest and Dividend Income Received	17	21	407
Interest Paid	△ 199	△ 256	△ 692
Proceeds from Sales of Marketing Goodwill	—	—	376
Payments of Additional Allowance for Early Retirement	△ 1,366	△ 7	△ 3,131
Refund of Income Taxes Paid	—	0	12,389
Income Taxes Paid	△ 4,878	△ 8,416	△ 20,966
Cash Flows from Operating Activities	△ 10,021	△ 10,458	75,085
II Cash Flows from Investing Activities			
Payments for Purchases of Property, Plant and Equipment	△ 7,929	△ 6,705	△ 35,086
Proceeds from Sales of Property, Plant and Equipment	3	1,593	228
Payments for Purchases of Intangible Assets	△ 103	△ 190	△ 731
Proceeds from Sales of Intangible Assets	—	—	1
Proceeds from Sales of Investment Securities	1	—	439
Payments of Long-term Loans Receivable	△ 5	△ 2	△ 20
Collection of Long-term Loans Receivable	51	36	252
Proceeds from Share Buy Back by an Equity-method Subsidiary	428	—	428
Others	—	44	53
Cash Flows from Investing Activities	△ 7,553	△ 5,224	△ 34,433
III Cash Flows from Financing Activities			
Decrease(△Increase) in Short-term Loans Receivable	386	△ 33	308
Increase(△Decrease) in Short-term Debt	43,565	△ 3,797	△ 6,542
Increase(△Decrease) in Commercial Paper	△ 15,000	30,000	△ 10,000
Payments of Long-term Debt	△ 617	△ 772	△ 1,919
Payments for Repurchase of Treasury Stock	△ 706	△ 83	△ 873
Proceeds from Sales of Treasury Stock	14	6	85
Cash Dividends Paid	△ 10,021	△ 10,014	△ 21,582
Payments of Dividends to Minority Interests	△ 33	—	△ 33
Cash Flows from Financing Activities	17,587	15,304	△ 40,557
IV Increase(△Decrease) in Cash and Cash Equivalents	12	△ 377	94
V Cash and Cash Equivalents at the Beginning of the Period	569	664	569
VI Cash and Cash Equivalents at the End of the Period	582	286	664

(Note) Amounts shown in truncated millions of yen.

5. Segment Information

Consolidated (6)

Information by Business Line

(1) 1st Quarter 2006 (January 1, 2006 through March 31, 2006)

(Unit: Million yen)

	Oil	Chemicals	Others	Total	Elimination	Consolidated
Sales Revenue						
(1)Sales to Third Parties	696,807	71,525	541	768,875	-	768,875
(2)Internal Transactions	103,982	10,067	0	114,050	(114,050)	-
Total	800,790	81,592	541	882,925	(114,050)	768,875
Operating Expenses	796,896	68,118	485	865,500	(113,992)	751,508
Operating Income (Δ Loss)	3,893	13,474	56	17,424	(57)	17,366

(2) 1st Quarter 2007 (January 1, 2007 through March 31, 2007)

(Unit: Million yen)

	Oil	Chemicals	Others	Total	Elimination	Consolidated
Sales Revenue						
(1)Sales to Third Parties	634,778	73,540	496	708,815	-	708,815
(2)Internal Transactions	94,404	9,884	3	104,292	(104,292)	-
Total	729,183	83,424	500	813,108	(104,292)	708,815
Operating Expenses	723,486	66,632	469	790,588	(104,292)	686,295
Operating Income (Δ Loss)	5,697	16,792	30	22,519	-	22,519

(3) 2006 (January 1, 2006 through December 31, 2006)

(Unit: Million yen)

	Oil	Chemicals	Others	Total	Elimination	Consolidated
Sales Revenue						
(1)Sales to Third Parties	2,787,180	290,325	1,266	3,078,772	-	3,078,772
(2)Internal Transactions	404,582	41,016	6	445,605	(445,605)	-
Total	3,191,762	331,342	1,273	3,524,378	(445,605)	3,078,772
Operating Expenses	3,182,237	281,919	1,311	3,465,468	(445,390)	3,020,077
Operating Income (Δ Loss)	9,525	49,422	Δ 38	58,909	(214)	58,694

(Note) Amounts shown in truncated millions of yen.