

Summary of Consolidated Financial Statements for 1st Quarter of 2004

May 17, 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

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Position: ExxonMobil Y.K. Director, Management Support Manager

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1 The matter concerning compilation of the quarter consolidated income statement etc.

Existence of adoption of the simple method in the accounting treatment Yes • No

Existence of an accounting method change from recent consolidated accounting period Yes • No

Existence of a change in the scope of consolidation and equity method Yes • No

2 . Business Performance for 1st Quarter 2004 (January 1, 2004 through March 31, 2004)

(1) Consolidated Business Performance

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

	Sales Revenue		Operating Income		Ordinary Income		Interim Net Income	
	M Yen	%	M Yen	%	M Yen	%	M Yen	%
1st Quarter 2004	557,388	(2.5)	10,785	(57.3)	12,008	(52.9)	7,696	(24.4)
1st Quarter 2003	571,898	(-)	6,854	(-)	7,853	(-)	6,186	(-)
2003	2,135,289		33,992		38,386		27,712	

	Interim Net Income per Share		Interim Net Income per Share after adjustments	
	Yen		Yen	
1st Quarter 2004	12 . 99		-	
1st Quarter 2003	10 . 46		-	
2003	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 sales revenue declined by 2.5% from the previous year to 557.4 billion yen, due mainly to the decreased sales volume (3.3 % reduction in major petroleum products versus last year) and reduced product prices in a competitive environment.

Consolidated operating income was 10.8 billion yen, increasing by 3.9 billion yen over the previous year. The key factors are summarized below.

Increased product margins and continued good chemical sales and margins were key contributors to the improvement of consolidated operating income.

We continued self-help initiatives to increase profits, mainly through continuation of our crude diversification program. We are aiming at optimizing crude procurement cost thorough increasing crude purchase from Western Africa and other sources. In addition, self-help items to improve efficiency, such as beneficial cost impacts from prior-year early retirement programs, contributed to operating cost reductions of 3.9 billion yen versus the 1st quarter 2003.

TonenGeneral applies the LIFO/LOCOM method for inventory evaluation. Operating income includes an inventory valuation gain of 0.1 billion yen, versus 3.4 billion yen of inventory favorable effects in the previous year. These inventory valuation effects do not affect our cash earnings.

Non-operating income increased by 0.2 billion yen from the prior year period to 1.2 billion yen. This result came chiefly from exchange gains and earnings increases in equity companies. Extraordinary gains and losses, both relatively small, essentially balanced to zero. As a result, consolidated net income stood at 7.7 billion yen, increasing by 1.5 billion yen versus last year.

(2) Important Items which Affected the Company's Financial Condition and Business Performance

【Consolidated Financial Condition Overview】

	Total Assets		Shareholders' Equity		Shareholders' Equity Ratio		Shareholders' Equity per Share	
	M Yen		M Yen		%	Yen		
1st Quarter 2004 End	884,564		222,921		25.2	376 . 21		
1st Quarter 2003 End	904,206		211,814		23.4	357 . 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	
1st Quarter 2004	8,483		9,983		18,272		465	
1st Quarter 2003	21,896		739		22,100		1,134	
2003	50,115		28,909		80,036		658	

Total assets as of March 31, 2004 totaled 884.6 billion yen, a 48.0 billion yen decrease from December 31, 2003. This was mainly due to a reduction in trade accounts receivable, gasoline tax payable, and other current items, which were at customarily higher levels at year-end due to delayed settlements of payments associated with year-end/New Year bank holidays. Total shareholders' equity as of March 31, 2004 was 222.9 billion yen, or 3.0 billion yen lower than December 31, 2003, due to payment of final dividends for 2003.

First quarter 2004 operating cash flow was negative 8.5 billion yen. Payments for 2003 corporate taxes and settlement of gasoline tax pending from year-end 2003 due to New Year holidays exceeded positive factors such as before-tax income. Cash flow from investing activities, negative 10.0 billion yen, represents mostly short-term investments of cash inflows received at the end of the Japanese fiscal year, which reversed immediately thereafter. Cash flow from financing activities, 18.3 billion yen relates mostly to checks uncleared as of end-March for payment of gasoline tax, which are recorded in our accounts as debt.

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 Interim Net Income per Share	
	M Yen	M Yen	M Yen	Yen	
Semi Annual	980,000	20,000	12,000	20	28
Full Year	2,030,000	42,000	27,000	45	62

We have not changed the consolidated earnings forecast announced on February 24, 2004.

(Reference) Earnings Outlook for Tonen General Parent for Full Year 2004

	Estimated Sales Revenue	Estimated Ordinary Income	Estimated Net Income	Estimated Dividend per Share		
				Interim closing	End of the term	
	M Yen	M Yen	M Yen	Yen	Yen	Yen
Semi Annual	990,000	18,000	12,000	18.00	-	-
Full Year	2,070,000	35,000	22,000	-	18.00	36.00

We have not changed the Tonen General Parent earnings forecast or estimated dividends announced on February 24, 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.