

Summary of Consolidated Financial Statements for 1st Quarter 2005

May 16, 2005

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) 6713-4400)

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

Adoption of a simplified method in accounting treatment Yes · No

Statutory effective tax rate was used for corporate tax calculations.

Change in accounting methods compared to the last consolidated accounting period Yes · No

Change in the scope of consolidated companies and equity companies Yes · No

Consolidation (Addition) One Company, (Removal) One Company

Equity Method (Removal) One Company

Tonex Co., Ltd., a former equity-method subsidiary, has become a consolidated company as a result of stock acquisition.

Tonen Energy and Marine (Singapore) Private Limited, a consolidated subsidiary of the Company, was liquidated.

2. Business Performance for 1st Quarter 2005 (January 1, 2005 through March 31, 2005)

(1) Consolidated Business Performance

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

	Sales Revenue		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
1st Quarter 2005	663,266	(19.0)	9,554	(11.4)	10,412	(13.3)	6,363	(17.3)
1st Quarter 2004	557,388	(2.5)	10,785	(57.3)	12,008	(52.9)	7,696	(24.4)
2004	2,342,276		63,177		68,625		48,243	

	Net Income per Share		Net Income per Share after Adjustments	
	Yen		Yen	
1st Quarter 2005	10 . 76		-	
1st Quarter 2004	12 . 99		-	
2004	81 . 52		-	

(Note) Percentage figures for Sales Revenue, Operating Income, Ordinary Income and Net Income show rates of increases/decreases from the same period last year.

Sales Revenue

Consolidated year-to-date sales revenue increased by 105.9 billion yen to 663.3 billion yen, reflecting the sales volume increase in major petroleum products, and elevated product selling prices following the rise in crude oil prices.

Operating Income

Improvement in utilization over the same period last year contributed to sales volume increases. Results from key business operational activities, including manufacturing, sales, and operating expense reductions, were at or better than plan.

The main factors affecting financial results were as follows:

(1) Increased margins for petrochemical products:

Sales volume and unit-margins for major products such as Olefins, Benzene, and Paraxylene showed a strong trend reflecting the continuous strong demand. These margin increases contributed 6.9 billion yen to operating income versus last year.

(2) Reduced petroleum product margins:

Petroleum product margins decreased by 23.5 billion yen compared with the same period last year, due to the extreme effects of the rapid crude price increase in the first quarter. TonenGeneral accounts for purchased crude when it is loaded, whereas most of industry accounts for crude when it arrives in Japan, so that crude price changes affect our results approximately one month earlier than industry. Therefore, the full effects of the crude price increase are reflected in our first quarter results.

(3) Inventory valuation effects:

TonenGeneral applies the LIFO/LOCOM method for inventory evaluation. Operating income includes an inventory valuation gain of 14.4 billion yen, versus 0.1 billion yen of favorable inventory effects in the previous year. These inventory valuation effects do not affect our cash earnings.

As a result of those factors above, consolidated operating income during the first quarter declined to 9.6 billion yen, a reduction of 1.2 billion yen, versus the same period last year.

Net Income

Non-operating income was 0.9 billion yen, mainly due to foreign exchange gains and profits in equity companies. Net extraordinary income decreased by 0.4 billion yen versus the previous period, and net income in the first quarter period decreased by 1.3 billion yen versus the previous period, to 6.4 billion yen.

(2) Important Events That Affected the Company's Financial Condition and Business Performance

[Consolidated Financial Condition Overview]

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Million Yen	Million Yen	%	Yen
1st Quarter 2005 End	868,627	245,436	28.3	414 . 85
1st Quarter 2004 End	884,564	222,921	25.2	376 . 21
2004 End	945,537	249,849	26.4	422 . 27

[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
	Million Yen	Million Yen	Million Yen	Million Yen
1st Quarter 2005	5,516	7,679	2,280	549
1st Quarter 2004	8,483	9,983	18,272	465
2004	41,675	13,972	55,874	431

Financial Condition

Total assets as of March 31, 2005 totaled 868.6 billion yen, a 76.9 billion yen decrease from December 31, 2004. The change was mainly attributable to reductions in notes and accounts receivable and in inventories. Liabilities' decrease was mainly attributable to a reduction in gasoline tax payable due to the absence of delayed settlement of payments for bank holidays at the year end, and to a reduction in accrued income tax. Total shareholders' equity was 245.4 billion yen, or 4.4 billion yen lower than December 31, 2004, reflecting dividend payments etc. partially offset by positive net income for the term.

Cash Flows

At the end of March 2005, outstanding balance of cash and cash equivalent was 0.5 billion yen, an increase of 0.1 billion yen versus 2004 year-end. In January to March 2005, Cash Flows from Operating Activities were positive 5.5 billion yen. Positive factors such as decrease in trade accounts receivable/inventory and before-tax income exceeded negative factors such as income tax payment and reduction in other accounts payable. In this period, four-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 34.1 billion yen. This amount will be reversed at the end of 2005. Excluding this extra month payment of gasoline tax, etc., Cash Flows from Operating Activities were positive 39.6 billion yen. Cash Flows from Investing Activities were negative 7.7 billion yen. Cash-decreasing factors such as acquisition of PP&E and 50% outstanding shares of Tonex Co., Ltd. by Tonen Chemical Corp. were higher than cash-increasing factors such as proceeds from stock buy back by one of companies accounted for by the equity method. Cash Flows from Financing Activities were positive 2.3 billion yen. Cash inflow by increasing short-term borrowing exceeded cash outflow by dividend payments.

3. Consolidated Earnings Outlook for 2005 (January 1, 2005 through December 31, 2005)

	Estimated Sales Revenue	Estimated Ordinary Income	Estimated Net Income	Estimated Net Income per Share
	Million Yen	Million Yen	Million Yen	Yen
First Half	1,160,000	33,000	20,000	33 . 81
Full Year	2,370,000	66,000	40,000	67 . 61

We have not changed the consolidated earnings forecast announced on February 28, 2005.

(Reference) Earnings Outlook for Tonen General Parent for 2005 (January 1, 2005 through December 31, 2005)

	Estimated Sales Revenue	Estimated Ordinary Income	Estimated Net Income	Estimated Dividend per Share		
				Interim Closing	End of the Term	Yen
	Million Yen	Million Yen	Million Yen	Yen	Yen	Yen
First Half	1,170,000	24,000	13,000	18.00	-	-
Full Year	2,400,000	47,000	26,000	-	18.00	36.00

We have not changed the Tonen General Parent's earnings forecast or estimated dividends announced on February 28, 2005.

This filing contains forward-looking statements based on projections and estimates that involve many variables. The Company operates in a competitive 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 Sheet

(Unit: Million Yen)

Account Title	March 31, 2004	March 31, 2005	December 31, 2004	Mar. 31, 2005 vs Dec. 31, 2004
Assets	884,564	868,627	945,537	76,910
Current Assets	571,984	583,599	658,833	75,234
Cash and Cash Equivalents	465	549	431	117
Notes and Accounts Receivable	365,285	400,640	464,412	63,772
Inventories	176,241	163,417	178,490	15,072
Deferred Tax Assets	7,171	6,544	6,186	358
Short-term Loans Receivable	14,105	3,644	770	2,873
Others	9,720	9,546	9,477	68
Bad Debt Allowance	1,006	744	935	191
Long-term Assets	312,579	285,028	286,703	1,675
Property, Plant and Equipment	255,492	240,687	242,464	1,777
Buildings, Structures and Tanks	70,924	67,202	68,100	898
Machinery and Equipment	68,166	69,502	70,804	1,302
Land	102,203	94,092	94,335	242
Others	14,197	9,890	9,224	665
Intangible Assets	6,221	8,755	5,778	2,976
Consolidation Adjustment Account	-	3,103	-	3,103
Others	6,221	5,651	5,778	127
Investments and Other Assets	50,865	35,585	38,460	2,874
Investment in Securities	25,828	14,549	16,910	2,361
Long-term Loans Receivable	2,758	1,921	1,976	55
Deferred Tax Assets	4,660	5,470	5,469	1
Others	19,321	14,866	15,831	965
Bad Debt Allowance	1,705	1,221	1,727	505
Total Assets	884,564	868,627	945,537	76,910

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

(Unit: Million Yen)

Account Title	March 31, 2004	March 31, 2005	December 31, 2004	Mar. 31, 2005 vs Dec. 31, 2004
Liabilities	660,728	622,238	694,674	72,435
Current Liabilities	567,423	546,465	617,697	71,232
Trade Accounts Payable	207,818	241,275	242,685	1,410
Gasoline Tax etc., Payable	174,270	179,091	238,859	59,767
Short-term Loans	114,739	66,140	53,595	12,545
Accrued Income Tax	3,436	4,295	22,366	18,070
Accrued Consumption Tax	9,313	11,434	12,028	594
Guarantee Deposits Payable	12,099	12,202	11,853	348
Reserve for Bonus	3,902	3,353	1,455	1,897
Others	41,843	28,672	34,853	6,180
Long-term Liabilities	93,305	75,773	76,976	1,203
Long-term Debt	18,041	15,955	16,572	617
Deferred Tax Liabilities	-	830	859	28
Reserve for Accrued Pension Cost	52,895	39,939	40,025	85
Reserve for Officers' Retirement Allowance	290	231	231	0
Reserve for Repairs	14,627	14,089	13,859	229
Reserve for Offshore Well Abandonment	1,608	1,608	1,608	-
Others	5,843	3,119	3,821	702
Minority Interests	914	952	1,014	61
Shareholders' Equity	222,921	245,436	249,849	4,412
Common Stock	35,123	35,123	35,123	-
Capital Surplus	20,743	20,755	20,753	1
Retained Earnings	163,174	188,783	193,069	4,286
Unrealized Holding Gains on Securities	4,463	1,562	1,625	62
Foreign Currency Translation Adjustments	10	-	-	-
Treasury Stock	572	788	723	64
Total Liabilities, Minority Interests and Shareholders' Equity	884,564	868,627	945,537	76,910

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

2. Interim Consolidated Statement of Income

(Unit: Million Yen)

Account Title		1Q 2004 (January 1, 2004 ~ March 31, 2004)	1Q 2005 (January 1, 2005 ~ March 31, 2005)	1Q 2005 vs 1Q 2004	2004 (January 1, 2004 ~ December 31, 2004)		
Ordinary P/L	Operating P/L	Sales Revenue	557,388	663,266	105,878	2,342,276	
		Cost of Sales	535,328	643,385	108,057	2,233,696	
		Gross Margin	22,059	19,881	2,178	108,580	
		Selling, General and Administrative Expenses	11,274	10,326	947	45,402	
	Operating Income		10,785	9,554	1,230	63,177	
	Non-Operating P/L	Non-Operating Income					
		Interest Income	19	24	5	155	
		Dividends Received	34	2	32	133	
		Foreign Exchange Gain	903	572	330	2,914	
		Equity in Earnings of Affiliates	619	436	183	2,999	
		Others	117	21	95	545	
		Total Non-Operating Income		1,693	1,057	636	6,748
		Non-Operating Expenses					
	Interest Expenses	190	154	36	722		
Others	279	44	235	578			
Total Non-Operating Expense		470	198	271	1,301		
Ordinary Income		12,008	10,412	1,595	68,625		
Extraordinary P/L	Extraordinary Gain						
	Gain on Sales of Property, Plant and Equipment	196	169	27	3,290		
	Gain on Sales of Investment Securities	-	-	-	11,596		
	Gain on Return of Substitutional Portion of Employee Pension Fund	-	-	-	6,937		
	Settlement Package etc. Related to Withdrawal from Power Generation Business	-	-	-	1,929		
	Gain on Reversal of Bad Debt Allowance	-	-	-	9		
	Others	-	-	-	169		
	Total Extraordinary Gain		196	169	27	23,932	
	Extraordinary Loss						
	Evaluation Loss on Investment Securities	-	272	272	-		
	Loss on Sales and Disposal of Property, Plant and Equipment	157	271	113	4,371		
	Loss on Asset Impairment	-	-	-	3,370		
	Allowance for Early Retirement	-	-	-	2,387		
	Others	4	-	4	147		
Total Extraordinary Loss		162	544	381	10,276		
Income Before Income Taxes		12,042	10,037	2,004	82,280		
Current Income Taxes		2,952	4,025	1,073	31,117		
Deferred Income Tax		1,395	290	1,685	2,817		
Minority Interests (Loss)		1	61	60	102		
Net Income		7,696	6,363	1,332	48,243		

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

3. Interim Consolidated Statement of Cash Flows

(Unit: Million Yen)

Title	1Q 2004	1Q 2005	2004
	(January 1, 2004 ~ March 31, 2004)	(January 1, 2005 ~ March 31, 2005)	(January 1, 2004 ~ December 31, 2004)
	Amounts	Amounts	Amounts
I. Cash Flows from Operating Activities			
Income before Income Taxes	12,042	10,037	82,280
Depreciation and Amortization	4,910	4,777	21,474
Decrease(Increase) in Trade Accounts Receivable	53,370	64,335	45,756
Decrease(Increase) in Inventories	7,130	15,652	9,378
Increase(Decrease) in Trade Accounts Payable	6,125	1,983	28,742
Increase(Decrease) in Other Accounts Payable	58,482	66,594	3,805
Others	9,693	2,558	19,528
Sub-Total	8,278	28,783	61,638
Interest and Dividend Income Received	18	242	5,401
Interest Paid	225	39	712
Payments of Early Retirement Allowance	4	1,160	1,026
Receipt of Settlement Package Related to Withdrawal from Power Generation Business	-	-	1,000
Income Taxes Paid	16,550	22,309	24,625
Cash Flows from Operating Activities	8,483	5,516	41,675
II. Cash Flows from Investing Activities			
Payments for Purchases of Property, Plant and Equipment	3,532	2,053	16,180
Proceeds from Sales of Property, Plant and Equipment	515	291	5,724
Payments for Purchases of Intangible Assets	50	410	101
Proceeds from Sales of Investment Securities	2,350	-	19,638
Decrease(Increase) in Short-term Loans Receivable	9,327	2,900	3,990
Payments of Long-term Loans Receivable	45	12	59
Collection of Long-term Loans Receivable	107	93	921
Payments for Stock Purchase of a Subsidiary Company	-	3,988	-
Proceeds from Share Buy Back by an Equity-method Subsidiary	-	1,300	-
Others	-	-	37
Cash Flows from Investing Activities	9,983	7,679	13,972
III. Cash Flows from Financing Activities			
Increase(Decrease) in Short-term Borrowings	24,547	13,363	36,219
Increase in Long-term Debt	4,785	-	4,785
Payments of Long-term Debt	1,131	1,128	2,977
Payments for Repurchase of Treasury Stock	29	72	258
Proceeds from Sales of Treasury Stock	17	9	105
Cash Dividends Paid	9,916	9,891	21,305
Payment of Liquidation Dividends to Minority Interest:	-	-	4
Cash Flows from Financing Activities	18,272	2,280	55,874
IV. Increase(Decrease) in Cash and Cash Equivalents	193	117	226
V. Cash and Cash Equivalents at the Beginning of the Period	658	431	658
VI. Cash and Cash Equivalents at the End of the Period	465	549	431

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

4. Segment Information

Consolidated ⑤

Segment Information by Business Line

(1) 1st Quarter 2004 (January 1, 2004 through March 31, 2004)

(Unit: Million Yen)

	Oil	Chemicals	Others	Total	Elimination	Consolidated
Sales Revenue						
(1)Sales Revenue to Third Parties	512,879	43,656	852	557,388	-	557,388
(2)Internal Transactions	99,110	5,938	359	105,409	(105,409)	-
Total	611,989	49,595	1,211	662,797	(105,409)	557,388
Cost of Sales plus Operating Expenses	609,168	41,751	1,208	652,129	(105,526)	546,602
Operating Income	2,820	7,843	3	10,668	117	10,785

(2) 1st Quarter 2005 (January 1, 2005 through March 31, 2005)

(Unit: Million Yen)

	Oil	Chemicals	Others	Total	Elimination	Consolidated
Sales Revenue						
(1)Sales Revenue to Third Parties	605,638	56,677	949	663,266	-	663,266
(2)Internal Transactions	79,289	7,371	2	86,663	(86,663)	-
Total	684,928	64,049	952	749,930	(86,663)	663,266
Cost of Sales plus Operating Expenses	690,996	48,396	830	740,223	(86,511)	653,712
Operating Income (△Loss)	△ 6,068	15,652	121	9,706	△ 151	9,554

(3) 2004 (January 1, 2004 through December 31, 2004)

(Unit: Million Yen)

	Oil	Chemicals	Others	Total	Elimination	Consolidated
Sales Revenue						
(1)Sales Revenue to Third Parties	2,142,378	197,722	2,175	2,342,276	-	2,342,276
(2)Internal Transactions	380,792	25,187	1,318	407,298	(407,298)	-
Total	2,523,171	222,910	3,494	2,749,575	(407,298)	2,342,276
Cost of Sales plus Operating Expenses	2,502,589	180,525	3,480	2,686,595	(407,496)	2,279,098
Operating Income	20,581	42,384	14	62,980	197	63,177

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