Consolidated Financial Results (Kessan Tanshin) for the First Half 2006

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
Names of parent companies:	ExxonMobil Yugen Kaisha (Code #: -) and one other company
Voting rights owned by parent companies	50.6%
Adoption of U.S. GAAP:	No

1. Consolidated 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	1,479,817	(11.7)	11,363	(△48.4)	15,277	(△36.1)
1H 2005	1,324,875	(23.0)	22,029	(36.7)	23,894	(34.8)
2005	2,856,182		19,978		22,822	

	Interim (Annual) Net Income		Interim (Annual) Net Income per Share	Interim (Annual) Net Income per Share after Adjustments
	Millions of yen	%	Yen	Yen
1H 2006	10,065	(△31.9)	17.26	-
1H 2005	14,790	(19.0)	25.00	-
2005	13,015		22.01	-

(Notes)
① Equity companies earnings
1H 2006: 717 million yen 1H 2005: 959 million yen 2005: 1,670 million yen
② Average number of issued shares (consolidated)
1H 2006: 583,296,884 shares 1H 2005: 591,612,402 shares 2005: 591,379,999 shares
③ Change in accounting policies: No
④ Percentage figures shown in Sales Revenues, 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	892,462	230,248	25.7	393.14
1H 2005	848,897	253,305	29.8	428.20
2005	968,334	230,159	23.8	394.56

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

(3) 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
1H 2006	547	△ 15,103	14,599	613
1H 2005	10,505	△ 6,742	△ 3,454	740
2005	39,951	△ 14,422	△ 25,390	569

(4) Scope of Consolidation and Application of Equity Method

Number of consolidated Subsidiaries: 7 companies
Number of subsidiary companies accounted for by equity method: -
Number of affiliated companies accounted for by equity method: 2 companies

(5) Change in Scope of Consolidation and Application of Equity Method

Consolidation: (Addition) - (Removal) - Equity Method: (Addition) - (Removal) -

2. Projected Consolidated 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	3,176,000	27,000	16,000

(Reference) Projected net income per share 27.43 Yen

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.

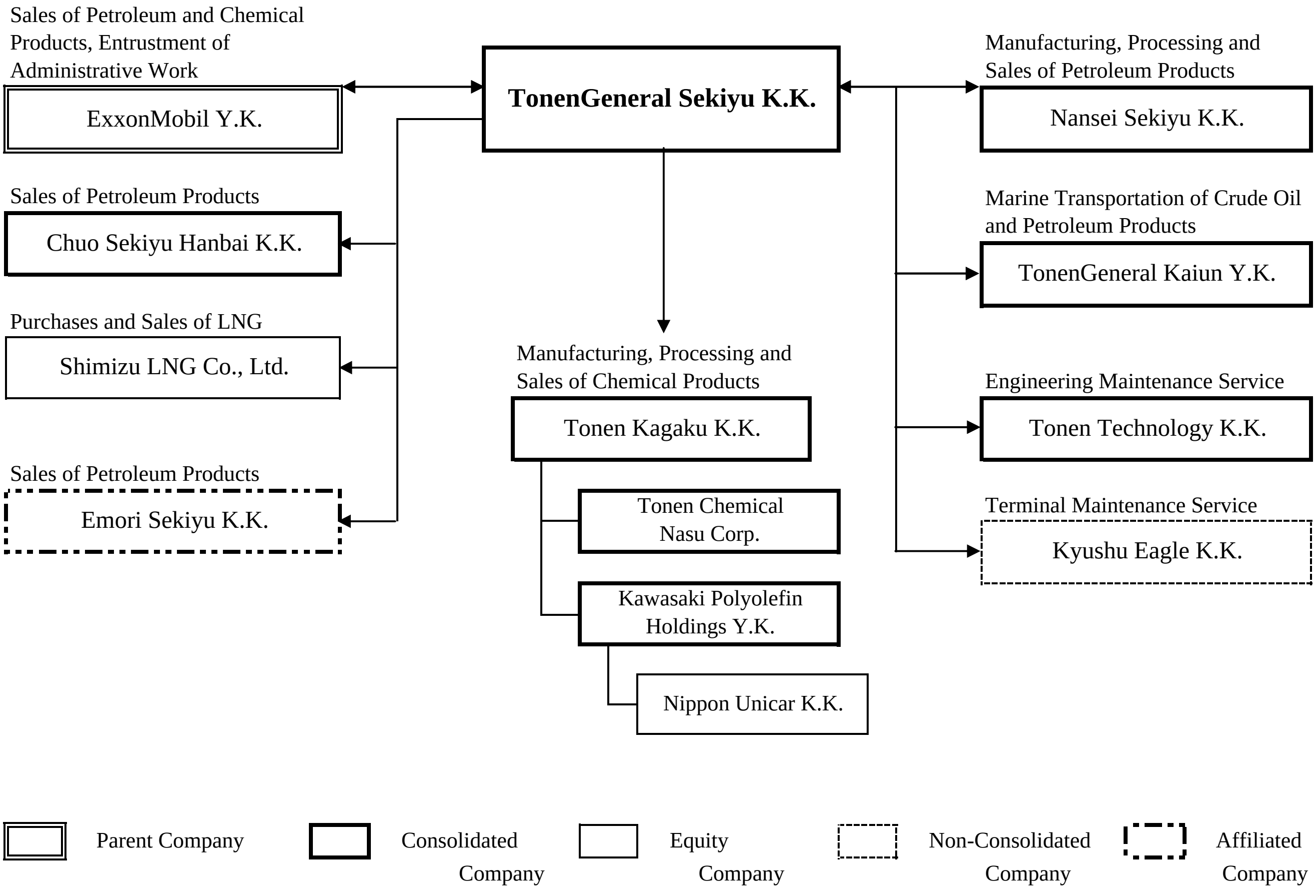
I. Profile of Group Companies

Major businesses and positions of group companies (the Company, 7 Consolidated Subsidiaries, 2 Equity Companies, 1 Non-consolidated Subsidiary, 1 Affiliated Company and 1 Parent Company) are as follows:

Segment	Function	Major Business	Name of Company	Number of Companies
Petroleum Products	Marketing	Sales of Petroleum Products	TonenGeneral Sekiyu K.K., ExxonMobil Y. K., Chuo Sekiyu Hanbai K.K., Emori Sekiyu K.K.	4
	Refining	Manufacturing, Processing and Sales of Petroleum Products	TonenGeneral Sekiyu K.K., Nansei Sekiyu K.K.	2
	Shipping	Marine Transportation of Crude Oil and Petroleum Products	TonenGeneral Kaiun Y. K.	1
	Others	Purchases and Sales of LNG	Shimizu LNG Co., Ltd.	1
Chemical Products	Refining and Marketing	Manufacturing, Processing and Sales of Chemical Products	TonenGeneral Sekiyu K.K., ExxonMobil Y. K., Tonen Kagaku K.K., Tonen Chemical Nasu Corp., Nippon Unicar K.K., Kawasaki Polyolefin Holdings Y.K.	6
Others		Engineering Maintenance Service	Tonen Technology K.K., Kyushu Eagle K.K.	2

(Notes) Exxon Mobil Corporation, which indirectly owns 100% of the equity of ExxonMobil Y.K. via subsidiaries, is another parent company, but it is not included in the "Profile of Group Companies" as there are no material business transactions with the Company.

Business structure of the group (as of June 30, 2006) is shown below:



Ⅱ. Corporate Policy

(1) Mission of TonenGeneral

TonenGeneral group strives to be a good corporate citizen in all the places we operate. We are dedicated to maintaining the highest ethical standards, complying with all applicable laws and regulations. We also are dedicated to running safe, healthy and environmentally responsible operations. TonenGeneral will help lead Japan into the future by stably providing quality products, as the best petroleum and petrochemical company in Japan, leveraging the ExxonMobil Group's global network, to quickly and reliably respond to customers and circumstances so as to valuably contribute to shareholders, customers, employees, local communities and society. In addition, we are dedicated to meeting growing energy needs in an economically, environmentally and socially responsible manner.

(2) Corporate Goals

TonenGeneral group's corporate goal is to maintain and enhance our operations in order to remain the best petroleum and petrochemical company in Japan, with world-class cost competitiveness and technology. TonenGeneral will continue to strive to achieve global levels of operational efficiency and profitability.

- **Commitment to Safety, Health and Environment**

  To achieve safe, healthy and environmentally sound operations, making effective use of application of systems and energy-saving methods. Our commitment to Safety, Health and Environment is our first priority.

- **Business Integrity and Governance**

  To operate with the highest standards of business ethics.

- **Oil segment**

  - Refining and Supply: To achieve a first quartile position in the world-wide efficiency rankings (Solomon survey). Work toward 12% Return On Capital Employed (ROCE).

  - Marketing: To focus on service differentiation. Lead the self-serve format shift and actively introduce new technologies. Pursue the best balance between margin and sales volume.

- **Chemical Segment**

  To promote integration of our petrochemical and refining businesses, while seeking balance between our commodity and specialties businesses.

- **As a member of the ExxonMobil Group**

  To leverage ExxonMobil's technology, network, and global experience.

(3) Future Prospects and Our Challenges

- **Future Prospects for the Industry**

  Steady recovery of the Japanese economy continues with an increase in exports and capital investments by private businesses as well as an increase in personal spending reflecting the improved employment environment and greater household incomes. Despite concerns about the impact of price increases for resources such as crude oil and sluggish economies overseas, moderate growth is expected to continue. However, economic recovery notwithstanding, a downward trend in petroleum demand has become evident with continued shifts in commercial/industrial demand patterns. In addition, with a gradual reduction in petroleum product tariffs, competition with imports is expected to increase. On the other hand, tight demand for refined products globally may offer opportunities for increased exports.

  <u>Petroleum products</u>

  Looking at domestic oil demand by product, demand for gasoline is expected to remain stable for gasoline-powered automobiles, taking into account improved fuel efficiency. A further decline in diesel demand is expected due to industry restructuring and a decrease in the number of diesel vehicles. Overall demand for major petroleum products is expected to continue to decline based on industry patterns and fuel switching. In addition, with surpluses remaining in refining capacity and supply capacity (number of service stations, etc.) tough market conditions for petroleum products are expected to continue.

  <u>Petrochemical products</u>

  Increased demand in the Asian market is forecast for petrochemicals, and favorable market conditions for petrochemical products are expected to continue this year. However, concerns include decreased margins resulting from prices for base materials such as naphtha hovering at high levels and market volatility caused by short-term supply/demand adjustments. In addition, market conditions for chemicals could take a downward turn in the medium term due to planned startup of operations at new plants in Asia and the Middle East.

- **Business Challenges of TonenGeneral**

  In this environment, the TonenGeneral group continues our drive to be the most efficient industry player in all aspects, including costs, feedstock procurement and investment structure. Based on our participation in the ExxonMobil Group network, we believe the TonenGeneral group has a competitive advantage in pursuing further efficiencies.

  <u>Oil Segment</u>

  In our oil segment, the TonenGeneral group will pursue the optimal balance between earnings and sales volume and lead the shift to self-service stations to meet customer needs under the "Express” concept, including network expansion for Speedpass and introduction the new Video Pumps. In addition, since January of 2005 we have been supplying ultra low-sulfur gasoline and diesel fuel while focusing on the most efficient supply, using the ExxonMobil global supply network. Furthermore, we are installing facilities to enhance our flexibility to produce these products at a lower cost. To enhance our facilities, we are in the process of investing more than 25 billion yen over and above the levels of our usual annual investment programs. These investments for facilities enhancements will continue until 2007. In addition, to develop the ability to secure reasonable financial results even under severe market conditions, we are continuing to implement our "Profit Improvement Programs." These programs include diversification of crude oil procurement to include more challenged crudes from sources such as West Africa and development of technologies for handling crude oils whose processing difficulties result in discounted prices.

Chemical Segment

In our chemical segment, in order to respond to the cyclical changes in market conditions for basic petrochemical products, we are working to enhance the competitiveness of our olefins and aromatics businesses. In our basic petrochemicals business, we are working to achieve the position of the most cost-competitive supplier through diversification of feedstocks and optimization based on integration with refineries, capacity expansion with low-cost, high-return investments and implementation of projects to enhance cost competitiveness. Meanwhile, we are working to maximize earnings in our specialties segment, which is not subject to cyclical changes in market conditions. Two new microporous film (MPF) production lines began operations this year. For other specialty products as well, capacity creep investments are being used in a timely manner to advance profit improvement projects.

(4) Dividend Policy

TonenGeneral considers providing superior total returns to shareholders as one of its top management priorities, with the objective of steadily increasing shareholder value over time. Our basic policy is to continue to provide returns to shareholders through stable dividends, while maintaining a solid financial structure and considering issues such as trends in consolidated cash flows and future capital expenditures.

(5) Lowering the Trading Unit

TonenGeneral regards liquidity of our stock as an important management issue. However, it is estimated that lowering the trading unit requires considerable cost. Therefore, at present we do not believe that it is necessarily in the best interest of all of our shareholders. We continue to monitor market conditions, keeping in mind the need to enhance both liquidity and the interests of all of our shareholders, and note that trading volume in our shares increased in 2005 over the several previous years.

(6) Relationship with Parent Companies

ExxonMobil Yugen Kaisha holds (as of end of June 2006) 50.6% of TonenGeneral's total shareholders' voting rights. ExxonMobil Y.K. is a 100% indirect subsidiary of Exxon Mobil Corporation of the U.S.A. Within the ExxonMobil Japan Group, including ExxonMobil Y.K. and TonenGeneral K.K., all of the businesses of companies are organized along functional lines. The objective of this organization is to take advantage of economies of scale, synergies across companies, and rapid implementation of ExxonMobil best practices from around the world. The main elements of the relationship between TonenGeneral K.K. and the ExxonMobil Group companies are as follows.

- TonenGeneral supplies petroleum products to ExxonMobil Y.K. under an agreement relating to supply and offtake for petroleum products.
- TonenGeneral has concluded an agreement with ExxonMobil Y.K. under which TonenGeneral is entrusted with certain logistic functions of ExxonMobil Y.K.
- TonenGeneral has concluded agreements for comprehensive services with ExxonMobil Y.K. to entrust marketing functions and administrative functions.
- TonenGeneral has concluded agreements in relation to crude oil, products and feedstocks supply, services, and research with some ExxonMobil affiliated companies abroad.
- Tonen Chemical Corp. has concluded an agency agreement with ExxonMobil Y.K., utilizing ExxonMobil Y.K. as an agent to centralize its sales and logistics operations.
- Four directors of TonenGeneral are also directors of ExxonMobil Y.K.
- 97 employees from ExxonMobil Y.K. have been dispatched to the TonenGeneral head office refining and supply division, and TonenGeneral terminals and refineries. On the other hand, 296 employees from TonenGeneral have also been dispatched to ExxonMobil Y.K. mainly in the service and administrative functions and Marketing in order to promote personnel exchange within the group. (as of June end 2006)
- TonenGeneral conducts business efficiently while maintaining close cooperative relationships with ExxonMobil Y.K. and other companies in the ExxonMobil Japan Group.
- Having directors appointed to concurrent positions at ExxonMobil Y.K. and accepting employees dispatched from ExxonMobil Y.K. does not impede our independent business judgment. Business independence and an independent governance system have been established.

(Concurrent positions of directors)

Position	Name	Position at parent company, etc.	Reason for appointment
Representative Director, Chairman and President	D.G. Wascom	Representative Director and President	Abundant experience on a global level in both refining/supply and marketing. Representative director, chairman and president is judged to be an appropriate appointment
Representative Director and Vice President	Kazuo Suzuki	Director	Deep insight into all aspects of company's business, contribution to business operations
Director	W.J. Bogaty	Representative Director and Vice President	Expertise in international and local financial management and operations. Contribution to business operations
Director	Yoshinori Miyahara	Director	Broad expertise and experience in the Japan marketing business. Contribution to the business operations of the company

(Dispatched employees)

Dispatched to	Number of employees	Employed by	Reason for dispatch
Head office refining and supply division	76	ExxonMobil Y.K.	To utilize the business knowledge of ExxonMobil Y.K. employees and promote personnel exchange within the group
Terminals	3	ExxonMobil Y.K.	Same as above
Refineries (Kawasaki, Wakayama, Sakai)	17	ExxonMobil Y.K.	Same as above

(Name of the Parent Company, etc.)

Name of the parent company, etc.	Relationship	Percentage of voting rights owned by the parent company, (%)	Trade style or name of the stock exchange, in which the parent company, etc., are listed.
ExxonMobil Yugen Kaisha (Y.K.)	Parent Company	50.6	Not applicable
Exxon Mobil Corporation	Parent Company	50.6	New York Stock Exchange

1. Exxon Mobil Corporation, which indirectly owns 100% of the outstanding shares of ExxonMobil Y.K. via subsidiaries, is another parent company, but there are no material business transactions with the company.

2. Voting rights owned by Exxon Mobil Corporation are indirectly owned via ExxonMobil Y. K.

(7) Risk Factors Affecting Future Results

The following are risk factors that may affect earnings, stock price and consolidated financial statements etc. in the TonenGeneral Group.

- **Competitive Factors**
  The energy and petrochemical industries are highly competitive. There is competition within the industries and also with other industries in supplying the energy, fuel and chemical needs of industry and individual customers. A key component of the Company's competitive position, particularly given the commodity-based nature of many of its products, is its ability to manage expenses successfully, which requires continuous management focus on reducing unit costs and improving efficiency.

- **Political Factors**
  The operations and earnings of the Company and its affiliates have been, and may in the future be, affected from time to time in varying degrees by political developments, and governmental activity including new laws and regulations. Examples of potential activities or events include: forced divestiture of assets, restrictions on production, imports and exports; war or other international conflicts; civil unrest and local security concerns that threaten the safe operation of company facilities; price controls; tax increases and retroactive tax claims; expropriation of property; cancellation of contract rights; and environmental regulations. Both the likelihood of such occurrences and their overall effect upon the Company vary greatly and are not predictable.

- **Environmental Regulations**
  In Japan, supply of 50-ppm diesel and gasoline was required by regulation effective 2004 end. Furthermore, it is required to lower sulfur level to 10-ppm effective 2007 for diesel and effective 2008 for gasoline. TonenGeneral voluntarily started supply of 10 ppm diesel and gasoline in January 2005 in order to meet customer needs and to maintain competitiveness in the market. The earnings of the Company may be affected by increases in costs, in response to further new environmental regulations. As one example, studies have begun in the petroleum industry for the blending of bio fuel with gasoline by 2010.

- **Petroleum Tariff Reform**
  Tariffs on imported crude oil were eliminated in April 2006. Gradual reductions of petroleum product tariffs also began at that time. This could increase competition with import products, possibly affecting domestic prices of petroleum products.

- **Industry and Economic Factors**
  The operations and earnings of the Company and its affiliates are affected by local, regional and global events or conditions that affect supply and demand for oil,

petroleum products and other products. These events and conditions are generally not predictable and include, among other things, general economic growth rates and the occurrence of economic recessions; supply disruptions; weather, including seasonal patterns that affect energy demand and severe weather events that can disrupt operations; technological advances, including advances in technology relating to energy usage in refining, and petrochemical manufacturing; changes in demographics, including population growth rates and consumer preferences; and the competitiveness of alternative hydrocarbon or other energy sources or product substitutes.

- **Market Risks, Inflation and Other Uncertainties**
  Crude oil, petroleum product and chemical prices have fluctuated widely in response to changing market forces. The impacts of these price fluctuations on earnings are generally not predictable.

- **Information Management Risk**
  In an effort to secure proper use and management of confidential information including personal data, we have taken appropriate measures such as installation of firewalls on computer networks, introduction of computer antivirus software to protect internal database and PC operations, monitoring of computer networks, use of dedicated lines for data exchange with external parties, and introduction of advanced data management system, etc. We have required that service providers to whom we have outsourced our customer data adopt the same security policies, and thus our customer data has been properly managed and monitored. Nevertheless, in cases of loss, leak or falsification of internal information including customer data, our business activities might be negatively affected.

Ⅲ. Financial Results

(1) Business Overview

Crude Cost and Petroleum Product Market

The Dubai crude spot price started at 55 dollars per barrel at the beginning of this year and rose to 68 dollars per barrel at the beginning of May. The price has remained high since then, resulting in a first half year-to-date average of 61.4 dollars per barrel, 38% (16.9 dollars per barrel) higher than that of 1H last year. The U.S. dollar-yen exchange rate in the same period averaged 116.7 yen per dollar, which represents a depreciation of about 9.6 yen against the U.S. dollar versus the same period of last year. As a result, year-to-date crude cost in yen-per-liter terms (on a loaded basis) was 45.0 yen per liter or about 50% (14.9 yen) higher than the same period last year.

In the domestic petroleum product market, retail pump prices for gasoline, diesel and kerosene increased 11.6, 12.5 and 18.6 yen per liter respectively, versus the same period last year.

2006 first half year-to-date total petroleum product demand declined by 3.7% versus the corresponding period last year. Demand for gasoline and diesel dropped 1.0% and 2.7% respectively. Kerosene demand fell 8.0% due to higher temperatures in the first quarter this year versus the same period last year. Fuel Oil A demand decreased by 10.2% versus the same period last year with the lower demand for building heat, while Fuel Oil C demand increased by 1.8% versus the first half of 2005 due to favorable demand for electrical power in the first quarter.

Petrochemical Product Market

Although domestic production of basic petrochemical products such as olefins and aromatics fell 3%-6% versus the same period last year due to factors such as planned maintenance shutdowns, production remained at a high level compared with five-year historical trends. In addition, Asian spot market price (in U.S. dollar terms) for benzene reversed downwards from the sharp increases in 1H 2005 to end up 9.6% lower than 1H 2005, while spot prices for paraxylene and toluene rose 17.4% and 18.9% respectively. Due to the effects of rising crude costs, aromatics margins were lower than in the same period last year, but remained high compared with past trends.

[Financial Results by Segment for the First Half of 2006]

1) Petroleum Products

Consolidated sales revenue rose by 129.3 billion yen to 1,339.5 billion yen, as crude cost increases were reflected to the product prices. Operating income decreased by 6.4 billion yen to minus 10.4 billion yen. As the steep rise in crude costs could not be completely passed on to product prices, earnings remained at a low level during the period. 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 first half results approximately one month earlier than industry. Therefore, the full effects of the extreme crude price increases seen in the first half of 2006 are reflected in our financial results in the period. When calculated on a Dubai basis, this accounting method, versus the arrival base accounting method, had an adverse effect on margins estimated to be about 20 billion yen for 1H 2006. TonenGeneral applies the LIFO/LOCOM method for inventory evaluation. Operating income includes inventory valuation gains of 7.7 billion yen, versus 16.3 billion yen of favorable inventory valuation effects in the previous year. These inventory effects do not affect our cash earnings.

2) Petrochemical Products

Consolidated sales revenue increased by 25.9 billion yen to 139.6 billion yen, reflecting the continued strong demand in the industry. Operating income decreased by 4.2 billion yen versus the same period last year to 21.9 billion yen. Although aromatics margins were lower than the same period last year, olefins margins were higher due to continued strong demand. Overall, while earnings were lower than the same period last year, they remained at high levels on a historical basis.

3) Other

Sales revenue for engineering, maintenance service, etc. was 673 million yen, and operating income was 36 million yen.

(2) Earnings Forecast

Earnings forecast for the period ending December 31, 2006 is as follows:

(Unit: billion yen)

	Sales Revenue	Operating Income/Loss	Ordinary Income/Loss	Net Income/Loss
Consolidated	3,176.0	21.0	27.0	16.0
Parent	3,118.0	-1.0	59.0	57.0

Consolidated operating income for the full year 2006 is forecast at 21.0 billion yen. The reduction from our prior full-year forecast made in February takes into account the results of the first half (operating income of 11.4 billion yen). Projections involved in the forecast include the following:

1) While the sharp increase in crude prices in July affected margins, we have assumed that this trend will not continue and that oil margins for the remainder of the year will be at levels similar to our original forecast in February.

2) Petroleum product sales volume for the second half is expected to increase versus the first half, though to levels slightly lower than previous forecast.

3) Earnings in the chemical sector for the second half are expected to be higher than the previous forecast due to continued margin improvement accompanying strong demand for olefins and other products.

4) We project that first-half inventory valuation gains will reverse in part during the remainder of the year.

Ⅳ. Financial Condition

(1) Cashflow in 2006 1st Half

Cash and Cash Equivalents were 0.6 billion yen at the end of this semi-annual accounting period. This was almost same as the end of the previous accounting period.

Cash Flows from Operating Activities were positive 0.5 billion yen. Positive factors such as a decrease in trade accounts receivable and positive before-tax income outweighed negative factors such as a decrease in certain accounts payable, including gasoline tax payable.

In the 1st half of 2006, seven-months' equivalent of gasoline tax, etc. was paid (due to calendar effects on due dates), and the amount of the extra months' payment was 37.6 billion yen. This effect will reverse in the 2nd half of this year, so that overall 12 months of taxes will be paid. Excluding this extra month payment of gasoline tax, etc., Cash Flows from Operating Activities were 38.1 billion yen in the 1st half of this year.

Cash Flows from Investing Activities were negative 15.1 billion yen, mainly due to capital expenditures.

Cash Flows from Financing Activities were positive 14.6 billion yen. Cash inflows from increased net short-term borrowings were larger than dividend payments.

(2) Outlook on cash flows

Combined cash flow from operating activities and investing activities in full year 2006 is expected to be reasonably stable and adequate, although slightly lower than 2005. Before-tax net earnings in 2006 are projected to be the same as or slightly higher than in 2005. On the other hand, capital expenditures in 2006 are expected to be higher than last year.

Net cash generation will be applied to distributions to shareholders and to repayment of debt.

(3) Trends in cash flows

	FY 2004	1st Half 2005	FY 2005	1st Half 2006
Shareholder's Equity Ratio (%) - Book Base	26.4%	29.9%	23.7%	25.6%
Shareholder's Equity Ratio (%) - Market Base	58.4%	83.7%	76.4%	76.9%
Years needed to retire debt (years)	1.7	- (*)	1.9	- (*)
Interest coverage Ratio (times)	58.5	- (*)	69.7	- (*)

(*): Years needed to retire debt and Interest coverage ratio are not shown in interim reporting

* All indicators have been calculated based on consolidated financial data
* Definitions:
  - Shareholder's Equity Ratio – Book Base: (Total Net Assets – Minority Interest) / Total Assets
  - Shareholder's Equity Ratio – Market Base: Total value of stock at market price / Total Assets
  - Years needed to retire debt: Interest-bearing debt / Operating Cash Flows
  - Interest coverage ratio: Operating Cash Flows / Interest paid
* Operating cash flows is the cash flow from operations shown in the Consolidated Statement of Cash Flows
* Interest-bearing debt is actual interest-bearing debt, defined as S/T borrowings, Commercial Paper and L/T Debt on the Consolidated Balance Sheet. Interest Paid is the amount shown in the Consolidated Statement of Cash Flows.

Ⅴ. Interim Consolidated Financial Statements

Interim Consolidated 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	740	613	569	43
2 Notes and Trade Accounts Receivable	384,310	383,644	492,618	△ 108,973
3 Inventories	162,199	200,502	166,899	33,602
4 Income Tax Refund Receivable	-	4,245	12,202	△ 7,957
5 Deferred Tax Assets	5,614	6,523	6,633	△ 109
6 Short-term Loans Receivable	2,045	981	714	266
7 Others	10,757	8,033	7,611	422
8 Bad Debt Allowance	△ 744	△ 279	△ 623	344
Total Current Assets	564,923	604,264	686,625	△ 82,360
Ⅱ Long-term Assets				
1 Property, Plant and Equipment				
(1) Buildings and Structures	58,837	56,738	57,234	△ 496
(2) Tanks	7,113	6,724	6,924	△ 199
(3) Machinery, Equipment and Vehicles	67,965	67,628	66,614	1,013
(4) Tools, Furniture and Fixtures	1,704	1,525	1,549	△ 23
(5) Land	93,859	91,223	91,550	△ 326
(6) Incomplete Construction	9,393	19,942	13,216	6,725
Total Property, Plant and Equipment	238,874	243,783	237,090	6,692
2 Intangible Assets				
(1) Leasehold	1,994	1,961	1,974	△ 12
(2) Software	2,908	2,873	3,143	△ 269
(3) Consolidation Adjustments Account	2,940	-	2,613	△ 2,613
(4) Goodwill	-	2,286	-	2,286
(5) Others	588	421	500	△ 79
Total Intangible Assets	8,431	7,543	8,231	△ 688
3 Investments and Other Assets				
(1) Investment Securities	14,079	13,612	13,495	117
(2) Long-term Loans Receivable	1,849	1,306	1,390	△ 84
(3) Deferred Tax Assets	6,791	6,917	6,993	△ 76
(4) Others	15,356	15,692	15,201	490
(5) Bad Debt Allowance	△ 1,408	△ 658	△ 694	36
Total Investments and Other Assets	36,668	36,870	36,385	484
Total Long-term Assets	283,973	288,197	281,708	6,488
Total Assets	848,897	892,462	968,334	△ 75,872

(Note) Amounts shown in truncated millions of yen.

Interim Consolidated 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	221,341	287,435	294,663	△ 7,227
2 Gasoline Tax etc., Payable	174,792	157,373	236,899	△ 79,526
3 Short-term Debt	62,943	88,460	45,877	42,582
4 Commercial Paper	-	-	15,000	△ 15,000
5 Accrued Income Taxes	8,536	4,493	4,769	△ 276
6 Accrued Consumption Taxes	7,632	4,962	13,517	△ 8,555
7 Guarantee Deposits Payable	12,306	12,659	12,344	314
8 Reserve for Bonuses	1,574	1,737	1,428	308
9 Others	27,874	33,066	36,220	△ 3,154
Total Current Liabilities	517,002	590,188	660,721	△ 70,533
Ⅱ Long-term Liabilities				
1 Long-term Debt	15,602	13,528	14,653	△ 1,125
2 Deferred Tax Liabilities	1,974	606	1,348	△ 741
3 Reserve for Accrued Pension Costs	39,972	38,456	39,995	△ 1,539
4 Reserve for Officers' Retirement Allowance	235	171	238	△ 67
5 Reserve for Repairs	15,105	16,008	16,395	△ 386
6 Reserve for Offshore Well Abandonment	1,604	1,562	1,567	△ 5
7 Others	3,154	1,691	2,239	△ 547
Total Long-term Liabilities	77,648	72,024	76,437	△ 4,412
Total Liabilities	594,651	662,213	737,159	△ 74,945
(MINORITY INTERESTS)	940	-	1,015	△ 1,015
(SHAREHOLDERS' EQUITY)				
Ⅰ Common Stock	35,123	-	35,123	△ 35,123
Ⅱ Additional Paid-in Capital	20,761	-	20,770	△ 20,770
Ⅲ Retained Earnings	197,210	-	173,772	△ 173,772
Ⅳ Net Unrealized Holding Gains on Securities	1,071	-	579	△ 579
Ⅴ Treasury Stock	△ 861	-	△ 85	85
Total Shareholders' Equity	253,305	-	230,159	△ 230,159
Total Liabilities, Minority Interests and Shareholders' Equity	848,897	-	968,334	△ 968,334
(NET ASSETS)				
Ⅰ Owners' Equity				
1 Paid-in Capital	-	35,123	-	35,123
2 Capital Surplus	-	20,769	-	20,769
3 Earned Surplus	-	173,046	-	173,046
4 Treasury Stock	-	△ 146	-	△ 146
Total Owners' Equity	-	228,792	-	228,792
Ⅱ Valuation and Translation Adjustments				
1 Valuation Difference on Available-for-Sales Securities	-	515	-	515
Total Valuation and Translation Adjustment	-	515	-	515
Ⅲ Minority Interests	-	940	-	940
Total Net Assets	-	230,248	-	230,248
Total Liabilities and Net Assets	-	892,462	-	892,462

(Note) Amounts shown in truncated millions of yen.

Interim Consolidated Statement of Income

(Unit: Million yen)

Account Title	1H 2005 (Jan. 1 through Jun. 30)	1H 2006 (Jan. 1 through Jun. 30)	1H 2006 vs. 1H 2005	2005 (Jan. 1 through Dec. 31)
Ⅰ Sales Revenue	1,324,875	1,479,817	154,942	2,856,182
Ⅱ Cost of Sales	1,283,584	1,450,044	166,459	2,797,434
Gross Margin	41,291	29,773	△ 11,517	58,747
Ⅲ Selling, General and Administrative Expenses	19,261	18,409	△ 852	38,769
Operating Income	22,029	11,363	△ 10,665	19,978
Ⅳ Non-operating Income				
1 Interest Income	62	319	256	100
2 Dividends Received	70	58	△ 11	72
3 Foreign Exchange Gain	1,171	3,102	1,930	1,770
4 Equity Earnings of Affiliates	959	717	△ 241	1,670
5 Others	23	71	47	135
Total Non-operating Income	2,287	4,269	1,981	3,749
Ⅴ Non-operating Expenses				
1 Interest Expense	308	282	△ 26	605
2 Loss on Sales and Disposal of Supplies	15	7	△ 8	94
3 Others	98	65	△ 32	205
Total Non-operating Expense	423	355	△ 67	905
Ordinary Income	23,894	15,277	△ 8,616	22,822
Ⅵ Extraordinary Gain				
1 Gain on Sales of Property, Plant and Equipment	253	58	△ 194	2,815
2 Gain on Sales of Golf Membership	38	25	△ 13	40
3 Gain on Sales of Investment Securities	1,072	-	△ 1,072	2,138
4 Gain on Sale of Marketing Goodwill	-	-	-	377
5 Others	-	-	-	1
Total Extraordinary Gain	1,363	84	△ 1,279	5,373
Ⅶ Extraordinary Loss				
1 Loss on Asset Impairment	30	322	291	868
2 Loss on Sales and Disposals of Property, Plant and Equipment	846	262	△ 583	2,864
3 Evaluation Loss on Investment Securities	615	7	△ 607	664
4 Additional Allowance for Employee's Early Retirement	-	-	-	3,380
Total Extraordinary Loss	1,492	592	△ 900	7,778
Interim (Annual) Income before Income Taxes	23,765	14,769	△ 8,996	20,417
Current Income Taxes	8,282	5,272	△ 3,010	8,120
Deferred Income Tax	765	△ 527	△ 1,293	△ 719
Minority Interests (△Loss)	△ 73	△ 40	32	1
Interim (Annual) Net Income	14,790	10,065	△ 4,725	13,015

(Note) Amounts shown in truncated millions of yen.

Interim Consolidated Statement of Retained Earnings

(Unit: Million yen)

Description	1H 2005 (Jan. 1 through Jun. 30)		2005 (Jan. 1 through Dec. 31)	
Additional Paid - in Capital				
Ⅰ Outstanding Balance at the Beginning of the Period		20,753		20,753
Ⅱ Increase in Additional Paid-in Capital				
Gain on Disposals of Treasury Stock	8	8	16	16
Ⅲ Outstanding Balance at the End of the Period		20,761		20,770
Retained Earnings				
Ⅰ Outstanding Balance at the Beginning of the Period		193,069		193,069
Ⅱ Increase in Retained Earnings				
Interim (Annual) Net Income	14,790	14,790	13,015	13,015
Ⅲ Decrease in Retained Earnings				
Cash Dividends Declared	10,650		21,298	
Retirement of Repurchased Treasury Stocks	-	10,650	11,014	32,313
Ⅳ Outstanding Balance at the End of the Period		197,210		173,772

(Note) Amounts shown in truncated millions of yen.

Interim Consolidated Statement of Changes in Net Assets

1H 2006 (January 1, 2006 through June 30, 2006)

(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, 2005	35,123	20,770	173,772	△ 85	229,580	579	579	1,015	231,174
Changes of Items during the Period									
Dividends from Surplus	-	-	△ 10,791	-	△ 10,791	-	-	△ 33	△ 10,825
Interim Net Income	-	-	10,065	-	10,065	-	-	△ 40	10,024
Purchases of Treasury Stock	-	-	-	△ 103	△ 103	-	-	-	△ 103
Disposal of Treasury Stock	-	△ 0	-	42	42	-	-	-	42
Net Changes of Items Other than Owners' Equity	-	-	-	-	-	△ 63	△ 63	-	△ 63
Total Changes of Items during the Period	-	△ 0	△ 726	△ 61	△ 788	△ 63	△ 63	△ 74	△ 926
Balance at June 30, 2006	35,123	20,769	173,046	△ 146	228,792	515	515	940	230,248

(Note) Amounts shown in truncated millions of yen.

Interim Consolidated Statement of Cash Flows

(Unit: Million yen)

Title	1H 2005 (Jan. 1 through Jun. 30) Amounts	1H 2006 (Jan. 1 through Jun. 30) Amounts	2005 (Jan. 1 through Dec. 31) Amounts
I Cash Flows from Operating Activities			
Interim(Annual) Net Income before Income Taxes	23,765	14,769	20,417
Depreciation and Amortization	9,617	8,831	20,507
Gain on Sales of Investment Securities	△ 1,072	-	△ 2,138
Loss on Asset Impairment	30	322	868
Increase(△Decrease) in Reserve for Repairs	1,245	△ 386	2,535
Decrease(△Increase) in Trade Accounts Receivable	80,665	108,629	△ 27,642
Decrease(△Increase) in Inventories	16,871	△ 33,602	12,170
Increase(△Decrease) in Trade Accounts Payable	△ 21,917	△ 7,227	51,403
Increase（△Decrease） in Other Accounts Payable	△ 74,327	△ 91,180	△ 440
Others	△ 1,134	△ 4,662	1,996
Sub-Total	33,743	△ 4,508	79,678
Interest and Dividend Income Received	407	324	815
Interest Paid	△ 337	△ 281	△ 572
Payments of Additional Allowance for Early Retirement	△ 1,365	△ 2,324	△ 1,605
Refund of Income Taxes Paid	-	12,388	-
Income Taxes Paid	△ 21,942	△ 5,050	△ 38,364
Cash Flows from Operating Activities	10,505	547	39,951
II Cash Flows from Investing Activities			
Payments for Purchases of Property, Plant and Equipment	△ 5,847	△ 15,630	△ 17,850
Proceeds from Sales of Property, Plant and Equipment	475	59	4,152
Payments for Purchases of Intangible Assets	△ 186	△ 119	△ 894
Proceeds from Sales of Investment Securities	1,239	1	2,446
Payments for Long-term Loans Receivable	△ 35	△ 12	△ 86
Collection of Long-term Loans Receivable	247	137	443
Payments for Stock Purchase of a Subsidiary Company	△ 3,988	-	△ 3,988
Proceeds from Share Buy Back by an Equity-method Subsidiary	1,300	428	1,300
Others	52	31	55
Cash Flows from Investing Activities	△ 6,742	△ 15,103	△ 14,422
III Cash Flows from Financing Activities			
Decrease(△Increase) in Short-term Loans Receivable	△ 1,360	△ 307	△ 56
Increase（△Decrease） in Short-term Debt	10,184	42,427	△ 6,731
Increase（△Decrease） in Commercial Paper	-	△ 15,000	15,000
Payments for Long-term Debt	△ 1,498	△ 970	△ 2,597
Payments for Repurchase of Treasury Stock	△ 168	△ 767	△ 9,766
Proceeds from Sales of Treasury Stock	38	42	69
Cash Dividends Paid	△ 10,650	△ 10,791	△ 21,298
Payment of Dividends to Minority Interests	-	△ 33	-
Others	-	-	△ 10
Cash Flows from Financing Activities	△ 3,454	14,599	△ 25,390
IV Increase(△Decrease) in Cash and Cash Equivalents	308	43	137
V Cash and Cash Equivalents at the Beginning of the Period	431	569	431
VI Cash and Cash Equivalents at the End of the Period	740	613	569

(Note) Amounts shown in truncated millions of yen.

Notes to Interim Consolidated Financial Statements

1. Scope of Consolidation

- Consolidated subsidiaries: 7 companies, see "I. Profile of Group Companies"
- Non-consolidated subsidiaries: 1 company   Kyushu Eagle K.K.

2. Application of Equity Method

- Affiliates accounted for by the equity method: 2 companies, see "I. Profile of Group Companies"
- Non-equity-method companies : 2 companies   Kyushu Eagle K.K., Emori Sekiyu K.K.

3. Interim Closing Date of Consolidated Subsidiaries

Interim closing dates of consolidated subsidiaries are the same as that of the Company.

4. Summary of Significant Accounting Procedures

(1) Evaluation Methods for Important Assets

a) Inventories

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

b) Securities

- Other 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 caluculated using the moving-average method.)

Non-marketable: the moving-average method

c) Derivatives transactions, etc: market value at the closing date

(2) Depreciation and Amortization of Fixed Assets

- 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

- Intangible Assets: the straight-line method

In-house computer software is amortized over its service life (5 to 15years) using the straight-line method.

(3) Accounting Standards for Major Reserves

- Bad Debt Allowance

To provide for losses due to bad debt, the Company and its consolidated subsidiaries accrue 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 and its consolidated subsidiaries accrue an estimated reserve for the interim consolidated accounting period.

- Reserve for Accrued Pension Costs

To provide for the payment of employees' post-retirement benefits, the Company and its consolidated subsidiaries accrue an estimated reserve based on the projected benefit obligations and estimated pension plan assets as of the interim closing date. Any differences in actuarial calculations of retirement benefits are 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 using the straight-line method over employees' average remaining service years (11.4, 12.9 and 15.5 years).

- Reserve for Officers Retirement Allowance

  To provide for the payment of officers' post-retirement allowance, the Company and its consolidated subsidiaries accrue 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 and two of its consolidated subsidiaries accrue estimated reserves for the interim consolidated 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 and its consolidated subsidiaries accrue 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 the yen at the spot rate at the closing date and any difference in exchange rate is reflected in income.

(5) Accounting for Finance Lease Transactions

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

(6) Other

Interim Consolidated Statement of Income does not include consumption tax.

5. Scope of Cash and Cash Equivalents in Interim Consolidated Statement of Cash Flows

Cash and cash equivalents are composed of cash on hand, deposits drawable at any time, and readily convertible and price change insensitive short-term advances whose maturity comes generally within three months.

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 the 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 for consolidated financial statements. The amount of "Shareholders' Equity" based on the previous standard is 229,307 million yen.
The changes in presentation in the interim consolidated 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", "Valuation and Translation Adjustments", and "Minority Interests".

(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.

(4) "Minority Interests", presented in "Liabilities" in the prior period, is presented as an independent item included in "Net Assets" 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 for interim consolidated financial statements. There is no P/L impact from this application.
The changes in presentation in the interim consolidated balance sheet are 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".

Other Notes

1. Interim Consolidated Balance Sheets

	June 30, 2005	June 30, 2006	December 31, 2005
(1) Accumulated Depreciation on Tangible Fixed Assets	741,304 million yen	753,256 million yen	746,567 million yen
(2) Contingent Liabilities	4,214 million yen	3,608 million yen	3,867 million yen
(3) Number of Shares Issued: Common Stock	592,543,018 shares	583,400,000 shares	583,400,000 shares
(4) Treasury Stock Number of Shares	979,955 shares	121,638 shares	70,505 shares
Amount	861 million yen	146 million yen	85 million yen

2. Interim Consolidated Statement of Income

Land (Service Stations, etc.)

	1H 2005	1H 2006	2005
(1) Gain on Sales of Property, Plant and Equipment			
Buildings and Structures (Service Stations, etc.)	2 million yen	58 million yen	31 million yen
Land (Service Stations, etc.)	246 million yen	0 million yen	2,468 million yen
Machinery, Equipment and Vehicles (Ship, etc.)	- million yen	- million yen	304 million yen
Others	4 million yen	- million yen	11 million yen
Total	253 million yen	58 million yen	2,815 million yen
(2) Loss on Sales and Disposals of Property, Plant and Equipment			
Buildings and Structures (Service Stations, etc.)	287 million yen	110 million yen	1,037 million yen
Machinery, Equipment and Vehicles (Refinery Facilities, etc.)	249 million yen	106 million yen	541 million yen
Tools, Furniture and Fixtures (Service Stations, etc.)	- million yen	17 million yen	- million yen
Land (Service Stations, etc.)	243 million yen	1 million yen	847 million yen
Others	65 million yen	26 million yen	437 million yen
Total	846 million yen	262 million yen	2,864 million yen

3. Interim Consolidated Statement of Changes in Owners' Equity

(1) Issued Stocks

Category	December 31, 2005	Increase	Decrease	June 30, 2006
Common Stock (1,000 share)	583,400,000	-	-	583,400,000

(2) 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 in Treasury Stock is due to purchase and sales of odd-lot stocks

(3) Dividends

Resolution	Category	Total Amount of Dividend (Millions of yen)	Dividend Per Share (Yen)	Reference date	Effective date
Annual General Shareholders' Meeting held at March 28, 2006	Common Stock	10,791	18.50	December 31, 2005	March 29, 2006

4. Interim Consolidated Statement of Cash Flows

Cash and Cash Equivalents at the Closing Dates and Accounts on the Balance Sheets

	1H 2005	1H 2006	2005
Cash on Hand and in Banks	740 million yen	613 million yen	569 million yen
Cash and Cash Equivalents	740 million yen	613 million yen	569 million yen

5. Lease Transactions

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 (Millions of yen)	Accumulated Depreciation Equivalent (Millions of yen)	Outstanding Balance (Millions of yen)		Acquisition Amount Equivalent (Millions of yen)	Accumulated Depreciation Equivalent (Millions of yen)	Outstanding Balance (Millions of yen)		Acquisition Amount Equivalent (Millions of yen)	Accumulated Depreciation Equivalent (Millions of yen)	Outstanding Balance (Millions of yen)
Tanks	301	137	164	Tanks	301	231	70	Tanks	301	184	117
Machinery, Equipment and Vehicles	388	333	54	Machinery, Equipment and Vehicles	263	21	241	Machinery, Equipment and Vehicles	381	351	29
Property, Plant, Equipment and other	31	20	10	Property, Plant, Equipment and other	54	30	24	Property, Plant, Equipment and other	31	25	6
Intangible Assets	88	86	2	Intangible Assets	-	-	-	Intangible Assets	-	-	-
Total	810	578	231	Total	620	283	336	Total	714	561	153

(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	147 million yen	132 million yen	118 million yen
Due over One Year	84 million yen	204 million yen	34 million yen
Total	231 million yen	336 million yen	153 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	90 million yen	87 million yen	162 million yen
Depreciation Expenses Equivalent	90 million yen	87 million yen	162 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.

6. Securities

Previous Interim Accounting Period (June 30, 2005)

1. Other Securities with Market Value

(Unit: Million yen)

	Purchase Price	Book Value	Gain/Loss
Stocks	1,378	3,070	1,691

2. Details of Non-marketable Securities

(Unit: Million yen)

	Book Value
Securities	
Non-listed Stocks	11,009
(Excluding over-the-counter stocks)	
Contribution	5

(Note) In this interim consolidated accounting period, the impairment of non-marketable securities amounted to 272 million yen, which was deducted from the purchase prices on the interim consolidated balance sheet.

Current Interim Accounting Period (June 30, 2006)

1. Other Securities with Market Value

(Unit: Million yen)

	Purchase Price	Book Value	Gain/Loss
Stocks	1,246	1,978	731

2. Details of Non-marketable Securities

(Unit: Million yen)

	Book Value
Securities	
Non-listed Stocks	11,633
Contribution	5

(Note) In this interim consolidated accounting period, the impairment of non-marketable securities amounted to 7 million yen, which was deducted from the purchase prices on the interim consolidated balance sheet.

Previous Accounting Period (December 31, 2005)

1. Other Securities with Market Value

(Unit: Million yen)

	Acquisition Cost	Book Value	Gain/Loss
Stocks	1,246	2,047	800

2. Details of Non-marketable Securities

(Unit: Million yen)

	Book Value
Securities	
Non-listed Stocks	11,447
Contribution	5

(Note) In this consolidated accounting period, the impairment of non-marketable securities amounted to 664 million yen, which was deducted from the purchase prices on the consolidated balance sheet.

7. Derivative Transactions

Previous Interim Accounting Period (June 30, 2005)

Contract Amount, Market Value and Unrealized Gain or Loss of Derivative Transactions

(Unit: Million yen)

Subject of Deal	Type of Transaction	Contract Amount	Market Value	Unrealized G/L
Currency Related	Foreign Exchange Forwards	59,433	60,504	1,070

(Note) Calculation method for market value : market value is based on current market price

Current Interim Accounting Period (June 30, 2006)

Contract Amount, Market Value and Unrealized Gain or Loss of Derivative Transactions

(Unit: Million yen)

Subject of Deal	Type of Transaction	Contract Amount	Market Value	Unrealized G/L
Currency Related	Foreign Exchange Forwards	113,114	113,580	466

(Note) Calculation method for market value : market value is based on current market price

Previous Accounting Period (December 31, 2005)

Contract Amount, Market Value and Unrealized Gain or Loss of Derivative Transactions

(Unit: Million yen)

Subject of Deal	Type of Transaction	Contract Amount	Market Value	Unrealized G/L
Currency Related	Foreign Exchange Forwards	93,536	93,294	△ 242

(Note) Calculation method for market value : market value is based on current market price

8. Segment Information

1. Information by Business Line

1H 2005 (January 1, 2005 through June 30, 2005)

(Unit: Million yen)

	Oil	Chemicals	Others	Total	Elimination	Consolidated
Sales Revenue						
(1)Sales to Third Parties	1,210,154	113,649	1,071	1,324,875	-	1,324,875
(2)Internal Transactions	150,786	16,569	4	167,360	(167,360)	-
Total	1,360,940	130,218	1,076	1,492,235	(167,360)	1,324,875
Operating Expenses	1,364,869	104,076	993	1,469,939	(167,093)	1,302,846
Operating Income（△Loss）	△ 3,928	26,142	82	22,296	(267)	22,029

(Notes) 1. Classification of business lines is based on the internal control procedure the Company has adopted.

2. Major products of each business line:

(1) Oil : Gasoline, Naphtha, Jet Fuel, Kerosene, Diesel Fuel, Fuel Oils, Lubricants, LPG, etc.

(2) Chemicals: Ethylene, Propylene, Benzene, Toluene, Paraxylene, Microporous Film etc.

(3) Others: Engineering, Maintenance Service, etc.

1H 2006 (January 1, 2006 through June 30, 2006)

(Unit: Million yen)

	Oil	Chemicals	Others	Total	Elimination	Consolidated
Sales Revenue						
(1)Sales to Third Parties	1,339,526	139,617	673	1,479,817	-	1,479,817
(2)Internal Transactions	209,307	19,807	1	229,116	(229,116)	-
Total	1,548,834	159,424	674	1,708,934	(229,116)	1,479,817
Operating Expenses	1,559,241	137,518	711	1,697,471	(229,017)	1,468,453
Operating Income（△Loss）	△ 10,407	21,905	△ 36	11,462	(98)	11,363

(Notes) 1. Classification of business lines is based on the internal control procedure the Company has adopted.

2. Major products of each business line:

(1) Oil : Gasoline, Naphtha, Jet Fuel, Kerosene, Diesel Fuel, Fuel Oils, Lubricants, LPG, etc.

(2) Chemicals: Ethylene, Propylene, Benzene, Toluene, Paraxylene, Microporous Film, etc.

(3) Others: Engineering, Maintenance Service, etc.

2005 (January 1, 2005 through December 31, 2005)

(Unit: Million yen)

	Oil	Chemicals	Others	Total	Elimination	Consolidated
Sales Revenue						
(1)Sales to Third Parties	2,611,974	242,635	1,573	2,856,182	-	2,856,182
(2)Internal Transactions	349,723	36,260	4	385,988	(385,988)	-
Total	2,961,697	278,895	1,577	3,242,170	(385,988)	2,856,182
Operating Expenses	2,987,142	233,400	1,522	3,222,065	(385,861)	2,836,203
Operating Income（△Loss）	△ 25,444	45,495	55	20,105	(126)	19,978

(Notes) 1. Classification of business lines is based on the internal control procedure the Company has adopted.
2. Major products of each business line:
(1) Oil : Gasoline, Naphtha, Jet Fuel, Kerosene, Diesel Fuel, Fuel Oils, Lubricants, LPG, etc.
(2) Chemicals: Ethylene, Propylene, Benzene, Toluene, Paraxylene, Microporous Film, etc.
(3) Others: Engineering, Maintenance Service, etc.

2. Segment Information by Geographic Area

This information is omitted for the previous interim and fiscal accounting period, since sales revenue in the domestic market comprise over 90% of total sales revenue. As for this interim accounting period, the Company doesn't have overseas consolidated companies or important overseas branches.

3. Overseas Sales

This information is omitted, since overseas sales revenue is less than 10% of total sales revenue in current and previous consolidated periods.

Ⅵ. Production, Consignments and Sales

1. Production

Production volume by business segment for the interim consolidated accounting period is as follows:

Business segment	2006 (Jan.1 through Jun. 30)	Comparison with Previous Period (%)	Major Products
Petroleum Products	(KKL) 16,834	△ 4.4	Gasoline, Naphtha, Jet Fuel, Kerosene, Diesel Fuel, Fuel Oils, Lubricants, LPG, etc.
Chemical Products	(KTon) 1,315	△ 5.0	Ethylene, Propylene, Benzene, Toluene, Paraxylene, Microporous Film, etc.

(Note) The amounts above show the total production volumes of the consolidated refining companies.

2. Consignment

There was no consignment of major products during the interim consolidated accounting period.

3. Sales

Sales amounts by business segment for the interim consolidated accounting period is as follows:

(Unit: Million yen)

Business Segment	2006 (Jan.1 through Jun. 30)	Comparison with Previous Period (%)	Major Products
Petroleum Products	1,339,526	10.7	Gasoline, Naphtha, Jet Fuel, Kerosene, Diesel Fuel, Fuel Oils, Lubricants, LPG, etc.
Chemical Products	139,617	22.8	Ethylene, Propylene, Benzene, Toluene, Paraxylene, Microporous Film, etc.
Others	673	△ 37.2	Engineering, Maintenance Service, etc.
Total	1,479,817	11.7	

(Notes)

(1) Sales Amount to Major Customers

(Unit: Million yen)

Customer Name	2006 (Jan.1 through Jun. 30)	Comparison with Previous Period (%)	Percentage vs. Total Sales Amount (%)	Major Products
ExxonMobil Y.K.	877,912	10.4	59.33%	Gasoline, Kerosene, Diesel Fuel, LPG, etc.

(2) The above amounts do not include consumption taxes.
(3) The above sales amounts show sales to third parties.

Ⅶ. Consolidated Sales Volume and Sales Amounts

(Unit : KKL, Kton, Million yen)

Business Segment	Products	1H 2005 (January 1 through June 30)		1H 2006 (January 1 through June 30)		2005 (January 1 through December 31)	
		Volume	Amounts	Volume	Amounts	Volume	Amounts
Petroleum Products	Gasoline	7,008 34.4	719,982 59.5	6,574 35.2	713,575 53.3	14,286 35.3	1,544,895 59.2
	Naphtha	18 0.1	661 0.1	43 0.2	1,797 0.1	83 0.2	3,186 0.1
	Kerosene	3,209 15.8	132,724 11.0	2,533 13.5	148,656 11.1	5,708 14.1	260,245 10.0
	Diesel fuel	3,094 15.2	130,543 10.8	2,876 15.4	161,445 12.1	6,428 15.9	298,036 11.4
	Fuel Oils and Crude	4,985 24.5	158,511 13.1	4,865 26.1	225,397 16.8	9,892 24.5	356,422 13.6
	Lubricants	174 0.9	9,080 0.8	162 0.9	13,579 1.0	337 0.8	20,342 0.8
	LPG	1,748 8.6	43,049 3.6	1,505 8.1	58,968 4.4	3,484 8.6	93,992 3.6
	Other Products	112 0.5	15,599 1.1	111 0.6	16,104 1.2	224 0.6	34,851 1.3
	Sub Total	20,347 100.0	1,210,154 100.0	18,669 100.0	1,339,526 100.0	40,443 100.0	2,611,974 100.0
Chemical Products	Olefins etc.	939 70.1	78,683 69.2	954 72.4	101,995 73.1	1,852 69.3	168,194 69.3
	Aromatics etc.	401 29.9	34,966 30.8	364 27.6	37,621 26.9	820 30.7	74,440 30.7
	Sub Total	1,340 100.0	113,649 100.0	1,318 100.0	139,617 100.0	2,672 100.0	242,635 100.0
Others	Other Operating Revenue		1,071		673		1,573
	Grand Total	21,687	1,324,875	19,987	1,479,817	43,115	2,856,182

(Notes) 1. Amounts shown in truncated millions of yen.
2. The second figure in each cell shows percentage against total.
3. Volumes for Petroleum Products are shown in KKL, and those for Chemical Products in Kton.