Consolidated Financial Results (Kessan Tanshin) for 2008

February 13, 2009

Listed company : TonenGeneral Sekiyu Kabushiki Kaisha
Listed on : Tokyo Stock Exchange, the First Section
Code number : 5012
URL : http://www.tonengeneral.co.jp
Representative : K. Suzuki Representative Director and President
Contact person : K. Kai ExxonMobil Y.K., Public Affairs, Communications and Media Division Manager
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Annual General Shareholders' Meeting will be held on: March 26, 2009
Dividend will be paid from: March 27, 2009
Annual Financial Report will be submitted on: March 26, 2009

(Amounts shown in truncated millions of yen)

1. Consolidated Financial Results for 2008 (January 1, 2008 through December 31, 2008)

(1) Consolidated Financial Results (Percentage figures are comparisons with the previous accounting period)

	Sales Revenue		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2008	3,272,429	(7.3)	121,742	(-)	131,290	(771.0)	79,285	(-)
2007	3,049,842	(△ 0.9)	7,063	(△ 88.0)	15,073	(△ 77.2)	7,014	(△ 82.4)

	Net Income per Share	Net Income per Share after Adjustment	Net Income per Owners' Equity	Ordinary Income per Total Assets	Operating Income per Sales Revenue
	Yen	Yen	%	%	%
2008	140.34	-	32.8	13.5	3.7
2007	12.12	-	3.0	1.5	0.2

(Ref.) Equity Companies Earnings 2008 △ 238 million yen 2007 1,598 million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Owners' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
2008	901,598	270,500	30.0	478.89
2007	1,045,536	214,279	20.4	377.41

(Ref.) Owners' Equity 2008 270,500 million yen 2007 213,236 million yen

(3) Consolidated 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
2008	145,092	△ 6,469	△ 138,595	488
2007	6,682	△ 19,479	12,748	614

2. Dividend

	Dividend per Share			Total Amount (Full Year)	Payout Ratio (Consolidated)	Dividend per Net Assets (Consolidated)
(Reference date)	First Half	Year-end	Full Year			
	Yen	Yen	Yen	Millions of yen	%	%
2007	18.50	19.00	37.50	21,522	309.3	9.3
2008	19.00	19.00	38.00	21,466	27.1	8.9
2009 (Forecast)	19.00	19.00	38.00	-	238.5	-

3. Consolidated Projected Business Performance for 2009 (January 1, 2009 through December 31, 2009)

(Percentage figures are comparisons with the previous accounting period)

	Sales Revenue		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2Q YTD	1,150,000	(△32.1)	6,000	(-)	6,000	(58.6)	4,000	(△31.6)	7.08
Full Year	2,300,000	(△29.7)	15,000	(△87.7)	16,000	(△87.8)	9,000	(△88.7)	15.93

4. Others

(1) Change in Major Subsidiaries in this Accounting Period : Yes

(Change in designated subsidiaries, which has alteration in the scope of consolidation)

Excluded 1 company (Name: Nansei Sekiyu K.K.)

(Note) As for the detail, please refer to "Profile of Group Companies" on page 7.

(2) Change in Accounting Policy, Procedure, Presentation and so on for Consolidated Financial Statements

(Items to be described in Changes of Fundamental and Important Items for Consolidated Financial Statements)

① There are changes due to a revision of accounting standards : No

② There are changes other than ① : Yes

(Note) For details, please refer to "(6) Change of Fundamental and Important Items for Consolidated Financial Statements" on page 17.

(3) Number of Outstanding Shares (Common Stock)

① Number of outstanding shares at the end of the period (Including Treasury Stock)

2008 565,182,000 shares 2007 565,182,000 shares

② Treasury Stock at the end of the period

2008 328,555 shares 2007 180,951 shares

(Note) As to the number of shares, which is the basis to calculate net income per share, please refer to "Financial Data per Share" on page 31.

(Ref.) Summary of Parent Company's Financial Results

1. Financial Results for 2008 (January 1, 2008 through December 31, 2008)

(1) Financial Results (Percentage figures are comparisons with the previous accounting period)

	Sales Revenue		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2008	3,260,775	(8.2)	102,837	(-)	117,298	(-)	72,600	(-)
2007	3,014,375	(△ 0.4)	△ 24,130	(-)	△ 1,226	(-)	4,368	(△ 94.3)

	Net Income per Share	Net Income per Share after Adjustment
	Yen	Yen
2008	128.51	-
2007	7.55	-

(2) Financial Position

	Total Assets	Net Assets	Owners' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
2008	859,357	235,133	27.4	416.27
2007	1,004,819	184,358	18.3	326.30

(Ref.) Owners' Equity 2008 235,133 million yen 2007 184,358 million yen

2. Parent's Projected Business Performance for 2009 (January 1, 2009 through December 31, 2009)

(Percentage figures are comparisons with the previous accounting period)

	Sales Revenue		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	2,200,000	(△32.5)	10,000	(△90.3)	10,000	(△91.5)	5,000	(△93.1)	8.85

※Explanatory notes for an appropriate use of projections / Other notes

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.

For further information regarding the projections above, please refer to 1. Financial Results (1) Analysis of Financial Results②Earnings Forecast on page 4.

1. Financial Results

(1) Analysis of Financial Results

① Business Overview

i. Crude Oil and Petroleum Product Market Trend

The price per barrel for Dubai crude, generally used as a reference price for our industry in the Asia-Pacific region, dropped briefly from the 90-to-99-dollar range around the first of the year to the 80-to-84-dollar range in mid-January, but subsequently increased steadily to an historic high of 140 dollars at the beginning of July. The price then began to drop, falling to 36 dollars by the end of the year. The average price for the year was 94.2 dollars per barrel, an increase of 25.8 dollars (38%) versus the previous year.

The yen appreciation trend gained momentum in the beginning of October, with the yen-US dollar exchange rate (TTS) averaging 104.5 yen per dollar for 2008, about 14.4 yen stronger than the average for 2007. The average Dubai price for 2008, in yen terms, on a loaded basis, was 61.9 yen per liter for 2008, an increase of 10.8 yen (21%) versus 2007.

Domestic retail petroleum product prices (excluding tax) also increased versus the previous year on an average basis, but drastically fluctuating crude prices and the temporary discontinuation of the provisional gasoline tax rate in April, had a heavy impact, making 2008 a turbulent year.

Overall domestic demand for petroleum products in 2008 was lower than the previous year. Gasoline demand decreased, due to higher prices and a reduction in the gasoline-engine car population. Kerosene demand decreased mainly due to higher prices. Sales of heavier products, such as Diesel and Fuel Oil A, declined due to more efficient operations in the transportation sector, fuel switching to other energy sources, and the recession in late 2008. Demand for Fuel Oil C for power generation began to increase in mid-2007 after a nuclear power plant shutdown, and continued to increase in 2008.

ii. Petrochemicals: Production and Market Price

Petrochemical demand and production in 2008 were much lower than the previous year, affected by the significant change in the global business economy especially in the second half of 2008. The production of ethylene in Japan in 2008 decreased by 11% compared to the previous year and was at its lowest level since 1995. Paraxylene and benzene production have decreased by 8% and 13% respectively versus the previous year. The global economic recession together with the crude price drop in the second half of 2008 caused sharp declines in the Asian spot market for chemical products. The ethylene spot market price dropped from 1,673 $/Ton in July to 473 $/Ton in December. The paraxylene spot market prices dropped from 1,608 $/Ton in July to 668$/Ton in December.

iii. TonenGeneral Sekiyu's Financial Results

Consolidated Sales Revenue for 2008 increased 7.3% from the previous year, to 3,272.4 billion yen. The increase relates to higher product prices, reflecting crude cost increases, partially offset by lower sales volumes. Consolidated Operating Income was 121.7 billion yen, an increase of 114.7 billion yen versus the previous year.

Net non-operating Income, mainly affected by gains in foreign exchange, was 9.5 billion yen. Ordinary Income was 131.3 billion yen in 2008, an increase of 116.2 billion yen from the previous year. Extraordinary items resulted in a net gain of 2.4 billion yen in 2008; major elements were losses from asset sales and asset impairment, and a gain from the sale of our shares in Nansei Sekiyu, formerly a consolidated company. As a result, Net Income amounted to 79.3 billion yen in 2008, 72.3 billion yen higher than the previous year.

Total assets at the end of 2008 were 901.6 billion, 143.9 billion yen lower than the year before, associated mainly with decreases in Trade Accounts Receivable reflecting lower product prices at the end of the year. Net Assets increased in 2008 by 56.2 billion yen from the previous year to 270.5 billion yen, reflecting current year earnings, partially offset by dividends paid.

(a) Oil segment

Oil segment operating income was 107.7 billion yen, an increase of 156.3 billion yen from the previous year.
The TonenGeneral group applies the LIFO/LOCOM method for inventory evaluation, and the Operating Income for 2008 includes profit from inventory- related effects of 14.1 billion yen, an increase of 12.9 billion yen from the previous year.

In addition to the profit from inventory-related effects, operating results were favorably affected by the sharp drop in crude oil prices in 2008, especially in the fourth quarter. The TonenGeneral Group recognizes crude costs at the time crude is loaded, about one month earlier than most oil companies in Japan which recognize crude costs upon arrival in Japan. It is estimated that there was a favorable impact of approximately 102 billion yen from this different accounting treatment for full year 2008, whereas there was an unfavorable impact of about 47 billion yen in full year 2007.

(b) Chemical segment

Chemical segment operating income was 13.9 billion yen, a decrease of 41.7 billion yen from the previous year. The global economic downturn affected the demand for basic chemicals, particularly in the fourth quarter.

(c) Other

For engineering and maintenance services, sales revenue was 1,347 million yen and operating income was 174 million yen.

② Earnings Forecast

(Unit: Million Yen)

Sales Revenue	Operating Income	Ordinary Income	Net Income
2,300,000	15,000	16,000	9,000

Consolidated operating income for full year 2009 is forecast to decrease by 106.7 billion yen from 2008 to 15 billion yen. Operating income in our Oil segment and Chemical segment are forecast to be 10 billion yen (97.7 billion yen lower than the previous year) and 5 billion yen (8.9 billion yen lower than the previous year), respectively.

As we assume no earnings impacts in 2009 resulting from the effects of inventory valuation or the difference in timing of our crude cost recognition process, our 2009 forecast earnings are substantially lower than 2008 results.
We forecast our Chemical segment earnings to be lower than 2008, as we expect the downturn demand trend that accelerated at the end of 2008 to continue through 2009.
TonenGeneral does not project prices of crude oil or petroleum products; our earnings forecasts are instead based principally on margin assumptions.

(2) Analysis of Financial Condition

① Total Assets, Liabilities and Total Net Assets

Total Assets as of December 31, 2008 totaled 901.5 billion yen, a 143.9 billion yen decrease from December 31, 2007. The change was mainly attributable to decreases in Trade Accounts Receivable reflecting lower product prices at the end of the year. Liabilities amounted to 631.0 billion yen, a 200.1 billion yen decrease from December 31, 2007, which is mainly due to a decrease in Trade Accounts Payable, Gasoline Tax etc., Payable and Short-term Debt, partially offset by an increase in Accrued Income Taxes. Total Net Assets as of December 31, 2008 amounted to 270.5 billion yen, a 56.2 billion increase from December 31, 2007, which was mainly due to current year earnings, partially offset by dividends paid.

② Cash Flow in full year accounting period 2008

Cash and Cash Equivalents were 488 million yen at the end of the full year accounting period, a 126 million yen decrease from the end of the previous accounting period. Our Company's objective, for reasons of financial efficiency, is to try to minimize the holding of cash except where impracticable in operations or where there is an economic benefit to the Company. Key factors in cash flows are summarized below.

Cash Flow from Operating Activities was positive 145,092 million yen, a 138,409 million yen increase versus the prior year. Positive cash flows from pre-tax income, depreciation and reductions in inventory outweighed negative cash flows from income tax payments and working capital movements related to changes in payables and receivables.

Cash Flow from Investing Activities was negative 6,469 million yen, a 13,010 million yen increase versus the prior year. Negative cash flows from capital expenditures were larger than positive cash flows mainly from the disposal of fixed assets and the stock sales of Nansei Sekiyu K.K.

Free Cash Flow (the sum of Operating Cash Flow and Investing Cash Flow) therefore totaled positive 138,622 million yen for 2008, a 151,419 million yen increase versus the prior year. The chief elements in this change were the positive effects of: (1) larger earnings and (2) cash inflows from the divestment of Nansei Sekiyu K.K.

Cash Flow from Financing Activities was negative 138,595 million yen, a 151,343 million yen increase versus the previous year. Cash outflows were for dividend payments, debt repayments and short term lending (the Company's debt level declined substantially).

③ Cash Flow Outlook

In 2009, Free Cash Flow is anticipated to decrease versus 2008, with forecast lower earnings and larger corporate tax payments associated with FY2008 earnings. We have assumed no significant changes in working capital.

④ Trends in Cash Flows

	FY 2005	FY 2006	FY 2007	FY 2008
Owner's Equity Ratio (%) - Book Base	23.8%	24.3%	20.4%	30.0%
Owner's Equity Ratio (%) - Market Base	76.4%	67.4%	59.6%	56.1%
Cash flow vs. Interest Bearing Debt (times)	1.9	0.8	16.7	0.5
Interest Coverage Ratio (times)	69.7	108.3	9.4	205.0

* All indicators have been calculated based on consolidated financial data
* Definitions:
  Owner's Equity Ratio - Book Base:
  (Period-end Total Net Assets - Period-end Minority Interests) / Period-end Total Assets
  Owner's Equity Ratio - Market Base:
  Total Value of Stock ex. Treasury Stock at Period-end Market Price / Period-end Total Assets
  Cash flow vs. Interest Bearing Debt:
  Period-end 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 debts, Commercial Paper and L/T debts on the Consolidated Balance Sheet. Interest Paid is the amount shown in the Consolidated Statement of Cash Flows.

(3) Dividend Policy, Dividend in Current Period and Dividend in Next Period

① 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 deliver stable dividends to shareholders, while maintaining a sound financial structure and giving due consideration to trends in consolidated cash flow and future capital expenditures.

② Dividend in Current Period

The company projects a payment to its shareholders as of December 31, 2008, of 19.0 yen per share as a final dividend for the term ended December 31, 2008, subject to the decision of the general meeting of shareholders.

③ Dividend in Next Period

Full-year dividends for 2009 are expected to be 38.0 yen per share, subject to review of our full year business performance and cash flow results and the endorsement of both our Board of Directors and shareholders.

(4) Risk Factors Affecting Future Results

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

• Competitive Factors

The energy and petrochemical industries are highly competitive. There is competition within the industry, as well as with other industries, in supplying products to 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 Policies

It is possible that government action related to environmental matters could adversely affect the business results of the Company and its affiliates.

• 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 in turn affect supply and demand for oil, petroleum products and petrochemical 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 production; 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, and use of dedicated lines for data exchange with external parties. We have required that service providers to whom we have outsourced our customer data adopt the same security policies, to ensure that 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.

2. 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:

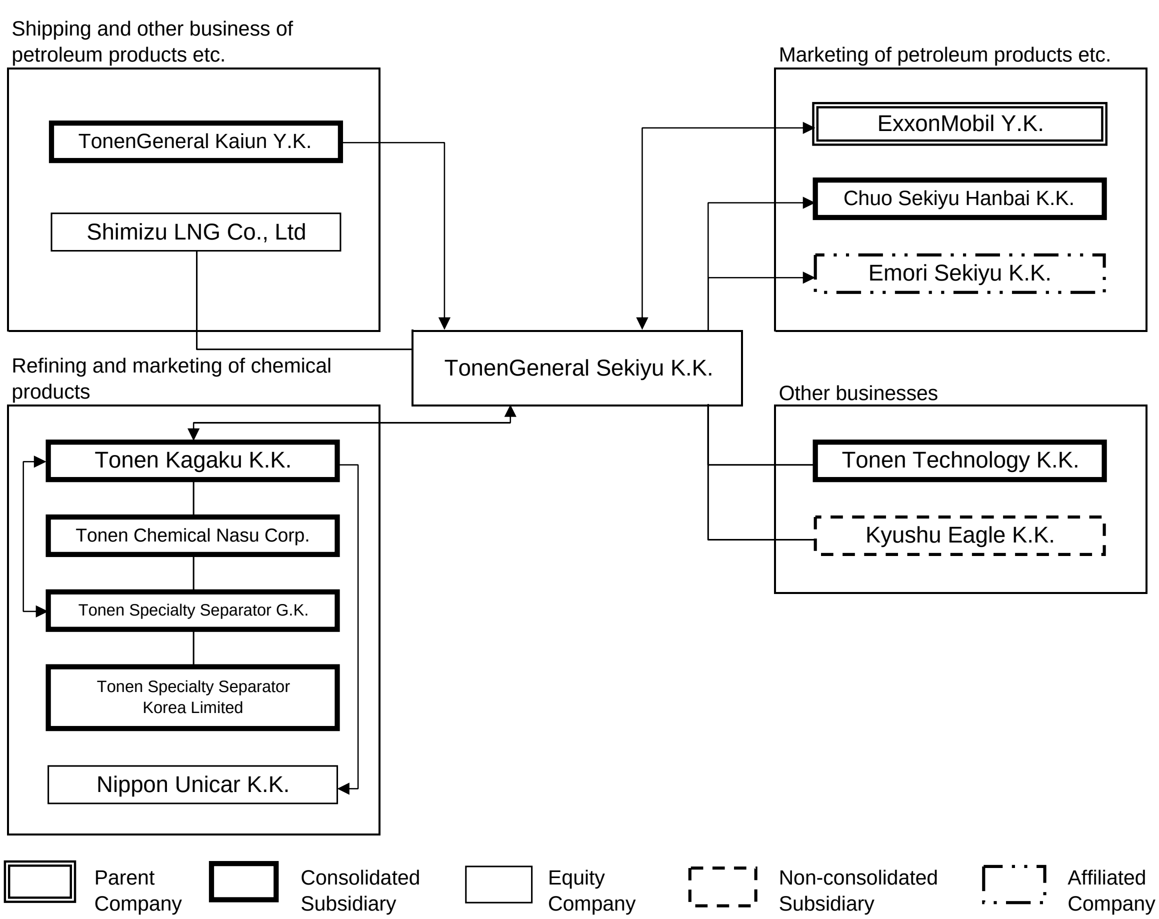
Segment	Function	Major Business	Name of Company	Number of Companies
Petroleum Products	Marketing	Sales of Petroleum Products	TonenGeneral Sekiyu K.K., ExxonMobil Y.K., Chuo Sekiyu Hanbai K.K., Emori Sekiyu K.K.	4
	Refining	Manufacturing, Processing and Sales of Petroleum Products	TonenGeneral Sekiyu K.K.	1
	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., Tonen Specialty Separator G.K., Tonen Specialty Separator Korea Limited, Nippon Unicar K.K.	7
Others		Engineering, Maintenance Service	Tonen Technology K.K., Kyushu Eagle K.K.	2

(Note) 1 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.

2 Tonen Specialty Separator Korea Limited was newly established on February 22, 2008 in Republic of Korea.

3 The shares in Nansei Sekiyu K.K., which were owned by TonenGeneral Sekiyu K. K. were sold to Petrobras International Braspetro B.V. on April 1, 2008.

Business structure of the group (as of December 31, 2008) is shown below:



3. Corporate Policy

(1) Basic Corporate Policy

The TonenGeneral group conducts its business operations in accordance with the following policy in order to achieve a prominent position in the Japan oil industry and within the global ExxonMobil group.

- Strive to be a good corporate citizen in all the places we operate, making valuable contributions to shareholders, customers, employees, local communities and society. We are committed to maintaining the highest ethical standards and complying with all applicable laws and regulations. Furthermore, we are dedicated to running our operations with the utmost attention to safety, health and the environment.
- Respond quickly and reliably to changing circumstances and customer needs by leveraging the ExxonMobil group network in the most effective manner possible.
- Conduct our operations in an economically, environmentally and socially responsible manner. Stay committed to operating a sustainable and profitable business in Japan.
- Respond to energy demands with a stable supply of high-quality products.

(2) Operating Strategies, Objectives and Indicators

Corporate Goals

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

• Commitment to Safety, Health and Environment

To achieve safe, healthy and environmentally sound operations, with effective application of systems and energy-saving methods. Our commitment to safety, health and the 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 refinery efficiency rankings (Solomon survey). Our long-term objective is a sustainable 12% return on capital employed (ROCE).
- Marketing

  To promote cost competitive self-service network, enhance the value of our "Express" brand, and pursue the best balance between margins and sales volume.
- Chemical Segment

  To promote integration of petrochemical and refining operations for our commodity chemical business, while strengthening specialties business with high growth potential.

• As a Member of the ExxonMobil Group

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

(3) Future Prospects and Our Challenges

With respect to domestic demand for major oil products, the drastic decline in demand associated with the steep rise in crude prices last summer was reversed to some extent by the downturn in crude prices since autumn. However, due to factors such as the falling birthrate, the aging population, energy conservation, conversion by customers to other energy sources, improving energy efficiency and continued streamlining in the transportation industry, we cannot assume that domestic demand for major oil products will increase in 2009. In order to maintain a sound business foundation under these circumstances, we need to place even greater emphasis on optimization and efficiency in our refining and marketing segments.

Given this challenging environment, the TG group must pursue further operating efficiencies in order to maintain our competitiveness. Our approach, as in the past, is long term, without undue focus on near-term marketplace or price developments. TG will continue to enhance our integrated approach, with all segments of our oil and chemical businesses working together toward an optimal mix of feedstocks, product supply, and marketing channels. Specifically, we are working to effectively utilize the secondary units at our refineries, maximize synergies with our petrochemical business, and optimize marketing channels including exports. In these efforts, we will take full advantage of the ExxonMobil Group's global network for feedstock procurement, product supply systems, and product manufacturing and marketing technologies.

In the Chemical business, it is essential to strengthen cost competitiveness in our basic business to cope with its the cyclical nature. At the same time, we will continue to work to enhance our specialty chemical business, which is less affected by the chemicals commodity cycle, to support overall earnings in our chemical business. In particular, we will progress execution of our growth strategies in our battery separator film business to capture business opportunities in new applications for lithium ion batteries, including electric vehicles.

Good corporate citizenship is a key foundation of our business. The TG Group considers that it is critically important to contribute to the development of the societies in which we operate, and we therefore will continue to strengthen ties with local communities through social contribution and cultural activities. In addition, we will also place great importance on legal compliance and ethical conduct.

Taking measures to address global warming is one of our key initiatives for the ExxonMobil Japan Group. In this area, we have taken the lead by improving energy efficiency at refineries and petrochemical plants. We will continue working on other initiatives for the reduction of greenhouse gas in all business areas including Marketing and Business Services divisions.

The TG group will continue working to achieve the above mentioned goals with all our efforts and requests its shareholders' continued interest and support.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

		Prior Period (December 31, 2007)			Current Period (December 31, 2008)			Dec. 31, 2008 vs. Dec. 31, 2007
Account Title	Notes No.	Amounts (Million yen)		Ratio (%)	Amounts (Million yen)		Ratio (%)	
(ASSETS)								
Ⅰ Current Assets								
1 Cash and Cash Equivalents			614			488		△ 126
2 Notes and Trade Accounts Receivable			553,198			390,733		△ 162,464
3 Inventories			168,477			136,970		△ 31,507
4 Income Tax Refund Receivable			4,504			79		△ 4,425
5 Deferred Tax Assets			16,053			5,855		△ 10,197
6 Short-term Loans Receivable			264			91,485		91,221
7 Others			9,220			7,302		△ 1,918
8 Bad Debt Allowance			△ 72			△ 71		1
Total Current Assets			752,260	72.0		632,843	70.2	△ 119,417
Ⅱ Long-term Assets								
1 Property, Plant and Equipment								
(1) Buildings and Structures	1,3	214,799			208,279			
Accumulated Depreciation		161,983	52,816		159,691	48,588		△ 4,228
(2) Tanks	1,3	78,360			65,377			
Accumulated Depreciation		72,232	6,128		60,401	4,976		△ 1,151
(3) Machinery, Equipment and Vehicles	1,3	615,252			599,446			
Accumulated Depreciation		528,521	86,710		525,041	74,405		△ 12,305
(4) Tools, Furniture and Fixtures	1,3	11,159			10,465			
Accumulated Depreciation		9,742	1,417		9,077	1,387		△ 29
(5) Land	3,4		87,946			80,883		△ 7,062
(6) Incomplete Construction			11,392			12,734		1,342
Total Property, Plant and Equipment			246,410	(23.6)		222,976	(24.7)	△ 23,434
2 Intangible Assets								
(1) Goodwill			1,306			653		△ 653
(2) Leasehold			1,917			1,714		△ 202
(3) Software			3,144			3,151		6
(4) Others			350			303		△ 46
Total Intangible Assets			6,718	(0.6)		5,822	(0.7)	△ 895
3 Investments and Other Assets								
(1) Investment Securities	2		15,063			13,873		△ 1,190
(2) Long-term Loans Receivable			1,041			839		△ 201
(3) Deferred Tax Assets			5,728			6,591		863
(4) Others			18,753			18,994		240
(5) Bad Debt Allowance			△ 439			△ 343		96
Total Investments and Other Assets			40,146	(3.8)		39,955	(4.4)	△ 191
Total Long-term Assets			293,275	28.0		268,754	29.8	△ 24,521
Total Assets			1,045,536	100.0		901,598	100.0	△ 143,938

Account Title	Notes No.	Prior Period (December 31, 2007) Amounts (Million yen)	Prior Period Ratio (%)	Current Period (December 31, 2008) Amounts (Million yen)	Current Period Ratio (%)	Dec. 31, 2008 vs. Dec. 31, 2007
(LIABILITIES)						
Ⅰ Current Liabilities						
1 Notes and Trade Accounts Payable		381,690		221,355		△ 160,334
2 Gasoline Tax etc., Payable	3	219,836		189,199		△ 30,637
3 Short-term Debt	3	101,429		67,085		△ 34,343
4 Accrued Income Taxes		7,273		40,204		32,930
5 Accrued Consumption Taxes		6,814		10,311		3,496
6 Guarantee Deposits Payable		11,213		9,926		△ 1,286
7 Reserve for Bonuses		1,298		1,310		11
8 Others		38,828		32,437		△ 6,390
Total Current Liabilities		768,385	73.5	571,830	63.4	△ 196,555
Ⅱ Long-term Liabilities						
1 Long-term Debt	3	10,153		7,493		△ 2,660
2 Deferred Tax Liabilities		2,352		2,478		125
3 Reserve for Accrued Pension Costs		31,561		28,432		△ 3,129
4 Reserve for Officers' Retirement Allowance		167		170		3
5 Reserve for Repairs		15,428		16,393		965
6 Reserve for Offshore Well Abandonment		2,069		2,953		884
7 Others		1,140		1,347		207
Total Long-term Liabilities		62,871	6.0	59,267	6.6	△ 3,603
Total Liabilities		831,256	79.5	631,097	70.0	△ 200,158
(NET ASSETS)						
Ⅰ Owners' Equity						
1 Paid-in Capital		35,123		35,123		-
2 Capital Surplus		20,741		20,741		-
3 Earned Surplus		157,216		215,002		57,786
4 Treasury Stock		△ 202		△ 307		△ 105
Total Owners' Equity		212,878	20.4	270,559	30.0	57,681
Ⅱ Valuation and Translation Adjustments						
1 Valuation Difference on Available-for-Sale Securities		357		135		△ 222
2 Foreign Currency Translation Adjustments		-		△ 194		△ 194
Total Valuation and Translation Adjustments		357	0.0	△ 59	△0.0	△ 417
Ⅲ Minority Interests		1,043	0.1	-	-	△ 1,043
Total Net Assets		214,279	20.5	270,500	30.0	56,220
Total Liabilities and Net Assets		1,045,536	100.0	901,598	100.0	△ 143,938

(2) Consolidated Statement of Income

Account Title	Notes No.	Prior Period (Jan. 1, 2007 through Dec. 31, 2007) Amounts (Million yen)		Ratio (%)	Current Period (Jan. 1, 2008 through Dec. 31, 2008) Amounts (Million yen)		Ratio (%)	2008 vs. 2007
Ⅰ Sales Revenue			3,049,842	100.0		3,272,429	100.0	222,586
Ⅱ Cost of Sales	1,3		3,009,758	98.7		3,116,603	95.2	106,845
Gross Margin			40,084	1.3		155,825	4.8	115,741
Ⅲ Selling, General and Administrative Expenses	2,3		33,020	1.1		34,082	1.1	1,062
Operating Income			7,063	0.2		121,742	3.7	114,678
Ⅳ Non-operating Income								
1 Interest Income		76			128			
2 Dividends Received		64			62			
3 Foreign Exchange Gain		7,069			10,354			
4 Equity Earnings of Affiliates		1,598			-			
5 Others		77	8,886	0.3	150	10,696	0.3	1,809
Ⅴ Non-operating Expenses								
1 Interest Expenses		719			657			
2 Equity Earnings Loss of Affiliates		-			238			
3 Loss on Sales and Disposals of Supplies		19			-			
4 Others		137	876	0.0	251	1,148	0.0	271
Ordinary Income			15,073	0.5		131,290	4.0	116,216
Ⅵ Extraordinary Gain								
1 Gain on Sale of Subsidiary Company's Stock	7	-			5,970			
2 Gain on Sales of Property, Plant and Equipment	4	386			1,396			
3 Gain on Sales of Investment Securities		-			71			
4 Gain on Sales of Golf Membership		66	453	0.0	-	7,439	0.2	6,985
Ⅶ Extraordinary Loss								
1 Loss on Asset Impairment	6	732			2,085			
2 Loss on Sales and Disposals of Property, Plant and Equipment	5	749			1,738			
3 Provision Loss on Reserve for Offshore Well Abandonment		-			1,185			
4 Accrued Loss on Sale of Subsidiary Company's Stock	8	2,803			-			
5 Surcharge		142	4,427	0.1	-	5,009	0.1	581
Income before Income Taxes			11,099	0.4		133,720	4.1	122,620
Current Income Taxes		11,219			44,999			
Deferred Income Tax		△ 7,243	3,975	0.1	9,430	54,429	1.7	50,454
Minority Interests			109	0.0		4	0.0	△ 105
Net Income			7,014	0.3		79,285	2.4	72,271

(3) Consolidated Statement of Changes in Net Assets

2007 (January 1, 2007 through December 31, 2007)

(Unit: Million yen)

	Owners' Equity					Valuation and Translation Adjustments		Minority Interests	Total Net Assets
	Paid-in Capital	Capital Surplus	Earned Surplus	Treasury Stock	Total Owners' 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	-	-	△ 21,576	-	△ 21,576	-	-	-	△ 21,576
Net Income	-	-	7,014	-	7,014	-	-	-	7,014
Purchases of Treasury Stock	-	-	-	△ 20,301	△ 20,301	-	-	-	△ 20,301
Disposal of Treasury Stock	-	△ 24	△ 20,231	20,305	48	-	-	-	48
Net Changes of Items Other than Owners' Equity	-	-	-	-	-	△ 170	△ 170	109	△ 60
Total Changes of Items during the Period	-	△ 24	△ 34,794	3	△ 34,814	△ 170	△ 170	109	△ 34,875
Balance at December 31, 2007	35,123	20,741	157,216	△ 202	212,878	357	357	1,043	214,279

2008 (January 1, 2008 through December 31, 2008)

(Unit: Million yen)

	Owners' Equity					Valuation and Translation Adjustments			Minority Interests	Total Net Assets
	Paid-in Capital	Capital Surplus	Earned Surplus	Treasury Stock	Total Owners' Equity	Valuation Difference on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Total Valuation and Translation Adjustments		
Balance at December 31, 2007	35,123	20,741	157,216	△ 202	212,878	357	-	357	1,043	214,279
Changes of Items during the Period										
Dividends from Surplus	-	-	△ 21,468	-	△ 21,468	-	-	-	-	△ 21,468
Net Income	-	-	79,285	-	79,285	-	-	-	-	79,285
Purchases of Treasury Stock	-	-	-	△ 331	△ 331	-	-	-	-	△ 331
Disposal of Treasury Stock	-	-	△ 30	226	195	-	-	-	-	195
Net Changes of Items Other than Owners' Equity	-	-	-	-	-	△ 222	△ 194	△ 417	△ 1,043	△ 1,460
Total Changes of Items during the Period	-	-	57,786	△ 105	57,681	△ 222	△ 194	△ 417	△ 1,043	56,220
Balance at December 31, 2008	35,123	20,741	215,002	△ 307	270,559	135	△ 194	△ 59	-	270,500

(4) Consolidated Statement of Cash Flows

(Unit: Million yen)

Title	Notes No.	Prior Period (Jan. 1, 2007 through Dec. 31, 2007) Amounts	Current Period (Jan. 1, 2008 through Dec. 31, 2008) Amounts	2008 vs. 2007 Amounts
Ⅰ Cash Flows from Operating Activities				
Income before Income Taxes		11,099	133,720	122,620
Depreciation and Amortization		23,377	28,800	5,422
Amortization of Goodwill		653	653	-
Loss on Asset Impairment		732	2,085	1,353
Increase(△Decrease) in Reserve for Bonuses		△ 75	74	149
Decrease in Reserve for Accrued Pension Costs		△ 4,983	△ 2,308	2,675
Increase in Reserve for Repairs		30	1,607	1,577
Interest and Dividend Income		△ 140	△ 191	△ 50
Interest Expenses		719	657	△ 61
Equity Earnings Profit of Affiliates		△ 1,598	-	1,598
Equity Earnings Loss of Affiliates		-	238	238
Loss on Sales and Disposals of Property, Plant and Equipment		749	1,738	988
Gain on Sales of Property, Plant and Equipment		△ 386	△ 1,396	△ 1,010
Gain on Sales of Investment Securities		-	△ 71	△ 71
Accrued Loss on Sales of Subsidiary Company's Stock		2,803	-	△ 2,803
Gain on Sales of Subsidiary Company's Stock		-	△ 5,970	△ 5,970
Provision Loss on Reserve for Offshore Well Abandonment		-	1,185	1,185
Surcharge		142	-	△ 142
Decrease(△Increase) in Trade Accounts Receivable		△ 35,655	149,848	185,504
Decrease in Inventories		19,576	2,300	△ 17,275
Decrease(△Increase) in Other Accounts Receivable		803	△ 2,216	△ 3,020
Increase(△Decrease) in Trade Accounts Payable		27,228	△ 137,319	△ 164,548
Decrease in Other Accounts Payable		△ 21,404	△ 20,608	796
Others		△ 1,147	1,250	2,331
Sub-Total		22,523	154,078	131,555
Interest and Dividend Received		149	212	62
Interest Paid		△ 714	△ 707	6
Payments of Additional Allowance for Early Retirement		△ 9	-	9
Payments of Surcharge		△ 142	-	142
Refund of Income Taxes Paid		1,715	4,538	2,822
Income Taxes Paid		△ 16,840	△ 13,029	3,810
Cash Flows from Operating Activities		6,682	145,092	138,409
Ⅱ Cash Flows from Investing Activities				
Payments for Purchases of Property, Plant and Equipment		△ 21,406	△ 18,215	3,190
Proceeds from Sales of Property, Plant and Equipment		1,997	2,051	53
Payments for Purchases of Intangible Assets		△ 911	△ 757	153
Payments for Purchases of Investment Securities		-	603	603
Proceeds from Sales of Investment Securities		△ 82	-	82
Payments of Long-term Loans Receivable		△ 2	△ 4	△ 2
Collection of Long-term Loans Receivable		195	236	40
Proceeds from Share Buy Back by an Equity-method Subsidiary		633	-	△ 633
Proceeds from Sales of Subsidiary Company's Stock with Change in Scope of Consolidation		-	9,601	9,601
Others		94	14	△ 80
Cash Flows from Investing Activities		△ 19,479	△ 6,469	13,010
Ⅲ Cash Flows from Financing Activities				
Decrease(△Increase) in Short-term Loans Receivable		64	△ 91,251	△ 91,316
Increase(△Decrease) in Short-term Debt		61,762	△ 23,689	△ 85,451
Decrease in Commercial Paper		△ 5,000	-	5,000
Payments of Long-term Debt		△ 2,250	△ 1,993	257
Payments for Repurchase of Treasury Stock		△ 20,301	△ 331	19,969
Proceeds from Sales of Treasury Stock		48	195	146
Cash Dividends Paid		△ 21,577	△ 21,469	107
Payments of Dividends to Minority Interests		-	△ 55	△ 55
Cash Flows from Financing Activities		12,748	△ 138,595	△ 151,343
Ⅳ Increase(△Decrease) in Cash and Cash Equivalents for Foreign Currency Translation Adjustments		-	△ 153	△ 153
Ⅴ Increase(△Decrease) in Cash and Cash Equivalents		△ 49	△ 126	△ 76
Ⅵ Cash and Cash Equivalents at the Beginning of the Period		664	614	△ 49
Ⅶ Cash and Cash Equivalents at the End of the Period	1	614	488	△ 126

(5) Fundamental and Important Items for Consolidated Financial Statements

Prior Period (Jan.1, 2007 through Dec. 31, 2007)	Current Period (Jan.1, 2008 through Dec. 31, 2008)
Ⅰ Scope of Consolidation 1 Consolidated Subsidiaries: 7 companies Each company's name is omitted as those are listed on "2. Profile of Group Companies". In this period, one company has been added to the scope of consolidation. Detail is as follows; Newly established Tonen Specialty Separator G.K. 2 Non-consolidated Subsidiaries: 1 company Kyushu Eagle K.K. 3 The Reason to Exclude the Subsidiary from the Scope of Consolidation The subsidiary is excluded from the scope of consolidation because its assets, sales revenue, net income, earned surplus and so on have no material impact on the consolidated financial statements.	Ⅰ Scope of Consolidation 1 Consolidated Subsidiaries: 7 companies Each company's name is omitted as those are listed on "2. Profile of Group Companies". In this period, one company has been added and one company has been excluded from the scope of consolidation as follows; Newly established in Republic of Korea: Tonen Specialty Separator Korea Private Limited Sold the shares owned by the Company: Nansei Sekiyu K.K. 2 Non-consolidated Subsidiaries: 1 company No Change 3 The Reason to Exclude the Subsidiary from the Scope of Consolidation No Change
Ⅱ Application of Equity Method 1 Affiliates Accounted for by the Equity Method: 2 companies Nippon Unicar K.K. Shimizu LNG Co., Ltd 2 Non-equity-method Companies Non-consolidated subsidiaries: 1 company Kyushu Eagle K.K. Affiliated companies: 1 company Emori Sekiyu K.K. 3 The Reason not to Apply Equity Method The non-consolidated subsidiary and affiliated company are not accounted for by the equity method because the companies do not have a material impact on net income, earned surplus,	Ⅱ Application of Equity Method 1 Affiliates Accounted for by the Equity Method: 2 companies No Change 2 Non-equity-method Companies No Change 3 The Reason not to Apply Equity Method No Change
Ⅲ Closing Date of Consolidated Subsidiaries Closing dates of consolidated subsidiaries are the same as that of the Company.	Ⅲ Closing Date of Consolidated Subsidiaries No Change
Ⅳ Summary of Significant Accounting Procedures In order to prepare each company's financial statements, which form the basis of these consolidated financial statements, the Company and its subsidiaries applied following accounting procedures. 1 Evaluation Rules and Methods for Important Assets (1) Inventories Products, goods, unfinished products and crude: Generally LIFO method at the lower of cost or market Supplies: The moving-average method (2) Securities Other securities ① Marketable Market value at the closing date (Valuation difference on available-for-sales securities is directly reflected in Owners' Equity, and cost of sales is calculated using the moving-average method) ② Non-marketable The moving-average method (3) Derivatives transactions, etc. Market value at the closing date	Ⅳ Summary of Significant Accounting Procedures In order to prepare each company's financial statements, which form the basis of these consolidated financial statements, the Company and its subsidiaries applied following accounting procedures. 1 Evaluation Rules and Methods for Important Assets (1) Inventories No Change (2) Securities Other securities ① Marketable No Change ② Non-marketable No Change (3) Derivatives transactions, etc. No Change

Prior Period (Jan.1, 2007 through Dec. 31, 2007)	Current Period (Jan.1, 2008 through Dec. 31, 2008)
2 Depreciation and Amortization of Fixed Assets (1) Property, Plant and Equipment Generally the declining-balance method The service life ranges by major assets are: Buildings and Structures 10 to 50 years Tanks 10 to 25 years Machinery, Equipment and Vehicles 8 to 15 years <Change of Accounting Method> In accordance with the revision of the Corporate Tax Law, the depreciation method for Property, Plant and Equipment, which was acquired on or after April 1, 2007 was aligned with the method under the revised Corporate Tax Law beginning in this accounting period. As a result, Operating Income, Ordinary Income and Income before Income Taxes decreased by 1,145 million yen, respectively.	2 Depreciation and Amortization of Fixed Assets (1) Property, Plant and Equipment Generally the declining-balance method The service life ranges by major assets are: Buildings and Structures 10 to 50 years Tanks 10 to 25 years Machinery, Equipment and Vehicles 8 to 15 years
(2) Intangible Assets The straight-line method In-house computer software is amortized over its service life (5 to 15years) using the straight-line method.	(2) Intangible Assets No Change
3 Accounting Standards for Major Reserves (1) 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 each recoverability from individual customers.	3 Accounting Standards for Major Reserves (1) Bad Debt Allowance No Change
(2) Reserve for Bonuses To provide for the payment of employees' bonuses, the Company and its consolidated subsidiaries accrue an estimated reserve for the consolidated accounting period.	(2) Reserve for Bonuses No Change
(3) 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 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 liabilities are amortized using the straight-line method over employees' average remaining service years; (Before 2004: 15.5 years Since 2004: Parent 12.9 years Consolidated Subsidiaries 11.4 years Since 2007: Parent 11.9 years Consolidated Subsidiaries 11.0 years)	(3) Reserve for Accrued Pension Costs No Change

Prior Period (Jan.1, 2007 through Dec. 31, 2007)	Current Period (Jan.1, 2008 through Dec. 31, 2008)
(4) 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.	(4) Reserve for Officers' Retirement Allowance No Change
(5) Reserve for Repairs To provide for periodic tank inspections required under the Fire Service Law and for periodic repairs of machinery and equipment, the Company and two of its consolidated subsidiaries accrue an estimated reserve for the consolidated accounting period, based on actual payments and repair plans, respectively.	(5) Reserve for Repairs To provide for periodic tank inspections required under the Fire Service Law and for periodic repairs of machinery and equipment, the Company and one consolidated subsidiary accrue an estimated reserve for the consolidated accounting period, based on actual payments and repair plans, respectively.
(6) Reserve for Offshore Well Abandonment To provide for expenses for offshore well abandonment to be incurred when natural gas production is terminated, the Company accrues an estimated amount using the unit of production method.	(6) Reserve for Offshore Well Abandonment To provide for expenses for offshore well abandonment to be incurred when natural gas production is terminated, the Company accrues the estimated amount anticipated to be spent.
4 Translation Method for Foreign Currency Assets and Liabilities Foreign currency assets and liabilities are translated into Yen at the spot rate at the closing date, and any difference in exchange rate is reflected in income.	4 Translation Method for Foreign Currency Assets and Liabilities No Change
5 Accounting Method for Major Lease Transactions The accounting treatment for finance lease transactions, in which ownership does not transfer to the lessee, is as same as the method applied to ordinary operating lease transactions.	5 Accounting Method for Major Lease Transactions No Change
6 Accounting Method for Consumption Tax Consolidated Statement of Income does not include consumption tax.	6 Accounting Method for Consumption Tax No Change
Ⅴ Evaluation Method for Assets and Liabilities of Consolidated Subsidiaries Partial fair value method is applied to evaluate the consolidated subsidiaries' assets and liabilities.	Ⅴ Evaluation Method for Assets and Liabilities of Consolidated Subsidiaries No Change
Ⅵ Amortization of Goodwill and Negative Goodwill Goodwill and negative goodwill are both amortized over 5 years using a straight line method.	Ⅵ Amortization of Goodwill and Negative Goodwill No Change
Ⅶ Scope of Cash and Cash Equivalents in Consolidated Statement of Cash Flows Cash and cash equivalents are composed of cash on hand, deposits drawable at any time, deposits readily convertible to cash and price change insensitive short-term advances whose maturity comes generally within three months.	Ⅶ Scope of Cash and Cash Equivalents in Consolidated Statement of Cash Flows No Change

(6) Change of Fundamental and Important Items for Consolidated Financial Statements

Change of Disclosure in Accounts

Prior Period (Jan.1, 2007 through Dec. 31, 2007)	Current Period (Jan.1, 2008 through Dec. 31, 2008)
	Although, "Loss on Sales and Disposals of Supplies" was listed in "Non-operating Expenses" in the prior consolidated accounting period, it is included in "Others" in this consolidated accounting period due to lower materiality. The amount included in "Others" in this accounting period is 49 million yen.

Additional Information

Prior Period (Jan.1, 2007 through Dec. 31, 2007)	Current Period (Jan.1, 2008 through Dec. 31, 2008)
――――――――	<Depreciation of Fixed Assets> In accordance with the revision of the Corporate Tax Law, the differences between the limit of depreciation (5% of the acquisition cost) and the memorandum value of Property, Plant and Equipment, which were acquired before March 31, 2007, are depreciated on a straight-line bases over 5 years from the next year after the assets are fully depreciated up to the limit of depreciation (5% of the acquisition cost), and the Company and its domestic subsidiaries recognize the resulting differences as depreciation costs. As a result, Operating Income, Ordinary Income and Income before Income Taxes decreased by 5,120 million yen, respectively. <Provision Loss on Reserve for Offshore Well Abandonment> Following the cessation of production, the Company estimates updated costs of offshore well abandonment, and the difference of 1,185 million yen from the previously accrued amount is shown as an extra-ordinary loss in this accounting period.

(7) Notes to Consolidated Financial Statements

(Consolidated Balance Sheet)

Prior Period (December 31, 2007)

1 The accumulated reduced-value entry, which is directly deducted from Property, Plant and Equipment amounted to 1,763 million yen. The reduced-value entry is applied due to insurance proceeds etc.
(Building and Structures 40 million yen, Tanks 40 million yen, Machinery, Equipment and Vehicles 1,671 million yen, Tools, Furniture and Fixtures 11 million yen)

2 Non-consolidated Subsidiary and Affiliated Company
The item shown below is included in Investment and Other Assets and relates to non-consolidated subsidiaries and affiliated companies.
Investment Securities (Stocks) 9,501 million yen

3 Mortgaged Assets
Mortgaged assets and mortgaged liabilities by security rights are as shown below;

Mortgaged Assets	Amounts (Million yen)	(Mortgaged on Factory Foundation) (Million yen)
Buildings and Structures	7,653	(7,653)
Tanks	1,551	(1,551)
Machinery, Equipment and Vehicles	24,138	(24,138)
Tools, Furniture and fixtures	42	(42)
Land	27,196	(8,168)
Total	60,582	(41,553)

Mortgaged Liabilities by Security Right	Amounts (Million yen)	(Mortgaged on Factory Foundation) (Million yen)
Short-term debt	422	(-)
Long-term debt	202	(-)
Gasoline Tax etc., Payable	56,489	(36,768)
Total	57,113	(36,768)

(Note) 1 In the summary of mortgaged assets, mortgage of factory foundation is shown in parentheses.
2 In the summary of mortgaged liabilities by security rights, mortgage on factory foundation is shown in parentheses.
3 In addition to the above and the obligation for guarantees shown in item "4 Obligations for Guarantees", the Company committed to offer upon lender's demand a contract of mortgage over the assets noted below to support borrowings undertaken. Current amounts outstanding under this loan agreement are for short-term debt (1,412 million of yen) and long-term debt (5,998 million of yen)

Buildings and Structures	13,668 million yen
Tanks	1,346
Machinery, Equipment and Vehicles	26,687
Tools, Furniture and Fixtures	362
Land	847

Current Period (December 31, 2008)

1 The accumulated reduced-value entry, which is directly deducted from Property, Plant and Equipment amounted to 1,749 million yen. The reduced-value entry is applied due to insurance proceeds etc.
(Buildings and Structures 40 million yen, Tanks 40 million yen, Machinery, Equipment and Vehicles 1,657 million yen, Tools, Furniture and Fixtures 11 million yen)

2 Non-consolidated Subsidiary and Affiliated Company
The item shown below is included in Investment and Other Assets and relates to non-consolidated subsidiaries and affiliated companies.
Investment Securities (Stocks) 9,259 million yen

3 Mortgaged Assets
Mortgaged assets and mortgaged liabilities by security rights are as shown below;

Mortgaged Assets	Amounts (Million yen)	(Mortgaged on Factory Foundation) (Million yen)
Buildings and Structures	5,641	(5,641)
Tanks	639	(639)
Machinery, Equipment and Vehicles	17,522	(17,522)
Land	23,657	(4,628)
Total	47,460	28,431

Mortgaged Liabilities by Security Right	Amounts (Million yen)	(Mortgaged on Factory Foundation) (Million yen)
Short-term debt	202	(-)
Gasoline Tax etc., Payable	47,257	(28,431)
Total	47,459	(28,431)

(Note) 1 In the summary of mortgaged assets, mortgage of factory foundation is shown in parentheses.
2 In the summary of mortgaged liabilities by security rights, mortgage on factory foundation is shown in parentheses.
3 In addition to the above and the obligation for guarantees shown in item "4 Obligations for Guarantees", the Company committed to offer upon lender's demand a contract of mortgage over the assets noted below to support borrowings undertaken. Current amounts outstanding under this loan agreement are for short-term debt (1,412 million of yen) and long-term debt (4,586 million of yen)

Buildings and Structures	12,732 million yen
Tanks	1,382
Machinery, Equipment and Vehicles	25,305
Tools, Furniture and Fixtures	412
Land	847

Prior Period (December 31, 2007)	Current Period (December 31, 2008)
4 Obligations for Guarantees The Company has guaranteed the following bank borrowing etc., for dealers and employees of the Company, its consolidated subsidiaries and equity companies etc. Shimizu LNG K.K. 2,007 million yen Company Employees 283 K.K. Ryuseki Nenryo 148 Others (5 companies) 151 Total 2,589 (Note) For the debt (3,366 million of yen) of Shimizu LNG K.K. from the Development Bank of Japan etc., the Company has a contractual obligation to reserve its land for a mortgage. (book value 747 million of yen)	4 Obligations for Guarantees The Company has guaranteed the following bank borrowing etc., for dealers and employees of the Company, its consolidated subsidiaries and equity companies etc. Shimizu LNG K.K. 1,580 million yen Company Employees 235 K.K. Ryuseki Nenryo 95 Others (4 companies) 109 Total 2,020 (Note) For the debt (1,822 million of yen) of Shimizu LNG K.K. from the Development Bank of Japan etc., the Company has a contractual obligation to reserve its land for a mortgage. (book value 747 million of yen)

(Statement of Income)

Prior Period (Jan.1, 2007 through Dec. 31, 2007)	Current Period (Jan.1, 2008 through Dec. 31, 2008)

Prior Period (Jan.1, 2007 through Dec. 31, 2007)

1 The loss due to the lower cost or market method, which is included in cost of sales, is 154 million yen.

2 The major items and amounts in selling, general and administrative expenses are as follows.

Salaries and Bonuses	11,312	million yen
Transportation Costs	3,850	
Outside Order Expenses	3,064	
Rent	2,804	
Depreciation Expenses	1,771	
Sales Commissions	3,321	
Pension Expenses	△ 1,729	
Provisions for Bonuses	340	

3 Research and development costs included in administrative and manufacturing costs were 3,648 million yen.

4 Gain on Sales of Property, Plant and Equipment

Land (Service Stations)	384	million yen
Others	2	
Total	386	

5 Loss on Sales and Disposals of Property, Plant, and Equipment

Machinery, Equipment and Vehicles (Refinery Facilities, etc.)	479	million yen
Buildings and Structures (Service Stations, etc.)	153	
Tools, Furniture and Fixtures (Refinery Facilities, etc.)	64	
Others	52	
Total	749	

6 Loss on Asset Impairment

Used for	Location	Type	Amount (million yen)
Service Station	TonenGeneral Sekiyu K.K., Nishi Yamato SS (Kita Katsuragi County, Nara Pref.) and other 12 items	Land	564
Manu-fracturing Facilities	Tonen Kagaku K.K. Chidori Factory (Kawasaki-ku, Kawasaki-City, Kanagawa Pref.)	Buildings Others	141 26
Total			732

The Company recognized a loss on 14 items, whose recoverable value is significantly lower than net book value, by reducing the NBV to the recoverable value. The deduction was 732 million yen and is shown as an extraordinary loss.
Net selling value, which is a market price based on official values, is applied to evaluate the recoverable value.

Current Period (Jan.1, 2008 through Dec. 31, 2008)

1 The loss due to the lower cost or market method, which is included in cost of sales, is 3,076 million yen.

2 The major items and amounts in selling, general and administrative expenses are as follows.

Salaries and Bonuses	12,431	million yen
Transportation Costs	3,067	
Outside Order Expenses	3,745	
Rent	2,058	
Depreciation Expenses	2,271	
Sales Commissions	3,230	
Pension Expenses	△ 748	
Provisions for Bonuses	338	

3 Research and development costs included in administrative and manufacturing costs were 4,076 million yen.

4 Gain on Sales of Property, Plant and Equipment

Land (Service Stations)	1,133	million yen
Vessels	185	
Others	78	
Total	1,396	

5 Loss on Sales and Disposals of Property, Plant, and Equipment

Buildings and Structures (Service Stations, etc.)	669	million yen
Machinery, Equipment and Vehicles (Refinery Facilities, etc.)	526	
Leasehold rights (Service Stations, etc.)	202	
Lands (Service Stations, etc.)	101	
Tools, Furniture and Fixtures (Refinery Facilities, etc.)	84	
Others	153	
Total	1,738	

6 Loss on Asset Impairment

Used for	Location	Type	Amount (million yen)
Service Station	TonenGeneral Sekiyu K.K., Suma Central Dai-ichi SS (Suma-ku, Kobe-City, Hyogo Pref.) and other 22 items	Land	2,085
Total			2,085

The Company recognized a loss on 23 items, whose recoverable value is significantly lower than net book value, by reducing the NBV to the recoverable value. The deduction was 2,085 million yen and is shown as an extraordinary loss.
Net selling value, which is a market price based on official values, is applied to evaluate the recoverable value.

Prior Period (Jan.1, 2007 through Dec. 31, 2007)	Current Period (Jan.1, 2008 through Dec. 31, 2008)
7 ――――――――	7 Sale of Nansei Sekiyu K.K.'s Stock The shares in Nansei Sekiyu K.K., which were owned by the Company were sold to Petrobras International Braspetro B.V. on April 1, 2008. The gain of 5,970 million yen was recognized as "Gain on Sale of Subsidiary Company's Stock" and shown as an Extraordinary Gain. The "Gain on Sale of Subsidiary Company's Stock" includes the reversal of the accrued loss on subsidiary stock sale of 2,803 million yen, which was a recognized in the prior period.
8 Accrued Loss on Sales of Subsidiary Company's Stock The Board of Directors of the Company which was held on November 9, 2007 approved the transfer by sale of 100% of its shareholding in Nansei Sekiyu K.K. to Petrobras International Braspetro B.V.. An accrued loss of 2,803 million yen was recognized and shown as "Accrued Loss on Sale of Subsidiary Company's Stock" in Extraordinary Loss.	8 ――――――――

(Consolidated Statement of Changes in Owners' Equity)

Prior Consolidated Accounting Period (January 1, 2007 through December 31, 2007)

1 Number of Shares Issued

Category	Dec. 31, 2006	Increase	Decrease	Dec. 31, 2007
Common Stock (Shares)	583,400,000	-	18,218,000	565,182,000

(Major cause of movement) Decrease of Common Stock is due to cancellation of Treasury Stock.

2 Treasury Stock

Category	Dec. 31, 2006	Increase	Decrease	Dec. 31, 2007
Common Stock (Shares)	175,478	18,264,848	18,259,375	180,951

(Major cause of movement) An increase in Treasury Stock is due to TOB and repurchase of odd-lot stocks, and a decrease is due to cancellation and sales of odd-lot stocks.

3 Dividends

(1) Dividends Paid

Resolution	Category	Total Amount of Dividend (Million Yen)	Dividend per Share (Yen)	Reference date	Effective date
Annual General Shareholders' Meeting held on March 27, 2007	Common Stock	10,789	18.50	December 31, 2006	March 28, 2007
Board of Directors held on August 14, 2007	Common Stock	10,787	18.50	June 30, 2007	September 18, 2007

(2) Planned Resolution at Annual General Shareholder's Meeting on March 26, 2008

Planned Resolution	Category	Dividend Resource	Total Amount of Dividend (Million Yen)	Dividend per Share (Yen)	Reference date	Effective date
March 26, 2008	Common Stock	Earned Surplus	10,735	19.00	December 31, 2007	March 27, 2008

Current Consolidated Accounting Period (January 1, 2008 through December 31, 2008)

1 Number of Shares Issued

Category	Dec. 31, 2007	Increase	Decrease	Dec. 31, 2008
Common Stock (Shares)	565,182,000	-	-	565,182,000

2 Treasury Stock

Category	Dec. 31, 2007	Increase	Decrease	Dec. 31, 2008
Common Stock (Shares)	180,951	372,332	224,728	328,555

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

3 Dividends

(1) Dividends Paid

Resolution	Category	Total Amount of Dividend (Million Yen)	Dividend per Share (Yen)	Reference date	Effective date
Annual General Shareholders' Meeting held on March 26, 2008	Common Stock	10,735	19.00	December 31, 2007	March 27, 2008
Board of Directors held on August 14, 2008	Common Stock	10,733	19.00	June 30, 2008	September 16, 2008

(2) Planned Resolution at Annual General Shareholder's Meeting on March 26, 2009

Planned Resolution	Category	Dividend Resource	Total Amount of Dividend (Million Yen)	Dividend per Share (Yen)	Reference date	Effective date
March 26, 2009	Common Stock	Earned Surplus	10,732	19.00	December 31, 2008	March 27, 2009

(Consolidated Statement of Cash Flows)

Prior Period (Jan.1, 2007 through Dec. 31, 2007)	Current Period (Jan.1, 2008 through Dec. 31, 2008)
1 Cash and Cash Equivalents at the closing date and accounts on the balance sheets (December 31, 2007) Cash on Hand and in Banks 614 million yen Cash and Cash Equivalents 614	1 Cash and Cash Equivalents at the closing date and accounts on the balance sheets (December 31, 2008) Cash on Hand and in Banks 488 million yen Cash and Cash Equivalents 488

(Segment Information)

1 Information by Business Line

Prior Consolidated Accounting Period (January 1, 2007 through December 31, 2007)

(Unit: Million yen)

	Oil	Chemical	Others	Total	Elimination	Consolidated
Ⅰ Sales Revenues and Operating Income						
Sales Revenue						
(1) Sales to Third Parties	2,717,571	330,785	1,486	3,049,842	-	3,049,842
(2) Internal Transactions	436,095	46,040	6	482,142	(482,142)	-
Total	3,153,667	376,825	1,492	3,531,985	(482,142)	3,049,842
Operating Expenses	3,202,338	321,173	1,409	3,524,921	(482,142)	3,042,778
Operating Income (△Loss)	△ 48,670	55,651	83	7,063	-	7,063
Ⅱ Assets, Depreciation, Loss on Asset Impairment and Capital Expenditures						
Assets	1,039,211	124,897	2,196	1,166,305	(120,768)	1,045,536
Depreciation Expenses	19,303	4,072	0	23,377	-	23,377
Loss on Asset Impairment	564	167	-	732	-	732
Capital Expenditure	20,070	2,246	-	22,317	-	22,317

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

2 The major products of each business line:

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

(2) Chemical: Ethylene, Propylene, Benzene, Toluene, Paraxylene, Battery Separator Film, etc.

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

3 Change of Accounting Method
In accordance with the revision of the Corporate Tax Law, the depreciation method for Property, Plant and Equipment which was acquired on or after April 1, 2007, was aligned with the method under the revised Corporate Tax Law beginning in this accounting period.
Due to the new method, Oil Segment and Chemical Segment had an unfavorable impact of 1,138 million yen and 6 million yen on Operating Income respectively.

Current Consolidated Accounting Period (January 1, 2008 through December 31, 2008)

(Unit: Million yen)

	Oil	Chemical	Others	Total	Elimination	Consolidated
Ⅰ Sales Revenues and Operating Income						
Sales Revenue						
(1) Sales to Third Parties	2,917,761	353,320	1,347	3,272,429	-	3,272,429
(2) Internal Transactions	373,241	51,320	5	424,567	(424,567)	-
Total	3,291,003	404,641	1,352	3,696,997	(424,567)	3,272,429
Operating Expenses	3,183,353	390,723	1,178	3,575,254	(424,567)	3,150,686
Operating Income	107,650	13,917	174	121,742	-	121,742
Ⅱ Assets, Depreciation, Loss on Asset Impairment and Capital Expenditures						
Assets	859,571	98,093	1,463	959,127	(57,529)	901,598
Depreciation Expenses	24,123	4,676	0	28,800	-	28,800
Loss on Asset Impairment	2,085	-	-	2,085	-	2,085
Capital Expenditure	15,273	3,699	0	18,972	-	18,972

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

2 The major products of each business line:

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

(2) Chemical: Ethylene, Propylene, Benzene, Toluene, Paraxylene, Battery Separator Film, etc.

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

3 Additional Information

In accordance with the revision of the Corporate Tax Law, the differences between the limit of depreciation (5% of the acquisition cost) and the memorandum value of Property, Plant and Equipment, which were acquired before March 31, 2007 are depreciated on a straight-line bases over 5 years from the next year after the assets are fully depreciated up to the limit of depreciation (5% of the acquisition cost), and the Company and its domestic subsidiaries recognize the resulting differences as depreciation costs.
As a result, the Oil Segment and Chemical Segment had an unfavorable impact of 4,573 million yen and 546 million yen on Operating Income respectively.

2 Segment Information by Geographic Area

The information was omitted for the previous consolidated accounting period, because the Company had no overseas consolidated companies or important overseas branches. As for this consolidated accounting period, the information is also omitted, since sales revenue in the domestic market is over 90% of total sales revenue.

3 Overseas Sales

Prior Consolidated Accounting Period (January 1, 2007 through December 31, 2007)

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

Current Consolidated Accounting Period (January 1, 2008 through December 31, 2008)

(1) Overseas Sales Revenue	(Million yen)	390,374
(2) Consolidated Sales Revenue	(Million yen)	3,272,429
(3) Percentage of (1) vs. (2)	(%)	11.93

(Note) 1 Overseas sales revenues are not given by country or region as the information is not deemed to be mate

2 The major countries or regions in the category: Asia Pacific

3 Overseas sales revenue is the Company's and its consolidated subsidiaries' sales to customers outside of Japan.

(Deferred Tax Accounting)

Prior Period (December 31, 2007)

1 Detail of Deferred Tax Assets and Deferred Tax Liabilities

(Deferred Tax Assets)

Reserve for Retirement Allowance	12,459	million yen
Accumulated Depreciation	164	
Reserve for Turnaround	4,023	
Asset Impairment	1,820	
Tax Loss Carry Forward	12,811	
Others	6,074	
Total Deferred Tax Assets	37,353	

(Deferred Tax Liabilities)

Reserve for Replacement of Property	△ 11,881	million yen
Reserve for Retirement Allowance	△ 2,634	
Unrealized Holding Gains on Securities	△ 245	
Others	△ 3,162	
Total Deferred Tax Liabilities	△ 17,924	
Net of Deferred Tax Assets	19,429	

The amount "Net of Deferred Tax Assets" includes the accounts below;

Current Assets - Deferred Tax Assets	16,053	million yen
Long-term Assets - Deferred Tax Assets	5,728	
Long-term Liabilities - Deferred Tax Liabilities	△ 2,352	

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

Statutory Effective Tax Rate	40.7	%
(Adjustments)		
Items not Recognized as Loss, such as Entertainment Expense	0.4	
Items not Recognized as income, such as Dividends Received	△ 2.1	
Equity Earnings	△ 5.8	
Amortization of Goodwill	2.4	
Tax Credit	△ 4.3	
Consolidated Adjustment for Accrued Loss on Sales of Subsidiary Company's Stock	3.6	
Others	0.5	
Actual Effective Tax Rate	35.4	

Current Period (December 31, 2008)

1 Detail of Deferred Tax Assets and Deferred Tax Liabilities

(Deferred Tax Assets)

Reserve for Retirement Allowance	11,201	million yen
Reserve for Turnaround	4,585	
Accrued Enterprise Tax Payable	2,869	
Asset Impairment	2,452	
Variance from different Inventory Evaluations	1,637	
Reserve for Offshore Well Abandonment	1,201	
Accrued Removal Expenses	601	
Others	2,238	
	26,788	

(Deferred Tax Liabilities)

Reserve for Replacement of Property	△ 11,337	million yen
Reserve for Retirement Allowance	△ 3,220	
Unrealized Holding Gains on Securities	△ 94	
Others	△ 2,167	
Total Deferred Tax Liabilities	△ 16,819	
Net of Deferred Tax Assets	9,969	

The amount "Net of Deferred Tax Assets" includes the accounts below;

Current Assets - Deferred Tax Assets	5,855	million yen
Long-term Assets - Deferred Tax Assets	6,591	
Long-term Liabilities - Deferred Tax Liabilities	△ 2,478	

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

Statutory Effective Tax Rate	40.7	%
(Adjustments)		
Equity Earnings	0.1	
Amortization of Goodwill	0.2	
Tax Credit	△ 0.2	
Consolidated Adjustment for Accrued Loss on Sales of Subsidiary Company's Stock	△ 0.1	
Others	0.1	
Actual Effective Tax Rate	40.8	

(Employees' Post-retirement Benefits)

1 Outline of Adopted Retirement Benefit Scheme
As of the end of the consolidated accounting period, the Company and two of its consolidated subsidiaries operated a defined benefit plan and six companies had retirement allowance plans.

2 Breakdown of Projected Benefit Obligations

	Prior Period (December 31, 2007)	Current Period (December 31, 2008)
	million yen	million yen
(1) Projected Benefit Obligations	△ 156,120	△ 159,476
(2) Plan Assets	140,668	80,131
(3) Unfunded Benefit Obligations ((1)+(2))	△ 15,452	△ 79,344
(4) Unrecognized Actuarial Gain/Loss	△ 6,310	62,171
(5) Unrecognized Prior Service Liabilities	△ 2,354	△ 2,440
(6) Amount Booked on Consolidated Balance Sheet ((3)+(4)+(5))	△ 24,117	△ 19,613
(7) Prepaid Pension Costs	7,444	8,818
(8) Reserve for Accrued Pension Costs ((6)－(7))	△ 31,561	△ 28,432

(Note) Some of the consolidated subsidiaries apply simplified methods in calculating projected benefit obligations.

3 Breakdown of Accrued Pension Costs

	Prior Period (Jan. 1, 2007 through Dec. 31, 2007)	Current Period (Jan. 1, 2008 through Dec. 31, 2008)
Accrued Pension Costs	million yen	million yen
(1) Service Costs	2,398	3,020
(2) Interest Expense	3,345	3,453
(3) Expected Return on Plan Assets	△ 8,038	△ 7,885
(4) Amortization of Unrecognized Actuarial Gain/Loss	△ 3,348	△ 1,058
(5) Amortization of Prior Service Liabilities	123	86
(6) Accrued Pension Costs ((1)+(2)+(3)+(4)+(5))	△ 5,518	△ 2,384

(Note) Accrued Pension Costs for the consolidated subsidiaries that adopt simplified method are included in (1) Service Costs.

4 Information on the Calculation of Projected Benefit Obligations

	Prior Period (December 31, 2007)	Current Period (December 31, 2008)
(1) Period Distribution Method of Estimated Retirement Benefits	Period fixed amount standard	Ditto
(2) Discount Rate	2.3%	2.0%
(3) Rate of Expected Return on Plan Assets	6.0%	Ditto
(4) Amortization Period for Prior Service Liabilities	15.5 years for 2003 and before, 12.9 and 11.4 years since 2004 and 11.9 and 11.0 years since 2007 for the Company and its consolidated subsidiary. (Prior service liabilities are amortized using the straight-line method over employees' average remaining service years)	Ditto
(5) Amortization Period for Actuarial Differences	12 years (Actuarial differences are amortized using the declining-balance method over employees' average remaining service years)	Ditto

(Financial Data per Share)

Prior Period (Jan. 1, 2007 through Dec. 31, 2007)	Current Period (Jan. 1, 2008 through Dec. 31, 2008)
Net Assets per Share 377.41 Yen Net Income per Share 12.12 Yen Net Income per Share after adjustment is not noted because the Company has not issued any dilutive securities	Net Assets per Share 478.89 Yen Net Income per Share 140.34 Yen Net Income per Share after adjustment is not noted because the Company has not issued any dilutive securities

(Note) Basis of the Calculation

1 Net Assets per Share

	Prior Period (Jan. 1, 2007 through Dec. 31, 2007)	Current Period (Jan. 1, 2008 through Dec. 31, 2008)
Net Assets on the Consolidated Balance Sheet (Million yen)	214,279	270,500
Net Assets per Common Share (Million yen)	213,236	270,500
The difference between "Net Assets on the Consolidated Balance Sheet" and "Net Assets per Common Share" which is the basis of the calculation for "Net Assets per Share" (Million yen)	1,043	-
(Minority Interests) (Million yen)	(1,043)	(-)
Number of outstanding common shares (Shares)	565,182,000	565,182,000
Number of common shares owned by the Company (Shares)	180,951	328,555
Number of common shares used for the basis of the calculation for "Net Assets per Share" (Shares)	565,001,049	564,853,445

2 Net Income per Share

	Prior Period (Jan. 1, 2007 through Dec. 31, 2007)	Current Period (Jan. 1, 2008 through Dec. 31, 2008)
Net Income (Million yen)	7,014	79,285
Net Income not relating to common shareholders (Million yen)	-	-
Net Income per Common Share (Million yen)	7,014	79,285
Average numbers of outstanding Common Shares (Shares)	578,585,407	564,938,170

(Omitted Notes)

Notes concerning lease transaction, transactions with related parties, securities, and derivative transactions are omitted because these items are not material.

5. Consolidated Sales Volume and Sales Amounts

Business Segment	Products	Prior Period (Jan. 1, 2007 through Dec. 31, 2007)		Current Period (Jan. 1, 2008 through Dec. 31, 2008)	
		Volume	Amounts	Volume	Amounts
Petroleum Products	Gasoline	13,175 37.8	1,499,654 55.2	11,769 36.7	1,468,907 50.3
	Naphtha	151 0.4	7,697 0.3	79 0.2	4,736 0.2
	Kerosene	4,726 13.5	287,453 10.6	4,246 13.2	328,287 11.2
	Diesel fuel	5,881 16.9	367,836 13.5	6,278 19.6	500,666 17.2
	Fuel Oils and Crude	8,164 23.4	403,549 14.8	6,938 21.6	443,312 15.2
	Lubricants	370 1.1	34,687 1.3	348 1.1	38,543 1.3
	LPG	2,193 6.3	89,511 3.3	2,209 6.9	104,908 3.6
	Other Products	205 0.6	27,184 1.0	212 0.7	28,398 1.0
	Sub Total	34,865 100.0	2,717,571 100.0	32,079 100.0	2,917,761 100.0
Chemical Products	Olefins etc.	1,872 70.5	234,839 71.0	1,771 68.4	258,069 73.0
	Aromatics etc.	783 29.5	95,946 29.0	820 31.6	95,251 27.0
	Sub Total	2,655 100.0	330,785 100.0	2,591 100.0	353,320 100.0
Others	Other Operating Revenue		1,486		1,347
	Grand Total		3,049,842		3,272,429

(Notes) 1. Amounts shown in truncated millions of yen.

2. The second figure in each cell shows percentage of the total for Petroleum Products and Chemical Products.

3. Volumes for Petroleum Products are shown in KKL, and those for Chemical Products in Kton.

6. Financial Statements

(1) Balance Sheet

Account Title	Notes No.	Prior Period (December 31, 2007) Amounts (Million yen)		Ratio (%)	Current (December 31, 2008) Amounts (Million yen)		Ratio (%)	Dec. 31, 2008 vs. Dec. 31, 2007
(ASSETS)								
Ⅰ Current Assets								
1 Cash and Cash Equivalents			52			36		△ 15
2 Notes and Trade Accounts Receivable	4		556,362			389,931		△ 166,431
3 Products and Goods			36,816			36,176		△ 639
4 Unfinished Products			26,559			23,736		△ 2,823
5 Crude Oil			87,461			67,473		△ 19,987
6 Supplies			3,349			3,641		291
7 Prepaid Expenses			2,363			2,216		△ 146
8 Income Tax Refund Receivable			4,504			-		△ 4,504
9 Deferred Tax Assets			14,394			5,137		△ 9,256
10 Short-term Loans Receivables to Associated Companies			16,854			99,177		82,323
11 Other Accounts Receivable			4,948			4,065		△ 882
12 Others			2,159			342		△ 1,817
13 Bad Debt Allowance			△ 72			△ 70		2
Total Current Assets			755,752	75.2		631,863	73.5	△ 123,889
Ⅱ Long-term Assets								
1 Property, Plant and Equipment								
(1) Buildings	2	42,712			41,826			
Accumulated Depreciation		27,799	14,912		28,089	13,736		△ 1,175
(2) Structures	1,2	149,120			149,913			
Accumulated Depreciation		118,634	30,485		121,020	28,892		△ 1,592
(3) Tanks	2	62,309			62,778			
Accumulated Depreciation		57,311	4,998		58,087	4,690		△ 307
(4) Machinery, Equipment	1,2	513,675			520,073			
Accumulated Depreciation		441,606	72,069		455,811	64,261		△ 7,807
(5) Cars and Delivery Equipment		871			836			
Accumulated Depreciation		677	194		712	123		△ 70
(6) Tools, Furniture and Fixtures	1	9,879			9,495			
Accumulated Depreciation		8,628	1,251		8,304	1,191		△ 60
(7) Land	2,3		73,180			70,604		△ 2,576
(8) Incomplete Construction			10,776			10,958		182
Total Property, Plant and Equipment			207,867	(20.7)		194,458	(22.6)	△ 13,408
2 Intangible Assets								
(1) Leasehold			1,917			1,714		△ 202
(2) Software			2,963			3,016		52
(3) Utility Rights			324			277		△ 46
Total Intangible Assets			5,204	(0.5)		5,008	(0.6)	△ 196
3 Investments and Other Assets								
(1) Investment Securities			5,547			4,599		△ 948
(2) Stock of Subsidiaries			13,487			6,599		△ 6,887
(3) Long-term Loans Receivable			29			21		△ 8
(4) Long-term Loans to Employees			928			754		△ 174
(5) Long-term Deposits			4,950			4,321		△ 628
(6) Deferred Tax Assets			5,574			6,455		881
(7) Others			5,861			5,618		△ 242
(8) Bad Debt Allowance			△ 385			△ 343		42
Total Investments and Other Assets			35,993	(3.6)		28,026	(3.3)	△ 7,966
Total Long-term Assets			249,066	24.8		227,494	26.5	△ 21,572
Total Assets			1,004,819	100.0		859,357	100.0	△ 145,461

Account Title	Notes No.	Prior Period (December 31, 2007) Amounts (Million yen)		Ratio (%)	Current (December 31, 2008) Amounts (Million yen)		Ratio (%)	Dec. 31, 2008 vs. Dec. 31, 2007
(LIABILITIES)								
Ⅰ Current Liabilities								
1 Notes and Trade Accounts Payable	4		405,988			223,092		△ 182,896
2 Gasoline Tax etc., Payable	2		210,489			189,199		△ 21,290
3 Short-term Debt								
(1) Short-term Debt		94,328			65,121			
(2) Long-term Debt due 1 Year	2	2,176	96,504		1,956	67,077		△ 29,427
4 Short-term Debt from Associated Companies			2,655			3,468		813
5 Other Accounts Payable			10,312			9,917		△ 395
6 Accrued Expenses			13,738			12,053		△ 1,684
7 Accrued Income Taxes			-			38,226		38,226
8 Accrued Consumption Taxes			3,205			8,595		5,390
9 Advance from Customers			5,368			6,950		1,581
10 Guarantee Deposits Payable			11,203			9,917		△ 1,286
11 Reserve for Bonuses			1,025			1,031		6
12 Others			3,023			952		△ 2,070
Total Current Liabilities			763,516	76.0		570,483	66.4	△ 193,033
Ⅱ Long-term Liabilities								
1 Long-term Debt	2		9,449			7,493		△ 1,956
2 Reserve for Accrued Pension Costs			29,966			27,239		△ 2,727
3 Reserve for Officers' Retirement Allowance			164			170		6
4 Reserve for Repairs			14,269			15,340		1,071
5 Reserve for Offshore Well Abandonment			2,069			2,953		884
6 Others			1,026			544		△ 482
Total Long-term Liabilities			56,944	5.7		53,741	6.2	△ 3,203
Total Liabilities			820,461	81.7		624,224	72.6	△ 196,236
(NET ASSETS)								
Ⅰ Owners' Equity								
1 Paid-in Capital			35,123	3.5		35,123	4.1	-
2 Capital Surplus								
Capital Legal Surplus		20,741			20,741			
Total Capital Surplus			20,741	2.0		20,741	2.4	-
3 Earned Surplus								
(1) Earned Legal Reserve		8,780			8,780			
(2) Other Earned Reserve								
Reserve for replacement of Property		17,089			16,371			
Reserve for Special Depreciation		8			-			
Earned Surplus Brought Forward		102,459			154,286			
Total Earned Surplus			128,337	12.8		179,439	20.9	51,101
4 Treasury Stock			△ 202	△0.0		△ 307	△0.0	△ 105
Total Owners' Equity			184,000	18.3		234,996	27.4	50,995
Ⅱ Valuation and Translation Adjustments								
1 Valuation Difference on Available-for-Sale Securities			357			137		△ 220
Total Valuation and Translation Adjustments			357	0.0		137	0.0	△ 220
Total Net Assets			184,358	18.3		235,133	27.4	50,775
Total Liabilities and Net Assets			1,004,819	100.0		859,357	100.0	△ 145,461

(2) Statement of Income

Account Title	Notes No.	Prior Period (Jan. 1, 2007 through Dec. 31, 2007)			Current Period (Jan. 1, 2008 through Dec. 31, 2008)			2008 vs. 2007
		Amounts (Million yen)		Ratio (%)	Amounts (Million yen)		Ratio (%)	
Ⅰ Sales Revenue	1		3,014,375	100.0		3,260,775	100.0	246,399
Ⅱ Cost of Sales	2,5		3,016,220	100.1		3,135,139	96.2	118,918
Gross Margin (△Loss)			△ 1,844	△ 0.1		125,636	3.8	127,480
Ⅲ Selling, General and Administrative Expenses	4,5		22,285	0.7		22,798	0.7	512
Operating Income (△Loss)			△ 24,130	△ 0.8		102,837	3.1	126,967
Ⅳ Non-operating Income								
1 Interest Income		626			512			
2 Dividends Received	3	16,061			4,152			
3 Foreign Exchange Gain		6,876			10,473			
4 Others		51	23,616	0.8	95	15,233	0.5	△ 8,382
Ⅴ Non-operating Expenses								
1 Interest Expenses		668			662			
2 Loss on Sales and Disposals of Supplies		15			-			
3 Others		28	712	0.0	110	773	0.0	60
Ordinary Income (△Loss)			△ 1,226	△0.0		117,298	3.6	118,524
Ⅵ Extraordinary Gain								
1 Gain on Sale of Subsidiary Company's Stock	9	-			5,560			
2 Gain on Sales of Property, Plant and Equipment	6	35			1,192			
3 Gain on Sales of Investment Securities		-			71			
4 Gain on Sales of Golf Membership		66	102	0.0	-	6,824	0.2	6,721
Ⅶ Extraordinary Loss								
1 Loss on Asset Impairment	8	564			2,085			
2 Loss on Sales and Disposals of Property, Plant and Equipment	7	680			1,367			
3 Provision Loss on Reserve for Offshore Well Abandonment		-			1,185			
4 Accrued Loss on sale of Subsidiary Company's Stock	10	1,822	3,067	0.1	-	4,637	0.1	1,570
Income before Income Taxes (△Loss)			△ 4,191	△ 0.1		119,484	3.7	123,676
Current Income Taxes		59			38,357			
Deferred Income Tax		△ 8,619	△ 8,560	△ 0.2	8,526	46,884	1.5	55,444
Net Income			4,368	0.1		72,600	2.2	68,231

(3) Statement of Changes in Net Assets

2007 (January 1, 2007 through December 31, 2007)

(Unit: Million yen)

	Owners' Equity			
		Capital Surplus		
	Paid-in Capital	Capital Legal Reserve	Other Capital Surplus	Total
Balance at Dec. 31, 2006	35,123	20,741	24	20,766
Changes of Items during the period				
Dividends from Surplus	-	-	-	-
Net Income	-	-	-	-
Purchases of Treasury Stock	-	-	-	-
Disposal of Treasury Stock	-	-	△ 24	△ 24
Addition/Withdrawal of Other Earned Surplus	-	-	-	-
Net Changes of Items other than Owners' Equity	-	-	-	-
Total Changes of Items during the Period	-	-	△ 24	△ 24
Balance at Dec. 31, 2007	35,123	20,741	-	20,741

	Owners' Equity							
	Earned Surplus						Treasury Stock	Total Owners' Equity
	Earned Legal Reserve	Other Earned Surplus				Total		
		Reserve for Replacement Property	Reserve for Mine Exploration	Reserve for Special Depre.	Earned Surplus brought Forward			
Balance at Dec. 31, 2006	8,780	18,067	239	20	138,670	165,778	△ 206	221,461
Changes of Items during the period								
Dividends from Surplus	-	-	-	-	△ 21,576	△ 21,576	-	△ 21,576
Net Income	-	-	-	-	4,368	4,368	-	4,368
Purchases of Treasury Stock	-	-	-	-	-	-	△ 20,301	△ 20,301
Disposal of Treasury Stock	-	-	-	-	△ 20,231	△ 20,231	20,305	48
Addition/Withdrawal of Other Earned Surplus	-	△ 977	△ 239	△ 12	1,229	-	-	-
Net Changes of Items other than Owners' Equity	-	-	-	-	-	-	-	-
Total Changes of Items during the Period	-	△ 977	△ 239	△ 12	△ 36,210	△ 37,440	3	△ 37,460
Balance at Dec. 31, 2007	8,780	17,089	-	8	102,459	128,337	△ 202	184,000

	Valuation and Translation Adjustments		Total Net Assets
	Valuation Difference on Available-for-Sales Securities	Total	
Balance at Dec. 31, 2006	448	448	221,909
Changes of Items during the period			
Dividends from Surplus	-	-	△ 21,576
Net Income	-	-	4,368
Purchases of Treasury Stock	-	-	△ 20,301
Disposal of Treasury Stock	-	-	48
Addition/Withdrawal of Other Earned Surplus	-	-	-
Net Changes of Items other than Owners' Equity	△ 91	△ 91	△ 91
Total Changes of Items during the Period	△ 91	△ 91	△ 37,551
Balance at Dec. 31, 2007	357	357	184,358

2008 (January 1, 2008 through December 31, 2008)

(Unit: Million yen)

	Owners' Equity		
		Capital Surplus	
	Paid-in Capital	Capital Legal Reserve	Total
Balance at Dec. 31, 2007	35,123	20,741	20,741
Changes of Items during the period			
Dividends from Surplus	-	-	-
Net Income	-	-	-
Purchases of Treasury Stock	-	-	-
Disposal of Treasury Stock	-	-	-
Addition/Withdrawal of Other Earned Surplus	-	-	-
Net Changes of Items other than Owners' Equity	-	-	-
Total Changes of Items during the Period	-	-	-
Balance at Dec. 31, 2008	35,123	20,741	20,741

	Owners' Equity						
	Earned Surplus						
		Other Earned Surplus					
	Earned Legal Reserve	Reserve for Replacement Property	Reserve for Special Depre.	Earned Surplus brought Forward	Total	Treasury Stock	Total Owners' Equity
Balance at Dec. 31, 2007	8,780	17,089	8	102,459	128,337	△ 202	184,000
Changes of Items during the period							
Dividends from Surplus	-	-	-	△ 21,468	△ 21,468	-	△ 21,468
Net Income	-	-	-	72,600	72,600	-	72,600
Purchases of Treasury Stock	-	-	-	-	-	△ 331	△ 331
Disposal of Treasury Stock	-	-	-	△ 30	△ 30	226	195
Addition/Withdrawal of Other Earned Surplus	-	△ 717	△ 8	725	-	-	-
Net Changes of Items other than Owners' Equity	-	-	-	-	-	-	-
Total Changes of Items during the Period	-	△ 717	△ 8	51,827	51,101	△ 105	50,995
Balance at Dec. 31, 2008	8,780	16,371	-	154,286	179,439	△ 307	234,996

	Valuation and Translation Adjustments		Total Net Assets
	Valuation Difference on Available-for-Sales Securities	Total	
Balance at Dec. 31, 2007	357	357	184,358
Changes of Items during the period			
Dividends from Surplus	-	-	△ 21,468
Net Income	-	-	72,600
Purchases of Treasury Stock	-	-	△ 331
Disposal of Treasury Stock	-	-	195
Addition/Withdrawal of Other Earned Surplus	-	-	-
Net Changes of Items other than Owners' Equity	△ 220	△ 220	△ 220
Total Changes of Items during the Period	△ 220	△ 220	50,775
Balance at Dec. 31, 2008	137	137	235,133

(4) Major Accounting Policies

Prior Period (Jan.1, 2007 through Dec. 31, 2007)	Current Period (Jan.1, 2008 through Dec. 31, 2008)
1 Valuation Standards and Method for Stocks (1) Stocks of subsidiaries and affiliated companies The moving-average method (2) Other Securities ① Marketable Market value at the closing date (Valuation differences on available-for-sales securities are directly reflected in Owners' Equity, and cost of sales is calculated using the moving-average method) ② Non-marketable The moving-average method	1 Valuation Standards and Method for Stocks (1) Stocks of subsidiaries and affiliated companies No Change (2) Other Securities ① Marketable No Change ② Non-marketable No Change
2 Valuation Standards and Method for Derivative Transactions etc. Market value at the closing date	2 Valuation Standards and Method for Derivative Transactions etc. No Change
3 Valuation Standards and Method for Inventories (1) Products, goods, unfinished products and crude Generally LIFO method at the lower of cost or market (2) Supplies The moving-average method	3 Valuation Standards and Method for Inventories (1) Products, goods, unfinished products and crude No Change (2) Supplies No Change
4 Depreciation and Amortization Method for Fixed Assets (1) Property, Plant and Equipment The declining-balance method The service life ranges by major assets are: Buildings and Structures 10 to 50 years Tanks 10 to 25 years Machinery and Equipment 8 to 15 years <Change of Accounting Method> In accordance with the revision of the Corporate Tax Law, the depreciation method for Property, Plant and Equipment, which was acquired on or after April 1, 2007 was aligned with the method under the revised Corporate Tax Law beginning with this accounting period. As a result, Operating Loss, Ordinary Loss and Loss before Income Taxes each increased by 1,135 million yen. (2) Intangible Assets The straight-line method In-house computer software is amortized over its service life (5 to 15years) using the straight-line method.	4 Depreciation and Amortization Method for Fixed Assets (1) Property, Plant and Equipment The declining-balance method The service life ranges by major assets are: Buildings and Structures 10 to 50 years Tanks 10 to 25 years Machinery and Equipment 8 to 15 years (2) Intangible Assets No Change
5 Translation Method for Foreign Currency Assets and Liabilities Foreign currency assets and liabilities are translated into Yen at the spot rate at the closing date, and any difference in exchange rate is reflected in income.	5 Translation Method for Foreign Currency Assets and Liabilities No Change
6 Accounting Standards for Major Reserves (1) 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 each recoverability from individual customers. (2) Reserve for Bonuses To provide for the payment of employees' bonuses, the Company accrues an estimated reserve for the accounting period.	6 Accounting Standards for Major Reserves (1) Bad Debt Allowance No Change (2) Reserve for Bonuses No Change

Prior Period (Jan.1, 2007 through Dec. 31, 2007)	Current Period (Jan.1, 2008 through Dec. 31, 2008)
(3) Reserve for Accrued Pension Costs To provide for the payment of employees' post-retirement benefits, the Company accrues an estimated reserve based on the projected benefit obligations and estimated pension plan assets as of the closing date. Any 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 based on employees' average remaining service years. (12 years) Prior service liabilities are amortized using the straight-line method over employees' average remaining service years; (Before 2004: 15.5 years Since 2004: 12.9 years Since 2007: 11.9 years)	(3) Reserve for Accrued Pension Costs No Change
(4) Reserve for Officers' Retirement Allowance To provide for the payment of officers' post-retirement allowance, the Company accrues an estimated amount of lump sum retirement allowance assuming that officers retire at the closing date.	(4) Reserve for Officers' Retirement Allowance No Change
(5) Reserve for Repairs To provide for periodic tank inspections required under the Fire Service Law and for periodic repairs of machinery and equipment, the Company accrues an estimated reserve for the accounting period, based on estimated costs and repair plans.	(5) Reserve for Repairs No Change
(6) Reserve for Offshore Well Abandonment To provide for the expenses of offshore well abandonment to be incurred when natural gas production is terminated, the Company accrues an estimated amount using the unit of production method.	(6) Reserve for Offshore Well Abandonment To provide for expenses for offshore well abandonment to be incurred when natural gas production is terminated, the Company accrues the estimated amount anticipated to be spent.
7 Accounting for Lease Transactions The accounting treatment for finance lease transactions, in which ownership does not transfer to the lessee, uses the same method as applied to ordinary operating lease transactions.	7 Accounting for Lease Transactions No Change
8 Others Accounting Method for Consumption Tax Statement of Income does not include consumption tax.	8 Others Accounting Method for Consumption Tax No Change

Additional Information

Prior Period (Jan.1, 2007 through Dec. 31, 2007)	Current Period (Jan.1, 2008 through Dec. 31, 2008)
―――――――――	<Depreciation of Fixed Assets> In accordance with the revision of the Corporate Tax Law, the differences between the limit of depreciation (5% of the acquisition cost) and the memorandum value of Property, Plant and Equipment, which were acquired before March 31, 2007, are depreciated on a straight-line bases over 5 years from the next year after the assets are fully depreciated up to the limit of depreciation (5% of the acquisition cost), and the Company and its domestic subsidiaries recognize the resulting differences as depreciation costs. As a result, Operating Income, Ordinary Income and Income before Income Taxes decreased by 4,494 million yen, respectively. <Provision Loss on Reserve for Offshore Well Abandonment> Following the cessation of production, the Company estimates updated costs of offshore well abandonment, and the difference of 1,185 million yen from the previously accrued amount is shown as an extra-ordinary loss in this accounting period.

(5) Notes to Financial Statements

(Balance Sheet)

Prior Period (December 31, 2007)

1 The accumulated reduced-value entry, which directly deducted from Property, Plant and Equipment is amounted by 1,674 million yen. The reduced-value entry is applied due to insurance money etc.

(Structures 33 million yen, Machinery and Equipment 1,629 million yen, Tools, Furniture and Fixtures 11 million yen)

2 Mortgaged Assets

Mortgaged assets and mortgaged liabilities by security rights are as shown below;

Mortgaged Assets	Amounts (Million yen)	(Mortgaged on Factory Foundation) (Million yen)
Building	1,500	(1,500)
Structures	4,827	(4,827)
Tanks	771	(771)
Machinery and Equipment	21,746	(21,746)
Land	23,657	(4,628)
Total	52,503	(33,474)

Mortgaged Liabilities by Security Right	Amounts (Million yen)	(Mortgaged on Factory Foundation) (Million yen)
Long-term debt due 1 year	422	(-)
Long-term debt	202	(-)
Gasoline Tax etc., Payable	53,195	(33,474)
Total	53,819	(33,474)

(Note) 1 In the summary of mortgaged assets, mortgage of factory foundation is shown in parenthesis.

2 In the summary of mortgaged liabilities by security rights, mortgage on factory foundation is shown in parenthesis.

3 In addition to the above and the obligation for guarantees shown in item "4 Obligations for Guarantees", the Company committed to offer upon lender's demand a contract of mortgage over the assets noted below to support borrowings undertaken. Current amounts outstanding under this loan agreement are for short-term debt (1,412 million of yen) and long-term debt (5,998 million of yen)

Buildings	2,017 million yen
Structures	11,650
Tanks	1,346
Machinery and Equipment	26,671
Land	847
Others	379

Current Period (December 31, 2008)

1 The accumulated reduced-value entry, which directly deducted from Property, Plant and Equipment is amounted by 1,674 million yen. The reduced-value entry is applied due to insurance money etc.

(Structures 33 million yen, Machinery and Equipment 1,629 million yen, Tools, Furniture and Fixtures 11 million yen)

2 Mortgaged Assets

Mortgaged assets and mortgaged liabilities by security rights are as shown below;

Mortgaged Assets	Amounts (Million yen)	(Mortgaged on Factory Foundation) (Million yen)
Building	1,414	(1,414)
Structures	4,227	(4,227)
Tanks	639	(639)
Machinery and Equipment	17,522	(17,522)
Land	23,657	(4,628)
Total	47,460	(28,431)

Mortgaged Liabilities by Security Right	Amounts (Million yen)	(Mortgaged on Factory Foundation) (Million yen)
Long-term debt due 1 year	202	(-)
Gasoline Tax etc., Payable	47,257	(28,431)
Total	47,459	(28,431)

(Note) 1 In the summary of mortgaged assets, mortgage of factory foundation is shown in parenthesis.

2 In the summary of mortgaged liabilities by security rights, mortgage on factory foundation is shown in parenthesis.

3 In addition to the above and the obligation for guarantees shown in item "4 Obligations for Guarantees", the Company committed to offer upon lender's demand a contract of mortgage over the assets noted below to support borrowings undertaken. Current amounts outstanding under this loan agreement are for short-term debt (1,412 million of yen) and long-term debt (4,586 million of yen)

Buildings	1,860 million yen
Structures	10,863
Tanks	1,382
Machinery and Equipment	25,297
Land	847
Others	420

Prior Period (December 31, 2007)	Current Period (December 31, 2008)
3 Obligations for Guarantees The Company has guaranteed the following borrowing etc., for dealers and employees of the Company, its consolidated subsidiaries and equity companies etc. Shimizu LNG K.K. 2,007 million yen Company Employees 210 K.K. Ryuseki Nenryo 148 Others (5 companies) 151 Total 2,517 (Note) For the debt (3,366 million of yen) of Shimizu LNG K.K. from the Development Bank of Japan etc., the Company has a contractual obligation to reserve its land for a mortgage. (book value 747 million of yen)	3 Obligations for Guarantees The Company has guaranteed the following borrowing etc., for dealers and employees of the Company, its consolidated subsidiaries and equity companies etc. Shimizu LNG K.K. 1,580 million yen Company Employees 189 K.K. Ryuseki Nenryo 95 Others (4 companies) 109 Total 1,974 (Note) For the debt (1,822 million of yen) of Shimizu LNG K.K. from the Development Bank of Japan etc., the Company has a contractual obligation to reserve its land for a mortgage. (book value 747 million of yen)
4 Notes related to Associated Companies Following are included in the accounts, which are not independently represented as transactions with associated companies. Trade Accounts Receivable 383,139 million yen Trade Accounts Payable 115,361	4 Notes related to Associated Companies Following are included in the accounts, which are not independently represented as transactions with associated companies. Trade Accounts Receivable 265,401 million yen Trade Accounts Payable 71,315

(Statement of Income)

Prior Period (Jan.1, 2007 through Dec. 31, 2007)	Current Period (Jan.1, 2008 through Dec. 31, 2008)
1 Transactions with Associated Companies included in Sales Revenues in the Current Period Sales Revenues 1,902,827 million yen	1 Transactions with Associated Companies included in Sales Revenues in the Current Period Sales Revenues 1,941,840 million yen
2 Transactions with Associated Companies included in Purchases in the Current Period Purchases 498,493 million yen The amount above includes the amounts related to mogas tax, local road tax and ADO tax.	2 Transactions with Associated Companies included in Purchases in the Current Period Purchases 423,797 million yen The amount above includes the amounts related to mogas tax, local road tax and ADO tax.
3 Transactions with Associated Companies included in Non-operating Income and Expenses Dividends 16,001 million yen	3 Transactions with Associated Companies included in Non-operating Income and Expenses Dividends 4,094 million yen
4 Marketing expenses and administrative expenses are approximately 60% and 40% respectively. Major expenses and amounts are as follows; Salaries and Bonuses 7,575 million yen Transportation Costs 3,388 Outside Order Expenses 2,439 Rent 2,571 Depreciation Expenses 1,709 Sales Commissions 1,714 Pension Expenses △ 1,141 Provisions for Bonuses 339	4 Marketing expenses and administrative expenses are approximately 62% and 38% respectively. Major expenses and amounts are as follows; Salaries and Bonuses 8,047 million yen Transportation Costs 2,668 Outside Order Expenses 2,247 Rent 1,895 Depreciation Expenses 1,833 Sales Commissions 1,764 Pension Expenses △ 516 Provisions for Bonuses 338
5 Research and development costs included in administrative and manufacturing costs are amounted by 1,868 million yen.	5 Research and development costs included in administrative and manufacturing costs are amounted by 1,740 million yen.
6 Gain on Sales of Property, Plant and Equipment Land (Service Stations) 33 million yen Others 2 Total 35	6 Gain on Sales of Property, Plant and Equipment Land (Service Stations) 1,119 million yen Others 72 Total 1,192
7 Loss on Sales and Disposals of Property, Plant, and Equipment Machinery and Equipment (Refinery Facilities, etc.) 454 million yen Building (Service Stations, etc.) 67 Structures (Service Stations, etc.) 58 Tools, Furniture and Fixtures (Refinery Facilities, etc.) 58 Others 42 Total 680	7 Loss on Sales and Disposals of Property, Plant, and Equipment Building (Service Stations, etc.) 365 million yen Machinery and Equipment (Refinery Facilities, etc.) 331 Structures (Service Stations, etc.) 289 Leasehold (Service Stations, etc.) 202 Others 179 Total 1,367
8 Loss on Asset Impairment	8 Loss on Asset Impairment

Prior Period:

Used for	Location	Type	Amount (million yen)
Service Station	TonenGeneral Sekiyu K.K., Nishi Yamato SS (Kita Katsuragi County, Nara Pref.) and other 12 items	Land	564

The Company recognized a loss on the 13 items, whose recoverable value is significantly lower than net book value, by deducting the NBV to the recoverable value. The deduction is amounted by 564million yen and presented as an extraordinary loss.
Net selling value, which is a market price based on official values, is applied to evaluate the recoverable value.

Current Period:

Used for	Location	Type	Amount (million yen)
Service Station	TonenGeneral Sekiyu K.K., Suma Central Dai-ichi SS (Suma-ku, Kobe-City, Hyogo Pref.) and other 22 items	Land	2,085

The Company recognized a loss on the 23 items, whose recoverable value is significantly lower than net book value, by deducting the NBV to the recoverable value. The deduction is amounted by 2,085 million yen and presented as an extraordinary loss.
Net selling value, which is a market price based on official values, is applied to evaluate the recoverable value.

Prior Period (Jan.1, 2007 through Dec. 31, 2007)	Current Period (Jan.1, 2008 through Dec. 31, 2008)
9 ———	9 Gain on Sale of Subsidiary Company's Stock The shares in Nansei Sekiyu K.K., which were owned by the Company were sold to Petrobras International Braspetro B.V. on April 1, 2008. The gain of 5,560 million yen was recognized as "Gain on Sale of Subsidiary Company's Stock" in Extraordinary Gain. The "Gain on Sale of Subsidiary Company's Stock" includes the reversal of the 1,822 million yen accrued loss on Sale of Subsidiary Stock, which was recognized in the prior period.
10 Accrued Loss on Sale of Subsidiary Company's Stock The Board of Directors of the Company which was held on November 9, 2007 approved the transfer by sale of 100% of its shareholding in Nansei Sekiyu K.K. to Petrobras International Braspetro B.V.. An accrued loss of 1,822 million yen was recognized as "Accrued Loss on Sale of Subsidiary's Stock" in Extraordinary Loss.	10 ———

(Statement of Changes in Owners' Equity)

Prior Accounting Period (January 1, 2007 through December 31, 2007)

1 Treasury Stock

Category	Dec. 31, 2006	Increase	Decrease	Dec. 31, 2007
Common Stock (Shares)	175,478	18,264,848	18,259,375	180,951

(Major cause of movement) An increase in Treasury Stock is due to TOB and repurchase of odd-lot stocks, and a decrease is due to cancellation and sales of odd-lot stocks.

Current Accounting Period (January 1, 2008 through December 31, 2008)

1 Treasury Stock

Category	Dec. 31, 2007	Increase	Decrease	Dec. 31, 2008
Common Stock (Shares)	180,951	372,332	224,728	328,555

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

(Deferred Tax Accounting)

Prior Period (December 31, 2007)			Current Period (December 31, 2008)		
1 Detail of Deferred Tax Assets and Deferred Tax Liabilities			1 Detail of Deferred Tax Assets and Deferred Tax Liabilities		
(Deferred Tax Assets)			(Deferred Tax Assets)		
Tax Loss Carry Forward	12,483	million yen	Reserve for Retirement Allowance	11,152	million yen
Reserve for Retirement Allowance	12,268		Reserve for Turnaround	4,097	
Reserve for Turnaround	3,646		Accrued Enterprise Tax Payable	2,703	
Asset Impairment	1,752		Asset Impairment	2,383	
Variance from different Inventory Evaluations	1,175		Variance from different Inventory Evaluations	1,637	
Accrued Loss on Sales of Subsidiary Company's Stock	741		Reserve for Offshore Well Abandonment	1,201	
Others	2,596		Others	1,860	
Total Deferred Tax Assets	34,664		Total Deferred Tax Assets	25,036	
(Deferred Tax Liabilities)			(Deferred Tax Liabilities)		
Reserve for Replacement of Property	△ 11,724	million yen	Reserve for Replacement of Property	△ 11,231	million yen
Accrued Enterprise Tax Receivable	△ 503		Others	△ 2,212	
Unrealized Holding Gains on Securities	△ 245		Total Deferred Tax Liabilities	△ 13,444	
Others	△ 2,222		Net of Deferred Tax Assets	11,592	
Total Deferred Tax Liabilities	△ 14,695				
Net of Deferred Tax Assets	19,968				
2 Factors in the Difference between Statutory Effective Tax Rate and Actual Effective Tax Rate			2 Factors in the Difference between Statutory Effective Tax Rate and Actual Effective Tax Rate		
Statutory Effective Tax Rate	40.7	%	Statutory Effective Tax Rate	40.7	%
(Adjustments)			(Adjustments)		
Items not Recognized as Loss, such as Entertainment Expense	△ 0.9		Items not Recognized as Loss, such as Entertainment Expense	0.1	
Items not Recognized as Income, such as Dividends Received	155.3		Items not Recognized as Income, such as Dividends Received	△ 1.4	
Prior Year Tax Adjustment	10.2		Others	△ 0.1	
Others	△ 1.1		Actual Effective Tax Rate	39.3	
Actual Effective Tax Rate	204.2				