[The official language for TonenGeneral's filings with the Tokyo Stock Exchange and Japanese authorities, and for communications with our shareholders, is Japanese. We have posted English versions of some of this information on this web site. While these English versions have been prepared in good faith, TonenGeneral does not accept responsibility for the accuracy of the translations, and reference should be made to the original Japanese language materials.]

Consolidated Financial Results for 2010

February 14, 2011

Company name: TonenGeneral Sekiyu K.K. Listed on: Tokyo Stock Exchange
Code number: 5012 URL: http://www.tonengeneral.co.jp
Representative: P. P. Ducom Representative Director and President
Contact person: K. Kai ExxonMobil Y.K., Public and Government Affairs, Communications and Media Division Manager Tel: 03-6713-4400

Scheduled date of Annual General Shareholders' Meeting: March 25, 2011
Scheduled date of filing Annual Securities Report: March 25, 2011
Scheduled date of start of dividends payment: March 28, 2011

(Amounts shown in truncated millions of yen)

1. Consolidated financial results for the full year 2010 (January 1, 2010 through December 31, 2010)

(1) Operating results

(Parentage figures are the changes from the same period prior year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2010	2,398,718	13.6	33,528	–	37,011	–	42,873	–
2009	2,111,753	(35.5)	(34,559)	–	(34,545)	–	(21,718)	–

	Net income per share	Diluted net income per share	Net income per shareholders' equity	Ordinary income per total assets	Operating income per net sales
	Yen	Yen	%	%	%
2010	75.95	–	18.0	4.2	1.4
2009	(38.46)	–	(8.7)	(3.9)	(1.6)

(Reference) Equity earnings (losses): 1,777 Million yen for 2010 (1,007) Million yen for 2009

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
Dec. 31, 2010	906,846	248,295	27.4	439.91
Dec. 31, 2009	875,177	227,359	26.0	402.72

(Reference) Net assets: 248,295 Million yen as of December 31, 2010 227,359 Million yen as of December 31, 2009

(3) Cash flows

	Net cash from operating activities	Net cash from investing activities	Net cash from financing activities	Cash and cash equivalents at the end of the period
	Million yen	Million yen	Million yen	Million yen
2010	83,305	(16,943)	(66,382)	278
2009	5,418	(24,063)	18,691	789

2. Dividends

	Annual dividend					Total amount (full year)	Payout ratio (consolidated)	Dividend per net assets (consolidated)
	1Q end	2Q end	3Q end	4Q end	Full year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
2009	–	19.00	–	19.00	38.00	21,457	–	8.6
2010	–	19.00	–	19.00	38.00	21,449	50.0	9.0
2011(Forecast)		19.00	–	19.00	38.00		17.7	

3. Projected consolidated operating results for 2011 (January 1, 2011 through December 31, 2011)

(Percentage figures are the changes from the same period prior year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2Q YTD	1,300,000	10.8	178,000	–	179,000	–	107,000	274.3	189.55
Full year	2,600,000	8.4	200,000	496.5	202,000	445.8	121,000	182.2	214.35

4. Others

(1) Change in major subsidiaries in the current period (change in designated subsidiaries resulting in a change in the scope of consolidation): Yes

Excluded 1 company

(Name: Tonen Specialty Separator Korea Limited (renamed as Toray Tonen Specialty Separator Korea Limited)

(Note) For further details, please refer to “2. Description of group companies” on page 7.

(2) Change of accounting principle/procedure and presentation for preparation (change of accounting principle/procedure and presentation for preparation of consolidated financial statements which are reported in “Changes in significant accounting policies,” a part of Annual Securities Report.)

a. Changes with accounting standards revisions : Yes

b. Changes other than above : No

(Note) For further details, please refer to “(7) Change in significant accounting policies” on page 21.

(3) Number of shares issued (Common Stock)

a. Number of shares at period end (includes treasury stock)

2010	565,182,000 shares	2009	565,182,000 shares

b. Number of treasury stock at period end

2010	757,140 shares	2009	619,801 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 34.

(Reference) Summary of non-consolidated financial results

1. Financial results for 2010 (January 1, 2010 through December 31, 2010)

(1) Operating results (Parentage figures are the changes from the same period prior year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2010	2,392,460	14.5	31,151	–	58,407	–	44,969	–
2009	2,089,668	(35.9)	(39,094)	–	(37,517)	–	(22,550)	–

	Net income per share	Diluted net income per share
	Yen	Yen
2010	79.66	–
2009	(39.93)	–

(2) Financial position

	Total assets	Net assets	Shareholders’ equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
Dec. 31, 2010	839,185	214,158	25.5	379.43
Dec. 31, 2009	827,831	190,907	23.1	338.15

(Reference) Net assets: 214,158 Million yen as of December 31, 2010 190,907 Million yen as of December 31, 2009

2. Projected non-consolidated operating results for 2011 (January 1, 2011 through December 31, 2011)

(Percentage figures are the changes from the same period prior year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	2,500,000	4.5	190,000	509.9	191,000	227.0	114,000	153.5	201.95

- **Explanatory note on the 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.

  As for the information of the projections above, please refer to “1. Financial results (1) Analysis of operating results b. Earnings forecast for full year 2011” on page 3.

1. Financial results

(1) Analysis of operating results

a. Business overview

Consolidated net sales increased 13.6 percent versus the previous year to 2,398.7 billion yen, mainly due to the upward shift in oil product prices, reflecting crude price movements.

Consolidated operating income was 33.5 billion yen, 68.1 billion yen greater than the previous year. Consolidated ordinary income was 37.0 billion yen, an increase of 71.6 billion yen versus the previous year, primarily due to the addition of non-operating items including gain from foreign exchange and equity earnings. In addition, extraordinary items primarily the gain realized upon formation of a joint venture involving our battery separator film subsidiary, added 19.4 billion yen. These resulted in consolidated net income of 42.9 billion yen, an improvement of 64.6 billion yen over the negative 21.7 billion figure of the previous year.

Following are operating income results by segment.

1) Oil segment

Operating income in the Oil segment was 31.5 billion yen, 69.9 billion yen greater than the previous year. Improved results in this segment were attributable largely to better margins aided by steady domestic demand for oil products particularly during the extremely hot summer. Another factor in our improved profits is that the negative 8.0 billion yen in adverse effects in 2010 resulting from our loading point cost recognition accounting method was less than the negative 35.0 billion yen resulting from this method in the previous year. A comparison of our estimates for operating income in the Oil segment, excluding the effects of our crude cost recognition method and inventory-related gain/loss, is shown in the table below.

Oil segment operating income compared with the previous year

(unit: billion yen)

	2010	2009	Difference
Operating income	31.5	(38.4)	69.9
Effect of difference in timing of crude cost accounting (estimate)	(8.0)	(35.0)	27.0
Inventory-related gain / loss	(0.2)	7.4	(7.6)
Operating income excluding above special factors (estimate)	39.7	(10.8)	50.5

2) Chemical segment

Operating income in the Chemical segment was 2.0 billion yen, 1.8 billion yen less than the previous year. The decrease was primarily due to a decline in basic chemical margins in the latter half of the year and lower production volume arising from significant maintenance at our Kawasaki plant as per the normal four year maintenance schedule.

b. Earnings forecast for full year 2011

(unit: million yen)

Net sales	Operating income	Ordinary income	Net income
2,600,000	200,000	202,000	121,000

In accordance with the revision of the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9), the Company will adopt the weighted average inventory valuation method from 2011. If prices, inventory volumes and other factors in 2011 were to remain the same as those in place at the end of 2010, we estimate that this change would result in an increase in operating income of approximately 160 billion yen, to be realized during 2011.

Excluding inventory effects, we project full year 2011 operating income of 30.0 billion yen (9.7 billion yen less than 2010) in the Oil segment and 10.0 billion yen (8.0 billion yen greater than 2010) in the Chemical segment. We anticipate a drop in the Oil segment versus 2010 due to a slight decline in margins resulting from projected decline in domestic demand, and an increase in the Chemical segment due to absence of large-scale scheduled maintenance at our Kawasaki plant and improved margins for basic chemicals.

In addition, from 2011, the Company will change the timing of its crude cost recognition from the loading point to the point of arrival in Japan, the same method employed by other companies in the industry. With this change, our earnings comparison with other oil companies will no longer be affected by differences in the timing of crude cost accounting.

The Company does not forecast prices of crude oil or petroleum products, and our forecast above assumes no effects from inventory-related gains and losses resulting from crude price fluctuations.

(2) Analysis of financial condition

a. Total assets, liabilities and net assets

Total assets as of December 31, 2010 totaled 906.8 billion yen, a 31.7 billion yen increase from December 31, 2009. The change was mainly attributable to an increase in trade account receivable and an increase in investment securities attributable largely to the formation of the battery separator film joint venture. Total liabilities as of December 31, 2010 amounted to 658.6 billion yen, a 10.7 billion yen increase from December 31, 2009 including the factors such as an increase in deposit from an affiliated company accounted for by the equity method. Net assets as of December 31, 2010 amounted to 248.3 billion yen, a 20.9 billion yen increase from December 31, 2009, which is mainly attributable to an increase in retained earnings due to net income offset by dividends paid.

b. Cash flows

As of December 31, 2010, the outstanding balance of cash and cash equivalent was 278 million yen, a decrease of 511 million yen versus December 31, 2009. Key factors influencing cash flows are summarized below.
In 2010, cash flows from operating activities were positive 83.3 billion yen. Major contributing factors were operating income, depreciation and cash deposited with the Company by an affiliated company accounted for under the equity method.
Cash flows from investing activities were negative 16.9 billion yen, mainly due to capital expenditures.
Cash flows from financing activities were negative 66.4 billion yen. In addition to dividend payments, short term borrowing was decreased.

c. Outlook on cash flows

In 2011, free cash flow (the sum of cash flows from operating and investing activities) is anticipated to decrease versus 2010, the largest factor being the absence of the deposit from an affiliated company accounted for under the equity method.

d. Key financial indices

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Shareholders' equity ratio (%) - book base	24.3	20.4	30.0	26.0	27.4
Shareholders' equity ratio (%) - market base	67.4	59.6	56.1	50.0	55.3
Cash flow vs. interest-bearing debt (Times)	0.8	16.7	0.5	16.3	0.6
Interest coverage ratio (Times)	108.3	9.4	205.0	14.5	234.8

(Note) 1. Definitions are as follows:
Shareholders' equity ratio - book base: (period-end total net assets - period-end minority interests) / period-end total assets
Shareholders' 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 flow
Interest coverage ratio: operating cash flows / interest paid
2. All indicators have been calculated based on consolidated financial data.
3. Operating cash flow is net cash provided by (used in) operating activities shown in the Consolidated statement of cash flows.
4. Interest-bearing debt is actual interest-bearing debt, defined as short-term loans payable and long-term loans payable 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

a. Dividend policy

Our basic policy is to deliver appropriate dividends to shareholders, while maintaining a sound financial structure and giving due consideration to consolidated cash flow trends and future capital investments. We continue with our view that the Company's wealth that is not otherwise required in our business in a way that meets our rigorous profitability standards should be returned to shareholders.

b. Dividend in current period

The Company projects a payment to its shareholders as of December 31, 2010 of 19 yen per share as a final dividend for the term ended December 31, 2010, subject to decision by the general meeting of shareholders.

c. Dividend in next period

Full-year dividends for 2011, like those of 2010, are forecast to be 38 yen per share, subject to review of our full year business performance and cash flow results and the decision of both our Board of Directors and shareholders.

(4) Business and other risks

The following are risk factors that may affect the operating results and financial position of the TG Group (TonenGeneral Sekiyu K.K. [the Company] and its consolidated subsidiaries) as well as the share price of the Company.

a. 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.

b. Political factors

The Company's facilities are located primarily in Japan, and to a minor extent in the Republic of Korea through one of its affiliates. The Company also acquires crude and feedstock supplies from a wide diversity of sources worldwide and conducts export sales primarily within Asia. Consequently, the Company's business operations may in the future be affected from time to time from both domestic and worldwide political developments and governmental activities primarily those that might interfere with normal supply, production and sales activities. Both the likelihood of such occurrences and their overall effect upon the TG Group vary greatly and are not predictable.

c. Regulatory factors

It is possible that the earnings of the TG Group could be affected by laws and regulations applicable to the energy and petrochemical industries. Examples of such laws and regulations include: environmental regulations; restrictions on production, imports and exports, and facilities; price controls; changes in taxation.

The Company submitted plans to the Ministry of Economy, Trade and Industry (METI) for compliance with regulations issued by METI on July 5, 2010 concerning the Energy Supply Structural Improvement Law dealing with the required ratio of atmospheric pipestill capacity to bottoms conversion capacity. The options in the submitted plan include the reduction of pipestill capacity and investment in conversion capability. The choice of option is to be determined following further evaluation by the Company. At this time it is not possible to predict the impact of these regulations on the Company's future earnings.

d. Industry and economic factors

The operations and earnings of the TG Group 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.

e. Market risks, inflation and other uncertainties

Crude oil, petroleum product and chemical prices have fluctuated widely in response to changing market forces and the dollar-yen exchange rates. The impacts of these price fluctuations on earnings of the TG Group are generally not predictable.

f. Disaster and accident risk

All of the Company's refineries, terminals and service stations are operated in accordance with the Company's Operations Integrity Management System to help ensure management of risk of loss and to ensure safety, health and environmental soundness in all aspects of the Company's operations. In spite of such thorough efforts to pursue safety, our business activities might be negatively affected by natural disasters, unexpected accidents, and resulting shutdowns at our business sites.

The Company generally carries property insurance against natural disaster and accidents to the extent feasible and reasonable. However, it is uncertain as to whether the insurance would cover any conceivable loss.

g. Information management risk

In an effort to secure proper use and management of confidential information including personal data, the TG Group has 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.

Among the risks stated above, the risks relative to the future events are the perception as of the end of this period. The risks stated above do not necessarily cover all risks relative to the TG Group.

2. Description of group companies

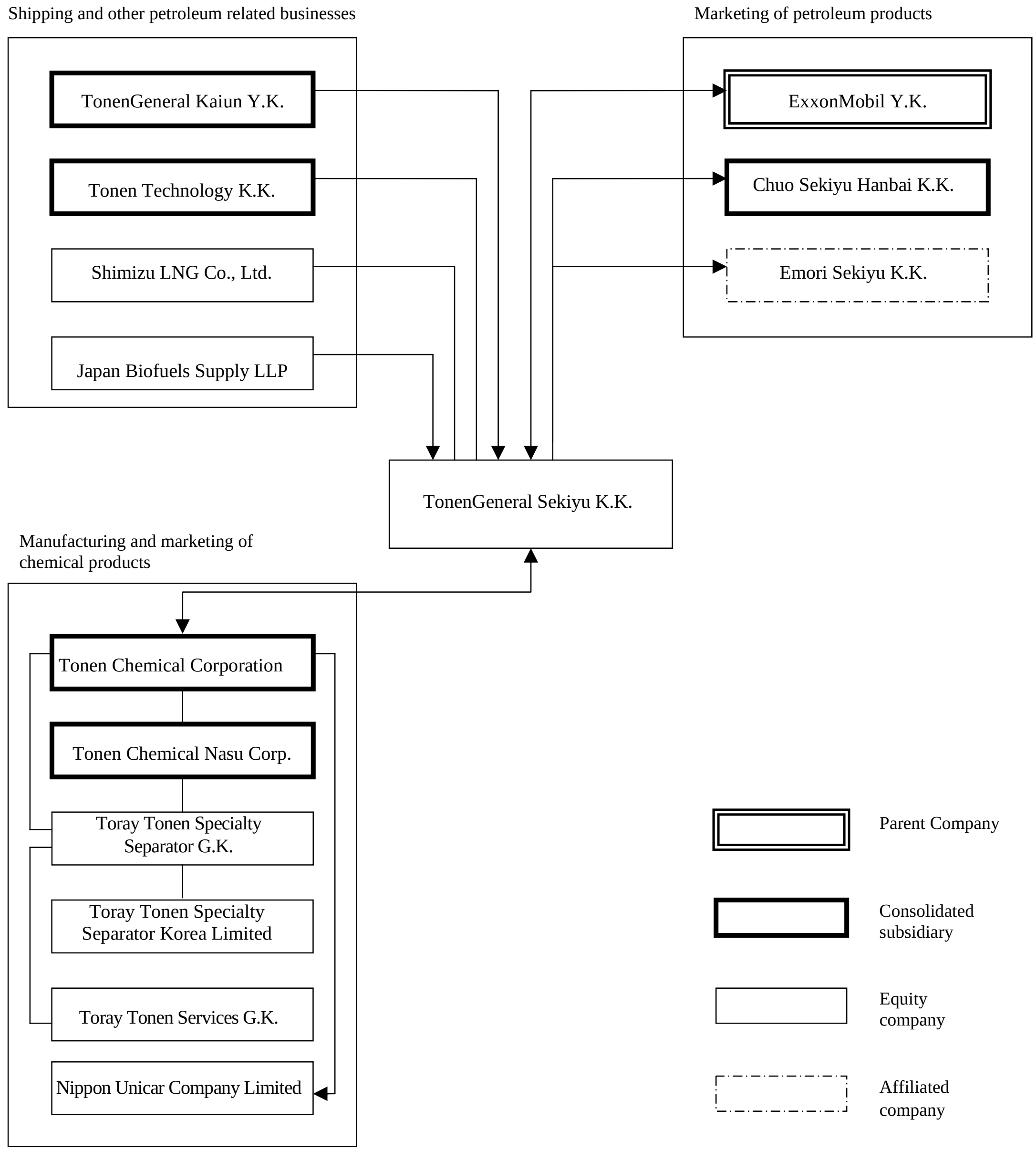
Major businesses of our 14 companies (the Company, 5 consolidated subsidiaries, 6 affiliates accounted for by the equity method, 1 affiliated company and 1 parent company) are importing, shipping, refining and marketing of crude oil, petroleum products, chemical products and related products.

The following table shows our business activities.

Segment	Function	Major business	Name of company	Number of companies
Oil	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 Purchases and sales of bio-fuel Construction management	Shimizu LNG Co., Ltd. Japan Biofuels Supply LLP Tonen Technology K.K.	3
Chemical	Manufacturing and Marketing	Manufacturing, processing and sales of chemical products	TonenGeneral Sekiyu K.K., ExxonMobil Y.K., Tonen Chemical Corp., Tonen Chemical Nasu Corp., Toray Tonen Specialty Separator G.K., Toray Tonen Specialty Separator Korea Limited, Toray Tonen Services G.K., Nippon Unicar Company Limited	8

(Note)
1. Exxon Mobil Corporation, which indirectly owns 100% of the equity of ExxonMobil Y.K. via its subsidiaries, is another parent company, but it is not included in this table as there are no material business transactions with the Company.
2. Japan Biofuels Supply LLP, due to its increasing scale of operations, became accounted for by the equity method beginning in the current period.
3. Tonen Specialty Separator Godo Kaisha became a joint venture company through the investment by Toray Industries, Inc., and it was renamed Toray Tonen Specialty Separator Godo Kaisha on January 29, 2010, and TG Group’s equity ratio became 50.0%.
4. Tonen Specialty Separator Godo Kaisha became a joint venture company through the investment by Toray Industries, Inc. and Tonen Specialty Separator Korea Limited, a 100% subsidiary of Tonen Specialty Separator Godo Kaisha, was renamed Toray Tonen Specialty Separator Korea Limited as of January 29, 2010, and TG Group’s equity ratio became 50.0%.
5. Toray Tonen Services Godo Kaisha was established as of January 29, 2010 to act as a services company for Toray Tonen Specialty Separator Godo Kaisha. The equity ratio of the TG group in Toray Tonen Services Godo Kaisha is 50.0%.

Business structure of the TG Group is shown below (as of December 31, 2010):



3. Corporate Principles

(1) Basic corporate philosophy

The TG Group conducts its business operations in accordance with the following management philosophies:

- 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

The TG 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. TG 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 continue pursuing synergy of integrated operation of petrochemical and refining in our basic chemical businesses, and to focus on enhancement of specialty chemical products.
- As a Member of the ExxonMobil Group

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

(3) Issues to be addressed by the TG Group

In July 2010, the Ministry of Economy, Trade and Industry required all oil refining companies to increase the bottom-cracking capacity ratio of equipment used in refining heavy oil by 2014. We assiduously examined all the alternatives for complying with the regulations and submitted a plan at the end of October 2010 which incorporated multiple scenarios, including reducing atmospheric distillation equipment and increasing bottom-cracking capacity. Since about three years remains until the compliance date, we will make a final decision after continuing to assess the options in our typical rigorous manner.

In addition to the above, the business environment in which we operate is anticipated to experience continued pressure on volumes and margins in 2011. In this business environment, in order to achieve our goal of maintaining a prominent position in our industry, all functions of our Oil and Chemical segments will continue to work together to pursue efficiency and profitability improvement.

In our oil business, we will continue to focus on effective utilization of secondary units and full use of integration synergies among the refining and chemical businesses, as well as maximum utilization of the ExxonMobil global network. In marketing, we will continue to focus on further enhancement of the Express brand value and further expansion of the alliance network with convenience stores.

In our chemical business, we will continue to enhance the cost competitiveness of our basic chemicals business and to further enhance our specialty chemicals business. In particular, we will progress the execution of our growth strategies in our BSF business through the joint venture.

The steady enhancement of shareholder value from a long-term perspective is another important objective for us. We will continue o seek the proper balance in implementing the Company's dividend policy.

Finally, we will continue working to achieve safe and reliable operations, a stable supply of high-quality products and a high level of environmental protection, while maintaining our commitment to legal compliance and ethical conduct.

4. Consolidated financial statements

(1) Consolidated balance sheet

(Unit: Million yen)

	Prior period (December 31, 2009)	Current period (December 31, 2010)
Assets		
Current assets		
Cash and deposits	789	278
Notes and accounts receivable-trade	397,307	414,435
Merchandise and finished goods	28,908	28,937
Semi-finished goods	24,053	25,512
Raw materials	65,536	67,520
Supplies	5,115	5,043
Income taxes receivable	130	6,892
Deferred tax assets	7,120	6,468
Short-term loans receivable	65,077	74,349
Other	10,090	8,078
Allowance for doubtful accounts	(42)	(44)
Total current assets	604,086	637,471
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	207,977	205,811
Accumulated depreciation	(161,629)	(162,685)
Buildings and structures, net	46,348	43,125
Tanks	66,005	66,670
Accumulated depreciation	(61,232)	(61,863)
Tanks, net	4,773	4,806
Machinery, equipment and vehicles	608,201	599,626
Accumulated depreciation	(543,679)	(544,363)
Machinery, equipment and vehicles, net	64,522	55,263
Tools, furniture and fixtures	10,469	10,606
Accumulated depreciation	(9,173)	(8,983)
Tools, furniture and fixtures, net	1,296	1,622
Land	79,265	76,623
Construction in progress	18,924	6,518
Total property, plant and equipment	215,130	187,960
Intangible assets		
Leasehold right	1,678	1,511
Software	3,760	2,554
Other	274	236
Total intangible assets	5,714	4,302
Investments and other assets		
Investment securities	12,786	51,900
Long-term loans receivable	674	–
Deferred tax assets	21,972	10,145
Other	15,151	15,361
Allowance for doubtful accounts	(339)	(295)
Total investments and other assets	50,246	77,112
Total noncurrent assets	271,090	269,375
Total assets	875,177	906,846

(Unit: Million yen)

	Prior period (December 31, 2009)	Current period (December 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	267,188	280,210
Gasoline taxes payable	185,983	185,170
Short-term loans payable	82,823	49,029
Income taxes payable	2,342	498
Accrued consumption taxes	1,547	14,165
Guarantee deposits payable	9,009	8,034
Provision for bonuses	1,314	1,153
Provision for offshore well abandonment	2,549	824
Other	33,537	58,678
Total current liabilities	586,295	597,766
Noncurrent liabilities		
Long-term loans payable	5,739	3,985
Deferred tax liabilities	1,391	1,661
Provision for retirement benefits	35,027	37,187
Provision for directors' retirement benefits	126	48
Provision for repairs	17,847	16,615
Other	1,391	1,286
Total noncurrent liabilities	61,523	60,784
Total liabilities	647,818	658,551
Net assets		
Shareholders' equity		
Capital stock	35,123	35,123
Capital surplus	20,741	20,741
Retained earnings	171,814	193,234
Treasury stock	(539)	(647)
Total shareholders' equity	227,140	248,451
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	162	5
Foreign currency translation adjustment	56	(161)
Total valuation and translation adjustments	219	(156)
Total net assets	227,359	248,295
Total liabilities and net assets	875,177	906,846

(2) Consolidated statement of income

(Unit: Million yen)

	Prior period (January 1, 2009 through December 31, 2009)	Current period (January 1, 2010 through December 31, 2010)
Net sales	2,111,753	2,398,718
Cost of sales	2,109,076	2,331,852
Gross profit	2,676	66,865
Selling, general and administrative expenses	37,236	33,337
Operating income (loss)	(34,559)	33,528
Non-operating income		
Interest income	98	99
Dividends income	93	80
Foreign exchange gains	1,283	1,933
Equity in earnings of affiliates	–	1,777
Other	92	61
Total non-operating income	1,566	3,951
Non-operating expenses		
Interest expenses	366	345
Equity in losses of affiliates	1,007	–
Other	178	123
Total non-operating expenses	1,552	469
Ordinary income (loss)	(34,545)	37,011
Extraordinary income		
Gain on change in equity	–	20,174
Gain on sales of noncurrent assets	1,005	1,581
Total extraordinary income	1,005	21,756
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,602	1,527
Impairment loss	436	839
Early extra retirement payments	328	–
Settlement package	213	–
Total extraordinary losses	2,580	2,366
Income (loss) before income taxes and minority interests	(36,121)	56,400
Income taxes-current	3,354	956
Income taxes-deferred	(17,757)	12,570
Total income taxes	(14,402)	13,527
Net income (loss)	(21,718)	42,873

(3) Consolidated statement of changes in net assets

(Unit: Million yen)

	Prior period (January 1, 2009 through December 31, 2009)	Current period (January 1, 2010 through December 31, 2010)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	35,123	35,123
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	35,123	35,123
Capital surplus		
Balance at the end of previous period	20,741	20,741
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	20,741	20,741
Retained earnings		
Balance at the end of previous period	215,002	171,814
Changes of items during the period		
Dividends from surplus	(21,462)	(21,451)
Net income (loss)	(21,718)	42,873
Disposal of treasury stock	(6)	(2)
Total changes of items during the period	(43,187)	21,419
Balance at the end of current period	171,814	193,234
Treasury stock		
Balance at the end of previous period	(307)	(539)
Changes of items during the period		
Purchase of treasury stock	(293)	(132)
Disposal of treasury stock	61	24
Total changes of items during the period	(231)	(108)
Balance at the end of current period	(539)	(647)
Total shareholders' equity		
Balance at the end of previous period	270,559	227,140
Changes of items during the period		
Dividends from surplus	(21,462)	(21,451)
Net income (loss)	(21,718)	42,873
Purchase of treasury stock	(293)	(132)
Disposal of treasury stock	55	21
Total changes of items during the period	(43,419)	21,310
Balance at the end of current period	227,140	248,451

(Unit: Million yen)

	Prior period (January 1, 2009 through December 31, 2009)	Current period (January 1, 2010 through December 31, 2010)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	135	162
Changes of items during the period		
Net changes of items other than shareholders’ equity	26	(156)
Total changes of items during the period	26	(156)
Balance at the end of current period	162	5
Foreign currency translation adjustment		
Balance at the end of previous period	(194)	56
Changes of items during the period		
Net changes of items other than shareholders’ equity	251	(218)
Total changes of items during the period	251	(218)
Balance at the end of current period	56	(161)
Total valuation and translation adjustments		
Balance at the end of previous period	(59)	219
Changes of items during the period		
Net changes of items other than shareholders’ equity	278	(375)
Total changes of items during the period	278	(375)
Balance at the end of current period	219	(156)
Total net assets		
Balance at the end of previous period	270,500	227,359
Changes of items during the period		
Dividends from surplus	(21,462)	(21,451)
Net income (loss)	(21,718)	42,873
Purchase of treasury stock	(293)	(132)
Disposal of treasury stock	55	21
Net changes of items other than shareholders’ equity	278	(375)
Total changes of items during the period	(43,140)	20,935
Balance at the end of current period	227,359	248,295

(4) Consolidated statement of cash flows

(Unit: Million yen)

	Prior period (January 1, 2009 through December 31, 2009)	Current period (January 1, 2010 through December 31, 2010)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(36,121)	56,400
Depreciation and amortization	30,579	28,134
Amortization of goodwill	653	–
Equity in (earnings) losses of affiliates	1,007	(1,777)
Increase (decrease) in provision for bonuses	4	(160)
Increase (decrease) in provision for retirement benefits	6,595	2,270
Increase (decrease) in provision for repairs	1,454	(1,231)
Loss (gain) on sales and retirement of noncurrent assets	596	(54)
Early extra retirement payments	328	–
Settlement package	213	–
Impairment loss	436	839
Interest and dividends income	(191)	(179)
Interest expenses	366	345
Loss (gain) on change in equity	–	(20,174)
Decrease (increase) in notes and accounts receivable-trade	(6,616)	(19,519)
Decrease (increase) in inventories	13,356	(5,142)
Decrease (increase) in accounts receivable-other	(868)	433
Increase (decrease) in notes and accounts payable-trade	45,832	13,245
Increase (decrease) in accounts payable-other	(8,052)	9,091
Other	(2,272)	29,207
Subtotal	47,304	91,729
Interest and dividends income received	180	691
Interest expenses paid	(372)	(354)
Payments for early extra retirement payments	(87)	(240)
Settlement package paid	(213)	–
Income taxes refund	660	181
Income taxes paid	(42,053)	(8,701)
Net cash provided by (used in) operating activities	5,418	83,305
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(25,144)	(19,265)
Proceeds from sales of property, plant and equipment	1,867	2,613
Purchase of intangible assets	(1,076)	(427)
Payments of long-term loans receivable	(5)	(5)
Collection of long-term loans receivable	171	141
Other	125	–
Net cash provided by (used in) investing activities	(24,063)	(16,943)

(Unit: Million yen)

	Prior period (January 1, 2009 through December 31, 2009)	Current period (January 1, 2010 through December 31, 2010)
Net cash provided by (used in) financing activities		
Net decrease (increase) in short-term loans receivable	26,408	(9,272)
Net increase (decrease) in short-term loans payable	15,737	(33,793)
Repayment of long-term loans payable	(1,754)	(1,754)
Purchase of treasury stock	(293)	(132)
Proceeds from sales of treasury stock	55	21
Cash dividends paid	(21,462)	(21,452)
Net cash provided by (used in) financing activities	18,691	(66,382)
Effect of exchange rate change on cash and cash equivalents	255	(11)
Net increase (decrease) in cash and cash equivalents	301	(32)
Cash and cash equivalents at beginning of period	488	789
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	–	(479)
Cash and cash equivalents at end of period	789	278

(5) Notes on assumption of going concern

No items to report.

(6) Significant accounting policies

Prior period (January 1, 2009 through December 31, 2009)	Current period (January 1, 2010 through December 31, 2010)
I Scope of consolidation 1. Consolidated subsidiaries: 7 companies Each company's name is omitted as listed in "2.Description of group companies"	I Scope of consolidation 1. Consolidated subsidiaries: 5 companies Each company's name is omitted as listed in "2. Description of group companies." The following two companies have been excluded from the scope of consolidation in the current period. - Tonen Specialty Separator Godo Kaisha (currently Toray Tonen Specialty Separator Godo Kaisha) - Tonen Specialty Separator Korea Limited (currently Toray Tonen Specialty Separator Korea Limited) On January 29, 2010, Toray Industries, Inc. made a capital injection into Tonen Specialty Separator Godo Kaisha. Following this transaction, the accounting treatment for the Company and its wholly-owned subsidiary Tonen Specialty Separator Korea Limited changed from consolidated subsidiaries to affiliates accounted for by the equity method. These companies had been included in the scope of consolidation until January 31, 2010.
II Application of equity method 1. Affiliates accounted for by the equity method: 2 companies Nippon Unicar Company Limited, Shimizu LNG Co., Ltd	II Application of equity method 1. Affiliates accounted for by the equity method: 6 companies Each company's name is omitted as listed in "2. Description of group companies" The following four companies began to be accounted for by the equity method in the current period. - Toray Tonen Specialty Separator Godo Kaisha - Toray Tonen Specialty Separator Korea Limited - Toray Tonen Services Godo Kaisha - Japan Biofuels Supply LLP Among these affiliates, Toray Tonen Specialty Godo Kaisha and Toray Tonen Specialty Separator Korea Limited are accounted for by the equity method beginning on February 1, 2010 as referred to in "I Scope of consolidation, 1. Consolidated subsidiaries". Toray Tonen Services Godo Kaisha was established on January 29, 2010 as a wholly-owned subsidiary of Toray Tonen Specialty Separator Godo Kaisha. This company, and Japan Biofuels Supply LLP, due to its increasing scale of operations, are also accounted for by the equity method beginning in the current period.
2. Non-equity-method companies Affiliated companies: 1 company Emori Sekiyu K.K.	2. Non-equity-method companies Affiliated companies: 1 company No change
3. Reason equity method was not applied The affiliated company is not accounted for by the equity method because it does not have a material impact on net income (loss), retained earnings, etc. on a consolidated basis.	3. Reason equity method was not applied 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 the following accounting procedures.	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 the following accounting procedures.

Prior period (January 1, 2009 through December 31, 2009)	Current period (January 1, 2010 through December 31, 2010)
1. Valuation rules and methods for significant assets (1) Inventories Generally the lower of acquisition costs determined by the LIFO method or their net realizable value	1. Valuation rules and methods for significant assets (1) Inventories No change
<Change of accounting method> With regard to inventories held for sale in the ordinary course of business, last-in first-out (LIFO) method at the lower of cost or market had been applied to merchandise and finished goods, semi-finished goods and raw materials, and the moving-average cost method had been applied to supplies. In accordance with the introduction of the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9 issued on July 5, 2006), inventories are generally stated on the balance sheet at the lower of acquisition cost determined by the LIFO method or their net realizable value beginning in the current period. There is no earnings impact from this change.	―――――――――
(2) Securities Other securities a. Securities with readily determinable fair values Market value at the closing date (Valuation difference on available-for-sales securities is directly reflected in net assets, and cost of sales is calculated using the moving-average method)	(2) Securities Other securities a. Securities with readily determinable fair values No change
b. Securities without readily determinable fair values The moving-average cost method	b. Securities without readily determinable fair values No change
(3) Derivatives transactions, etc. Market value at the closing date	(3) Derivatives transactions, etc. No change
2. Depreciation and amortization of significant noncurrent assets (1) Property, plant and equipment (excluding leased assets) 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: 7 to 15 years	2. Depreciation and amortization of significant noncurrent assets (1) Property, plant and equipment (excluding leased assets) No change
(2) Intangible assets The straight-line method In-house computer software is amortized over its service life (5 to 15 years) using the straight-line method.	(2) Intangible assets (excluding leased assets) No change
(3) Leased assets The straight-line method is employed, where the leasing period is deemed as the service life and residual value is set as zero. The accounting treatment for finance lease transactions, in which ownership is not transferred to the lessee and which became effective before January 1, 2009, is the same as the method applied to ordinary operating lease transactions.	(3) Leased assets No change

Prior period (January 1, 2009 through December 31, 2009)	Current period (January 1, 2010 through December 31, 2010)
<Change of accounting method> The accounting treatment for finance lease transactions, in which ownership is not transferred to the lessee, had been the same as the method applied to ordinary operating lease transactions. Revisions in “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13 issued on June 17, 1993, amended on March 30, 2007) and “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16 issued on January 18, 1994, amended on March 30, 2007) which is applied for the period beginning on or after April 1, 2008, were applied to finance leases in which ownership is not transferred to the lessee, so that they are treated in the same way as ordinary purchase and sale transactions beginning in the current period. As to the depreciation method for lease assets related to finance lease transactions in which ownership is not transferred to the lessee, the straight-line method is employed, where leasing period is deemed as the service life and residual value is set as zero. The accounting treatment for finance lease transactions, in which ownership is not transferred to the lessee and which became effective before January 1, 2009, is the same as the method applied to ordinary operating lease. There is no earnings impact from this change.	———————————
3. Basis for significant provisions (1) Allowance for doubtful accounts To provide for losses due to bad debt, the Company and its consolidated subsidiaries reserve an estimated bad debt allowance on ordinary receivables based on historical bad debt ratios, and on highly doubtful receivables based on the recoverability from individual customers.	3. Basis for significant provisions (1) Allowance for doubtful accounts No change
(2) Provision for bonuses To provide for the payment of employees’ bonuses, the Company and its consolidated subsidiaries accrue an estimated reserve for the period.	(2) Provision for bonuses No change
(3) Provision for retirement benefits 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, using the declining-balance method over a period determined 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: The Company 12.9 years Consolidated subsidiaries 11.4 years Since 2007: The Company 11.9 years Consolidated subsidiaries 11.0 years)	(3) Provision for retirement benefits No change

Prior period (January 1, 2009 through December 31, 2009)	Current period (January 1, 2010 through December 31, 2010)
(4) Provision for directors' retirement benefits To provide for the payment of officers' post-retirement allowance, the Company and its consolidated subsidiaries reserve an estimated amount of lump sum retirement allowance assuming that officers retire at the closing date.	(4) Provision for directors' retirement benefits No change
(5) Provision for repairs To provide for periodic tank inspections required under the Fire Service Act and for periodic repairs of machinery and equipment, the Company and one consolidated subsidiary reserve an estimated cost for the consolidated accounting period, based on actual payments and repair plans, respectively.	(5) Provision for repairs No change
(6) Provision for offshore well abandonment To provide for expenses for offshore well abandonment accompanied by the termination of gas production, the Company reserves the estimated amount anticipated to be spent.	(6) Provision for offshore well abandonment No change
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 from exchange rate change is reflected in income.	4. Translation method for foreign currency assets and liabilities No change
5. ______________________	5. 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.
6. Accounting method for consumption taxes Each item in the consolidated statement of income does not include consumption taxes.	6. Accounting method for consumption taxes No change
V Valuation method for assets and liabilities of consolidated subsidiaries The assets and liabilities excluding minority interests of consolidated subsidiaries are evaluated using the fair market value at each time when the Company acquires equity interest of the respective subsidiaries.	V Valuation 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 the straight line method.	VI ______________________
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 ______________________

(7) Change in significant accounting policies

Prior period (January 1, 2009 through December 31, 2009)	Current period (January 1, 2010 through December 31, 2010)
<Application of the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"> "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force (PITF) No. 18 issued on May 17, 2006) is applied beginning in the current period. There is no earnings impact from this change.	<Application of the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)"> "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19 issued on July 31, 2008) is applied beginning in the current period. There is no earnings impact from this change.

(Change in presentation)

Prior period (January 1, 2009 through December 31, 2009)	Current period (January 1, 2010 through December 31, 2010)
<Consolidated balance sheet> In line with the adoption of the "Cabinet Office Ordinance Partially Revising Regulation for Terminology, Forms and Preparation of Financial Statements" (Cabinet Office Ordinance No. 50 of August 7, 2008), "inventories" for the prior period was separately presented as "merchandise and finished goods," "semi-finished goods," "raw materials" and "supplies" effective from the current period. "inventories" for the prior period included "merchandise and finished goods" of 39,658 million yen, "semi-finished goods" of 24,879 million yen, "raw materials" of 67,473 million yen and "supplies" of 4,959 million yen.	<Consolidated balance sheet> "Long-term loans receivable" which had been independently presented in the section of "Investments and other assets" in the prior period, is included in "Other" in that section beginning in the current period because its amount is immaterial. The outstanding balance of long-term loans receivable at the end of the current period is 537 million yen.

(Additional information)

Prior period (January 1, 2009 through December 31, 2009)	Current period (January 1, 2010 through December 31, 2010)
<Depreciation of property, plant and equipment> In accordance with the revision of the useful life stipulated in the Corporation Tax Act, the service life for machinery such as refining and electric power generation assets owned by the Company and its domestic subsidiaries was changed beginning in the current period. This had 2,139 million yen unfavorable impact on operating income, ordinary income and income before income taxes and minority interests respectively. The impact of the change to each segment is stated in "Segment Information".	―――――――――

(8) Notes to consolidated financial statements

(Consolidated balance sheet)

Prior period (December 31, 2009)

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 investments and other assets and relates to affiliated companies.

   Investment securities (stocks) 8,252 million yen

3. Mortgaged assets

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

Book value of mortgaged assets	Amounts (Million yen)	(Plant mortgage) (Million yen)
Buildings and structures	5,008	(5,008)
Tanks	514	(514)
Machinery, equipment and vehicles	15,664	(15,664)
Land	23,657	(4,628)
Total	44,845	(25,816)

Mortgaged liabilities by security right	Amounts (Million yen)	(Plant mortgage) (Million yen)
Gasoline taxes payable	51,186	(25,816)
Total	51,186	(25,816)

(Note)
1. In the summary of mortgaged assets, plant mortgage is shown in parentheses.
2. In the summary of mortgaged liabilities by security rights, plant mortgage is shown in parentheses.
3. In addition to the above, the Company committed to offer upon lender's demand a contract of mortgage over the assets noted below to support the obligation for guaranties as shown in item "4. Obligation for guaranties", current portion of long-term loans payable (1,412 million yen) and long-term loans payable (3,174 million yen)

Buildings and structures	12,520 million yen
Tanks	1,155
Machinery, equipment and vehicles	21,465
Tools, furniture and fixtures	423
Land	847

Current period (December 31, 2010)

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 investments and other assets and relates to affiliated companies.

   Investment securities (stocks) 47,662 million yen

3. Mortgaged assets

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

Book value of mortgaged assets	Amounts (Million yen)	(Plant mortgage) (Million yen)
Buildings and structures	4,455	(4,455)
Tanks	510	(510)
Machinery, equipment and vehicles	11,157	(11,157)
Land	12,203	(4,628)
Total	28,327	(20,752)

Mortgaged liabilities by security right	Amounts (Million yen)	(Plant mortgage) (Million yen)
Gasoline taxes payable	53,245	(20,752)
Total	53,245	(20,752)

(Note)
1. In the summary of mortgaged assets, plant mortgage is shown in parentheses.
2. In the summary of mortgaged liabilities by security rights, plant mortgage is shown in parentheses.
3. In addition to the above, the Company committed to offer upon lender's demand a contract of mortgage over the assets noted below to support the current portion of long-term loans payable (1,412 million yen) and long-term loans payable (1,762 million yen)

Buildings and structures	13,025 million yen
Tanks	985
Machinery, equipment and vehicles	18,096
Land	12,300
Others	523
Total	44,931

Prior period (December 31, 2009)

4. Obligations for guaranties

(1) Bank borrowing, etc.

The Company has guaranteed the bank borrowing etc. by its associated companies etc. as follows.

Shimizu LNG K.K.	1,174 million yen
Japan Biofuels Supply LLP	376
Employees of the Company and consolidated subsidiaries	206
Others (5 companies)	130
Total	1,887

(Note)For the debt (892 million 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 yen)

(2) Letters of credit

The Company has guaranteed letters of credit as follows.

Guarantees	Amounts (USD)	(Yen equivalent)
Japan Biofuels Supply LLP	11,137 thousand USD	(1,025) million yen

(3) Deferral of import consumption tax payment

The Company has guaranteed the deferral of import consumption tax payment as follows.

Guarantees	Amounts
Japan Biofuels Supply LLP	292 million yen

Current period (December 31, 2010)

4. Obligations for guaranties

(1) Bank borrowing, etc.

The Company has guaranteed the bank borrowing etc. by its associated companies etc. as follows.

Guarantees	Amounts
Japan Biofuels Supply LLP	1,640 million yen
Shimizu LNG K.K.	773
Employees of the Company and consolidated subsidiaries	180
Others (3 companies)	34
Total	2,629

(Note) For the debt (272 million 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 yen)

(2) Letters of credit

The Company has guaranteed letters of credit as follows.

Guarantees	Amounts (USD)	(Yen equivalent)
Japan Biofuels Supply LLP	19,768 thousand USD	(1,610) million yen

(3) Deferral of import consumption tax payment

The Company has guaranteed the deferral of import consumption tax payment as follows.

Guarantees	Amounts
Japan Biofuels Supply LLP	167 million yen

(Consolidated statement of income)

Prior period
(January 1, 2009 through December 31, 2009)

1. Inventories are stated on the balance sheet at the lower of acquisition costs or their net realizable value. The following net gain on reversal of valuation loss on inventories resulting from offsetting the gain on reversal of the valuation loss by the lower of cost-or-market method incurred in the prior period and the valuation loss incurred in the current period is included in cost of sales. 2,899 million yen

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

Salaries and bonuses	11,444 million yen
Transportation costs	2,620
Other third party expenses	3,264
Rent	1,872
Depreciation and amortization	2,007
Sales commissions	3,291
Retirement benefit expenses	3,550
Provisions for bonuses	315

3. Research and development expenses included in general and administrative expenses and manufacturing costs were 4,047 million yen.

4. Gain on sales of noncurrent assets

Land (service stations)	933 million yen
Other	71
Total	1,005

5. Loss on sales and retirement of noncurrent assets

Buildings and structures (service stations, etc.)	877 million yen
Land (service stations, etc.)	334
Machinery, equipment and vehicles (refinery facilities, etc.)	311
Other	77
Total	1,602

6. Impairment loss

Used for	Location	Type	Amount (Million yen)
Service station	TonenGeneral Sekiyu K.K., Mobara SS (Mobara-City, Chiba Pref.) and other 15 items	Land	436
Total			436

The Company recognized an impairment loss on 16 items, whose recoverable value is significantly lower than net book value, by reducing the NBV to the recoverable value. The deduction was 436 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
(January 1, 2010 through December 31, 2010)

1. Inventories are stated on the balance sheet at the lower of acquisition costs or their net realizable value. The following net gain on reversal of valuation loss on inventories resulting from offsetting the gain on reversal of the valuation loss by the lower of cost-or-market method incurred in the prior period and the valuation loss incurred in the current period is included in cost of sales. 63 million yen

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

Salaries and bonuses	9,114 million yen
Transportation costs	2,444
Other third party expenses	3,009
Rent	1,635
Depreciation and amortization	1,558
Sales commissions	3,241
Retirement benefit expenses	1,884
Provisions for bonuses	274

3. Research and development expenses included in general and administrative expenses and manufacturing costs were 2,475 million yen.

4. Gain on sales of noncurrent assets

Land (service stations)	1,446 million yen
Other	135
Total	1,581

5. Loss on sales and retirement of noncurrent assets

Buildings and structures (service stations, etc.)	787 million yen
Machinery, equipment and vehicles (refinery facilities, etc.)	389
Other	350
Total	1,527

6. Impairment loss

Used for	Location	Type	Amount (Million yen)
Service station	TonenGeneral Sekiyu K.K., Tamadaira SS (Hino-City, Tokyo) and other 19 items	Land	373
Company resort house	TonenGeneral Sekiyu K.K., Izu resort house (Higashi Izu-cho, Shizuoka Pref.)	Buildings, etc.	466
Total			839

The Company recognized an impairment loss on 21 items, whose recoverable value is significantly lower than net book value, by reducing the NBV to the recoverable value. The deduction was 839 million yen and is shown as an extraordinary loss.

Net selling value, which is estimated principally with reference to official values, is applied to evaluate the recoverable value.

(Consolidated statement of changes in shareholders' equity)

Prior period (January 1, 2009 through December 31, 2009)

1. Number of shares issued

Class	December 31, 2008	Increase	Decrease	December 31, 2009
Common stock (shares)	565,182,000	–	–	565,182,000

2. Treasury stock

Class	December 31, 2008	Increase	Decrease	December 31, 2009
Common stock (shares)	328,555	359,766	68,520	619,801

(Major cause of movement) Increase and decrease of shares in treasury stock is due to repurchase and sales of odd-lot shares.

3. Dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on March 26, 2009	Common stock	10,732	19.00	December 31, 2008	March 27, 2009
Board of Directors held on August 14, 2009	Common stock	10,730	19.00	June 30, 2009	September 15, 2009

(2) Dividends whose record dates are in the current period but whose effective dates fall in the next period

Planned resolution	Class of shares	Dividend resource	Total dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on March 26, 2010	Common stock	Retained earnings	10,726	19.00	December 31, 2009	March 29, 2010

Current period (January 1, 2010 through December 31, 2010)

1. Number of shares issued

Class	December 31, 2009	Increase	Decrease	December 31, 2010
Common stock (shares)	565,182,000	–	–	565,182,000

2. Treasury stock

Class	December 31, 2009	Increase	Decrease	December 31, 2010
Common stock (shares)	619,801	165,374	28,035	757,140

(Major cause of movement) Increase and decrease of shares in treasury stock is due to repurchase and sales of odd-lot shares.

3. Dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on March 26, 2010	Common stock	10,726	19.00	December 31, 2009	March 29, 2010
Board of Directors held on August 13, 2010	Common stock	10,725	19.00	June 30, 2010	September 15, 2010

(2) Dividends whose record dates are in the current period but whose effective dates fall in the next period

The dividends payment is planned as follows:

Planned resolution	Class of shares	Dividend resource	Total dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on March 25, 2011	Common stock	Retained earnings	10,724	19.00	December 31, 2010	March 28, 2011

(Consolidated statement of cash flows)

Prior period (January 1, 2009 through December 31, 2009)	Current period (January 1, 2010 through December 31, 2010)
1. Cash and cash equivalents at end of period and accounts on the balance sheets (December 31, 2009) Cash and deposits 789 million yen Cash and cash equivalents 789	1. Cash and cash equivalents at end of period and accounts on the balance sheets (December 31, 2010) Cash and deposits 278 million yen Cash and cash equivalents 278

(Segment information)

1. Segment information by business line

Prior period (January 1, 2009 through December 31, 2009)

(Unit: Million yen)

	Oil	Chemical	Others	Total	Elimination	Consolidated
I Net sales and operating income						
Net sales						
(1) Sales to third parties	1,917,453	193,518	781	2,111,753	–	2,111,753
(2) Internal transactions	171,644	25,992	4	197,640	(197,640)	–
Total	2,089,097	219,510	785	2,309,394	(197,640)	2,111,753
Operating expenses	2,127,512	215,689	752	2,343,953	(197,640)	2,146,312
Operating income	(38,414)	3,821	33	(34,559)	–	(34,559)
II Assets, depreciation and amortization, impairment loss and capital expenditures						
Assets	821,986	117,906	622	940,514	(65,336)	875,177
Depreciation and amortization	25,814	4,764	0	30,579	–	30,579
Impairment loss	436	–	–	436	–	436
Capital expenditures	14,956	11,265	–	26,221	–	26,221

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

2. The major products and business activities 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 useful life stipulated in the Corporation Tax Act, the service life for machinery such as refining and electric power generation assets owned by the Company and its domestic subsidiaries was changed beginning in the current period.

This had an unfavorable 2,072 million yen impact on Oil Segment Operating income and 66 million yen unfavorable impact on Chemical Segment Operating income.

Current period (January 1, 2010 through December 31, 2010)

(Unit: Million yen)

	Oil	Chemical	Total	Elimination	Consolidated
I Net sales and operating income (loss)					
Net sales					
(1) Sales to third parties	2,178,937	219,780	2,398,718	–	2,398,718
(2) Internal transactions	202,278	29,846	232,124	(232,124)	–
Total	2,381,215	249,626	2,630,842	(232,124)	2,398,718
Operating expenses	2,349,697	247,616	2,597,314	(232,124)	2,365,189
Operating income	31,518	2,010	33,528	–	33,528
II Assets, depreciation and amortization, impairment loss and capital expenditures					
Assets	834,828	95,433	930,261	(23,415)	906,846
Depreciation and amortization	24,213	3,921	28,134	–	28,134
Impairment loss	839	–	839	–	839
Capital expenditures	12,176	7,516	19,693	–	19,693

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

2. The major products and business activities of each business line:

(1) Oil: Gasoline, naphtha, jet fuel, kerosene, diesel fuel, fuel oils, lubricants, LPG, construction management, etc.

(2) Chemical: Ethylene, propylene, benzene, toluene, paraxylene, battery separator film, etc.

2. Segment information by geographic area

Prior period (January 1, 2009 through December 31, 2009)

The information is omitted, because over 90% of total net sales originated in Japan.

Current period (January 1, 2010 through December 31, 2010)

The information is omitted, because over 90% of total net sales originated in Japan.

3. Overseas sales

Prior period (January 1, 2009 through December 31, 2009)

(1) Overseas sales	(Million yen)	217,714
(2) Net sales	(Million yen)	2,111,753
(3) Percentage of (1) vs. (2)	(%)	10.3

(Note) 1. Overseas sales are not given by country or region as the information is not deemed to be material.
2. The major countries or regions in the category: Asia Pacific
3. Overseas sales above include exports by the Company and its consolidated subsidiaries.

Current period (January 1, 2010 through December 31, 2010)

The information is omitted, because overseas sales are less than 10% of consolidated net sales.

(Deferred tax accounting)

Prior period (December 31, 2009)

1. Detail of deferred tax assets and deferred tax liabilities

(Deferred tax assets)	
Tax loss carry forward	16,499 million yen
Provision for retirement benefits	13,927
Provision for repairs	5,392
Accumulated impairment loss	1,980
Variance from different inventory valuations	1,298
Provision for offshore well abandonment	1,037
Accrued removal expenses	601
Other	2,039
Total deferred tax assets	42,776
(Deferred tax liabilities)	
Reserve for property replacement	(10,404) million yen
Provision for retirement benefits	(2,503)
Valuation difference on available-for-sale securities	(111)
Other	(2,055)
Total deferred tax liabilities	(15,074)
Net of deferred tax assets	27,701

2. Factors in the difference between the statutory effective tax rate and actual effective tax rate

This note is omitted since the difference between the statutory effective tax rate and actual effective tax rate is not more than 5% of the statutory effective tax rate.

Current period (December 31, 2010)

1. Detail of deferred tax assets and deferred tax liabilities

(Deferred tax assets)	
Tax loss carry forward	3,638 million yen
Provision for retirement benefits	14,778
Provision for repairs	4,860
Accumulated impairment loss	1,945
Variance from different inventory valuations	1,644
Accrued removal expenses	600
Other	2,092
Total deferred tax assets	29,560
(Deferred tax liabilities)	
Reserve for property replacement	(10,108) million yen
Provision for retirement benefits	(2,132)
Other	(2,368)
Total deferred tax liabilities	(14,608)
Net of deferred tax assets	14,951

2. Factors in the difference between the statutory effective tax rate and actual effective tax rate

Statutory effective tax rate	40.7 %
(Adjustments)	
Earnings from change in equity	(14.9)
Equity earnings	(1.3)
Items not recognized as income, such as dividends received	(1.0)
Others	0.5
Actual effective tax rate	24.0

(Employees' post-retirement benefits)

1. Outline of adopted retirement benefit scheme

At the end of current period, three companies among the Company and its consolidated subsidiaries operated a defined benefit plan, and four of them had a lump-sum plan.

2. Breakdown of projected benefit obligations

	Prior period (December 31, 2009)	Current period (December 31, 2010)
(1) Projected benefit obligations	(159,887) million yen	(160,790) million yen
(2) Plan assets	94,039	91,521
(3) Unfunded benefit obligations ((1)+(2))	(65,848)	(69,268)
(4) Unrecognized actuarial gain/loss	40,334	40,235
(5) Unrecognized prior service liabilities	(2,526)	(2,148)
(6) Amount booked on consolidated balance sheet((3)+(4)+(5))	(28,040)	(31,180)
(7) Prepaid pension costs	6,987	6,006
(8) Provision for retirement benefits ((6)－(7))	(35,027)	(37,187)

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

3. Breakdown of retirement benefit expenses

	Prior period (January 1, 2009 through December 31, 2009)	Current period (January 1, 2010 through December 31, 2010)
Retirement benefit expenses		
(1) Service costs	2,637 million yen	2,616 million yen
(2) Interest expense	3,115	3,281
(3) Expected return on plan assets	(4,522)	(4,848)
(4) Amortization of unrecognized actuarial gain/loss	10,753	6,814
(5) Amortization of prior service liabilities	86	(378)
(6) Retirement benefit expenses ((1)+(2)+(3)+(4)+(5))	12,069	7,485

(Note) Retirement benefit expenses 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, 2009)	Current period (December 31, 2010)
(1) Period distribution method of estimated retirement benefits	Period fixed amount standard	No change
(2) Discount rate	2.1%	1.8%
(3) Rate of expected return on plan assets	6.0%	5.25%
(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, respectively. (Prior service liabilities are amortized using the straight-line method over employees' average remaining service years)	No change
(5) Amortization period for actuarial differences	12 years (Any differences in actuarial calculations are amortized using the declining-balance method over a period determined based on employees' average remaining service years.)	No change

(Business combination)

Prior period (January 1, 2009 through December 31, 2009)	Current period (January 1, 2010 through December 31, 2010)
<Significant subsequent events> - Start-up of Battery Separator Film Joint Venture On January 29, 2010, the Company started a 50:50 joint venture in the Battery Separator Film business through a new contribution of about 60 billion yen by Toray Industries Inc. into Tonen Specialty Separator Godo Kaisha, in which the Company held a 100% interest through fully-owned subsidiaries Tonen Chemical Corporation and Tonen Chemical Nasu Corporation. Overview of the joint venture company is as follows: 1. Name: Toray Tonen Specialty Separator Godo Kaisha 2. Capital stock: 301 million yen 3. Start-up Date: January 29, 2010 4. Business description: Development, production and sales of Battery Separator Film 5. Name of joint venture partner: Toray Industries, Inc. 6. Equity holding ratio: TonenGeneral group 50% Toray Industries, Inc. 50% Tonen Specialty Separator Korea Limited., which is fully-owned by Tonen Specialty Separator Godo Kaisha was renamed Toray Tonen Specialty Separator Korea Limited on January 29, 2010. As a result, the Company will recognize an estimated 20 billion yen as "Gain on change in equity" and shown as an Extraordinary Gain on the Consolidated Statement of Income in the next period. Toray Tonen Specialty Separator Godo Kaisha (former Tonen Specialty Separator Godo Kaisha) and Toray Tonen Specialty Separator Korea Limited (former Tonen Specialty Separator Korea Limited) which were the consolidated subsidiaries of the Company will become affiliates accounted for by the equity method from the next period.	<Business combination> On January 29, 2010, the Company started a 50:50 joint venture in the battery separator film business through a capital contribution by Toray Industries, Inc. into Tonen Specialty Separator Godo Kaisha, in which the Company held a 100% interest through fully-owned subsidiaries Tonen Chemical Corporation and Tonen Chemical Nasu Corporation. 1. Name and business description of other combining entity concerned Entity name: Toray Industries, Inc. Business description: Manufacturing and sales of fiber products and other products 2. Legal form of business combination The business combination is jointly controlled by the TG Group and Toray Industries, Inc. with an equity ratio of 50:50. 3. Entity name after combination Toray Tonen Specialty Separator Godo Kaisha 4. Overview of transaction including purpose of transaction The joint-venture company combines the Company's know-how and technology of the battery separator film (BSF) business with Toray Industries' plastic film precision processing technology and polymer technology. It develops, manufactures and sells BSF. Through this tie-up, both companies are able to develop BSF technology at a faster pace than if they undertook this business independently. 5. Overview of implemented accounting method The business combination, including a capital contribution by Toray Industries, Inc. (Toray), converted Tonen Specialty Separator Godo Kaisha (currently Toray Tonen Specialty Separator Godo Kaisha), which was a consolidated subsidiary of the Company, into a 50:50 joint-venture company. The Company and Toray entered into a shareholder's agreement to own the Company as a jointly-controlled company; the counter value for Toray's capital contribution was voting stock. In addition, there is no certain fact that shows the existence of other dominance relationship with the Company. Accordingly, the business combination was judged as the formation of jointly controlled company and the "Accounting Standards for Business Combinations" (issued on October 31, 2003 by Business Accounting Council) and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10 issued on November 15, 2007) are applied to determine the accounting procedures to describe the transaction. As a result of the business combination, the Company recognized 20,174 million yen as "gain on change in equity" in extraordinary gain on the consolidated statement of income in the current period. Toray Tonen Specialty Separator Godo Kaisha became an affiliate of the Company accounted for by the equity method from February 2010 onward.

(Financial data per share)

Prior period (January 1, 2009 through December 31, 2009)		Current period (January 1, 2010 through December 31, 2010)	
Net assets per share	402.72 yen	Net assets per share	439.91 yen
Net income (loss) per share	(38.46) yen	Net income (loss) per share	75.95 yen

(Note) Basis of the calculation

1. Diluted net income per share for the prior period is not noted because the per share data is the net loss per share and the Company has not issued any dilutive securities.
2. Diluted net income per share for the current period is not noted because the Company has not issued any dilutive securities.
3. Net assets per share

	Prior period (December 31, 2009)	Current period (December 31, 2010)
Net assets on the consolidated balance sheet (Million yen)	227,359	248,295
Net assets pertaining to common stock (Million yen)	227,359	248,295
Difference between “Net assets on the consolidated balance sheet” and “Net assets pertaining to common stock” used for the basis of the calculation for “Net assets per share” (Million yen)	–	–
Number of common shares issued (Shares)	565,182,000	565,182,000
Number of common shares in treasury (Shares)	619,801	757,140
Number of common shares used for the basis of the calculation for “Net assets per share” (Shares)	564,562,199	564,424,860

4. Net income (loss) per share

	Prior period (January 1, 2009 through December 31, 2009)	Current period (January 1, 2010 through December 31, 2010)
Net income (loss) (Million yen)	(21,718)	42,873
Net income not relating to common shareholders (Million yen)	–	–
Net income (loss) pertaining to common stock (Million yen)	(21,718)	42,873
Average number of outstanding common shares (Shares)	564,759,828	564,485,004

(Omitted notes)

Notes concerning lease transaction, transactions with related parties, financial instruments, securities, derivative transactions and real estates for lease are omitted because these items are not material in the context of this report.

5. Consolidated sales volume and sales revenue

Business segment	Products	Prior period (January1, 2009 through December 31, 2009)		Current period (January1, 2010 through December 31, 2010)	
		Volume	Amounts	Volume	Amounts
Oil	Gasoline	11,789 38.5	1,152,326 60.1	12,077 40.9	1,305,987 59.8
	Naphtha	69 0.2	2,059 0.1	34 0.1	1,677 0.1
	Kerosene	4,029 13.1	177,181 9.2	3,720 12.6	199,634 9.2
	Diesel fuels	6,353 20.7	271,347 14.2	5,412 18.3	286,906 13.2
	Fuel oils and crude	5,968 19.4	219,732 11.5	5,873 19.9	265,514 12.2
	Lubricants	332 1.1	22,714 1.2	360 1.2	29,497 1.4
	LPG	1,948 6.3	54,095 2.8	1,902 6.4	70,566 3.2
	Other products	203 0.7	17,994 0.9	177 0.6	19,152 0.9
	Sub total	30,691 100.0	1,917,453 100.0	29,555 100.0	2,178,937 100.0
Chemical	Olefins	1,615 66.7	132,250 68.3	1,541 65.9	148,856 67.7
	Aromatics, etc.	807 33.3	61,268 31.7	799 34.1	70,923 32.3
	Sub total	2,422 100.0	193,518 100.0	2,341 100.0	219,780 100.0
Others	Other operating revenue		781		-
	Grand total		2,111,753		2,398,718

(Note) 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 Oil segment products are shown in KKL, and those for Chemical segment products in Kton.

6. Non-consolidated financial statements

(1) Non-consolidated balance sheet

(Unit: Million yen)

	Prior period (December 31, 2009)	Current period (December 31, 2010)
Assets		
Current assets		
Cash and deposits	44	33
Accounts receivable-trade	393,552	413,157
Merchandise and finished goods	26,044	26,503
Semi-finished goods	22,996	25,364
Raw materials	65,536	67,520
Supplies	3,800	4,004
Prepaid expenses	2,208	3,096
Income taxes receivable	-	5,293
Deferred tax assets	6,240	5,350
Short-term loans receivable	38,868	68,124
Short-term loans receivable to subsidiaries and affiliates	35,486	22,559
Accounts receivable-other	4,861	4,034
Other	1,915	14
Allowance for doubtful accounts	(42)	(44)
Total current assets	601,513	645,013
Noncurrent assets		
Property, plant and equipment		
Buildings	40,482	39,033
Accumulated depreciation	(27,728)	(27,687)
Buildings, net	12,753	11,346
Structures	150,598	153,920
Accumulated depreciation	(122,845)	(125,530)
Structures, net	27,753	28,390
Tanks	63,405	64,146
Accumulated depreciation	(58,864)	(59,510)
Tanks, net	4,541	4,636
Machinery and equipment	528,937	528,541
Accumulated depreciation	(472,589)	(482,479)
Machinery and equipment, net	56,347	46,062
Vehicles	875	877
Accumulated depreciation	(754)	(800)
Vehicles, net	121	76
Tools, furniture and fixtures	9,451	9,684
Accumulated depreciation	(8,333)	(8,348)
Tools, furniture and fixtures, net	1,118	1,336
Land	68,985	67,812
Construction in progress	8,554	5,328
Total property, plant and equipment	180,175	164,989
Intangible assets		
Leasehold right	1,678	1,511
Software	3,049	2,272
Right of using facilities	248	211
Total intangible assets	4,976	3,995

(Unit: Million yen)

	Prior period (December 31, 2009)	Current period (December 31, 2010)
Investments and other assets		
Investment securities	4,520	4,223
Stocks of subsidiaries and affiliates	6,596	3,149
Long-term loans receivable	26	-
Long-term loans receivable from employees	591	-
Long-term deposits	3,379	2,910
Deferred tax assets	21,745	9,985
Other	4,644	5,214
Allowance for doubtful accounts	(339)	(295)
Total investments and other assets	41,165	25,187
Total noncurrent assets	226,318	194,172
Total assets	827,831	839,185
Liabilities		
Current liabilities		
Accounts payable-trade	269,309	282,555
Gasoline taxes payable	185,983	185,170
Short-term loans payable	80,054	45,783
Current portion of long-term loans payable	1,754	1,754
Short-term loans payable to subsidiaries and affiliates	1,484	1,846
Accounts payable-other	12,639	9,343
Accrued expenses	11,637	10,914
Accrued consumption taxes	272	13,706
Advances received	3,958	4,691
Guarantee deposits payable	8,999	8,025
Provision for bonuses	1,022	935
Provision for offshore well abandonment	2,549	824
Other	1,123	2,547
Total current liabilities	580,787	568,098
Noncurrent liabilities		
Long-term loans payable	5,739	3,985
Provision for retirement benefits	33,669	36,050
Provision for directors' retirement benefits	126	48
Provision for repairs	16,010	16,329
Other	591	515
Total noncurrent liabilities	56,136	56,928
Total liabilities	636,924	625,027

(Unit: Million yen)

	Prior period (December 31, 2009)	Current period (December 31, 2010)
Net assets		
Shareholders' equity		
Capital stock	35,123	35,123
Capital surplus		
Legal capital surplus	20,741	20,741
Total capital surplus	20,741	20,741
Retained earnings		
Legal retained earnings	8,780	8,780
Other retained earnings		
Reserve for property replacement	15,165	14,733
Retained earnings brought forward	111,473	135,420
Total retained earnings	135,419	158,934
Treasury stock	(539)	(647)
Total shareholders' equity	190,745	214,152
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	162	5
Total valuation and translation adjustments	162	5
Total net assets	190,907	214,158
Total liabilities and net assets	827,831	839,185

(2) Non-consolidated statement of income

(Unit: Million yen)

	Prior period (January 1, 2009 through December 31, 2009)	Current period (January 1, 2010 through December 31, 2010)
Net sales	2,089,668	2,392,460
Cost of sales	2,103,690	2,335,714
Gross profit (loss)	(14,021)	56,745
Selling, general and administrative expenses	25,072	25,593
Operating income (loss)	(39,094)	31,151
Non-operating income		
Interest income	195	162
Dividends income	896	25,188
Foreign exchange gains	815	2,165
Other	59	61
Total non-operating income	1,968	27,578
Non-operating expenses		
Interest expenses	362	286
Other	28	35
Total non-operating expenses	391	322
Ordinary income (loss)	(37,517)	58,407
Extraordinary income		
Gain on sales of noncurrent assets	934	1,581
Total extraordinary income	934	1,581
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,515	1,390
Impairment loss	436	839
Early extra retirement payments	328	-
Settlement package	213	-
Total extraordinary losses	2,494	2,230
Income (loss) before income taxes	(39,077)	57,758
Income taxes-current	32	31
Income taxes for prior periods	(148)	-
Income taxes-deferred	(16,411)	12,757
Total income taxes	(16,527)	12,789
Net income (loss)	(22,550)	44,969

(3) Non-consolidated statement of changes in net assets

(Unit: Million yen)

	Prior period (January 1, 2009 through December 31, 2009)	Current period (January 1, 2010 through December 31, 2010)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	35,123	35,123
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	35,123	35,123
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	20,741	20,741
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	20,741	20,741
Total capital surplus		
Balance at the end of previous period	20,741	20,741
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	20,741	20,741
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	8,780	8,780
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	8,780	8,780
Other retained earnings		
Reserve for property replacement		
Balance at the end of previous period	16,371	15,165
Changes of items during the period		
Reversal of reserve for property replacement	(1,206)	(431)
Total changes of items during the period	(1,206)	(431)
Balance at the end of current period	15,165	14,733
Retained earnings brought forward		
Balance at the end of previous period	154,286	111,473
Changes of items during the period		
Dividends from surplus	(21,462)	(21,451)
Net income (loss)	(22,550)	44,969
Disposal of treasury stock	(6)	(2)
Reversal of reserve for property replacement	1,206	431
Total changes of items during the period	(42,812)	23,946
Balance at the end of current period	111,473	135,420

(Unit: Million yen)

	Prior period (January 1, 2009 through December 31, 2009)	Current period (January 1, 2010 through December 31, 2010)
Total retained earnings		
Balance at the end of previous period	179,439	135,419
Changes of items during the period		
Dividends from surplus	(21,462)	(21,451)
Net income (loss)	(22,550)	44,969
Disposal of treasury stock	(6)	(2)
Total changes of items during the period	(44,019)	23,514
Balance at the end of current period	135,419	158,934
Treasury stock		
Balance at the end of previous period	(307)	(539)
Changes of items during the period		
Purchase of treasury stock	(293)	(132)
Disposal of treasury stock	61	24
Total changes of items during the period	(231)	(108)
Balance at the end of current period	(539)	(647)
Total shareholders’ equity		
Balance at the end of previous period	234,996	190,745
Changes of items during the period		
Dividends from surplus	(21,462)	(21,451)
Net income (loss)	(22,550)	44,969
Purchase of treasury stock	(293)	(132)
Disposal of treasury stock	55	21
Total changes of items during the period	(44,250)	23,406
Balance at the end of current period	190,745	214,152
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	137	162
Changes of items during the period		
Net changes of items other than shareholders’ equity	24	(156)
Total changes of items during the period	24	(156)
Balance at the end of current period	162	5
Total valuation and translation adjustments		
Balance at the end of previous period	137	162
Changes of items during the period		
Net changes of items other than shareholders’ equity	24	(156)
Total changes of items during the period	24	(156)
Balance at the end of current period	162	5
Total net assets		
Balance at the end of previous period	235,133	190,907
Changes of items during the period		
Dividends from surplus	(21,462)	(21,451)
Net income (loss)	(22,550)	44,969
Purchase of treasury stock	(293)	(132)
Disposal of treasury stock	55	21
Net changes of items other than shareholders’ equity	24	(156)
Total changes of items during the period	(44,226)	23,250
Balance at the end of current period	190,907	214,158

(4) Notes on assumption of going concern

No items to report.

(5) Significant accounting policies

Prior period (January 1, 2009 through December 31, 2009)	Current period (January 1, 2010 through December 31, 2010)
1. Valuation rules and methods for securities (1) Stocks of subsidiaries and affiliated companies The moving-average cost method (2) Other securities a. Securities with readily determinable fair values Market value at the closing date (Valuation differences on available-for-sales securities are directly reflected in net assets, and cost of sales is calculated using the moving-average method) b. Securities without readily determinable fair values The moving-average cost method	1. Valuation rules and methods for securities (1) Stocks of subsidiaries and affiliated companies No change (2) Other securities a. Securities with readily determinable fair values No change b. Securities without readily determinable fair values No change
2. Valuation rules and methods for derivative transactions etc. Market value at the closing date	2. Valuation rules and methods for derivative transactions etc. No change
3. Valuation rules and methods for inventories Generally the lower of acquisition cost determined by the LIFO method or their net realizable value <Change of accounting method> With regard to inventories held for sale in the ordinary course of business, last-in first-out (LIFO) method at the lower of cost or market had been applied to merchandise and finished goods, semi-finished goods and raw materials, and the moving-average cost method had been applied to supplies. In accordance with the introduction of the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9 issued on July 5, 2006), inventories are generally stated on the balance sheet at the lower of acquisition cost determined by the LIFO method and their net realizable value beginning in the current period. There is no earnings impact from this change.	3. Valuation rules and methods for inventories No change ———
4. Depreciation and amortization method for noncurrent 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 7 to 15 years	4. Depreciation and amortization method for noncurrent assets (1) Property, plant and equipment (excluding leased assets) No change
(2) Intangible assets The straight-line method In-house computer software is amortized over its service life (5 to 15 years) using the straight-line method.	(2) Intangible assets (excluding leased assets) No change
(3) Leased assets The straight-line method is employed, where the leasing period is deemed as the service life and residual value is set as zero. The accounting treatment for finance lease transaction, in which ownership is not transferred to the lessee and which became effective before January 1, 2009, is the same as the method applied to ordinary operating lease transactions	(3) Leased assets No change

Prior period (January 1, 2009 through December 31, 2009)	Current period (January 1, 2010 through December 31, 2010)
<Change of accounting method> The accounting treatment for finance lease transactions, in which ownership is not transferred to the lessee, had been the same as the method applied to ordinary operating lease transactions. Revisions in "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 issued on June 17, 1993, amended on March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 issued on January 18, 1994, amended on March 30, 2007) which can be applied for the period beginning on or after April 1, 2008, were applied to finance leases in which ownership is not transferred to the lessee, so that they are treated in the same way as ordinary purchase and sale transactions beginning in the current period. As to the depreciation method for lease assets related to finance lease transactions in which ownership is not transferred to the lessee, the straight-line method is employed, where leasing period is deemed as the service life and residual value is set as zero. The accounting treatment for finance lease transactions in which ownership is not transferred to the lessee, and which became effective before January 1, 2009, is the same as the method applied to ordinary operating lease transactions. There is no earnings impact from this 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 from exchange rate change is reflected in income.	5. Translation method for foreign currency assets and liabilities No change
6. Basis for provisions (1) Allowance for doubtful accounts To provide for losses due to bad debt, the Company reserves an estimated bad debt allowance on highly doubtful receivables based on the recoverability from individual customers.	6. Basis for provisions (1) Allowance for doubtful accounts No change
(2) Provision for bonuses To provide for the payment of employees' bonuses, the Company accrues an estimated reserve for the period.	(2) Provision for bonuses No change
(3) Provision for retirement benefits 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 period, using the declining-balance method over a period determined 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) Provision for retirement benefits No change

Prior period (January 1, 2009 through December 31, 2009)	Current period (January 1, 2010 through December 31, 2010)
(4) Provision for directors’ retirement benefits To provide for the payment of officers’ post-retirement allowance, the Company reserves an estimated amount of lump sum retirement allowance assuming that officers retire at the closing date. (5) Provision for repairs To provide for periodic tank inspections required under the Fire Service Act and for periodic repairs of machinery and equipment, the Company reserves an estimated reserve for the accounting period, based on actual payments and repair plans. (6) Provision for offshore well abandonment To provide for expenses for offshore well abandonment accompanied by the termination of natural gas production, the Company reserves the estimated amount anticipated to be spent. 7. Others Accounting method for consumption taxes Each item in the statement of income does not include consumption taxes.	(4) Provision for directors’ retirement benefits No change (5) Provision for repairs No change (6) Provision for offshore well abandonment No change 7. Others Accounting method for consumption taxes No change

(6) Change in significant accounting policies

Prior period (January 1, 2009 through December 31, 2009)	Current period (January 1, 2010 through December 31, 2010)
————————	<Application of the “Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)”> “Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)” (ASBJ Statement No. 19 issued on July 31, 2008) is applied beginning in the current period. There is no earnings impact from this change.

(Change in presentation)

Prior period (January 1, 2009 through December 31, 2009)	Current period (January 1, 2010 through December 31, 2010)
————————	<Consolidated balance sheet> “Long-term loans receivable” and “Long-term loans receivable from employees” which had been independently presented in the section of “Investments and other assets” in the prior period, is included in “Other” in that section beginning in the current period because its amount is immaterial. The outstanding balance of long-term loans receivable and long-term loans receivable from employees at the end of the current period are 25 million yen and 462 million yen respectively.

(Additional information)

Prior period (January 1, 2009 through December 31, 2009)	Current period (January 1, 2010 through December 31, 2010)
<Change in service life of property, plant and equipment> In accordance with the revision of the useful life stipulated in the Corporation Tax Act, the service life for machinery such as refining and electric power generation assets owned by the Company was changed beginning in the current period. This had 2,072 million yen unfavorable impact on operating income, ordinary income and income before income taxes respectively.	―――――――

(7) Notes to non-consolidated financial statements

(Non-consolidated balance sheet)

Prior period (December 31, 2009)

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)	(Plant mortgage) (Million yen)
Building	1,350	(1,350)
Structures	3,657	(3,657)
Tanks	514	(514)
Machinery and equipment	15,664	(15,664)
Land	23,657	(4,628)
Total	44,845	(25,816)

Mortgaged liabilities by security right	Amounts (Million yen)	(Plant mortgage) (Million yen)
Gasoline taxes payable	51,186	(25,816)
Total	51,186	(25,816)

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

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

3. In addition to the above, the Company committed to offer upon lender's demand a contract of mortgage over the assets noted below to support the obligation for guaranties as shown in item "3. Obligation for guaranties", current portion of long-term loans payable (1,412 million yen) and long-term loans payable (3,174 million yen)

Buildings	2,009	million yen
Structures	10,510	
Tanks	1,155	
Machinery and equipment	21,465	
Land	847	
Others	423	

Current period (December 31, 2010)

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 1,628 million yen, tools, furniture and fixtures 11 million yen)

2. Mortgaged Assets

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

Book value of mortgaged assets	Amounts (Million yen)	(Plant mortgage) (Million yen)
Building	1,291	(1,291)
Structures	3,163	(3,163)
Tanks	510	(510)
Machinery and equipment	11,157	(11,157)
Land	12,203	(4,628)
Total	28,327	(20,752)

Mortgaged liabilities by security right	Amounts (Million yen)	(Plant mortgage) (Million yen)
Gasoline taxes payable	53,245	(20,752)
Total	53,245	(20,752)

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

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

3. In addition to the above, the Company committed to offer upon lender's demand a contract of mortgage over the assets noted below to support the current portion of long-term loans payable (1,412 million yen) and long-term loans payable (1,762 million yen)

Buildings	1,889	million yen
Structures	11,135	
Tanks	985	
Machinery and equipment	18,096	
Land	12,300	
Others	523	
Total	44,931	

Prior period (December 31, 2009)	Current period (December 31, 2010)
3. Obligations for guaranties (1) Bank borrowing, etc. The Company has guaranteed the following bank borrowing etc. by its associated companies etc. Shimizu LNG K.K. 1,174 million yen Japan Biofuels Supply LLP 376 Company employees 171 Others (5 companies) 130 Total 1,852 (Note) For the debt (892 million 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 yen)	3. Obligations for guaranties (1) Bank borrowing, etc. The Company has guaranteed the following bank borrowing etc. by its associated companies etc. Guarantees / Amounts Japan Biofuels Supply LLP 1,640 million yen Shimizu LNG K.K. 773 Company employees 153 Others (3 companies) 34 Total 2,602 (Note) For the debt (272 million 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 yen)
(2) Letters of credit The Company has guaranteed letters of credit as follows. Guarantees / Amounts (USD) / (Yen equivalent) Japan Biofuels Supply LLP / 11,137 thousand USD / (1,025) million yen	(2) Letters of credit The Company has guaranteed letters of credit as follows. Guarantees / Amounts (USD) / (Yen equivalent) Japan Biofuels Supply LLP / 19,768 thousand USD / (1,610) million yen
(3) Deferral of import consumption tax payment The Company has guaranteed the deferral of import consumption tax payment as follows. Guarantees / Amounts Japan Biofuels Supply LLP / 292 million yen	(3) Deferral of import consumption tax payment The Company has guaranteed the deferral of import consumption tax payment as follows. Guarantees / Amounts Japan Biofuels Supply LLP / 167 million yen
4. Notes related to associated companies The amounts of transactions with associated companies included in accounts other than those independently represented as such transactions are as follows. Accounts receivable-trade 269,899 million yen Accounts payable-trade 72,321	4. Notes related to associated companies The amounts of transactions with associated companies included in accounts other than those independently represented as such transactions are as follows. Accounts receivable-trade 292,671 million yen Accounts payable-trade 88,259

(Non-consolidated statement of income)

Prior period (January 1, 2009 through December 31, 2009)

1. Transactions with associated companies included in net sales in the current period

   Product sales 1,260,196 million yen

2. Transactions with associated companies included in non-operating income and expenses

   Dividends income 804 million yen

3. Selling expenses and general and administrative expenses are approximately 56% and 44% respectively.

   Major expenses and amounts are as follows;

Salaries and bonuses	7,240	million yen
Transportation costs	2,201	
Other third party expenses	2,121	
Rent	1,702	
Depreciation and amortization	1,577	
Sales commissions	2,155	
Retirement benefit expenses	2,735	
Provisions for bonuses	314	

4. Research and development expenses included in general and administrative expenses and manufacturing costs are amounted by 1,880 million yen.

5. Gain on sales of noncurrent assets

Land (service stations)	933	million yen
Other	0	
Total	934	

6. Loss on sales and retirement of noncurrent assets

Building (service stations, etc.)	626	million yen
Land (service stations, etc.)	334	
Structures (service stations, etc.)	250	
Machinery and equipment (service stations, etc.)	226	
Others	77	
Total	1,515	

7. Impairment loss

Used for	Location	Type	Amount (million yen)
Service station	The Company, Mobara SS (Mobara-City, Chiba Pref.) and other 15 items	Land	436

The Company recognized an impairment loss on the 16 items, whose recoverable value is significantly lower than net book value, by deducting the NBV to the recoverable value. The deduction was 436 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 (January 1, 2010 through December 31, 2010)

1. Transactions with associated companies included in net sales in the current period

   Product sales 1,489,025 million yen

2. Transactions with associated companies included in non-operating income and expenses

   Dividends income 25,108 million yen

3. Within total selling, general and administrative expenses, selling expenses and general and administrative expenses are approximately 57% and 43% respectively.

   Major expenses and amounts are as follows;

Salaries and bonuses	6,737	million yen
Transportation costs	2,142	
Other third party expenses	2,188	
Rent	1,564	
Depreciation and amortization	1,557	
Sales commissions	2,485	
Retirement benefit expenses	1,594	
Provisions for bonuses	274	
Repair expenses	1,457	

4. Research and development expenses included in general and administrative expenses and manufacturing costs are amounted by 1,308 million yen.

5. Gain on sales of noncurrent assets

Land (service stations)	1,446	million yen
Other	135	
Total	1,581	

6. Loss on sales and retirement of noncurrent assets

Building (service stations, etc.)	467	million yen
Machinery and equipment (service stations, etc.)	320	
Structures (service stations, etc.)	253	
Others	349	
Total	1,390	

7. Impairment Loss

Used for	Location	Type	Amount (million yen)
Service station	The Company, Tamadaira SS (Hino-City, Tokyo) and other 19 items	Land	373
Company resort house	TonenGeneral Sekiyu K.K., Izu resort house (Higashi Izu-cho, Shizuoka Pref.)	Buildings, etc.	466
Total			839

The Company recognized an impairment loss on the 21 items, whose recoverable value is significantly lower than net book value, by deducting the NBV to the recoverable value. The deduction was 839 million yen and is shown as an extraordinary loss.

Net selling value, which is determined principally with reference to official values, is applied to evaluate the recoverable value.

(Non-consolidated statement of changes in shareholders' equity)

Prior period (January 1, 2009 through December 31, 2009)

1. Treasury stock

Class	December 31, 2008	Increase	Decrease	December 31, 2009
Common stock (shares)	328,555	359,766	68,520	619,801

(Major cause of movement) Increase and decrease of shares in treasury stock is due to purchase and sales of odd-lot shares.

Current period (January 1, 2010 through December 31, 2010)

1. Treasury stock

Class	December 31, 2009	Increase	Decrease	December 31, 2010
Common stock (shares)	619,801	165,374	28,035	757,140

(Major cause of movement) Increase and decrease of shares in treasury stock is due to purchase and sales of odd-lot shares.

(Deferred tax accounting)

Prior period (December 31, 2009)		Current period (December 31, 2010)	
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	16,238 million yen	Tax loss carry forward	2,916 million yen
Provision for retirement benefits	13,751	Provision for retirement benefits	14,669
Provision for repairs	4,550	Provision for repairs	4,670
Accumulated impairment loss	1,912	Accumulated impairment loss	1,876
Variance from different inventory valuations	1,298	Variance from different inventory valuations	1,644
Provision for offshore well abandonment	1,037	Other	1,807
Other	1,633	Total deferred tax assets	27,584
Total deferred tax assets	40,421		
(Deferred tax liabilities)		(Deferred tax liabilities)	
Reserve for property replacement	(10,404) million yen	Reserve for property replacement	(10,108) million yen
Other	(2,030)	Other	(2,140)
Total deferred tax liabilities	(12,435)	Total deferred tax liabilities	(12,249)
Net of deferred tax assets	27,986	Net of deferred tax assets	15,335
2. Factors in the difference between the statutory effective tax rate and actual effective tax rate		2. Factors in the difference between the statutory effective tax rate and actual effective tax rate	
This note is omitted since the difference between the statutory effective tax rate and actual effective tax rate is not more than 5% of the statutory effective tax rate.		Statutory effective tax rate	40.7 %
		(Adjustments)	
		Items not recognized as income, such as dividends received	(18.7)
		Others	0.1
		Actual effective tax rate	22.1

7. Others

(1) Personnel changes in members of the board of directors and statutory auditors

No items to report.

(2) Other

No items to report.