[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 the First Quarter 2011
(Japanese GAAP basis)

May 13, 2011

Company name: TonenGeneral Sekiyu K.K. Listed on: Tokyo Stock Exchange
Code number: 5012 URL: http://www.tonengenral.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 filing Quarterly Securities Report: May 13, 2011
Scheduled date of start of dividends payment: -
Preparation of presentation material for quarterly results: Yes
Briefing for institutional investors: Yes

(Amounts shown in truncated millions of yen)

1. Consolidated financial results for the First quarter 2011 (January 1, 2011 through March 31, 2011)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1QYTD 2011	668,149	13.9	191,143	940.0	191,280	928.6	113,472	259.3
1QYTD 2010	586,858	21.2	18,379	40.8	18,595	46.3	31,580	312.5

	Net income per share	Diluted net income per share
	Yen	Yen
1QYTD 2011	201.05	–
1QYTD 2010	55.94	–

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
Mar. 31, 2011	990,408	351,079	35.4	622.04
Dec. 31, 2010	906,846	248,295	27.4	439.91

(Reference) Net assets excluding minority interests and stock acquisition right:
351,079 Million yen as of March 31, 2011 248,295 Million yen as of December 31, 2010

2. Dividends

	Annual dividend				
	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Full-year
2010	–	19.00	–	19.00	38.00
2011	–				
2011(Forecast)		19.00	–	19.00	38.00

(Note) Revision to dividend forecast in the current quarter: No

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

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2QYTD 2011	1,300,000	10.8	218,000	–	219,000	–	130,000	354.7	230.33
Full year	2,800,000	16.7	240,000	615.8	242,000	553.9	145,000	238.2	256.91

(Note) Revision to the consolidated earnings forecast in the current quarter: Yes

4. Others (for details, please refer to (Attachments) "2. Other information" on page 3)

(1) Change in major subsidiaries in the current quarter period: No

(Note) This indicates a change in designated subsidiaries resulting in a change in the scope of consolidation.

(2) Adoption of simplified accounting method and special accounting method: Yes

(Note) This indicates adoption of simplified accounting method and special accounting method for quarterly consolidated financial statements.

(3) Change in accounting principle/procedure and presentation for preparation

a. Changes with accounting standards revisions : Yes

b. Changes other than above : No

(Note) This indicates a change of accounting principle/procedure and presentation for preparation of quarterly consolidated financial statements which are reported in "Changes in significant accounting policies," a part of the Quarterly Securities Report.

(4) Number of shares issued (Common Stock)

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

1Q 2011	565,182,000	shares	Full year 2010	565,182,000	shares

b. Number of treasury stock at the end of period

1Q 2011	782,149	shares	Full year 2010	757,140	shares

c. Average number of shares during the period

1Q YTD 2011	564,404,960	Shares	1Q YTD 2010	564,522,286	shares

- **Review status of Quarterly Securities Report *(Shihanki-Houkokusho)* for the first quarter 2011**

  This report is not required to be included and is not included in the scope of external audit quarterly review conducted pursuant to the Financial Instruments and Exchange Act of Japan. However, PricewaterhouseCoopers Aarata has separately completed their quarterly review of the quarterly consolidated financial statements included in "Financial information," a part of the Quarterly Securities Report for the First Quarter 2011. The auditor expressed the conclusion on May 12, 2011 that "nothing has come to our attention that causes us to believe that the quarterly consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its consolidated subsidiaries as of March 31, 2011, the results of their operations for the three-month period then ended and their cash flows for the three-month period then ended in conformity with accounting principles for quarterly consolidated financial statements generally accepted in Japan."

- **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.

  For further information regarding the projections above, please refer to (Attachments) "1. Discussion of quarterly financial results (3) Discussion of projected consolidated operating results" on page 3.

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

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	2,700,000	12.9	230,000	638.3	231,000	295.5	138,000	206.9	244.51

(Note) Revision to the consolidated earnings forecast in the current quarter: Yes

(Attachments)

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1. Discussion of quarterly consolidated financial results

With regard to the Great Higashinihon Earthquake that occurred on March 11, we wish to express our deepest sympathy to all those who have been affected by the disaster.
Regarding the Company, there were no injuries to employees and only minor damage sustained by facilities. Several units at the Company's Kawasaki site experienced emergency shutdowns, however, operations were restored during March and the site resumed normal shipment of products on March 12. The company continued utmost efforts on multiple fronts to bring stable supply of petroleum products to the stricken areas.

(1) Discussion of consolidated operating results

Net sales for the first quarter 2011 totaled 668.1 billion yen, a 13.9% increase from the same period last year, primarily reflecting higher product prices.
Operating income was 191.1 billion yen, up 172.8 billion yen from the same period last year, primarily due to the significant positive inventory-related effects driven by the inventory valuation method change in this first quarter from the last-in-first-out (LIFO) method applied until December 2010 to the weighted average cost (WAC) method applied beginning on January 1, 2011.
Ordinary income totaled 191.3 billion yen (up 172.7 billion yen) and net income was 113.5 billion yen (up 81.9 billion yen).
Regarding the financial impacts of the earthquake and tsunami on the Company, there was only minor damage to facilities and the effects of lost production and repair costs have been small. For the detail of the Earthquake's effects on the Company, please refer to "2. Other information (4) Business and other risks" section.

The results by Segments are as follows:

a. Oil segment

Segment income in the Oil segment totaled 182.6 billion yen, a 170.7 billion yen increase from the same period last year. This includes the inventory-related effects of positive 171.9 billion yen associated primarily with the inventory valuation method change from LIFO to WAC. Also, beginning this quarter, the Company changed the timing of cost recognition for crude and feedstocks to arrival point from loading point which had been adopted until 2010, which used to be one of the major factors which fluctuate the Oil segment earnings.

Excluding inventory related effects and crude cost recognition timing effects as noted in the table below, Segment income for the first quarter was 10.7 billion yen, a 15.5 billion yen increase from the same period last year due to improved margins relative to the depressed levels of last year's first quarter.

Oil segment income compared with the same period last year

(Unit: billion yen)

	1Q 2011	1Q 2010	Difference
Segment income as reported	182.6	11.9	170.7
Effect of difference in timing of crude cost accounting (estimate)	−	(2.0)	2.0
Inventory-related gains	171.9	18.7	153.2
Segment income excluding above special factors (estimate)	10.7	(4.8)	15.5

b. Chemical segment

Chemical segment income totaled 8.5 billion yen, a 2.1 billion yen increase from the same period last year. This result includes a 1.3 billion yen gain associated with the inventory valuation method change from LIFO to WAC. Segment income without this effect was 7.2 billion yen.
The results showed a slight increase from the same period last year, reflecting the continued margin recovery in chemical products since the end of last year.

(2) Discussion of consolidated financial condition

a. Financial position

Total assets as of March 31, 2011 totaled 990.4 billion yen, an 83.6 billion yen increase from December 31, 2010, mainly because of the increase in inventory book value due to the valuation method change. Liabilities as of March 31, 2011 amounted to 639.3 billion yen, a 19.2 billion yen decrease from December 31, 2010, which is mainly attributable to a decrease in trades account payable and gasoline taxes payable offsetting the significant increase in deferred tax liabilities included in other current/non-current liabilities associated with inventory valuation methods change. Total net assets as of March 31, 2011 amounted to 351.1 billion yen, a 102.8 billion yen increase from December 31, 2010, which is mainly attributable to the 113.5 billion yen increase in retained earnings.

b. Cash flows

At the end of March 2011, the outstanding balance of cash and cash equivalent was 166 million yen, a decrease of 111 million yen versus 2010 year-end. Key factors influencing cash flows are summarized below.

In the first quarter year-to-date 2011, cash flows from operating activities were negative 28.5 billion yen versus a positive 40.1 billion yen in the same period last year. Negative factors such as decreases in gasoline tax and other excise tax payables outweighed positive factors such as operating income and depreciation.

Cash flows from investing activities were negative 2.3 billion yen versus a negative 5.0 billion yen in the same period last year. The cash outflows mainly came from capital expenditures.

Cash flows from financing activities were positive 30.6 billion yen versus a negative 35.1 billion yen in the same period last year. This is mainly due to the cash inflow from decrease in short-term loans receivable, which financed working capital needs.

(3) Discussion of projected consolidated operating results

Regarding the 2011 full-year forecast, we have made upward adjustments of 200 billion yen on net sales, 40 billion yen on each of operating income and ordinary income, and 24 billion yen on net income.

These adjustments reflect recent developments including higher crude prices and the resulting larger favorable inventory-related effects, and the better first quarter results in the Chemical segment than assumed at the time of the projection disclosed on February 14, 2011.

There has been no change to our full-year dividend forecast of 38 yen per share as disclosed on February 14, 2011.

2. Other information

(1) Summary of change in major subsidiaries

No items to report.

(2) Summary of simplified accounting method and special accounting method

<u>Simplified accounting methods</u>

a. Provision for income taxes

Income taxes are accrued to identify the amount of income taxes payable by applying the simplified method, where only material tax adjustment items are included in the calculation of the provision.

Both current and deferred income taxes are included in the consolidated statement of income line titled “Income taxes.”

b. Recoverability test of deferred tax assets

The recoverability test of deferred tax assets is performed in the same way as at the prior year end, utilizing the same earnings forecast and tax planning bases, because there have been no significant changes in the business environment or in the balance of temporary differences.

(3) Summary of change in accounting principles/procedures and presentation

a. Inventories

In accordance with the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No.9 issued on September 26, 2008), the Company changed its inventory valuation method from LIFO to WAC (weighted average cost method) in the first quarter period. First quarter inventories are carried at the lower of net realizable value or cost, generally determined under the WAC method.

The change in accounting method had a favorable 182,841 million yen impact on operating income, ordinary income, and income before incomes taxes and minority interests compared to the results as measured under the previous LIFO method.

b. Asset Retirement Obligations

The Company adopted the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18 issued on March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21 issued on March 31, 2008) beginning in the first quarter period.

This had an unfavorable 7 million yen impact on operating income and ordinary income, and an unfavorable 552 million yen impact on income before income taxes and minority interest.

c. Application of the “Accounting Standard for Equity Method of Accounting for Investments” and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method”

The Company adopted the “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16 issued on March 10, 2008) and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (ASBJ Practical Issues Task Force (PITF) No. 24 issued on March 10, 2008) beginning in the first quarter period.

There is no earnings impact from this change.

d. Application of the “Accounting Standard for Consolidated Financial Statements”

The “Cabinet Office Ordinance on the Partial Amendments to the Regulation for Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No.5 issued on March 24, 2009) based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No.22 issued on December 26, 2008) has been applied beginning in the first quarter period.
The section “Income before minority interests” is newly presented accordingly.

(4) Business and other risks

The following statement is included in the Quarterly Securities Report for the First Quarter 2011 which is filed today (May 13, 2011) relative to business and other risks reported in the Annual Securities Report for the year ended December 31, 2010:

The Annual Securities Report for the year ended December 31, 2010 includes a section entitled "Disaster and accident risk" and the March 11 Great Higashinihon Earthquake is the type of risk described in that section.
There were no injuries to Company employees, no environmental damage and only minor damage sustained by Company facilities as a result of the earthquake, tsunami and related damage to nuclear facilities. Sakai and Wakayama refinery operations continued as normal following a temporary suspension of marine operations due to a tsunami warning whereas the Kawasaki refinery experienced an emergency shutdown of multiple units. Kawasaki continued to ship products the following day and most of the shutdown units came back on line quickly.
Under coordination of the Prime Minister’s emergency disaster headquarters and Ministry of Economy, Trade and Industry (METI), the Company has been working in close collaboration with the Petroleum Association of Japan (PAJ) and others to restore supply to the impacted areas.
The recent events have also made apparent the potential supply chain vulnerability arising from a widespread disaster. However, as the Company acquires supplies from diverse sources, the potential impact of supply chain disruptions to the Company is not considered to be a material risk. Similarly, the Company is not so dependent on any individual customer so as to create a concern that a single customer's disruption to their own business would cause material disruptions to the Company. While electrical supplies in the Kanto area are expected to experience a shortfall over the peak summer demand period, the Company’s primary operating facility located in this area is the Kawasaki site which is capable of generating moderately more electricity than required by normal operations.
The Company does not anticipate adverse effects arising from the Great Higashinihon Earthquake beyond the minor loss of production volumes while units were restarted and minor repair costs.
Other than as noted above, no new business risks or other risks have arisen during the first quarter period or up to the filing date of this report.

The statements relative to future events reflect the Company’s judgment as of the filing date of this report.

(5) Issue to be addressed

While there were no injuries to Company employees and only minor damage sustained by Company facilities as a result of March 11 Great Higashinihon Earthquake, the Company has considered the related business and other risks, and provided further discussion of risks as noted in “(4) Business and other risks,”

Other than noted above, there were no material changes to the business and financial issues faced by the TG Group during the first quarter period or up to the filing date of this report.

3. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheet

(Unit: Million yen)

	1Q 2011 (March 31, 2011)	2010 (Summary) (December 31, 2010)
Assets		
Current assets		
Cash and deposits	166	278
Notes and accounts receivable-trade	378,118	414,435
Merchandise and finished goods	68,363	28,937
Semi-finished goods	51,064	25,512
Raw materials	187,700	67,520
Supplies	5,002	5,043
Short-term loans receivable	31,637	74,349
Other	13,628	21,438
Allowance for doubtful accounts	(44)	(44)
Total current assets	735,638	637,471
Noncurrent assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	51,322	55,263
Land	76,604	76,623
Other, net	56,328	56,073
Total property, plant and equipment	184,256	187,960
Intangible assets	4,229	4,302
Investments and other assets		
Investment securities	51,680	51,900
Other	14,898	25,507
Allowance for doubtful accounts	(295)	(295)
Total investments and other assets	66,284	77,112
Total noncurrent assets	254,770	269,375
Total assets	990,408	906,846

(Unit: Million yen)

	1Q 2011 (March 31, 2011)	2010 (Summary) (December 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	265,745	280,210
Gasoline taxes payable	132,237	185,170
Short-term loans payable	47,599	49,029
Income taxes payable	184	498
Provision	2,892	1,978
Other	77,961	80,878
Total current liabilities	526,620	597,766
Noncurrent liabilities		
Long-term loans payable	3,461	3,985
Provision for retirement benefits	38,531	37,187
Provision for repairs	17,535	16,615
Other	53,179	2,996
Total noncurrent liabilities	112,708	60,784
Total liabilities	639,328	658,551
Net assets		
Shareholders’ equity		
Capital stock	35,123	35,123
Capital surplus	20,742	20,741
Retained earnings	295,982	193,234
Treasury stock	(671)	(647)
Total shareholders’ equity	351,176	248,451
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	38	5
Foreign currency translation adjustment	(134)	(161)
Total valuation and translation adjustments	(96)	(156)
Total net assets	351,079	248,295
Total liabilities and net assets	990,408	906,846

(2) Quarterly consolidated statement of income

(Unit: Million yen)

	1Q YTD 2010 (January 1, 2010 through March 31, 2010)	1Q YTD 2011 (January 1, 2011 through March 31, 2011)
Net sales	586,858	668,149
Cost of sales	560,614	469,343
Gross profit	26,244	198,805
Selling, general and administrative expenses	7,864	7,662
Operating income	18,379	191,143
Non-operating income		
Interest income	55	23
Dividends income	0	–
Equity in earnings of affiliates	632	572
Other	15	44
Total non-operating income	703	640
Non-operating expenses		
Interest expenses	89	76
Foreign exchange losses	375	421
Other	22	4
Total non-operating expenses	487	502
Ordinary income	18,595	191,280
Extraordinary income		
Gain on sales of noncurrent assets	165	209
Gain on change in equity	20,174	–
Total extraordinary income	20,340	209
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	51	19
Impairment loss	33	–
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	545
Total extraordinary losses	84	564
Income before income taxes and minority interests	38,852	190,925
Income taxes	7,271	77,453
Income before minority interests	–	113,472
Net income	31,580	113,472

(3) Quarterly consolidated statement of cash flows

(Unit: Million yen)

	1Q YTD 2010 (January 1, 2010 through March 31, 2010)	1Q YTD 2011 (January 1, 2011 through March 31, 2011)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	38,852	190,925
Depreciation and amortization	6,450	6,273
Equity in (earnings) losses of affiliates	(632)	(572)
Impairment loss	33	–
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	545
Increase (decrease) in provision for retirement benefits	644	1,344
Increase (decrease) in provision for repairs	2,020	920
Interest and dividends income	(55)	(23)
Interest expenses	89	76
Loss (gain) on change in equity	(20,174)	–
Loss (gain) on sales and retirement of noncurrent assets	(114)	(190)
Decrease (increase) in notes and accounts receivable-trade	40,938	36,316
Decrease (increase) in inventories	(3,171)	(185,116)
Increase (decrease) in notes and accounts payable-trade	(12,582)	(14,464)
Decrease (increase) in accounts receivable-other	85	713
Increase (decrease) in accounts payable-other	(38,777)	(62,486)
Other, net	28,775	(2,570)
Subtotal	42,381	(28,308)
Interest and dividends income received	38	722
Interest expenses paid	(469)	(101)
Payments for early extra retirement payments	(127)	(0)
Income taxes refund	0	–
Income taxes paid	(1,683)	(794)
Net cash provided by (used in) operating activities	40,139	(28,482)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(5,157)	(2,464)
Proceeds from sales of property, plant and equipment	250	227
Purchase of intangible assets	(101)	(69)
Payments of long-term loans receivable	–	(1)
Collection of long-term loans receivable	20	29
Net cash provided by (used in) investing activities	(4,987)	(2,278)
Net cash provided by (used in) financing activities		
Net decrease (increase) in short-term loans receivable	(24,254)	42,711
Net increase (decrease) in short-term loans payable	(307)	(1,430)
Repayment of long-term loans payable	(524)	(524)
Purchase of treasury stock	(46)	(25)
Proceeds from sales of treasury stock	5	1
Cash dividends paid	(9,989)	(10,083)
Net cash provided by (used in) financing activities	(35,116)	30,649
Effect of exchange rate change on cash and cash equivalents	(11)	–
Net increase (decrease) in cash and cash equivalents	24	(111)
Cash and cash equivalents at beginning of period	789	278
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(479)	–
Cash and cash equivalents at end of period	335	166

(4) Notes on assumption of going concern

No items to report.

(5) Segment information

a. Information by business line

First quarter YTD 2010 period (January 1, 2010 through March 31, 2010)

(Unit: Million yen)

	Oil	Chemical	Total	Eliminations	Consolidated
Net sales					
(1) Sales to third parties	525,211	61,646	586,858	–	586,858
(2) Internal transactions	54,404	8,428	62,832	(62,832)	–
Total	579,616	70,075	649,691	(62,832)	586,858
Operating income	11,933	6,446	18,379	–	18,379

(Note) 1. Classification by business line is based on the internal control procedure the Company has adopted.
2. The major products of each business line:
(1) Oil: Gasoline, Naphtha, Jet Fuel, Kerosene, Diesel Fuel, Fuel Oils, Lubricants, LPG, Construction Management, etc.
(2) Chemical: Ethylene, Propylene, Benzene, Toluene, Paraxylene, Battery Separator Film, etc.

b. Segment information by geographic area

First quarter YTD 2010 period (January 1, 2010 through March 31, 2010)

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

c. Overseas sales

First quarter YTD 2010 period (January 1, 2010 through March 31, 2010)

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

d. Segment information

1. Overview of reportable segments

The business segments of the Company’s group are the functional segments for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors of the Company to make decisions about resources to be allocated to the segment and assess its performance.

“Oil segment” and “Chemical segment” are identified as reportable segments in accordance with the nature of the operations undertaken and products sold by the Company’s group. The Oil segment is organized and operates to manufacture and sell petroleum products, and the Chemical segment is organized and operates to manufacture and sell petrochemical products.

The major products or services by each segment are as follows:

(1) Oil: Gasoline, Naphtha, Jet Fuel, Kerosene, Diesel Fuel, Fuel Oils, Lubricants, LPG, Construction Management, etc.
(2) Chemical: Ethylene, Propylene, Benzene, Toluene, Paraxylene, etc.

2. Net sales and Segment income by reportable segments

First quarter YTD 2011 period (January 1, 2011 through March 31, 2011)

(Unit: Million yen)

	Oil	Chemical	Total
Net sales			
(1) Sales to third parties	603,005	65,143	668,149
(2) Internal transactions	57,950	8,152	66,102
Total	660,955	73,295	734,251
Segment income	182,605	8,538	191,143

(Note) Total segment income is the same as operating income in the quarterly consolidated statement of income.

<Additional information>

“Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17 issued on March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20 issued on March 21, 2008) have been applied beginning in the first quarter period.

(6) Notes on significant changes in the amount of shareholders’ equity

No items to report.