

Interim Kessan Tanshin (Consolidated) for First Half of 2001

August 29, 2001

Registration Company Name : TonenGeneral Sekiyu K.K. Registered to : Tokyo Stock Exchange

Stock Code No. 5012

H.O. Address : Tokyo-tc

For further information, please contact :

Position : Public Affairs Manager

Telephone : (03) 5425-9000

Name : M.Maeda

Date of BOD for Interim Closing : August 29, 2001

Name of The Parent Company : Esso Sekiyu Private Ltd. Holding Ratio of The Parent Company 50.0%

Adoption of U.S. GAAP Accounting Standard : Yes / (No)

1. Business Performance for 2001 (January 1, 2001 ~ June 30, 2001)

(1) Consolidated Business Performance (Note) Amounts are shown in truncated Million Yen.

	Sales Revenue	Operating Profit	Ordinary Profit
	M Yen %	M Yen %	M Yen %
2001/6	1,029,888 (-)	32,835 (-)	31,526 (-)
2000/6	-	-	-
2000/12	1,308,177	26,289	24,580

	Interim (Annual) Net Profit	Interim (Annual) Net Profit Per Share	After Adj. Interim (Annual) Net Profit Per Share
	M Yen %	Yen	Yen
2001/6	10,397 (-)	14.95	-
2000/6	-	-	-
2000/12	7,047	13.07	-

(Note) Investment P/L on Equity Method 2001/6 203 M Yen 2000/6 - M Yen 2000/12 518 M Yen
Average No. of Issued Shares (Consolidated)

2000/6 695,305 K Shares 2000/6 - K Shares 2000/12 539,356 K Shares

Change in Accepting Procedures Yes / (No)

The percentage indications in Sales Revenue, Operating Profit, Ordinary Profit and Interim (Annual) Net Profit are comparison with previous accounting period.

This interim consolidated accounting period is the first year for the Consolidated Financial Statements, thus comparison with previous accounting period is omitted.

(2) Consolidated Financial Position

	Total Assets	Shareholders' Equity	Net Worth Ratio	Net Worth Par Share
	M Yen	M Yen	%	Yen
2001/6	980,032	276,419	28.2	435.49
2000/6	-	-	-	-
2000/12	994,350	329,635	33.2	469.27

(Note) Number of Issued Shares as of June 30, 2001 (Consolidated)

2000/6 634,735 K Shares 2000/6 - K Shares 2000/12 702,453 K Shares

(3) Consolidated Cashflow Position

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash and Cash Equivalents at the End of Period
	M Yen	M Yen	M Yen	M Yen
2001/6	59,660	585	60,331	3,146
2000/6	-	-	-	-
2000/12	9,927	8,472	15,662	4,402

(4) The Scope of Consolidation and Application of Equity Method

No. of Consolidated Subsidiaries : 14 Companies

No. of Subsidiary Companies which apply Equity Method : - Companies

No. of Connected Companies which apply Equity Method : 5 Companies

(5) Movement in the Scope of Consolidation and Application of Equity Method

Full-Consolidation : (New) - Companies (Exclusion) 15 Companies

Equity Method : (New) - Companies (Exclusion) - Companies

2. Estimated Consolidated Profit for 2001 Annual Accounting Period (January 1, 2001 ~ December 31, 2001)

	Sales Revenue	Ordinary Profit	Net Profit
	M Yen	M Yen	M Yen
Full Year	2,200,000	50,000	22,000

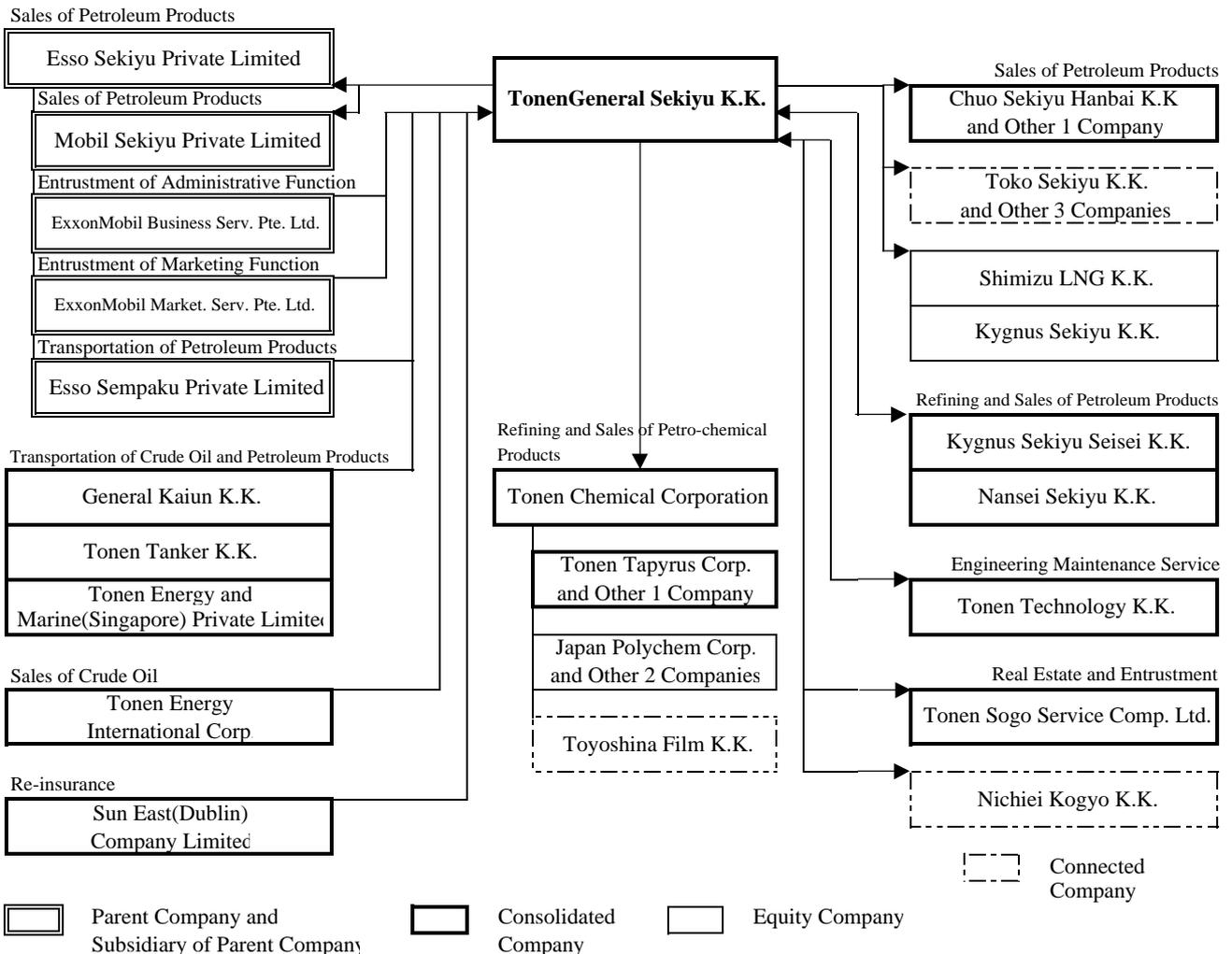
(Reference) Estimated Net Profit Per Share 33.09 Yen

. Profile of The Companies Group

34 group companies'(The Company, 14 Consolidated Companies, 5 Equity Companies, 9 Connected Companies, 1 Parent Company and 4 Subsidiaries of Parent Company) major business and position are as follow

Segment	Function	Major Business	Name of Company	No. of Companies
Petroleum Products	Marketing	Sales of Petroleum Products	TonenGeneral Sekiyu K.K., Esso Sekiyu Private Ltd., Mobil Sekiyu Private Ltd., ExxonMobil Market Serv.Private.Ltd., Kygnus Sekiyu K.K., Chuo Sekiyu Hanbai K.K., K.K. General Sekiyu Hanbaisho and other 4 companies	11
	Refining	Refining and Sales of Petroleum Products	TonenGeneral Sekiyu K.K., Nansei Sekiyu K.K., Kygnus Sekiyu Seisei K.K.	3
	Shipping Operations	Transportation of Crude Oil and Petroleum Products	Tonen Tanker K.K., General Kaiun K.K., Esso Sempaku Private Ltd., Tonen Energy and Marine(Singapore) Private Ltd.	4
	Others	Sales of Crude Oil, Insurance and Purchase and Sales of LNG	Tonen Energy International Corp., Sun East(Dublin) Company Ltd., Shimizu LNG K.K. and other 3 companies	6
Petro-chemical Products	Refining & Marketing	Refining and Sales of Petro-chemical Products	TonenGeneral Sekiyu K.K., Tonen Chemical Corp., Tonen Tapyrus K.K., Tonen Chemical Nasu Corp., Japan Polychem Corp., Nippon Unicar Corp., Tonex Corp. and other 1 company	8
Others		Engineering Maintenance Service	Tonen Technology K.K.	1
		Real Estate and Entrustment	Tonen Sogo Service Comp. Ltd., ExxonMobil Business Services Private Ltd. and other 1 company	3

Chains of business are as follows



Corporate Policy

(1) Mission of TonenGeneral

TonenGeneral will help lead Japan into the future by stable providing quality products, as the world's premier refiner and supplier, leveraging ExxonMobil's global network, to quickly and reliably respond to customers and circumstances so as to valuably contribute to shareholders, customers, employees, local communities and society.

(2) Corporate Strategy

Reflecting our slogan, "Power to Drive the 21st Century," TonenGeneral have announced the goal of its corporate strategy which is defined by the company as "Marketing" among best class in Japan and "Refinery and Supply" whose cost competitiveness and technology are on par with global standard.

Under the free competition, TonenGeneral will continue to grow and develop in the future, accelerating its efforts to enhance business efficiency and profitability with global level.

(3) Key Principle

To realize corporate strategy, we will strongly promote following items as key business policy

- Secure Safety, Healthy and Environment
- Secure Integrity of Business and Keep Flawless Operations
- Enhance efficiency and global competitiveness
- Provide attractive service and high add value
- Create vital organization by creative employee

(4) Dividend Policy

Our basic policy is to deliver stable dividends to shareholders, while maintaining a sound financial structure and giving due consideration to consolidated cash flow and future capital investments.

.Financial Results

(1) Business Overview

The Japanese economy, particularly production and business investment, faltered during the period. Exports, which were strong in 2000, fell due to the economic downturn in the U.S. and East Asia, especially in IT related industries. This, together with continued weak personal consumption, has led Japanese economy to stay in zero growth in the period.

[Business Results by Segments]

1) Oil Products

Domestic demand for gasoline showed a slight increase, but ADO and FOC decreased sizably due to the business climate. As a result, total industry demand for major fuel products was a bit lower than a year before.

For the international crude oil market, Dubai crude was at a relatively high level as \$22 to \$25 a barrel due to a cut in OPEC's production. Also, for the rate of yen to dollar, it rose to a Yen 114 level at the beginning of the period, but fell to a Yen 125 level toward the end of the period.

Since the cost of crude oil was at a high level and the domestic petroleum product market was stagnant in the sluggish economic environment, business conditions in the oil industry remained difficult.

Under these circumstances, the company's sales revenue for the period reached M Yen 1,075,700, due mostly to procedural change in h-Tonen's gasoline tax and products exchange by companies in the group.

Also, the operating profit turned out to be M Yen 28,300 as expenses were cut by business streamlining and rationalization through merger and the consolidation of organizations.

2) Petrochemical Products

In the petrochemical market, the domestic demand for which had been firm, a blight has begun to be cast over it. Also, the startup of large ethylene plants in the Middle East and Asia in addition to the deteriorated overseas economy made the overseas

market stagnant, decreasing exports from Japan. As a result, Japan's ethylene production decreased by 1.2% from a year before to 3.69 MT. In this situation, the cost of feedstock naphtha, which had been at a high level, was not fully passed onto the prices.

However, the high price of feedstock naphtha raised the prices of products, bringing us a G Yen 106 sales revenue. Also, the advanced rationalization and streamlining brought us a G Yen 4 of operating profit.

3) Other Segment

While engineering/maintenance services of refineries and oil reserve terminal and manpower dispatching services to affiliate companies have been proceeding under stable conditions, the sales revenue was a little bit weak due to streamlining and rationalization of the customers. As a result, the sales revenue was G Yen 4.1 and operating profit G Yen 0.3.

(2) Earnings Forecast

The earnings forecast for the period ending December 2001 is as follows:

Unit: GYen

	Parent-own	Consolidated
Sales Revenue	20,500	22,000
Operating Profit	400	510
Ordinary Profit	800	500
Net Profit	540	220

. Interim Consolidated Financial Statements

Interim Consolidated Balance Sheet

(Unit : Million Yen)

Account Title	June End 2001	December End 2000	Dec. End 2000 vs Jun. End 2001
Asset Section	980,032	994,350	-14,318
Current Assets	592,995	618,775	-25,780
Cash on Hand and in Bank	3,146	4,402	-1,255
TNR & TAR	401,990	393,019	8,970
Marketable Securities	-	7,815	-7,815
Inventories	162,844	174,318	-11,473
Deferred Tax Assets	4,825	11,037	-6,211
Others	21,494	29,685	-8,191
Reserve for Bad Debt	-1,305	-1,503	198
Fixed Assets	387,037	375,575	11,461
Tangible Fixed Assets	291,533	296,466	-4,933
Buildings, Structures & Tanks	87,333	89,661	-2,327
Machinery and Equipmen	87,538	89,985	-2,446
Land	107,749	107,848	-98
Others	8,910	8,971	-61
Intangible Fixed Assets	6,668	6,559	109
Investments, etc.	88,835	72,549	16,285
Investment in Securities	55,326	35,148	20,177
L/T Loans Receivable	8,290	8,775	-485
Deferred Tax Assets	9,369	13,536	-4,167
Others	15,848	15,088	760
Total Assets	980,032	994,350	-14,318

(Note) Amounts are shown in truncated Million Yen

Interim Consolidated Balance Sheet

(Unit : Million Yen)

Account Title	June End 2001	December End 2000	Dec. End 2000 vs Jun. End 2001
Liabilities Section	702,694	663,433	39,261
Current Liabilities	594,466	558,536	35,930
TAP	205,570	175,377	30,193
Gasoline Tax etc., Payables	230,898	228,924	1,973
S/T Loans Payable	80,806	84,045	-3,238
Commercial Paper	5,000	-	5,000
Guarantee Deposits Payable	13,353	14,102	-749
Others	58,837	56,086	2,751
Long Term Liabilities	108,227	104,897	3,330
L/T Loans Payable	22,817	25,003	-2,185
Res. for Retirement Allowance	-	55,237	-55,237
Res. for Accrued Pension Cost	51,906	-	51,906
Res. for Repairs	13,464	14,904	-1,439
Others	20,039	9,751	10,287
Minority Interests Section	918	1,282	-363
Shareholders' Equity Section	276,419	329,635	-53,215
Capital	35,123	35,123	-
Additional Paid-in Capital	20,741	20,741	-
Retained Earnings	213,636	273,775	-60,139
Unrealized Holding Gain on Securities	6,955	-	6,955
Equity Adjustment for Foreign Exchange	-31	-	-31
Treasury Stock	-5	-5	-0
Total Liabilities, Minority Interests and Shareholders' Equity	980,032	994,350	-14,318

(Note) Amounts are shown in truncated Million Yen

Interim Consolidated Income Statement

(Unit : Million Yen)

Account Title		2001 (January 1, 2001 ~ June 30, 2001)	2000 (January 1, 2000 ~ December 31, 2000)	
Ordinary P/L Section	Operating P/L Section	Sales Revenue	1,029,888	1,308,177
		Cost of Goods Sold	969,410	1,227,121
		Mktg. & .General Admin. Expenses	27,641	54,765
		Operating Profit	32,835	26,289
	Non-Operating P/L Section	Non-Operating Income		
		Interest Income	185	318
		Dividends Received	220	280
		Gain on Application of Equity Method	203	518
		Others	375	794
		Non-Operating Expenses		
		Interest Expenses	654	967
		Foreign Exchange Loss	1,242	1,745
	Others	397	907	
	Ordinary Profit		31,526	24,580
Extraordinary P/L Section	Extraordinary Gain			
	Adjustment of Assets to be Transferred on Merger	2,202	-	
	Gain on Fixed Assets Sold	270	1,626	
	Gain on Reversal of Reserve for Bad Debt	237	401	
	Gain on Sales of Investment Securities	52	81	
	Others	349	553	
	Extraordinary Loss			
	Lump-sum Recognition of Retractive Costs due to Pension Accounting	13,149	-	
	Accrued Loss on Golf Club Membership	997	580	
	Loss on Fixed Assets Sold and Retired	638	3,690	
	Additional Allowance for Early Retirement	299	7,736	
	Loss on Sales of Consolidated Subsidiary Stocks	150	-	
	Accrued Loss on Investment Securities, etc.	54	2,699	
	Penalty for Past Transaction	-	542	
Loss on Sales of Investment Securities	-	60		
Others	0	319		
Interim (Annual) Net Profit Before Income Taxes		19,348	11,612	
Current Income Tax, Enterprise Tax		4,895	1,684	
Deferred Income Tax		4,029	2,850	
Minority Interests Profit		26	29	
Interim (Annual) Net Profit		10,397	7,047	

(Note) 1. Amounts are shown in truncated Million Yen.

2. This interim consolidated accounting period is the first time to present the "Interim Consolidated Financial Statements", thus no comparison with the previous accounting period has been presented.

Interim Consolidated Statement of Retained Earnings

(Unit: Million Yen)

Account Title	1H 2001 (January 1, 2001 ~ June 30, 2001)		2000 (January 1, 2000 ~ December 31, 2000)	
	Opening Retained Earnings			
Opening Retained Earnings	273,775		59,175	
Retroactive Adjustments due to Deferred Tax Accounting Implementation	-	273,775	8,622	67,797
Retained Earnings Increase				
Increased Unappro. Retained Earnings due to Merger	-		128,424	
Increased Unappro. Retained Earnings due to Increased No. of Consolidated Companies	-		74,853	
Increased Unappro. Retained Earnings due to Increased No. of Equity Companies	-	-	2,792	206,071
Retained Earnings Decrease				
Dividend	10,536		7,136	
Directors' Bonus	-		4	
Extinguishment of Repurchased Treasury Stocks	59,999	70,536	-	7,140
Net Income After Tax		10,397		7,047
Closing Retained Earnings		213,636		273,775

(Note)

1. Amounts are shown in truncated Million Yen.
2. "Increased Unappro. Retained Earnings due to Merger" indicates the surplus succeeded from Tonen Corporation merged to the Company.
3. "Increased Unappro. Retained Earnings due to Increased No. of Consolidated Companies" indicates the surplus succeeded from Tonen Corporation's consolidated companies.
4. "Increased Unappro. Retained Earnings due to Increased No. of Equity Companies" indicates the surplus succeeded from Tonen Corporation's equity companies.

Interim Consolidated Statements of Cash Flows

(Unit: Million Yen)

Title	1H 2001 (January 1, 2001 ~ June 30, 2001)	2000 (January 1, 2000 ~ December 31, 2000)
	Amounts	Amounts
.Cash Flows from Operating Activities		
Net Income before Income Taxes	19,348	11,612
Depreciation and Amortization	14,126	18,068
Decrease of Reserve for Bonus	196	432
Decrease of Reserve for Retirement Allowance	55,237	2,360
Increase of Reserve for Accrued Pension Costs	51,906	-
Decrease of Reserve for Repairs	1,439	970
Interest and Dividend Income	406	598
Interest Expense	654	967
Equity in Earnings of Affiliates	203	518
Adjustment of Assets to be Transferred on Merger	2,202	-
Loss on Fixed Assets Sold and Retired	638	3,690
Gain on Fixed Assets Sold and Retired	270	1,626
Reversal of Reserve for Bad Debt	237	401
Gain on Sales of Investment Securities, etc.	52	81
Loss on Sales of Consolidated Subsidiary's Stock	150	-
Accrued Loss on Marketable Securities	-	115
Additional Allowance for Early Retirement	299	7,736
Accrued Loss on Investment Securities, etc.	54	2,699
Accrued Loss on Golf Club Membership	997	580
Penalty for Past Transaction	-	542
Loss on Sales of Investment Securities, etc.	-	60
Other Extraordinary Income	348	233
Increase of TAR	8,970	79,965
Decrease of Inventories	11,473	5,723
Increase of Accounts Receivable	3,559	9,654
Increase of TAP	30,193	18,487
Increase of Accounts Payable	9,615	21,719
Others	9,873	4,965
Sub-Total	64,095	5,587
Interests and Dividends Income Received	531	790
Interest Paid	785	1,004
Payments for Additional Allowance for Early Retirement	618	7,417
Income Taxes Paid	3,561	7,882
Net Cash Provided by Operating Activities	59,660	9,927
.Cash Flows from Investing Activities		
Payments for Purchases of Tangible Assets	7,661	7,569
Proceeds from Sales of Tangible Assets	428	3,398
Payments for Purchases of Intangible Assets	747	587
Short-term Loans Made	-	5,037
Decrease in Short-term Loans Receivable	5,642	-
Long-term Loans Made	1,182	299
Collection of Long-term Loans Receivable	1,664	1,525
Others	1,269	99
Net Cash Used in Investing Activities	585	8,472
.Cash Flows from Financing Activities		
Proceeds from Issuance of Short-term Debt	-	43,369
Payments for Repayment of Short-term Debt	-	8,000
Decrease in Short-term Debt	2,571	-
Increase in Commercial Paper	4,999	-
Payments for Repayment of Long-term Debt	2,874	4,148
Dividends Paid to TonenGeneral Shareholders	10,536	7,136
Dividends Paid to Minority Interests	254	-
Common Stock Repurchased	49,093	-
Merger Grant	-	8,421
Net Cash Used in Financing Activities	60,331	15,662
.Decrease of Cash and Cash Equivalents	1,255	2,736
.Cash and Cash Equivalents at the Beginning of the Period	4,402	3,426
.Increase of Cash and Cash Equivalents due to Merge	-	3,712
.Cash and Cash Equivalents at the End of the Period	3,146	4,402

(Note) 1. Amounts are shown in truncated Million Yen.

2. This interim consolidated accounting period is the first time to present the "Interim Consolidated Statements of Cash Flows", thus no comparison with the previous accounting period has been presented.

Notes Related to Interim Consolidated Financial Statements

1. The Scope of Consolidation

+ Consolidated Subsidiaries	14 Companies	: See " . Profile of The Companies Group"
+ Exclusion from Consolidated Subsidiaries	15 Companies	: K.K. Daimaru, General Highway K.K., Hokuyu Sekiyu K.K., Taihei Busan K.K., Keiyo Sekiyu Hanbai K.K., Saitama Sekiyu Hanbai K.K., Taisei Kogyo Sekiyu Hanbai K.K., Yuai Sekiyu K.K., Tokai Chuo Sekiyu K.K., Lily Sekiyu K.K., Kansai Chuo Sekiyu K.K., Kibo Sekiyu K.K., General Bussan K.K., K.K. Tohpren
+ Non-Consolidated Subsidiaries	3 Companies	: Eagle Re-Insurance SA, Kyusyu Eagle K.K., General Bussan K.K., Kawasaki Polyolefin Holdings Privte Ltd. (Former Ukishima Kosan K.K.)

2. The Scope of Application of Equity Method

+ Connected Companies which apply Equity Method	5 Companies	: See " . Profile of The Companies Group"
+ Non-Equity Method Companies		: Non-Consolidated Subsidiaries 3 Companies Connected Subsidiaries 6 Companies

3. The Interim closing dates of consolidated companies

The interim closing dates of consolidated companies are the same dates as that of the company.

4. Important Accounting Policies

(1) Costing Methods for Important Assets

Costing Methods for Inventories

Goods, Products, Unfinished Products, Crude and Raw Materials

--- LIFO at The Lower of Cost or Market

Supplies

--- At Moving Average Cost

Products and Crude Oil in Transit --- At Cost by Vessel

Costing Methods for Securities

- Other Securities

Marketable

--- At Market Value on June 30, 2001

(Unrealized Holding Gain or Loss is directly charged to the Shareholders' Equity and Cost of Sales is based on the Moving Average Cost)

Non-Marketable

--- At Moving Average Cost

Costing Method for Derivative Transactions, etc.

Derivative

--- At Current Market Value

(2) Important Depreciation Method

Tangible Fixed Assets --- 2 Consolidated Companies --- Straight Line Method

--- TG and other Consolidated Companies --- Declining-Balance Method

Intangible Fixed Assets --- Straight Line Method

In-House computer software is amortized in straight-line method over the economic useful life (5 years) when they are in service.

(3) Calculation Procedure for Important Reserves

+ Reserve for Bad Debt

To provide for the losses due to bad debt, TG has accrued an estimated reserve for bad debt on ordinary receivables based on experienced bad debt ratio; and on highly doubtful receivables based on individual customer's financial position.

+ Reserve for Accrued Pension Costs

To provide for the payment of employees' postretirement benefits, TG and the consolidated subsidiaries have accrued an estimated amount based on projected benefit obligation and estimated pension plan asset as of June 30, 2001.

The retractive costs incurred due to the accounting adoption (13,149M yen) has been charged to expense (Extraordinary Loss) at a lump sum basis in this interim accounting period..

+ Reserve for Repairs

TG and the 3 consolidated subsidiaries have accrued an estimated reserve for periodic tank opening inspection expenses, as required by The Fire Service Law, based on past actual payments; and for turnaround repair expenses relating to machinery & equipment based on actual payments and the repair plan.

(4) Translation Method for Important Foreign Currency Assets and Liabilities

Foreign currency assets and liabilities were converted into yen at spot rate at the interim closing date and any converted gain/loss between the booking rate and the closing rate were recorded as the foreign exchange gain/loss.

(5) Accounting for Important Lease Transactions

Finance lease transaction without transfer of leased assets ownership are treated in the same accounting method as ordinary lease transaction, not capitalized.

(6) Consumption tax, etc. from sales revenue and purchase cost, etc.

5. The scope of Cash and Cash Equivalent at the Interim Consolidated Cash Flow Statement

The capital at the interim consolidated cash flow statement consists of the cash in hand, deposits which drawable at any time, and short term investments which are easy to convert, little volatility, and their refund periods are less than about three months.

Additional Information

1. Pension Accounting

Starting from this interim accounting period, TG and the consolidated subsidiaries have adopted the accounting standards for the postretirement benefits ("Opinion on Establishment of Accounting Regulation on Postretirement Benefit (Corporate Accounting Council, June 16, 1998)). As a result, as compared with the procedure which had been taken, the Accrued Pension Expenses has increased by 8,741M yen, and then the Ordinary Profit has increased by 4,408M yen, the Interim Net Profit Before Income Tax has decreased by 8,741M yen.

Due to the adoption of the pension accounting in this interim accounting period, the Reserve for Retirement Allowance was re-defined as the Reserve for Accrued Pension Costs. Responding to the change, the severance allowance payable within next one year of 3,047M yen in the "Reserve for Retirement Allowance" was reclassified to the "Others" in the Current Liabilities, and both the remaining severance allowance of 10,997M yen and the reserve for retirement allowance for officers of 932M yen to "Others" in the Long Term Liabilities. As a result, "Others" in the Current Liabilities and the Long Term Liabilities have increased by 3,047M yen and 11,930M yen respectively.

2. Financial Instruments Accounting

Starting from this interim accounting period, TG and the consolidated subsidiaries have adopted the accounting standards for the financial instruments ("Opinion on Establishment of Accounting Regulation on Financial Instruments"(Corporate Accounting Council, January 22, 1999)), and then, changed valuation method for the securities and golf club membership, and the calculation procedure for the bad debt reserve. As a result, the Ordinary Profit and the Interim Net Profit Before Income Tax have increased by 585M yen respectively, as compared with the procedure which had been taken in the past.

As a result of the mark to market revaluation of marketable securities, the "Investment in Securities" in the Fixed Assets and the "Unrealized Holding Gain on Securities" have increased by 12,002M yen and 6,955M yen respectively. Then, "Deferred Tax Assets" in the Long Term Assets have decreased by 5,047M yen respectively.

In addition, the holding purpose of securities in hand at the beginning of the period being reviewed, all holding securities have been recorded as the "Investment in Securities". The Investment in Securities has increased by 7,815M yen.

3. Foreign Currency Transaction Accounting

Starting from this interim accounting term, TG and the consolidated subsidiaries have adopted revised accounting regulation on foreign currency transaction ("Opinion on Establishment of Revised Accounting Regulation on Foreign Currency Transaction" (Corporate Accounting Council, October 22, 1999)). The impact of this change to the Interim Income Statement is not material.

Equity Adjustment for Foreign Exchange" was shown in the Shareholders' Equity Section due to the revision of regulation of Consolidated Financial Statements, which was shown in the Assets Section in the previous consolidated accounting year.

Notes

1. Interim Balance Sheet

		<u>Jun. End 2001</u>	<u>Jun. End 2000</u>
(1) Accumulated Depreciation	:	730,868 M Yen	723,087 M Yen
	of Tangible Fixed Assets		
(2) Long-Term Reserve for Bad Debt	:	778 M Yen	488 M Yen
(3) Contingent Liabilities	:	10,990 M Yen	9,082 M Yen
(4) Treasury Stocks			
	No. of Shares	6,634 Shares	8,920 Shares
	Amount	5 M Yen	5 M Yen

2 . Lease Transaction

Consolidated

Finance lease without transfer of ownership of leased items to Lessee

- (1) Acquisition Equivalent Amount, Accumulated Depreciation Equivalent Amount and Outstanding Balance as of June 30, 2001.

	<u>1H 2001</u>	<u>2000</u>
	Tool, Furniture & Fixture	Tool, Furniture & Fixture
Acquisition Equivalent Amount	2,894 M Yen	4,164 M Yen
Accumulated Depreciation Equivalent Amount	2,292 M Yen	3,268 M Yen
Outstanding Balance	<u>602 M Yen</u>	<u>896 M Yen</u>

- (Note) Acquisition equivalent amount includes interest equivalent expense based on its materiality. Interest equivalent expense is very small in comparison with total tangible fixed assets amount.

- (2) Outstanding Balance of Accrued lease fees as of June 30, 2001

	<u>1H 2001</u>	<u>2000</u>
Due One Year	339 M Yen	596 M Yen
Over One Year	263 M Yen	300 M Yen
Total	<u>602 M Yen</u>	<u>896 M Yen</u>

- (Note) Outstanding Balance of accrued lease expense as of June 30, 2001 include interest equivalent expense based on its materiality
Interest equivalent expense is very small in comparison with total tangible fixed assets amount.

- (3) Lease fees paid & Depreciation expense:

	<u>1H 2001</u>	<u>2000</u>
Lease Fees Paid	331 M Yen	772 M Yen
Depreciation Equivalent Expense	331 M Yen	772 M Yen

- (4) Calculation Method for Depreciation

Straight Line Method with no residual value

3. Current Market Value of Securities, etc.

Information related to Market Value of Securities, etc. for previous interim accounting period are disclosed in the notes of the Interim Financial Statement

1H 2001 (as of June 30, 2001)

Marketable Securities

(1) Other Securities with Market Value

(Unit : Million Yen)

	Book Value	Market Value	Unrealized Gain/Loss
Stocks	9,091	21,093	12,001
Government Bond	9	10	0
Total	9,100	21,103	12,002

(2) Major Securities with no Market Value

(Unit : Million Yen)

	Market Value	Notes
Other Securities		
Non-Listed Stocks (Excluding Over-the-counter Stock)	32,422	
Deposit in Trust Funds	1,834	
Investment Securities	27	

2000 (As of December 31, 2000)

Current Market Value of Securities, et

(Unit : Million Yen)

Type	Book Value	Market Value	Unrealized Holding Gain/Loss
Current Assets			
Stocks	7,760	20,877	13,117
Bonds	-	-	-
Others	84	166	82
Sub-Total	7,844	21,044	13,199
Fixed Assets			
Stocks	1,246	1,508	261
Bonds	9	9	0
Others	-	-	-
Sub-Total	1,255	1,518	262
Grand Total	9,100	22,562	13,462

(Note) 1. Valuation Method

- (1) Listed Marketable Stocks: Based on the closing price at Tokyo Stock Exchange.
- (2) Over-the-counter Stocks: Based prices announced by Nihon Securities Association.

2. Book value of non-listed Securities which are not disclosed above and recorded as the Fixed Assets in the Interim Consolidated Balance Sheet

Non-Listed Stocks	33,893 M Yen
(Excluding Over-the-counter Stocks)	
(Including Related Companies)	(49 M Yen)
Bonds, etc.	6 M Yen

4. Derivative Transactions

Information related to Derivative Transactions for the previous interim accounting period is disclosed in the notes of the Interim Financial Statements.

1H 2001 (as of June 30, 2001)

Contract Amounts, Market Value and Unrealized Gain/Loss of Derivatives Transactions

Information related to Currency

(Unit : Million Yen)

Object	Type	Contract Amount	Market Value	Unrealized Holding Gain
Currency	Foreign Exchange Forward Contract	41,045	41,663	618

1H 2000 (as of June 30, 2000)

Contract Amounts, Market Value and Unrealized Gain/Loss of Derivatives Transactions

(1) Information related to Currency

In accordance with the "Accounting Regulation on Foreign Currency Transactions", derivative transactions assigned to Foreign Currency Assets and Liabilities are not disclosed.

(2) Information related to Interest

(Unit : Million Yen)

Classify	Type	Contract Amounts, etc.		Market Value	Unrealized Holding Gain/Loss
			Over 1 Year		
Other than Market Transactions	Swap for Interests				
	Receivable(Variable) Payable(Fixed)	106	-	1	1
Total		106	-	1	1

(Note) Basis for the Market Value: based on the prices quoted by the financial institutions dealt with

Qualitative information regarding the above derivative transaction is not disclosed.

5. Segment Information

(1) Segment Information by Business Line

1H 2001 (January 1, 2001, - June 30, 2001)

(Unit :Million Yen)

	Oil	Chemicals	Others	Total	Elimination	Consolidated
Sales Revenue and Operating Profit						
(1) Sales Revenue for Third Parties	954,265	74,363	1,258	1,029,888	-	1,029,888
(2) Internal Sales Revenue	121,451	31,658	2,924	156,035	(156,035)	-
Among Segments						
Total	1,075,717	106,022	4,183	1,185,923	(156,035)	1,029,888
Operating Expenses	1,047,404	101,946	3,787	1,153,139	(156,086)	997,052
Operating Profit	28,312	4,075	395	32,784	51	32,835

(Note)

- The classification of business lines has been based on the internal control procedure which the company has adopted.
- Classification method of business lines and major products which belong to each business lines:
 - Oil Products : Gasoline, Naphtha, Jet Fuel, Kerosene, A.D.O., Fuel, Lube, LPG
 - Chemical Products : Benzene, Toluene, Paraxylene, Propylene, TBA, Octane, Sulfur
 - Others : Real Estate and Lease, Engineering, Maintenance Service, etc.
- As disclosed in the "Additional Information", starting from this interim consolidated accounting period, TG and the consolidated subsidiaries have adopted the pension accounting. As a result, the "Operating Expenses" for this interim consolidated period, accounting period of the Oil Segment and the Chemical Segment have decreased by 4,003M yen and 404M yen respectively.
Also, the "Operating Profit" of the Oil Segment and the Chemical Segment have increased by 4,003M yen and 404M yen respectively.

2000 (January 1, 2000, - December 31, 2000)

(Unit :Million Yen)

	Oil	Chemicals	Others	Total	Elimination	Consolidated
Sales Revenue and Operating Profit						
(1) Sales Revenue from Third Parties	1,219,670	83,431	5,075	1,308,177	-	1,308,177
(2) Internal Sales Revenue	214,082	29,818	4,279	248,180	(248,180)	-
Among Segments						
Total	1,433,753	113,249	9,355	1,556,357	(248,180)	1,308,177
Operating Expenses	1,410,784	111,813	7,338	1,529,936	(248,049)	1,281,887
Operating Profit	22,968	1,435	2,016	26,421	(131)	26,289

(Note)

- The classification of business lines has been based on the internal control procedure which the company has adopted.
- Classification method of business lines and major products which belong to each business lines:
 - Oil Products : Gasoline, Naphtha, Jet Fuel, Kerosene, A.D.O., Fuel, Lube, LPG
 - Chemical Products : Benzene, Toluene, Paraxylene, Propylene, TBA, Octane, Sulfur
 - Others : Real Estate and Lease, Engineering, Maintenance Service, etc.

(2) Segment Information by Geographical Area

This information is omitted, since Sales Revenues and Assets in the domestic market are over than 90% of total Sales Revenues and total Assets respectively.

(3) Overseas Sales

This information is omitted, since Overseas Sales Revenue are less than 10% of consolidated sales revenue.

. Productions, Consignments and Sales

(1) Actual Production Volume

Actual production volume by segment of business lines is shown below.

(Unit: Kkl, KTon)

Segment by Business Line	1H 2001 (January 1, 2001 ~ June 30, 2001)	Major Products
Oil Products	18,217	Gasoline, Naphtha, Kerosene, A.D.O, LPG, etc.
Chemical Products	1,679	Benzene, Toluene, Paraxylene, etc.

(Note) The volume shown above is the total volume produced by the consolidated refining companies.

(2) Actual Consignment Volume

No consolidated companies received an order of consignment from a third party in this interim accounting period.

(3) Actual Sales Amounts

(Unit: Million Yen)

Segment by Business Line	1H 2001 (January 1, 2001 ~ June 30, 2001)	Major Products
Oil Products	954,265	Gasoline, Naphtha, Kerosene, A.D.O, LPG, etc.
Chemical Products	74,363	Benzene, Toluene, Paraxylene, etc.
Others	1,258	Real Estate and Lease, Maintenance Service, etc.
Total	1,029,888	

(Note) 1. Actual Sales Amounts to Major Customers

(Unit: Million Yen)

Customers	1H 2001 (January 1, 2001 ~ June 30, 2001)	vs. Total Sales Amounts	Major Products
Esso Sekiyu Private Ltd.	321,059	31.17%	Gasoline, Kerosene, A.D.O, LPG, etc.
Mobil Sekiyu Private Ltd.	190,508	18.50%	Gasoline, Kerosene, A.D.O, LPG, etc.

2. No consumption tax is included in the above amounts.

3. The above actual sales volume shows sales amount to each customer.

This interim consolidated accounting period is the first time to present the consolidated " Productions, Consignments and Sales", thus no comparison with the previous accounting period has been presented.