

Summary of The Financial Statements for First Half of 2002

August 29, 2002

Registered Company Name: TonenGeneral Sekiyu K.K.

Registered to: Tokyo Stock Exchange

Stock Code Number: 5012

Location of Head Office: Tokyo

(URL <http://www.tonengeneral.co.jp>)

For further information, please contact:

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Date of BOD for Closing: August 29, 2002

Interim Dividend System: Available

Starting Date of Payment of Interim Dividend: September 24, 2002

Unit Share System Adoption: Available
(One Unit Share: 1,000 Shares)

1. Business Performance for 1st Half 2002 (January 1, 2002 through June 30, 2002)

(1) Business Performance

(Note) Amounts are shown in truncated millions of yen.

	Sales Revenue		Operating Income		Ordinary Income	
	M Yen	%	M Yen	%	M Yen	%
2002 / 6	870,844	(4.7)	11,238	(-)	5,494	(-)
2001 / 6	913,886	(-)	23,641	(-)	48,400	(-)
2001 / 12	1,924,672		41,818		85,406	

	Interim (Annual) Net Income		Interim (Annual) Net Income per Share
	M Yen	%	Yen
2002 / 6	473	(-)	0.76
2001 / 6	28,639	(-)	41.19
2001 / 12	57,864		87.04

(Note) Average Number of Issued Shares

2002/6: 625,679,616 Shares 2001/6: 695,353,289 Shares 2001/12: 664,771,544 Shares

Change in Accounting Procedures, etc.: Yes

Percentage shown in Sales Revenue, Operating Income, Ordinary Income and Interim (Annual) Net Income is the comparison with previous accounting period.

Due to the merger with Tonen Corporation on July 1, 2000, the comparison with previous accounting period is omitted for 1st Half 2001 and Full Year 2001.

(2) Dividends

	Interim Dividend Declared per Share	Annual Dividend Declared per Share
	Yen	Yen
2002 / 6	18.00	-
2001 / 6	17.00	-
2001 / 12	-	34.00

(Note) Detail of Interim Dividend Declared per Share for June, 2002
Regular Dividend: 18.00 Yen

(3) Financial Overview

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	M Yen	M Yen	%	Yen
2002 / 6	836,729	179,175	21.4	302.43
2001 / 6	928,904	222,824	24.0	351.05
2001 / 12	921,833	230,758	25.0	363.61

(Note) Number of Issued Shares at Closing Date

2002/6: 592,448,167 Shares 2001/6: 634,735,384 Shares 2001/12: 634,636,543 Shares

Number of Treasury Socks at Closing Date

2002/6: 94,851 Shares 2001/6: 6,634 Shares 2001/12: 105,475 Shares

2. Estimated Business Performance for Full Year 2002 (January 1, 2002 through December 31, 2002)

	Sales Revenue	Ordinary Income	Net Income	Annual Dividend per Share	
	M Yen	M Yen	M Yen	Year-end Yen	Yen
Full Year	1,860,000	19,000	15,000	18.00	36.00

(Reference) Estimated Net Income per Share 24.63 Yen

Above estimation is based on the information as of August 29, 2002, therefore, an actual results could be different from the estimation due to various factors.

For further information relating to the estimation, please see attachment III. Business Performance (2) .

Interim Balance Sheet

(Unit: Million Yen)

Account Titles	June 30, 2001	June 30, 2002	December 31, 2001	June 30, 2002 vs. December 31, 2001
Assets	928,904	836,729	921,833	-85,104
Current Assets	611,848	530,464	610,098	-79,634
Cash on Hand and in Banks	653	272	1,011	-739
Trade Accounts Receivable	379,041	340,709	424,927	-84,217
Inventories	135,676	143,805	128,238	15,566
Deferred Income Tax Assets	3,172	6,298	2,993	3,305
Short-term Loans Receivable	27,511	30,698	38,090	-7,391
Other Accounts Receivable	55,777	5,499	11,390	-5,891
Others	11,172	3,805	4,634	-828
Allowance for Bad Dabt	-1,156	-626	-1,188	561
Fixed Assets	317,056	306,264	311,735	-5,470
Property, Plant and Equipment	228,158	238,699	240,994	-2,294
Buildings, Structures & Tanks	72,924	71,201	74,472	-3,270
Machinery and Equipment	61,681	61,256	65,991	-4,734
Land	88,160	93,272	93,629	-356
Others	5,392	12,967	6,900	6,067
Intangible Assets	6,038	5,871	5,840	30
Investments and Other Assets	82,859	61,694	64,900	-3,206
Stocks of Subsidiaries	26,430	12,937	12,937	-
Investment in Securities	30,037	23,896	23,946	-50
Deferred Income Tax Assets	5,202	5,349	7,124	-1,774
Others	21,187	19,510	20,891	-1,380
Total Assets	928,904	836,729	921,833	-85,104

(Note) Amounts are shown in truncated millions of Yen.

Interim Balance Sheet

(Unit: Million Yen)

Account Titles	June 30, 2001	June 30, 2002	December 31, 2001	June 30, 2002 vs. December 31, 2001
Liabilities	706,080	657,553	691,075	-33,522
Current Liabilities	611,415	569,426	599,234	-29,808
Trade Accounts Payable	208,243	186,797	210,383	-23,586
Gasoline Tax etc., Payables	228,352	212,661	231,189	-18,527
Short-term Loans Payable	94,963	116,102	97,130	18,972
Commercial Paper	5,000	5,000	5,000	-
Other Accounts Payable	13,328	10,473	15,640	-5,166
Guarantee Deposits Payable	13,331	12,845	12,365	480
Others	48,195	25,545	27,526	-1,980
Long Term Liabilities	94,665	88,127	91,838	-3,713
Long-term Loans Payable	22,269	18,859	20,702	-1,843
Reserve for Accrued Pension Costs	46,687	44,834	44,822	12
Reserve for Retirement Allowance for Officers	520	202	544	-341
Reserve for Repairs	10,914	12,100	12,278	-178
Others	14,273	12,129	13,492	-1,363
Shareholders' Equity	222,824	179,175	230,758	-51,582
Capital	35,123	35,123	35,123	-
Additional Paid-in Capital	20,741	20,741	20,741	-
Legal Earned Reserve	8,780	8,780	8,780	-
Retained Earnings	152,326	112,718	164,281	-51,563
Reserve for Replacement of Property	20,738	19,845	20,738	-892
Reserve for Mine Exploration	162	203	162	40
Reserve for Special Depreciation	511	470	511	-41
Unappropriated Retained Earnings	130,913	92,199	142,868	-50,669
(Net Income / - Loss)	(28,639)	(-473)	(57,864)	(-58,338)
Unrealized Gains on Holding Securities	5,851	1,902	1,929	-26
Treasury Stocks	-	-90	-98	7
Total Liabilities and Shareholders' Equity	928,904	836,729	921,833	-85,104

(Note) Amounts are shown in truncated millions of Yen.

Interim Statement of Income

(Unit: Million Yen)

Account Titles		1st Half 2001 (January 2001 ~ June 2001)	1st Half 2002 (January 2002 ~ June 2002)	1st Half 2002 vs. 1st Half 2001	Full Year 2001 (January 2001 ~ December 2001)	
Ordinary P/L Section	Operating P/L Section	Sales Revenue	913,886	870,844	-43,042	1,924,672
		Cost of Goods Sold	869,177	859,978	-9,198	1,838,675
		Selling, General & Administrative Expenses	21,068	22,104	1,036	44,178
		Operating Income (- Loss)	23,641	-11,238	-34,880	41,818
	Non-Operating P/L Section	Non-Operating Income				
		Interest Income	391	289	-102	684
		Dividends Received	25,618	4,431	-21,186	44,792
		Gain on Foreign Exchange	-	1,376	1,376	-
		Others	84	256	171	155
		Non-Operating Expenses				
		Interest Expenses	706	481	-224	1,301
		Loss on Foreign Exchange	371	-	-371	311
	Others	257	127	-130	430	
	Ordinary Income (- Loss)		48,400	-5,494	-53,895	85,406
Extraordinary P/L Section	Extraordinary Gain					
	Gain on Sales of Property, Plant and Equipment	270	2,153	1,883	746	
	Gain on Business Transfer of Lubricants Oil Blending	-	843	843	-	
	Reversal of Allowance for Bad Debt	-	24	24	-	
	Gain on Liquidation of Subsidiary Company	-	19	19	389	
	Gain on Sales of Investment in Securities	52	-	-52	65	
	Extraordinary Loss					
	Loss on Sales and Disposal of Property, Plant and Equipment	585	1,157	571	1,417	
	Amortization of Retroactive Costs due to Pension Accounting	15,732	-	-15,732	15,732	
	Evaluation Loss on Golf Club Membership	638	-	-638	719	
	Additional Allowance for Early Retirement	299	-	-299	298	
	Evaluation Loss on Investment Securities and Other Assets	281	-	-281	330	
	Provision of Reserve for Repairs	-	-	-	217	
	Loss on Sales of Investment in Securities	-	-	-	11	
Interim (Annual) Net Income (- Loss) Before Income Taxes		31,186	-3,610	-34,797	67,879	
Current Income Tax and Enterprise Tax		1,058	16	-1,041	8,496	
Deferred Income Tax		1,488	-3,154	-4,642	1,518	
Interim (Annual) Net Income (- Loss)		28,639	-473	-29,112	57,864	
Unappropriated Retained Earnings Brought Forward		159,247	132,974	-26,273	159,247	
Amortization of Repurchased Treasury Stocks		59,999	40,301	-19,698	59,999	
Receipt of Unappropriated Retained Earnings due to Merger		3,027	-	-3,027	3,027	
Loss on Retirement of Stocks of Subsidiary due to Merger		-	-	-	6,480	
Interim Dividends Declared		-	-	-	10,790	
Unappropriated Retained Earnings at End of Period		130,913	92,199	-38,714	142,868	

(Note) Amounts are shown in truncated millions of Yen.

Notes to Interim Financial Statements

1. Evaluation Methods for Assets

(1) Inventories

- Products, Goods, Unfinished Products, Crude and Raw Materials: LIFO at the Lower of Cost or Market
- Supplies: Moving Average Method

Change in Accounting Procedure

Starting from this accounting period, crude and products in transit are determined under LIFO at the lower of cost or market in combined with landed crude and products respectively, however, they had been determined under the acquisition cost by vessel.

This change caused by the implementation of new system, which is able to control both of in transit and landed inventories as one, has been taken place to reflect price fluctuation on crude and products, which are an international market commodity, to an earnings appropriately and timely.

As a result, Inventories decreased by 6,966 million yen, and Ordinary Loss and Interim Net Loss Before Income Taxes increased by the same amount, in comparing with the evaluation method as in the past.

(2) Securities

- Stocks of Subsidiaries and Connected Companies: Moving Average Method

- Others

Marketable: Market Value at Closing Date

(Unrealized Holding Gain or Loss is directly reflected to Shareholders' Equity, and cost of sales is based on the moving average method.)

Non-Marketable: Moving Average Method

(3) Derivative Financial Instruments

- Derivative: Market Value at Closing Date

2. Depreciation and Amortization Method for Fixed Assets

(1) Property, Plant and Equipment: Declining Balance Method

In addition, the range of service life for major type of assets are:

Buildings: 10 years to 50 years

Structures: 10 years to 50 years

Machinery and Equipment: 8 years to 15 years

(2) Intangible Assets: Straight Line Method

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

3. Calculation Procedure for Reserves

- Allowance for Bad Debt

To provide for the losses due to bad debt, TonenGeneral Sekiyu K.K. (TG) accrues 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 accrues an estimated reserve based on projected benefit obligation and fair value of plan assets at closing date.

Moreover, any different costs caused by actuarial calculation are amortized in starting from next accounting period under the declining balance method over the certain years (12 years) within the average employees' remaining service years as incurred. Prior service obligations are amortized under the straight line method over the average employees' remaining service years (15.5 years) as incurred.

- Reserve for Retirement Allowance for Officers

To provide for the payment of officers' postretirement allowance, TG accrues an estimated amount of lump sum

retirement allowance, if they retired at closing date.

- Reserve for Repairs

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

4. Translation Method for Foreign Currency Assets and Liabilities

Foreign currency assets and liabilities are translated into yen at spot rate at closing date and any difference of exchange rate is reelected to income.

5. Accounting Procedure for Lease Transaction

Finance lease transaction without transfer of ownership of leased items to lessee is treated in the same way as a procedure for normal lease transaction.

6. Other

Income Statement does not include any consumption tax transaction.

Moreover, accrued consumption tax receivables subject to the expenditures and accrued consumption tax payables subject to the income are offset, and then any difference is disclosed in Others of Current Liabilities.

Additional Information

Treasury Stocks

Although Treasury Stocks was conventionally included and disclosed in Marketable Securities, it is disclosed on the end of the part of Shareholders' Equity as a deduction item from this interim accounting period.

In addition, Treasury Stocks amount as of June 30, 2001 was amounted to 5 million yen.

Remarks

1. Amortization of Repurchased Treasury Stocks

- (1) Number of Shares Repurchased: 42,199,000 shares
- (2) Acquisition Cost for Repurchase: 40,301 million yen.

2. Interim Balance Sheet related Information

	<u>June 30, 2001</u>	<u>June 30, 2002</u>	<u>December 31, 2001</u>
(1) Accumulated Depreciation of Property, Plant and Equipment	548,086 M Yen	616,720 M Yen	611,367 M Yen
(2) Long-term Allowance for Bad Debt	725 M Yen	1,363 M Yen	994 M Yen
(3) Guarantees of Indebtedness	9,796 M Yen	8,535 M Yen	9,337 M Yen
(4) Treasury Stocks			
Number of Shares	6,634 Shares	94,851 Shares	105,475 Shares
Amount	5 M Yen	90 M Yen	98 M Yen

3. Interim Income Statement related Information

(1) Extraordinary Gain

- Details of Gain on Sales of Property, Plant and Equipment

	<u>1st Half 2001</u>	<u>1st Half 2002</u>	<u>Full Year 2001</u>
Land for Service Station	84 M Yen	1,766 M Yen	87 M Yen
Buildings for Lent	- M Yen	245 M Yen	- M Yen
Land and Buildings for Dormitory	- M Yen	140 M Yen	- M Yen
Land for Terminal Site	185 M Yen	- M Yen	590 M Yen

Land for LPG Bottling Plant	- M Yen	- M Yen	67 M Yen
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(2) Extraordinary Loss

- Details of Loss on Sales and Disposal of Property, Plant and Equipment

	<u>1st Half 2001</u>	<u>1st Half 2002</u>	<u>Full Year 2001</u>
Cost of Dismantlement for Refinery Plant	- M Yen	501 M Yen	- M Yen
Sales and Disposal of Buildings, Structures, Tanks, etc.	240 M Yen	314 M Yen	327 M Yen
Sales and Disposal of Machinery and Equipment	290 M Yen	242 M Yen	740 M Yen
Sales of Land for Terminal Site	- M Yen	38 M Yen	194 M Yen
Disposal of Intangible Assets, etc.	11 M Yen	30 M Yen	32 M Yen
Disposal of Tools, Furnitures and Fixtures	8 M Yen	23 M Yen	78 M Yen
Sales of Land for Service Station	34 M Yen	6 M Yen	34 M Yen

4. Lease Transactions

Finance Lease without Transfer of Ownership of Leased Items to Lessee

(1) Acquisition Cost Equivalent Amount, Accumulated Depreciation Equivalent Amount and Net Book Value Equivalent Amount at Closing Date

	1st Half 2001	1st Half 2002	Full Year 2001
	Tools, Furnitures & Fixtures	Tools, Furnitures & Fixtures	Tools, Furnitures & Fixtures
Acquisition Cost Equivalent Amount	1,039 M Yen	430 M Yen	759 M Yen
Accumulated Depreciation Equivalent Amount	769 M Yen	367 M Yen	570 M Yen
Net Book Value Equivalent Amount	270 M Yen	62 M Yen	188 M Yen

(Note) Acquisition cost equivalent amount includes interest equivalent expenses, since interest equivalent expenses are insignificant in comparison with total amount of property, plant and equipment.

(2) Outstanding Balance of Accrued Lease Fees at Closing Date

Due within One Year	135 M Yen	54 M Yen	76 M Yen
Due over One Year	134 M Yen	7 M Yen	112 M Yen
Total	270 M Yen	62 M Yen	188 M Yen

(Note) Outstanding Balance of accrued lease fees includes interest equivalent expenses, since interest equivalent expenses are insignificant in comparison with total amount of property, plant and equipment.

(3) Lease Fees Paid and Depreciation Equivalent Expenses

Lease Fees Paid	114 M Yen	48 M Yen	189 M Yen
Depreciation Equivalent Expenses	114 M Yen	48 M Yen	189 M Yen

(4) Calculation Method for Depreciation

Straight Line Method with No Residual Value

5. Market Value of Securities, etc.

Information related to Marketable Securities (excluding Stocks of Subsidiaries and Investment in Securities with market values) are disclosed in the notes of the Interim Consolidated Financial Statements.

1st Half 2001 (as of June 30, 2001)

There is no Stocks of Subsidiaries and Investments in Securities with market value.

1st Half 2002 (as of June 30, 2002)

There is no Stocks of Subsidiaries and Investments in Securities with market value.