

Summary of The Financial Statements for 2002

February 21, 2003

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

Stock Code No. 5012

H.O. Address : Tokyo

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

Representative :

Position : Representative Director, Chairman and President Name : G.W.Pruessing

For further information, please contact :

Position : Management Support Manager

Name : T.Uchimura Telephone : (03) 5425-9000

Date of BOD for Year-End Closing : February 21, 2003 Interim Dividend Plan : Available

Date of General Shareholders' Meeting : March 26, 2003 Unit Share Adoption : Available
(Number of Unit Share 1,000 Shares)

1. Business Performance for 2002 (January 1, 2002 ~ December 31, 2002)

(1) Business Performance

(Note) Amounts are shown in truncated Million Yen.

| | Sales Revenue | | Operating Income | | Ordinary Income | |
|---------|---------------|---------|------------------|-------|-----------------|----------|
| | M Yen | % | M Yen | % | M Yen | % |
| 2002/12 | 1,943,346 | (1.0) | 2,911 | (-) | 2,919 | (96.6) |
| 2001/12 | 1,924,672 | (-) | 41,818 | (-) | 85,406 | (-) |

| | Net Income | Net Income Per Share | Net Income Per Share, Diluted | Income Ratio to Shareholders' Equity | Ordinary Income Ratio to Total Assets | Ordinary Income Ratio to Sales Revenue |
|---------|----------------|----------------------|-------------------------------|--------------------------------------|---------------------------------------|--|
| | M Yen % | Yen | Yen | % | % | % |
| 2002/12 | 5,267 (90.9) | 8.65 | - | 2.6 | 0.3 | 0.2 |
| 2001/12 | 57,864 (-) | 87.04 | - | 23.8 | 9.3 | 4.4 |

(Note) Average No. of Issued Shares 2002/12 608,833,591 Shares 2001/12 664,771,544 Shares
Change in Accounting Policies Yes
Percentage shown in Sales Revenue, Operating Income, Ordinary Income and Net Income are comparison with previous accounting period.
Due to the merger with Tonen Corporation on July 1, 2000, 2001 results were not compared with accounting period 2000.

(2) Dividends

| | Annual Dividend Per Share | | | Total Amount of Dividend (Annual) | Payout Ratio | Dividend Ratio to Shareholders' Equity |
|---------|---------------------------|----------|-------|-----------------------------------|--------------|--|
| | Interim | Year-end | | | | |
| | Yen | Yen | Yen | M Yen | % | % |
| 2002/12 | 36.00 | 18.00 | 18.00 | 21,317 | 404.7 | 12.4 |
| 2001/12 | 34.00 | 17.00 | 17.00 | 21,579 | 37.3 | 9.4 |

(Note) Detail of Dividend Per Share Paid for in December, 200 Regular Dividend 18.00 Yen

(3) Financial Position

| | Total Assets | Shareholders' Equity | Net Worth Ratio | Net Worth Per Share |
|---------|--------------|----------------------|-----------------|---------------------|
| | M Yen | M Yen | % | Yen |
| 2002/12 | 880,213 | 172,511 | 19.6 | 291.48 |
| 2001/12 | 921,833 | 230,758 | 25.0 | 363.61 |

(Note) Number of Outstanding Shares as of December 31, 2002 2002/12 591,853,559 Shares
2001/12 634,636,543 Shares

Number of Treasury Stocks as of December 31, 2002 2002/12 689,459 Shares
2001/12 105,475 Shares

2. Projected Earnings for 2003 Annual Accounting Period (January 1, 2003 ~ December 31, 2003)

| | Sales Revenue | Ordinary Income | Net Income | Annual Dividend Per Share | | |
|------------|---------------|-----------------|------------|---------------------------|----------|-------|
| | | | | Interim | Year-end | |
| | M Yen | M Yen | M Yen | Yen | Yen | Yen |
| First Half | 970,000 | 1,000 | 1,000 | 18.00 | - | - |
| Full Year | 2,000,000 | 17,000 | 14,000 | - | 18.00 | 36.00 |

(Reference) Projected Net Income Per Share 23.65 Yen

Forecast is based on information available at the issue date, therefore there is possibility that actual results would have difference.

See attached information . Financial results (2) in respect of the forecast above.

. Financial Statements

Parent

Balance Sheet

(Unit: Million Yen)

| Account Titles | The 82nd Term (as of December 31, 2001) | The 83rd Term (as of December 31, 2002) | The 83rd Term vs. The 82nd Term |
|--------------------------------------|--|--|---------------------------------------|
| Assets | 921,833 | 880,213 | -41,620 |
| Current Assets | 610,098 | 599,913 | -10,184 |
| Cash on Hand and in Banks | 1,011 | 573 | -438 |
| Trade Accounts Receivable | 424,927 | 418,441 | -6,485 |
| Inventories | 128,238 | 137,044 | 8,805 |
| Deferred Income Tax Assets | 2,993 | 2,958 | -35 |
| Short-term Loans Receivable | 38,090 | 29,788 | -8,302 |
| Other Accounts Receivable | 11,390 | 8,252 | -3,137 |
| Others | 4,634 | 3,604 | -1,029 |
| Allowance for Bad Debt | -1,188 | -748 | 439 |
| Fixed Assets | 311,735 | 280,299 | -31,435 |
| Property, Plant and Equipment | 240,994 | 226,985 | -14,008 |
| Buildings, Structures & Tanks | 74,472 | 64,010 | -10,461 |
| Machinery and Equipment | 65,991 | 56,293 | -9,698 |
| Land | 93,629 | 91,191 | -2,437 |
| Others | 6,900 | 15,489 | 8,588 |
| Intangible Assets | 5,840 | 5,963 | 122 |
| Investments and Other Assets | 64,900 | 47,350 | -17,549 |
| Stocks of Subsidiaries | 12,937 | 12,816 | -121 |
| Investment in Securities | 23,946 | 13,573 | -10,373 |
| Deferred Income Tax Assets | 7,124 | 6,068 | -1,056 |
| Others | 20,891 | 14,893 | -5,998 |
| Total Assets | 921,833 | 880,213 | -41,620 |

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

Balance Sheet

(Unit: Million Yen)

| Account Titles | The 82nd Term (as of December 31, 2001) | The 83rd Term (as of December 31, 2002) | The 83rd Term vs. The 82nd Term |
|---|--|--|---------------------------------------|
| Liabilities | 691,075 | 707,702 | 16,626 |
| Current Liabilities | 599,234 | 623,086 | 23,852 |
| Trade Accounts Payable | 210,383 | 226,366 | 15,983 |
| Gasoline Tax etc., Payables | 231,189 | 215,217 | -15,971 |
| Short-term Loans Payable | 97,130 | 118,204 | 21,073 |
| Commercial Paper | 5,000 | 10,000 | 5,000 |
| Other Accounts Payable | 15,640 | 14,700 | -939 |
| Guarantee Deposits Payable | 12,365 | 11,780 | -585 |
| Others | 27,526 | 26,817 | -708 |
| Long Term Liabilities | 91,841 | 84,615 | -7,225 |
| Long-term Loans Payable | 20,702 | 17,361 | -3,341 |
| Reserve for Accrued Pension Costs | 44,822 | 44,990 | 168 |
| Reserve for Retirement Allowance for Officers | 544 | 214 | -330 |
| Reserve for Repairs | 12,278 | 13,210 | 931 |
| Others | 13,492 | 8,838 | -4,654 |
| Shareholders' Equity | 230,758 | 172,511 | -58,246 |
| Capital | 35,123 | 35,123 | - |
| Additional Paid-in Capital | 20,741 | 20,741 | - |
| Legal Earned Reserve | 8,780 | 8,780 | - |
| Retained Earnings | 164,281 | 107,794 | -56,486 |
| Reserve for Replacement of Property | 20,738 | 19,845 | -892 |
| Reserve for Mine Exploration | 162 | 203 | 40 |
| Reserve for Special Depreciation | 511 | 470 | -41 |
| Unappropriated Retained Earnings | 142,868 | 87,276 | -55,592 |
| (Net Income) | (57,864) | (5,267) | (-52,597) |
| Unrealized Gains on Holding Securities | 1,929 | 619 | -1,309 |
| Treasury Stocks | -98 | -548 | -450 |
| Total Liabilities and Shareholders' Equity | 921,833 | 880,213 | -41,620 |

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

Income Statement

(Unit: Million Yen)

| Account Titles | | The 82nd Term (January 2001 ~ December 2001) | The 83rd Term (January 2002 ~ December 2002) | The 83rd Term vs. The 82nd Term | |
|---|--|--|--|---------------------------------------|---------|
| Ordinary P/L Section | Operating P/L Section | Sales Revenue | 1,924,672 | 1,943,346 | 18,673 |
| | | Cost of Goods Sold | 1,838,675 | 1,900,926 | 62,250 |
| | | Selling, General & Administrative Expenses | 44,178 | 45,331 | 1,152 |
| | | Operating Income (- Loss) | 41,818 | -2,911 | -44,730 |
| | Non-Operating P/L Section | Non-Operating Income | | | |
| | | Interest Income | 684 | 539 | -145 |
| | | Dividends Received | 44,792 | 4,446 | -40,345 |
| | | Gain on Foreign Exchange | - | 1,753 | 1,753 |
| | | Others | 155 | 132 | -22 |
| | | Non-Operating Expenses | | | |
| | | Interest Expenses | 1,301 | 907 | -394 |
| | | Loss on Foreign Exchange | 311 | - | -311 |
| | Others | 430 | 133 | -296 | |
| | Ordinary Income | | 85,406 | 2,919 | -82,486 |
| Extraordinary P/L Section | Extraordinary Gain | | | | |
| | Gain on Sales of Property, Plant and Equipment | 746 | 6,965 | 6,218 | |
| | Gain on Sales of Investment in Securities | 65 | 2,294 | 2,228 | |
| | Gain on Business Transfer of Lubricants Oil Blending | - | 848 | 848 | |
| | Gain on Liquidation of Subsidiary Company | 389 | 46 | -343 | |
| | Extraordinary Loss | | | | |
| | Additional Allowance for Early Retirement | 298 | 2,801 | 2,502 | |
| | Loss on Sales and Disposal of Property, Plant and Equipment | 1,417 | 2,238 | 820 | |
| | Loss on Sales of Investment in Securities | 11 | 857 | 845 | |
| | Evaluation Loss on Investment in Securities, etc | 330 | 833 | 502 | |
| | Amortization of Retroactive Costs due to Pension Accounting | 15,732 | - | -15,732 | |
| | Evaluation Loss on Golf Club Membership | 719 | - | -719 | |
| | Provision of Reserve for Repairs | 217 | - | -217 | |
| Net Income Before Income Taxes | | 67,879 | 6,344 | -61,535 | |
| Current Income Tax and Enterprise Tax | | 8,496 | 677 | -7,818 | |
| Deferred Income Tax | | 1,518 | 399 | -1,119 | |
| Net Income | | 57,864 | 5,267 | -52,597 | |
| Unappropriated Retained Earnings Brought Forward | | 159,247 | 132,974 | -26,273 | |
| Amortization of Repurchased Treasury Stocks | | 59,999 | 40,301 | -19,698 | |
| Receipt of Unappropriated Retained Earnings due to Merger | | 3,027 | - | -3,027 | |
| Loss on Retirement of Stocks of Subsidiary due to Merger | | 6,480 | - | -6,480 | |
| Interim Dividends Declared | | 10,790 | 10,664 | -126 | |
| Unappropriated Retained Earnings at End of Period | | 142,868 | 87,276 | -55,592 | |

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

Statement of Appropriations

(Unit:Millions of Yen)

| Account Titles | The 82nd Term (January 1, 2001 ~ December 31, 2001) | The 83rd Term (January 1, 2002 ~ December 31, 2002) | The 83rd Term vs. The 82nd Term |
|-------------------------------------|---|---|---------------------------------------|
| Unappropriated Retained Earnings | 142,868 | 87,276 | -55,592 |
| Reversal of Voluntary Reserves: | | | |
| Reserve for Special Depreciation | 41 | 105 | 64 |
| Reserve for Replacement of Property | 892 | - | -892 |
| Total | 143,802 | 87,381 | -56,421 |
| Appropriation: | | | |
| Cash Dividends | 10,788 17.00 yen per share | 10,653 18.00 yen per share | -135 |
| Reserve for Mine Exploration | 40 | 41 | 1 |
| Reserve for Replacement of Property | - | 1,434 | 1,434 |
| Retained Earnings Carried Forward | 132,974 | 75,252 | -57,722 |

(Note) Amounts are reported in truncated Million Yen.

Important Accounting Policies

1. Evaluation Methods for Securities

(1) Stocks of Subsidiaries and Connected Companies: Moving Average Method

(2) 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

2. Evaluation Methods for Derivative Financial Instruments

Derivative: Market Value at Closing Date

3. Evaluation Methods for Inventories

(1) Goods, Products, Unfinished Products, Crude and Raw Materials: LIFO at the Lower of Cost or Market

(2) Supplies: Moving Average Method

Change in Accounting Procedure

Starting from this accounting period, crude and products in transit are evaluated by LIFO at the lower of cost or market combining with crude and products on hand respectively, while they had been evaluated by the acquisition cost by vessel up until 2001.

Implementation of new system enable us to control both of in transit and on hand crude and products inventory as a whole and to timely reflect the changing prices of crude and products, which are sensitive to the international market.

As a result, Inventories decreased by 12,419 million yen, and Ordinary Income and Net Income Before Income Taxes decreased by the same amount, in comparing with the evaluation method as in the past.

4. Depreciation and Amortization Method for Fixed Assets

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

The ranges 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 to 15 years).

5. 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 in exchange rate is reflected to income.

6. Calculation Procedure for Reserves

(1) 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 credit risk.

(2) 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 the closing date.

Moreover, any different costs caused by actuarial calculation are amortized starting from the next accounting period under the declining balance method over the average employees' remaining service years(12 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.

(3) 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 on the basis that they retired at closing date.

(4) 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.

7. 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 operating lease transaction.

8. Other important items

Income Statement does not include any consumption tax transaction.

Remarks

Parent

1. Retirement of Repurchased Treasury Stocks

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

2. Balance Sheet related Information

| | <u>The 82nd Term</u> | <u>The 83rd Term</u> |
|--|----------------------|----------------------|
| (1) Accumulated Depreciation of Property, Plant and Equipment | 611,367 M Yen | 615,700 M Yen |
| (2) Long-term Allowance for Bad Debt | 994 M Yen | 1,451 M Yen |
| (3) Guarantees of Indebtedness | 9,337 M Yen | 8,228 M Yen |
| (4) Treasury Stocks | | |
| Number of Shares | 105,475 Shares | 689,459 Shares |
| Amount | 98 M Yen | 548 M Yen |

3. Income Statement related Information

- (1) Extraordinary Gain
 - Details of Gain on Sales of Property, Plant and Equipment

| | <u>The 82nd Term</u> | <u>The 83rd Term</u> |
|-------------------------------------|----------------------|----------------------|
| Land, Buildings for Lent | - M Yen | 2,366 M Yen |
| Land, Buildings for Dormitory, etc. | - M Yen | 2,320 M Yen |
| Land, Buildings for Service Station | 87 M Yen | 2,272 M Yen |
| Land for Terminal Site | 590 M Yen | - M Yen |
| Land for LPG Bottling Plant | 67 M Yen | - M Yen |

- (2) Extraordinary Loss
 - Details of Loss on Sales and Disposal of Property, Plant and Equipment

| | <u>The 82nd Term</u> | <u>The 83rd Term</u> |
|---|----------------------|----------------------|
| Sales and Disposal of Buildings, Structures, Tanks, etc. | 327 M Yen | 749 M Yen |
| Cost of Dismantlement for Refinery Plant | - M Yen | 607 M Yen |
| Sales and Disposal of Machinery and Equipment | 740 M Yen | 543 M Yen |
| Sales and Disposal of Tools, Furniture and Fixtures | 78 M Yen | 100 M Yen |
| Disposal of Intangible Assets, etc. | 32 M Yen | 91 M Yen |
| Sales of Land for Buildings | - M Yen | 53 M Yen |
| Sales of Land for Service Station | 34 M Yen | 47 M Yen |
| Sales of Land for Terminal Site | 194 M Yen | 40 M Yen |

4. Lease Transactions

Finance Lease without Transfer of Ownership of Leased Items to Lessee

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

| | <u>The 82nd Term</u> | <u>The 83rd Term</u> |
|---|--------------------------------|--------------------------------|
| | Tools, Furniture & Fixtures | Tools, Furniture & Fixtures |
| Acquisition Equivalent Amount | 759 M Yen | 325 M Yen |
| Accumulated Depreciation Equivalent Amount | <u>570 M Yen</u> | <u>295 M Yen</u> |
| Net Book Value Equivalent Amount | 188 M Yen | 29 M Yen |

(Note) Acquisition 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

| | <u>The 82nd Term</u> | <u>The 83rd Term</u> |
|--------------------------|----------------------|----------------------|
| Due within One Year | 76 M Yen | 29 M Yen |
| <u>Due over One Year</u> | <u>112 M Yen</u> | <u>- M Yen</u> |
| Total | 188 M Yen | 29 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

| | <u>The 82nd Term</u> | <u>The 83rd Term</u> |
|-------------------------------------|----------------------|----------------------|
| Lease Fees Paid | 189 M Yen | 88 M Yen |
| Depreciation Equivalent Expenses | 189 M Yen | 88 M Yen |

(4) Calculation Method for Depreciation

Straight Line Method with No Residual Value, by using lease period as useful life

5. Market Value of Securities, etc.

The 82nd Term (as of December 31, 2001)

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

The 83rd Term (as of December 31, 2002)

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

.Sales Volume & Sales Amounts

(Unit : KKI, Millions of Yen)

| Products | The 82nd Term (January 1, 2001 - December 31, 2001) | | The 83rd Term (January 1, 2002 - December 31, 2002) | | The 83rd Term vs. The 82nd Term | |
|--------------------------------|--|--------------------|--|--------------------|------------------------------------|---------|
| | Volume | Amount | Volume | Amount | Volume | Amount |
| Gasoline | 12,147 26.3 | 1,047,198 55.6 | 13,247 28.8 | 1,153,412 60.4 | 1,099 | 106,214 |
| Naphtha | 4,433 9.6 | 104,187 5.5 | 2,919 6.3 | 54,798 2.9 | -1,514 | -49,388 |
| Kerosene | 5,756 12.4 | 158,673 8.5 | 5,860 12.7 | 153,549 8.0 | 103 | -5,124 |
| A.D.O. | 6,810 14.7 | 182,835 9.7 | 6,623 14.4 | 177,341 9.3 | -187 | -5,493 |
| Fuel, Crude | 11,978 25.9 | 263,066 14.0 | 10,997 23.9 | 241,540 12.6 | -980 | -21,525 |
| Lubes | 367 0.8 | 24,940 1.3 | 333 0.7 | 16,939 0.9 | -35 | -8,001 |
| LPG | 3,725 8.1 | 74,717 4.0 | 4,710 10.2 | 73,116 3.8 | 984 | -1,601 |
| Chemical | 565 1.2 | 19,183 1.0 | 956 2.1 | 31,299 1.6 | 390 | 12,116 |
| Other Products | 464 1.0 | 7,976 0.4 | 373 0.8 | 8,624 0.5 | -90 | 647 |
| Sub Total | 46,249 100.0 | 1,882,779 100.0 | 46,020 100.0 | 1,910,623 100.0 | -229 | 27,843 |
| Other Operating Revenue | | 41,893 | | 32,723 | | -9,170 |
| Grand Total | 46,249 | 1,924,672 | 46,020 | 1,943,346 | -229 | 18,673 |

(Note) Figure in lower line in each column shows the percent of total sales.