

Consolidated Financial Statements (Kessan Tanshin) for First Half of 2003

August 22, 2003

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>)

Representative:

Position: Representative Director, Chairman and President

Name: G. W. Pruessing

For further information, please contact:

Position: ExxonMobil Y.K. Director, Management Support Manager

Name: T. Uchimura

Date of Board Meeting for Interim Closing: August 22, 2003

Telephone: (03) 5425-9000

Name of Parent Company: ExxonMobil Yugen Kaisha

Holding Ratio of Parent Company: 50.02 %

Adoption of U.S. GAAP Accounting Standard: No

1. Business Performance for 1st Half 2003 (January 1, 2003 through June 30, 2003)

(1) Consolidated Business Performance

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

	Sales Revenue		Operating Income		Ordinary Income	
	M Yen	%	M Yen	%	M Yen	%
1H 2003	1,049,387	(20.5)	19,266	(-)	20,973	(-)
1H 2002	870,774	(15.4)	7,054	(-)	4,180	(-)
2002	1,928,868		4,840		8,261	

	Interim (Annual) Net Income		Interim (Annual) Net Income per Share	Interim (Annual) Net Income per Share after Adjustments
	M Yen	%	Yen	Yen
1H 2003	14,630	(-)	24.72	-
1H 2002	1,281	(-)	2.05	-
2002	8,474		13.92	-

(Note) Earnings from Equity Interests 1H 2003: 852 M Yen 1H 2002: 793 M Yen 2002: 803 M Yen

Average Number of Issued Shares (Consolidated)

1H 2003: 591,865,297 Shares 1H 2002: 625,679,616 Shares 2002: 608,833,591 Shares

Change in Accounting Procedure etc.: No

Percentages shown in Sales Revenue, Operating Income, Ordinary Income and Interim (Annual) Net Income are comparisons with previous accounting period.

(2) Consolidated Financial Overview

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	M Yen	M Yen	%	Yen
1H 2003	869,400	220,529	25.4	372.58
1H 2002	923,405	219,311	23.8	370.18
2002	964,494	216,638	22.5	366.03

(Note) Number of Issued Shares at Closing Date (Consolidated)

6/30/2003: 591,893,321 Shares 6/30/2002: 592,448,167 Shares 12/31/2002: 591,853,559 Shares

(3) Consolidated Cash Flows Overview

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the end of the Period
	M Yen	M Yen	M Yen	M Yen
1H 2003	15,649	5,877	22,492	704
1H 2002	38,727	6,828	33,905	2,151
2002	25,596	11,742	39,827	1,670

(4) Scope of Consolidation and Application of Equity Method

Number of Consolidated Subsidiaries: 13

Number of Subsidiary Companies accounted for by Equity Method: -

Number of Affiliated Companies accounted for by Equity Method: 4

(5) Change in Scope of Consolidation and Application of Equity Method

Consolidation: (Addition) - (Exclusion) -

Equity Method: (Addition) - (Exclusion) 1

2. Projected Consolidated Business Performance for 2003 (January 1, 2003 through December 31, 2003)

	Sales Revenue	Ordinary Income	Net Income
	M Yen	M Yen	M Yen
Full Year	2,080,000	36,000	27,000

(Reference) Projected Net Income per Share 45.62 Yen

The forecast is based on the information available at the issued date, and may differ from actual results.

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

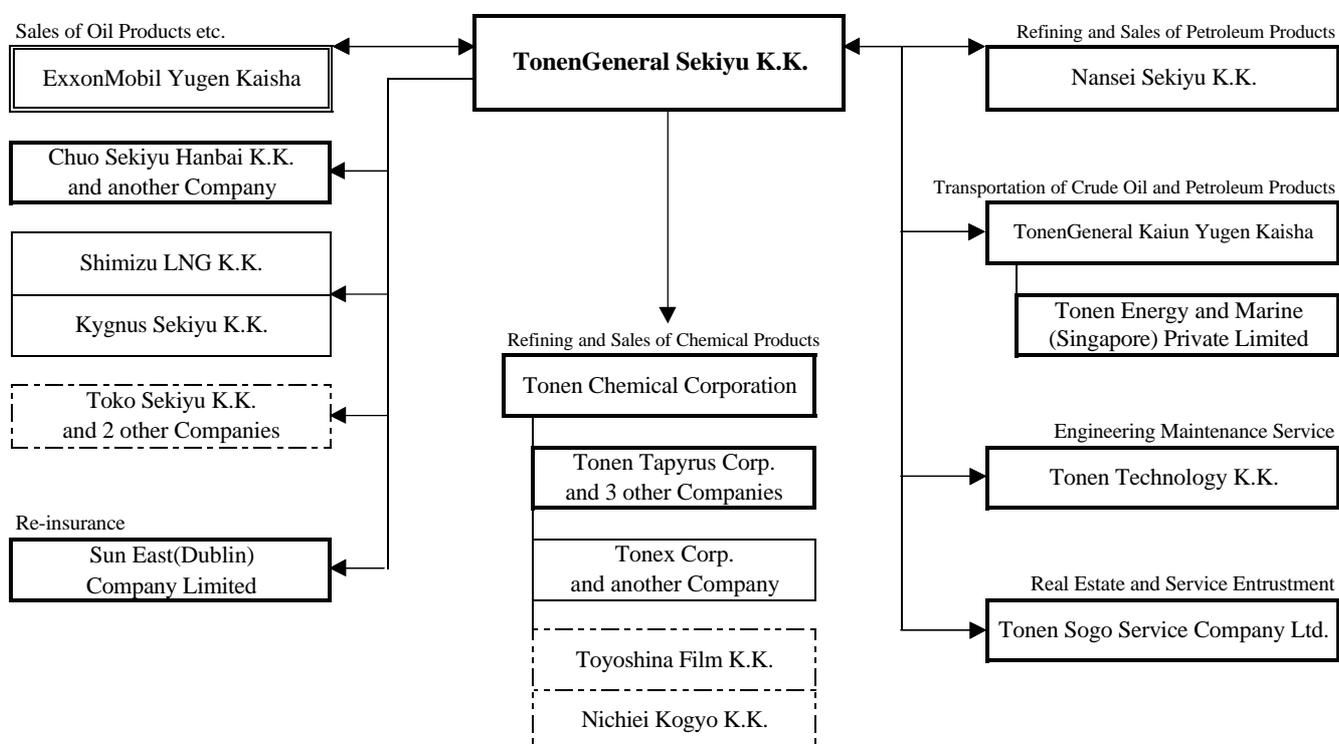
. Profile of Group Companies

Followings show 25 group companies' (The Company, 13 Consolidated Subsidiaries, 4 Equity Companies, 6 Non-consolidated Subsidiaries and Connected Companies and 1 Parent Company) major businesses and position.

Segment	Function	Major Business	Name of Company	Number of Companies
Oil Products	Marketing	Sales of Petroleum Products	TonenGeneral Sekiyu K.K., ExxonMobil Yugen Kaisha, Kygnus Sekiyu K.K., Chuo Sekiyu Hanbai K.K., K.K. General Sekiyu Hanbaisho and 3 other companies	8
	Refining	Refining and Sales of Petroleum Products	TonenGeneral Sekiyu K.K. and Nansei Sekiyu K.K.	2
	Shipping	Transportation of Crude Oil and Petroleum Products	TonenGeneral Kaiun Yugen Kaisha and Tonen Energy and Marine(Singapore) Private Ltd.	2
	Others	Sales of Crude Oil, Insurance and Purchase and Sales of LNG	Sun East(Dublin) Company Ltd., Shimizu LNG K.K. and another company	3
Chemical Products	Refining & Marketing	Refining and Sales of Petro-chemical Products	TonenGeneral Sekiyu K.K., Tonen Chemical Corporation, Tonen Tapyrus K.K., Tonen Chemical Nasu Corp., Nippon Unicar Corp., Tonex Corp. and 3 other companies	9
Others		Engineering Maintenance Service	Tonen Technology K.K.	1
		Real Estate and Service Entrustment	Tonen Sogo Service Company Limited and another company	2

(Note) Although Tonen Chemical, corp. which is a consolidated subsidiary of the company held the stocks (35% of voting-rights ratios) of Nihon Porychem, Inc. (capital of 20 billion yen) which was accounted for by equity method, it attached on June 2, 2003 and came out, and it transferred all the stocks to Mitsubishi Chemical, Inc.

Business structure is as follows;



Parent Company



Consolidated Company



Equity Company



Affiliated Company

. Corporate Policy

(1) Mission of TonenGeneral

TonenGeneral will help lead Japan into the future by stably 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

TonenGeneral considers providing superior total returns to shareholders as one of its top management priorities, with the objective of steadily increasing shareholder value over time. Our basic policy is to continue to provide returns to shareholders through stable dividends, while maintaining a solid financial structure and considering issues such as trends in consolidated cash flows and future capital expenditures.

(5) Lowering the Trading Unit

TonenGeneral regards raising liquidity of our stock as one of important management issues. However, it is estimated that lowering the trading unit requires a huge cost. Therefore, at present we do not believe that it is necessarily the best interest of all of our shareholders. We continue to monitor market conditions, while investigating the best way to enhance both liquidity and the interests of all of our shareholders.

(6) Corporate Governance

TonenGeneral expects everyone - directors, officers, employees and suppliers acting on our behalf to maintain the highest ethical standards, comply with all applicable laws and regulations. We are also dedicated to running safe and environmentally responsible operations.

As concrete guidelines, TonenGeneral sets 'Standards of Business Conduct' consisted of various policies applied to the employees, such as business ethics, conflicts of interest, antitrust, information control and protection, safety, health and environmental performance etc. All employees are subject to comply with the 'Standards of Business Conduct', and to perform business activities.

Moreover, the top priority in our basic policy is maintaining superior standards for safety, health, and environmental protection. We have introduced the "Operations Integrity Management System (OIMS)" into all refineries, terminals and service stations, originally developed by Exxonmobil, to ensure safety, health and environmental soundness in all our operations. To strengthen our safety soundness, we conduct yearly internal audit, regarding OIMS compliance, by employees who have no direct relationship with audited department. Specialists from overseas Exxonmobil affiliates also audit our refineries or terminals every three years.

. Financial Results

(1) Business Overview

Crude oil price fluctuated in 1H, 2003 due mainly to the unstable political situation in the Middle East. The price of Dubai, the Asian “marker crude oil”, jumped to over 31 dollars a barrel in late-February from 26 dollars a barrel in early January. After mid-March, the price fell sharply within one week to around 24 dollars, because of expectations for continuing stable crude supply and for an early end of hostilities in Iraq and continued to nose-slid to around 22 dollars in April. However, due to the delay of Iraq crude export and the worldwide low crude inventory, the crude price remained in the 23-26 dollar range through the May - June period. The Yen/Dollar exchange rate was stable at around 120 yen per a dollar during January – April period. Although the yen tended to strengthen somewhat thereafter, it did not have a significant effect on yen crude costs. In summary, industry crude cost for the 1st quarter moved up by around 3.5 yen a liter, and then dropped by around 3.0 yen a liter in the 2nd quarter.

Severe price competition constrained recovery of fuel products’ margins from January through February against the sharp increase in crude cost. The gasoline retail pump price has moved up by 0.4 yen/L since end-Dec. 2002, while crude cost went up by 3 yen/L from January through February. In March, retail pump prices rose to almost fully recover the crude cost increase and product margin vastly improved thereafter.

As a result, industry margins for the 1st half increased over those in the same period in 2002

[Financial Results by Segment]

1) Petroleum Products

Domestic demand of petroleum products increased by 9.1% versus last year. Kerosene demand increased by 12.0 % due to colder weather than the 2002. Heavy fuel oil sales remained high due to the continuing shutdown of nuclear plants. Gasoline sales stably increased by 2.3% from the previous year. Fuel Oil A sales also expanded by 4.8% because of the increase in demand for heating use. Diesel fuel sales, however decreased by 3.1% mainly due to further rationalization of tank truck industry reflecting the stagnant Japan economy.

Sales revenue expanded to 967.99 billion yen, mainly due to the increase of sales volume and marketing selling price following the rise in crude oil price.

Operating income increased by 22.6 billion yen from the previous period to 12.2 billion yen.

This is because fuel products' margins significantly improved as the retail market stayed steady while crude price sharply declined. Sales volume increases in total major petroleum products also contributed to the increase in operating income.

Oil segment earnings were assisted by favorable inventory valuation effects of 5.3 billion yen (a non-cash item), in 1H 2003.

2) Petrochemical Products

Earnings environment for petrochemical products became unstable, because naphtha prices became bumpy due to crude price fluctuation in this period. On the other hand, the domestic ethylene production increased from 3.43 million tons in last year to 3.65 million tons, up 6.3%, due mainly to the recovery in domestic demand.

Sales revenue stood at 80.4 billion yen, reflecting from the rise in unit price of petrochemical products triggered by the increase in naphtha price. Also attributable was the increase in sales volume, mainly olefin, which was brought about by the recovery in demand for petrochemical products. Operating profit went up by 3.7 billion yen from last year to 6.9 billion yen, as a result of the margin improvement led by the tightening supply-demand balance for paraxylene and the subsequent price increase.

3) Other Segment

As for real estate, engineering & maintenance business for refineries and terminals, sales revenue was 0.9 billion yen and operating income was negative 19 million yen.

(2) Earnings Forecast

The earnings forecast for the period ending December 2003 is as follows:

Unit: billion yen

	<u>Consolidated</u>	<u>Parent-own</u>
Sales Revenue	2,080.0	2,120.0
Operating Income	33.0	26.0
Ordinary Income	36.0	30.0
Net Income	27.0	24.0

Consolidated operating income for the full year 2003 is expected to be 33.0 billion yen, an

increase of 8.0 billion yen from the previous forecast announced in February 2003. This upward revision reflects higher actual earnings in 1H than forecast, and somewhat higher chemical earnings and sales volume increase. It also assumes that the favorable inventory effects of 5.3 billion yen in the 1st half will be completely reversed in the 2nd half.

Regarding the ordinary income, we project 36.0 billion yen, including non-operating income of around 3.0 billion yen mainly from equity companies' profit. Extraordinary income of around 7.5 billion yen is expected through asset divestments such as company-owned housing and other surplus property. As a result, consolidated net income for the full year 2003 is forecasted to be 27.0 billion yen, 3.0 billion higher than previous forecast.

.Interim Consolidated Financial Statements**Interim Consolidated Balance Sheets**

(Unit: Million Yen)

Account Title	June 30, 2002	June 30, 2003	December 31, 2002	Dec. 31, 2002 vs Jun. 30, 2003
Asset	923,405	869,400	964,494	-95,093
Current Assets	559,361	539,111	627,862	-88,750
Cash on Hand and in Banks	2,151	704	1,670	-965
TNR & TAR	352,210	316,598	424,045	-107,447
Inventories	159,350	181,326	154,715	26,611
Deferred Income Tax Assets	7,582	5,317	4,735	581
Short term Loan sReceivable	27,929	25,874	29,700	-3,826
Others	10,795	10,180	13,795	-3,614
Reserve for Bad Debt	-657	-889	-799	-90
Long Term Assets	364,043	330,288	336,631	-6,342
Property, Plant and Equipment	278,717	264,927	266,951	-2,023
Buildings, Structures & Tanks	80,595	77,188	73,362	3,825
Machinery and Equipment	74,489	66,848	70,201	-3,352
Land	107,033	105,499	105,686	-187
Others	16,598	15,391	17,699	-2,308
Intangible Fixed Assets	6,281	7,322	6,487	834
Investments, etc.	79,044	58,038	63,192	-5,154
Investment in Securities	45,474	27,087	34,005	-6,917
L/T Loans Receivable	6,967	2,849	1,917	931
Deferred Income Tax Assets	9,967	9,024	10,063	-1,039
Others	16,634	19,077	17,206	1,870
Total Assets	923,405	869,400	964,494	-95,093

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

Interim Consolidated Balance Sheets(Continued)

(Unit: Million Yen)

Account Title	June 30, 2002	June 30, 2003	December 31, 2002	Dec. 31, 2002 vs Jun. 30, 2003
Liabilities	702,577	647,887	746,884	-98,996
Current Liabilities	579,527	553,951	652,184	-98,233
TAP	188,859	186,742	215,489	-28,746
Gasoline Tax etc., Payables	215,977	162,885	225,197	-62,311
S/T Borrowings	111,315	135,943	136,311	-367
Commercial Paper	5,000	-	10,000	-10,000
Guarantee Deposits Payable	12,845	11,653	11,772	-119
Others	45,529	56,725	53,414	3,311
Long Term Liabilities	123,049	93,935	94,699	-763
L/T Debt	41,506	15,860	17,361	-1,501
Deferred Income Tax Liabilities	-	-	435	-435
Res. for Accrued Pension Costs	50,319	54,251	50,021	4,229
Res. Retirement Allowans for Officers	438	441	550	-108
Res. for Repairs	14,033	13,518	14,065	-546
Res. for Offshore Well Abandonment	1,776	1,562	1,776	-213
Consolidation Adjusting Account	1,527	381	954	-572
Others	13,448	7,920	9,535	-1,614
Minority Interests in Consolidated Subsidiaries	1,516	983	971	11
Shareholders' Equity	219,311	220,529	216,638	3,891
Common Stock	35,123	35,123	35,123	-
Additional Paid-in Capital	20,741	20,741	20,741	-
Retained Earnings	160,635	163,700	159,727	3,973
Unrealized Holding Gain on Securities	2,930	1,491	1,608	-116
Cumulative Translation Adjustments	-28	-12	-14	2
Treasury Stock	-90	-515	-548	33
Total Liabilities, Minority Interests and Shareholders' Equity	923,405	869,400	964,494	-95,093

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

Interim Consolidated Income Statements

(Unit: Million Yen)

Account Title		1H 2002 (January 1, 2002 ~ June 30, 2002)	1H 2003 (January 1, 2003 ~ June 30, 2003)	1H 2002 vs 1H 2003	2002 (January 1, 2002 ~ December 31, 2002)	
Ordinary P/L Section	Operating P/L Section	Sales Revenue	870,774	1,049,387	178,612	1,928,868
		Cost of Goods Sold	849,866	1,006,096	156,230	1,866,573
		Mktg & .General Administrative Expenses	27,962	24,023	-3,938	57,454
		Operating Income (Loss)	-7,054	19,266	26,321	4,840
	Non-Operating P/L Section	Non-Operating Income				
		Interest Income	269	254	-15	484
		Dividends Received	186	90	-95	247
		Foreign Exchange Gain	1,419	389	-1,030	1,791
		Amortization of Consolidation Adjusting Account	572	572	-	1,166
		Gain on Application of Equity Method	793	852	58	803
		Others	441	261	-180	635
		Non-Operating Expenses				
		Interest Expenses	542	508	-33	1,012
		Others	266	203	-62	694
Ordinary Income (Loss)		-4,180	20,973	25,153	8,261	
Extraordinary P/L Section	Extraordinary Gain					
	Gain on Sales of Investment Securities	-	4,182	4,182	2,593	
	Gain on Sales of Fixed Assets	2,242	1,774	-467	10,323	
	Gain on Sales of Technical License	-	660	660	-	
	Gain on Reversal of Reserve for Offshore Well Abandonment	-	259	259	-	
	Gain on Reversal of Reserve for Bad Debt	116	37	-78	105	
	Gain on Business Transfer of Lubricants Oil Blending	843	-	-843	848	
	Others	31	58	26	31	
	Extraordinary Loss					
	Additional Retirement Allowance by Transfer of Domicile	-	3,698	3,698	-	
	Loss on sales and retirement of Fixed Assets	1,194	271	-923	2,934	
	Evaluation Loss on Investment Securities, etc.	-	128	128	840	
	Loss on Sales of Investment Securities	-	1	1	885	
	LPG Collection related Expense	734	-	-734	768	
Additional Allowance for Early Retirement	-	-	-	4,364		
Others	50	19	-30	147		
Interim (Annual) Net Income Before Income Taxes (Loss)		-2,924	23,826	26,750	12,224	
Current Income Taxes		1,732	8,550	6,817	2,888	
Deferred Income Tax		-3,416	633	4,050	686	
Minority Interests		41	11	-29	174	
Interim (Annual) Net Income (Loss)		-1,281	14,630	15,911	8,474	

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

Interim Consolidated Statements of Retained Earnings

(Unit: Million Yen)

Description	1H 2002 January 1, 2002 through June 30, 2002		1H 2003 January 1, 2003 through June 30, 2003		2002 January 1, 2002 through December 31, 2002	
	Additional Paid in Capital					
Outstanding Balance at Beginning of Period		20,741		20,741		20,741
Outstanding Balance at End of Period		20,741		20,741		20,741
Retained Earnings						
Outstanding Balance at Beginning of Period		213,007		159,727		213,007
Increase in Consolidated Retained Earnings						
Net Income (Net Loss)	-1,281	-1,281	14,630	14,630	8,474	8,474
Decrease in Consolidated Retained Earnings						
Cash Dividends Declared	10,788		10,653		21,452	
Retirement of Repurchased Treasury Stocks	40,301		-		40,301	
Loss on Disposal of Treasury Stock	-	51,090	3	10,656	-	61,754
Outstanding Balance at End of Period		160,635		163,700		159,727

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

Consolidated Statements of Cash Flows

(Unit: Million Yen)

Title	1H 2002	1H 2003	2002
	(Jan. 1, 2002 ~ Jun. 30, 2002)	(Jan. 1, 2003 ~ Jun. 30, 2003)	(Jan. 1, 2002 ~ Dec. 31, 2002)
	Amounts	Amounts	Amounts
.Cash Flows from Operating Activities			
Net Income before Income Taxes	2,924	23,826	12,224
Depreciation, Depletion and Amortization	11,845	10,307	24,210
Decrease in TAR	78,431	107,447	6,596
Increase in Inventories	15,283	26,611	10,648
Increase (Decrease) in TAP	20,433	28,746	6,196
Others	9,029	66,750	4,854
Sub-Total	42,605	19,473	33,724
Interest and Dividend Received	463	426	720
Proceeds from Sales of Technical License	-	637	-
Proceeds from Business Transfer of Lubricants Oil Blending	-	-	848
Interest Paid	671	558	1,048
Payments for Additional Allowance for Early Retirement	-	2,291	1,611
Payments for LPG Collection related Expense	734	-	1,021
Income Taxes Paid	2,935	2,038	6,016
Net Cash Provided by Operating Activities	38,727	15,649	25,596
.Cash Flows from Investing Activities			
Payments for Additions to Property, Plant and Equipment	10,022	8,321	19,199
Proceeds from Sales of Property, Plant and Equipment	3,107	2,089	18,804
Payments for Additions to Intangible Assets	440	1,340	1,284
Proceeds from Sales of Investment Securities	-	10,467	9,137
Increase (Decrease) in Short-term Loans Receivable	338	293	2,443
Payments for Long-term Loans Receivable	478	9	487
Collection of Long-term Loans Receivable	1,306	3,198	1,907
Others	37	88	419
Net Cash Provided(Used) in Investing Activities	6,828	5,877	11,742
.Cash Flows from Financing Activities			
Increase in Short-term Borrowings	19,117	3	22,301
Increase (Decrease) in Commercial Paper	-	10,000	5,000
Repayment of Long-term Debt	1,890	1,873	4,224
Payments for Repurchase of Treasury Stock for Retirement Purpose	40,301	-	40,301
Payments for Repurchase of Treasury Stock	-	47	450
Proceeds from sales of Treasury Stock	-	77	-
Dividends Paid	10,788	10,653	21,452
Dividends Paid to Minority Interests in Consolidated Subsidiaries	42	-	42
Payments for Capital Deduction to Minority Interests in Consolidated Subsidiaries	-	-	657
Net Cash Used in Financing Activities	33,905	22,492	39,827
.Decrease in Cash and Cash Equivalents	2,006	965	2,487
.Cash and Cash Equivalents at the Beginning of the Period	4,158	1,670	4,158
.Cash and Cash Equivalents at the End of the Period	2,151	704	1,670

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

Notes to the Interim Consolidated Financial Statements

1. Scope of Consolidation

- Consolidated Subsidiaries: 13 Companies, refer to "I. Profile of Companies Group"
- Non-consolidated Subsidiaries: Kyushu Eagle K.K.

2. Scope of Application of Equity Method

- Companies Accounted for by the Equity Method: 4 Companies, refer to "I. Profile of Companies Group"
- Company Excluded from Equity Method 1 Company : Nihon Polychem ,Inc.
- Non-equity Method Companies : 1 Non-consolidated Subsidiary and 5 Affiliated Companies

3. Closing Date of Consolidated Subsidiaries

The closing dates of consolidated subsidiaries are the same as that of TonenGeneral Sekiyu K.K. (TG).

4. Significant Accounting Procedures

(1) Evaluation Methods for Significant Assets

Inventories

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

Securities

- Other securities
 - Marketable: Market Value at the Closing Date
 - Non-marketable: Moving Average Method

Derivative Transactions, etc.: Market Value at the Closing Date

(2) Depreciation and Amortization Method for Fixed Assets

- Property, Plant and Equipmet: Generally the Declining Balance Method excluding one Consolidated Subsidiary
In addition, the service life ranges of major types of assets are:
 - Buildings: 10 to 50 years
 - Structures: 10 to 25 years
 - Machinery and Equipment: 8 to 15 years
- Intangible Assets: Straight Line Method
In-house computer software is amortized over its service life (5 ~ 15years) under the straight line method.

(3) Accounting Standerds for Significant Reserves

- Reserve for Bad Debt
To provide for losses due to bad debt, TG and consolidated subsidiaries accrue an estimated reserve for bad debt on ordinary receivables based on the experienced bad debt ratio; and on highly doubtful receivables based on the financial position of individual customer.
- Reserve for Accrued Pension Costs
To provide for the payment of employees' post-retirement benefits, TG and conslidedated subsidiaries accrue an estimated reserve based on the projected benefit obligation and estimated pension plan assets at closing date. Any differences in cost caused by the actuarial calculation are amortized in starting from next accounting period using the declining balance method over a period which is within the average employees' remaining service years (12 years). Prior service obligations are amortized using the straight line method over the average employees' remaining service years (15.5 years).

- Reserve for Retirement Allowance for Officers

To provide for the payment of officers' post-retirement allowance, TG and consolidated subsidiaries accrue an estimated amount of lump sum retirement allowance, on the basis that officers retire at the closing date.

- Reserve for Repairs

TG and two consolidated subsidiaries accrue 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 repair plans.

(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 reflected into Income.

(5) Accounting Procedure for Lease Transactions

Finance lease transactions without transfer of ownership of leased items to lessee are treated using the same accounting procedure as ordinary operating lease transactions.

(6) Other

The Income Statement does not include any consumption tax transactions.

5. Scope of Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits which are drawable at any time, and short-term advances, generally with original maturities of three months or less, which are readily convertible and present insignificant risk of change in value.

Additional Information

1. Accounting Standard for Treasury Stock and Reversal of Statutory Reserves

Accounting Standards Board Statement No.1, "Accounting Standard for Treasury Stock and Reversal of Statutory Reserves", (issued by the Accounting Standards Board of Japan on February 21, 2002) is adopted from this accounting period. The impact of this change on income is very slight.

2. Information of Earnings Per Share

"Accounting Standard for Earnings Per Share" (issued by the Accounting Standards Board of Japan on September 25, 2002, Accounting Standards Board Statement No.2) and related guidance, "Implementation Guidance for Accounting Standard for Earnings Per Share" (issued by the Accounting Standards Board of Japan on September 25, 2002, Accounting Standards Board Statement No.4) are adopted from this accounting period. There is no impact on earnings per share due to this change.

3. Introduction of Non Income Base Tax System

According to the law revising the calculation method of the statutory enterprise local tax proclaimed on March 31, 2003, the tax rate on the previous basis is applied for deferred income tax assets scheduled to realize by the end of December, 2004, and the tax rate on the new basis is applied for deferred income tax assets scheduled to realize after the beginning of 2005.

As a result, the amount of deferred income tax assets decreased by 289 million yen, unrealized gains on holding securities increased by 4 million yen, and deferred income tax charge of current accounting period increased by 293 million yen compared with the amount on the previous basis.

Remarks

1. Consolidated Balance Sheet related Information

	<u>As of June 30, 2002</u>	<u>As of June 30, 2003</u>	<u>As of December 31, 2002</u>
(1) Accumulated Depreciation of Property, Plant and Equipment	730,531 M Yen	727,587 M Yen	721,046 M Yen
(2) Long-term Reserve for Bad Debt	1,425 M Yen	1,823 M Yen	1,217 M Yen
(3) Contingent Liabilities	9,451 M Yen	7,135 M Yen	9,098 M Yen
(4) Number of Shares Issued: Common Stock	592,543,018 Shares	592,543,018 Shares	592,543,018 Shares
(5) Treasury Stock			
Number of Shares	94,851 Shares	649,697 Shares	689,459 Shares
Amount	90 M Yen	515 M Yen	548 M Yen
(6) By way of loan participations, total principal amount of loans receivable sold by a consolidated subsidiary to third parties recorded in accordance with Report No.3 of The Accounting Institution Committee of The Japanese Institute of Certified Public Accountants, issued on June 1, 1995.			
	67,525 M Yen	196,035 M Yen	161,262 M Yen

2. Consolidated Statement of Cash Flows related Information

The Relationship between Cash and Cash Equivalents at the Closing Dates and some Accounts in Balance Sheet

	<u>As of June 30, 2002</u>	<u>As of June 30, 2003</u>	<u>As of December 31, 2002</u>
Cash on Hand and in Banks	2,151 M Yen	704 M Yen	1,670 M Yen
Cash and Cash Equivalents	<u>2,151</u>	<u>704</u>	<u>1,670</u>

3 .Lease Transactions

Consolidated

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 the Closing Dates

	<u>As of June 30,2002</u> Tools, Furnitures & Fixtures	<u>As of June 30,2003</u> Tools, Furnitures & Fixtures	<u>As of Dec. 31,2002</u> Tools, Furnitures & Fixtures
Acquisition Cost Equivalent Amount	678 M Yen	786 M Yen	517 M Yen
Accumulated Depreciation Equivalent Amount	<u>527 M Yen</u>	<u>624 M Yen</u>	<u>424 M Yen</u>
Net Book Value Equivalent Amount	151 M Yen	162 M Yen	93 M Yen

(Note) The acquisition cost equivalent amounts include interest equivalent expenses, since interest-equivalent expenses are immaterial comparing with the total amount of property, plant and equipment.

- (2) Outstanding Balance of Accrued Lease Fees at the Closing Dates

	<u>As of June 30,2002</u>	<u>As of June 30,2003</u>	<u>As of Dec. 31,2002</u>
Due within One Year	101 M Yen	133 M Yen	70 M Yen
Due over One Year	50 M Yen	29 M Yen	23 M Yen
Total	<u>151 M Yen</u>	<u>162 M Yen</u>	<u>93 M Yen</u>

(Note) The outstanding balances of accrued lease fees include interest equivalent expenses, since interest-equivalent expenses are immaterial comparing with the total amount of property, plant and equipment.

- (3) Lease Fees Paid and Depreciation Equivalent Expenses

	<u>1H 2002</u>	<u>1H 2003</u>	<u>2002</u>
Lease Fees Paid	78 M Yen	80 M Yen	144 M Yen
Depreciation-Equivalent Expenses	78 M Yen	80 M Yen	144 M Yen

- (4) Calculation Method for Depreciation

Straight Line Method with No Residual Value

4. Securities

Consolidated

Previous Interim Accounting Period (as of June 30, 2002)

Securities

1. Marketable Securities

(Unit: Million Yen)

	Acquisition Cost	Amount in Balance Sheet	Difference
Stocks	9,066	13,811	4,745

2. Non-marketable Securities

(Unit: Million Yen)

	Amount in Balance Sheet	Note
Securities		
Non-listed Stocks (excluding Over-the-counter Stocks)	29,829	
Deposit in Trust Funds	1,834	
Investment Securities	11	

Current Interim Accounting Period (as of June 30, 2003)

1. Marketable Securities

(Unit: Million Yen)

	Acquisition Cost	Amount in Balance Sheet	Difference
Stocks	2,368	4,683	2,315

2. Non-marketable Securities

(Unit: Million Yen)

	Amount in Balance Sheet	Note
Securities		
Non-listed Stocks (excluding Over-the-counter Stocks)	22,403	
Investment Securities	15	

2002 (January 1, 2002- December 31, 2002)

Securities

1. Marketable Securities

(Unit: Million Yen)

	Acquisition Cost	Amount in Balance Sheet	Difference
Stocks	2,680	5,238	2,557

2. Non-marketable Securities

(Unit: Million Yen)

	Amount in Balance Sheet	Note
Securities		
Non-listed Stocks (excluding Over-the-counter Stocks)	28,766	
Investment Securities	11	

5 . Derivative Financial Instruments

Previous Interim Accounting Period (as of June 30, 2002)

Contract Amount etc., Market Value and Evaluation Gain or Loss on Derivative

(Unit: Million Yen)

Subject of Deal	Type of Instrument	Contract Amount	Market Value	Evaluation Gain
Currency	Foregin Exchange Forward	38,952	37,669	1,283
Commodity	Swap	16,679	1	1
Total		55,632	37,670	1,283

This Interim Accounting Period (as of June 30, 2003)

Contract Amount etc., Market Value and Evaluation Gain or Loss on Derivative

(Unit: Million Yen)

Subject of Deal	Type of Instrument	Contract Amount	Market Value	Evaluation Gain
Currency	Foregin Exchange Forward	51,554	51,023	531

Previous Accounting Period (as of December 31, 2002)

Contract Amount etc., Market Value and Evaluation Gain or Loss on Derivative

(Unit: Million Yen)

Subject of Deal	Type of Instrument	Contract Amount	Market Value	Evaluation Gain
Currency	Foregin Exchange Forward	40,024	39,528	495

Qualitative information regarding the above derivative transactions is omitted.

6. Segment Information

Consolidated

1. Business Segment Information

1H 2002 (January 1, 2002 through June 30, 2002)

(Unit: Million Yen)

	Oil	Chemicals	Others	Total	Elimination	Consolidated
Sales Revenue						
(1)Revenue from Third Parties	808,398	61,053	1,322	870,774	-	870,774
(2)Internal Revenue	114,156	11,011	1,239	126,407	(126,407)	-
Total	922,554	72,065	2,561	997,181	(126,407)	870,774
Cost of Goods Sold and Operating Expenses	932,945	68,907	2,450	1,004,302	(126,473)	877,828
Operating Income (Loss)	10,390	3,158	111	7,120	66	7,054

(Note) 1. The classification of business lines has been based on the internal control procedure the company has adopted.

2. The classification of business lines and major products which belongs to each business lines:

- (1) Oil : Gasoline, Naphtha, Jet Fuel, Kerosene, Diesel Fuel, Heavy Fuel, Lubricants, LPG, etc.
- (2) Chemicals: Ethylene, Propylene, Benzene, Toluene, Paraxylene, Propylene, etc.
- (3) Others: Real Estate, Engineering, Maintenance Service, etc.

3. Change in Accounting Procedure, etc.

(1) Starting from this accounting period, TonenGeneral Sekiyu K.K. and Nansei Sekiyu K.K. (NSS) , a consolidated subsidiary, changed the evaluation method of crude and products in transit, from the acquisition cost by vessel, to LIFO at the lower of cost or market. (combined with landed crude and products, respectively)
As a result, Cost of Goods Sold and Operating Loss for the oil segment increased 6,840 million yen, respectively, in comparison with the method previously used.

(2) Starting from this accounting period, NSS changed the depreciation method for property, plant and equipment from the straight line method to the declining balance method.

As a result, Operating Expenses and Operating Loss for oil segment increased by 40 million yen, respectively, in comparison with the method previously used.

1H 2003 (January 1, 2003 through June 30, 2003)

(Unit: Million Yen)

	Oil	Chemicals	Others	Total	Elimination	Consolidated
Sales Revenue						
(1)Revenue from Third Parties	967,990	80,408	987	1,049,387	-	1,049,387
(2)Internal Revenue	190,623	13,116	812	204,552	-204,552	-
Total	1,158,614	93,525	1,799	1,253,939	-204,552	1,049,387
Cost of Goods Sold and Operating Expenses	1,146,367	86,609	1,819	1,234,796	-204,675	1,030,120
Operating Income (Loss)	12,246	6,916	19	19,143	123	19,266

(Note) 1. The classification of business lines has been based on the internal control procedure the company has adopted.

2. The classification of business lines and major products which belongs to each business lines:

- (1) Oil : Gasoline, Naphtha, Jet Fuel, Kerosene, Diesel Fuel, Heavy Fuel, Lubricants, LPG, etc.
- (2) Chemicals: Ethylene, Propylene, Benzene, Toluene, Paraxylene, Propylene, etc.
- (3) Others: Real Estate, Engineering, Maintenance Service, etc.

2002 (January 1, 2002 through December 31, 2002)

(Unit: Million Yen)

	Oil	Chemicals	Others	Total	Elimination	Consolidated
Sales Revenue						
(1)Revenue from Third Parties	1,799,685	125,457	3,725	1,928,868	-	1,928,868
(2)Internal Revenue	272,041	23,518	2,288	297,848	(297,848)	-
Total	2,071,727	148,976	6,013	2,226,717	(297,848)	1,928,868
Cost of Goods Sold and Operating Expenses	2,074,001	142,535	5,654	2,222,191	(298,164)	1,924,027
Operating Income (Loss)	2,274	6,440	359	4,525	315	4,840

(Note) 1. The classification of business lines has been based on the internal control procedure the company has adopted.

2. The classification of business lines and major products which belongs to each business lines:

(1) Oil : Gasoline, Naphtha, Jet Fuel, Kerosene, Diesel Fuel, Heavy Fuel, Lubricants, LPG, etc.

(2) Chemicals: Ethylene, Propylene, Benzene, Toluene, Paraxylene, Propylene, etc.

(3) Others: Real Estate, Engineering, Maintenance Service, etc.

3. Change in Accounting Procedure, etc.

(1) Starting from this accounting period, TonenGeneral Sekiyu K.K. and Nansei Sekiyu K.K. (NSS) , a consolidated subsidiary, changed the evaluation method of crude and products in transit, from the acquisition cost by vessel, to LIFO at the lower of cost or market. (combined with landed crude and products, respectively)

As a result, Cost of Goods Sold and Operating Loss for the oil segment increased 12,811 million yen, respectively, in comparison with the method previously used.

(2) Starting from this accounting period, NSS changed the depreciation method for property, plant and equipment from the straight line method to the declining balance method.

As a result, Operating Expenses and Operating Loss for oil segment increased by 15 million yen, respectively, in comparison with the method previously used.

2. Segment Information by Geographic Area

This information is omitted, since sales revenue and assets in the domestic market comprise over 90% of total sales revenue and total Assets, respectively, in the previous consolidated period and this consolidated period.

3. Overseas Sales

This information is omitted, since overseas sales revenue are less than 10% of total sales revenue in the previous consolidated period and this consolidated period.

V. Productions, Consignments and Sales

1. Actual Production Volume

Actual production volume by business segment.

(Unit: Kilo KL, Kilo Ton)

Business segment	1H 2003 (January 1, 2003 ~ June 30, 2003)	Comparison % with Previous Accounting Period	Major Products
Oil Products	17,707	7.74	Gasoline, Naphtha, Kerosene, Diesel Fuel, LPG , etc.
Chemical Products	1,318	5.83	Ethylene, Propylene, 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 accounting period.

3. Actual Sales Amounts

Actual sales amounts by business segment.

(Unit: Millions of Yen)

Business Segment	1H 2003 (January 1, 2003 ~ June 30, 2003)	Comparison with Previous Accounting Period (%)	Major Products
Oil Products	967,990	19.74	Gasoline, Naphtha, Kerosene, Diesel Fuel, LPG , etc.
Chemical Products	80,408	31.70	Ethylene, Propylene, etc.
Others	987	-25.34	Real Estate, Maintenance Service, etc.
Total	1,049,387	20.51	

(Note)(1) Actual Sales Amount to Major Customer.

(Unit:Millions of Yen)

Customer Name	1H 2003 (January 1, 2003 ~ June 30, 2003)	Comparison with Previous Accounting Period (%)	Percentage against Total Sales Amount	Major Products
ExxonMobil Y.K. (Former Esso Sekiyu Private Ltd.)	548,427	6.81	52.26%	Gasoline, Kerosene, Diesel Fuel, LPG , etc.

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

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

(4) Esso Sekiyu Y.K., Mobil Sekiyu Y.K., and the other 2 companies, which were major customer, merged on June 1, 2002, and made the company name Exxon Mobil Y.K.. For this reason, the comparison with previous accounting period has indicated the result which totaled and calculated the consolidation fiscal period sales amount of each company.