

Summary of The Financial Statements for First Half of 2003

August 22, 2003

Registration Company Name : TonenGeneral Sekiyu K.K.

Registered to: Tokyo Stock Exchange

Stock Code No. 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 : Management Support Manager

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

Date of Board meeting for Closing: August 22, 2003

Interim Dividend Plan : Available

Starting Date of Payment of Interim Dividend: September 25, 2003

Unit Share Adoption : Available

(Number of Unit Share 1,000 Shares)

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

(1) Business Performance

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

	Sales Revenue		Operating Income		Ordinary Income	
	M Yen	%	M Yen	%	M Yen	%
2003 1H	1,073,487	(23.3)	16,264	(-)	20,345	(-)
2002 1H	870,844	(4.7)	11,238	(-)	5,494	(-)
2002	1,943,346		2,911		2,919	

	Interim (Annual) Net Income		Interim (Annual) Net Income per Share
	M Yen	%	Yen
2003 1H	14,293	(-)	24.15
2002 1H	473	(-)	0.76
2002	5,267		8.65

(Note) Average Number of Issued Shares
 2003 1H: 591,865,297 Shares 2002 1H: 625,679,616 Shares 2002: 608,833,591 Shares
 Change in Accounting Policies: No
 Percentages shown in Sales Revenue, Operating Income, Ordinary Income and Interim (Annual) Net Income are the comparisons with previous accounting period.

(2) Dividends

	Interim Dividend Declared per Share	Annual Dividend Declared per Share
	Yen	Yen
2003 1H	18.00	-
2002 1H	18.00	-
2002	-	36.00

(3) Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	M Yen	M Yen	%	Yen
6/30/2003	781,348	175,783	22.5	296.99
6/30/2002	836,729	179,175	21.4	302.43
12/31/2002	880,213	172,511	19.6	291.48

(Note) Number of Outstanding Shares
 6/30/2003: 591,893,321 Shares 6/30/2002: 592,448,167 Shares 12/31/2002: 591,853,559 Shares
 Number of Treasury Stocks
 6/30/2003: 649,697 Shares 6/30/2002: 94,851 Shares 12/31/2002: 689,459 Shares

2. Projected Earnings for Full Year 2003 (January 1, 2003 ~ December 31, 2003)

	Sales Revenue	Ordinary Income	Net Income	Annual Dividend per Share	
	M Yen	M Yen	M Yen	Year-end Yen	Yen
Full Year	2,120,000	30,000	24,000	18.00	36.00

(Reference) Projected Net Income per Share 40.55 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.

Interim Balance Sheets

(Unit: Million Yen)

Account Titles	As of June 30, 2002	As of June 30, 2003	As of December 31, 2002	June 30, 2003 vs. December 31, 2002
Assets	836,729	781,348	880,213	-98,865
Current Assets	530,464	500,720	599,913	-99,193
Cash on Hand and in Banks	272	298	573	-274
Trade Accounts Receivable	340,709	309,336	418,441	-109,105
Inventories	143,805	163,768	137,044	26,723
Deferred Income Tax Assets	6,298	2,428	2,958	-529
Short-term Loans Receivable	30,698	17,048	29,788	-12,739
Other Accounts Receivable	5,499	4,918	8,252	-3,334
Others	3,805	3,801	3,604	196
Reserve for Bad Debt	-626	-879	-748	-130
Long Term Assets	306,264	280,627	280,299	328
Property, Plant and Equipment	238,699	224,695	226,985	-2,289
Buildings, Structures & Tanks	71,201	68,010	64,010	3,999
Machinery and Equipment	61,256	53,410	56,293	-2,882
Land	93,272	90,319	91,191	-872
Others	12,967	12,954	15,489	-2,534
Intangible Assets	5,871	6,829	5,963	866
Investments and Other Assets	61,694	49,102	47,350	1,751
Stock of Subsidiaries	12,937	12,608	12,816	-207
Investment in Securities	23,896	12,453	13,573	-1,119
Deferred Income Tax Assets	5,349	7,080	6,068	1,012
Others	19,510	16,959	14,893	2,066
Total Assets	836,729	781,348	880,213	-98,865

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

Interim Balance Sheets (Continued)

(Unit: Million Yen)

Account Titles	As of June 30, 2002	As of June 30, 2003	As of December 31, 2002	June 30, 2003 vs. December 31, 2002
Liabilities	657,553	605,564	707,702	-102,137
Current Liabilities	569,426	523,307	623,086	-99,799
Trade Accounts Payable	186,797	195,356	226,366	-31,010
Gasoline Tax etc., Payables	212,661	154,874	215,217	-60,343
Short-term Loans	116,102	114,470	118,204	-3,733
Commercial Paper	5,000	-	10,000	-10,000
Other Accounts Payable	10,473	11,277	14,700	-3,423
Guarantee Deposits Payable	12,845	11,648	11,780	-131
Others	25,545	35,680	26,817	8,862
Long Term Liabilities	88,127	82,256	84,615	-2,358
Long-term Debt	18,859	15,860	17,361	-1,501
Reserve for Accrued Pension Costs	44,834	46,167	44,990	1,177
Reserve for Retirement Allowance for Officers	202	219	214	5
Reserve for Repairs	12,100	12,449	13,210	-760
Others	12,129	7,559	8,838	-1,279
Shareholders' Equity	179,175	175,783	172,511	3,272
Common Stock	35,123	35,123	35,123	-
Additional Paid-in Capital	20,741	20,741	20,741	-
Legal Capital Surplus	20,741	20,741	20,741	-
Retained Earnings	123,310	119,918	116,646	3,272
Legal Earned Reserve	8,780	8,780	8,780	-
Voluntary Reserves	20,518	21,888	20,518	1,369
Reserve for Replacement of Property	19,845	21,279	19,845	1,434
Reserve for Mine Exploration	203	244	203	41
Reserve for Special Depreciation	470	364	470	-105
Unappropriated Retained Earnings	92,199	89,542	87,276	2,266
Unrealized Gains on Holding Securities	1,902	221	619	-397
Treasury Stock	-90	-515	-548	33
Total Liabilities and Shareholders' Equity	836,729	781,348	880,213	-98,865

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

Interim Statements of Income

(Unit: Million Yen)

Account Titles		1st Half 2002 (January 2002 ~ June 2002)	1st Half 2003 (January 2003 ~ June 2003)	1st Half 2003 vs. 1st Half 2002	Full Year 2002 (January 2002 ~ December 2002)	
Ordinary P/L Section	Operating P/L Section	Sales Revenue	870,844	1,073,487	202,642	1,943,346
		Cost of Goods Sold	859,978	1,038,904	178,926	1,900,926
		Marketing, General & Administrative Expenses	22,104	18,317	-3,787	45,331
		Operating Income (- Loss)	-11,238	16,264	27,503	-2,911
	Non-Operating P/L Section	Non-Operating Income				
		Interest Income	289	270	-18	539
		Dividends Received	4,431	3,941	-490	4,446
		Foreign Exchange Gain	1,376	334	-1,041	1,753
		Others	256	23	-232	132
		Non-Operating Expenses				
Interest Expenses	481	469	-12	907		
Others	127	20	-107	133		
Ordinary Income (- Loss)		-5,494	20,345	25,840	2,919	
Extraordinary P/L Section	Extraordinary Gain					
	Gain on Sales of Fixed Assets	2,153	1,114	-1,038	6,965	
	Gain on Sales of Investment Securities	-	993	993	2,294	
	Gain on Sales of Technical License	-	310	310	-	
	Gain on Reversal of Reserve for Offshore Well Abandonment	-	259	259	-	
	Gain on Business Transfer of Lubricants Oil Blending	843	-	-843	848	
	Gain on Reversal of Reserve for Bad Debt	24	-	-24	-	
	Gain on Liquidation of Subsidiary Company	19	-	-19	46	
	Extraordinary Loss					
	Loss on Sales and Retirement of Fixed Assets	1,157	436	-721	2,238	
	Evaluation Loss on Stock of Subsidiary Company	-	227	227	-	
Evaluation Loss on Investment Securities and Other Assets	-	127	127	833		
Additional Allowance for Early Retirement	-	-	-	2,801		
Loss on Sales of Investment Securities	-	-	-	857		
Interim (Annual) Net Income (- Loss) Before Income Taxes		-3,610	22,232	25,843	6,344	
Current Income Taxes		16	8,125	8,108	677	
Deferred Income Tax		-3,154	-186	2,967	399	
Interim (Annual) Net Income (- Loss)		-473	14,293	14,767	5,267	
Unappropriated Retained Earnings Brought Forward		132,974	75,252	-57,721	132,974	
Loss on Treasury Stock Disposal		-	3	3	-	
Retirement of Repurchased Treasury Stock		40,301	-	-40,301	40,301	
Interim Dividends Declared		-	-	-	10,664	
Unappropriated Retained Earnings at End of Period		92,199	89,542	-2,656	87,276	

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

Notes to Interim Financial Statements

1. Evaluation Methods for Assets

(1) Securities

- Stocks of Subsidiaries and Affiliated Companies: Moving Average Method

- Others

Marketable: Market Value at the 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 Transactions

- Derivative: Market Value at the Closing Date

(3) Inventories

- Goods, Products, Unfinished Products, and Crude Oil: LIFO at the Lower of Cost or Market

- Supplies: Moving Average Method

2. Depreciation and Amortization Method for Fixed Assets

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

The service life range of major types of assets are:

Buildings: 10 to 50 years

Structures: 10 to 50 years

Machinery and Equipment: 8 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).

3. Accounting Standards for Major Reserves

- Reserve for Bad Debt

To provide for losses due to bad debt, TonenGeneral Sekiyu K.K. (TG) accrues an estimated reserve for bad debt on ordinary receivables based on the experienced bad debt ratio; and on highly doubtful receivables based on the credit risk of individual customers.

- Reserve for Accrued Pension Costs

To provide for the payment of employees' postretirement benefits, TG accrues an estimated reserve based on the projected benefit obligation and fair value of plan assets at closing date.

Moreover, any differences in cost caused by the actuarial calculation of retirement benefits 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) within the average employees' remaining service years as incurred. Prior service obligations are amortized using 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, on the basis that officers retire at the 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 repair plans.

4. Translation Method for Foreign Currency Assets and Liabilities

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

5. Accounting Procedure for Lease Transaction

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

6. Other important items

The Income Statement does not include any consumption tax transactions.

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

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 238 million yen, unrealized gains on holding securities increased by 4 million yen, and deferred income tax charge of current accounting period increased by 242 million yen compared with the amount on the previous basis.

Remarks

Parent

1. Interim 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	616,720 M Yen	621,137 M Yen	615,700 M Yen
(2) Long-term Allowance for Bad Debt	1,363 M Yen	1,489 M Yen	1,451 M Yen
(3) Contingent Liabilities	8,535 M Yen	6,217 M Yen	8,228 M Yen
(4) Number of Shares Issued: Common Stock	592,543,018 Shares	592,543,018 Shares	592,543,018 Shares
(5) Treasury Stocks	94,851 Shares	649,697 Shares	689,459 Shares
Number of Shares	90 M Yen	515 M Yen	548 M Yen
Value			

2. Interim Income Statement related Information

(1) Extraordinary Gain

- Details of Gain on Sales of Fixed Assets

	<u>1st Half 2002</u>	<u>1st Half 2003</u>	<u>Full Year 2002</u>
Land, Buildings and Structures for Service	1,766 M Yen	265 M Yen	2,272 M Yen
Land, Buildings and Structures for Lent	245 M Yen	765 M Yen	2,366 M Yen
Easement	- M Yen	84 M Yen	- M Yen
Land and Buildings for Dormitory	140 M Yen	- M Yen	2,320 M Yen

(2) Extraordinary Loss

- Details of Loss on Sales and Disposal of Fixed Assets

	<u>1st Half 2002</u>	<u>1st Half 2003</u>	<u>Full Year 2002</u>
Sales of Land for Service Station	6 M Yen	198 M Yen	47 M Yen
Sales and Disposal of Machinery and Equipment	242 M Yen	135 M Yen	543 M Yen
Sales and Disposal of Buildings, Structures, Tanks, etc.	314 M Yen	66 M Yen	749 M Yen
Sales of Land and Buildings for Dormitory	- M Yen	19 M Yen	- M Yen
Sales and Disposal of Tools, Furniture and Fixtures	23 M Yen	10 M Yen	100 M Yen
Sales and Disposal of Vehicles	- M Yen	3 M Yen	- M Yen
Disposal of Intangible Assets, etc.	30 M Yen	2 M Yen	91 M Yen
Cost of Dismantlement for Refinery Plant	500 M Yen	- M Yen	607 M Yen
Sales of Land for Terminal Site	38 M Yen	- M Yen	40 M Yen
Sales of Land for Buildings for Lent	- M Yen	- M Yen	53 M Yen

3. 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 the Closing Dates

	<u>As of June 30, 2002</u>	<u>As of June 30, 2003</u>	<u>Full Year 2002</u>
	Tools, Furniture & Fixtures	Tools, Furniture & Fixtures	Tools, Furniture & Fixtures
Acquisition Cost Equivalent Amount	430 M Yen	443 M Yen	325 M Yen
Accumulated Depreciation Equivalent Amount	<u>367 M Yen</u>	<u>352 M Yen</u>	<u>295 M Yen</u>
Net Book Value Equivalent Amount	62 M Yen	90 M Yen	29 M Yen

(Note) The acquisition cost equivalent amounts include interest equivalent expenses, since interest equivalent expenses are immaterial in comparison to the total 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>Full Year 2002</u>
Due within One Year	54 M Yen	74 M Yen	29 M Yen
Due over One Year	7 M Yen	16 M Yen	- M Yen
Total	<u>62 M Yen</u>	<u>90 M Yen</u>	<u>29 M Yen</u>

(Note) The outstanding Balance of accrued lease fees includes interest equivalent expenses, since interest equivalent expenses are immaterial in comparison to the total amount of property, plant and equipment.

(3) Lease Fees Paid and Depreciation Equivalent Expenses

	<u>As of June 30, 2002</u>	<u>As of June 30, 2003</u>	<u>Full Year 2002</u>
Lease Fees Paid	48 M Yen	42 M Yen	88 M Yen
Depreciation Equivalent Expenses	48 M Yen	42 M Yen	88 M Yen

(4) Calculation Method for Depreciation

Straight Line Method with No Residual Value

4. Market Value of Securities, etc.

As of June 30, 2002

There is no stocks of subsidiaries and investments in securities with market value.

As of June 30, 2003

There is no stocks of subsidiaries and investments in securities with market value.

. Actual Sales Volume & Sales Value

(Unit : KKL, Kton, Million Yen)

Products	2002 1H (January 1, 2002 - June 30, 2002)		2003 1H (January 1, 2003 - June 30, 2003)		2002 (January 1, 2002 - December 31, 2002)	
	Volume	Value	Volume	Value	Volume	Value
Gasoline	6,003 28.7	517,383 60.5	6,522 26.8	595,751 55.8	13,247 28.8	1,153,412 60.4
Naphtha	1,470 7.0	27,973 3.3	1,558 6.4	39,054 3.7	2,919 6.3	54,798 2.9
Kerosene	2,926 14.0	69,448 8.2	3,149 13.0	97,079 9.1	5,860 12.7	153,549 8.0
Diesel fuel	2,948 14.1	76,207 8.9	3,028 12.6	91,764 8.6	6,623 14.4	177,341 9.3
Fuel, Crude	4,870 23.4	104,839 12.3	6,060 24.9	151,116 14.2	10,997 23.9	241,540 12.6
Lube oil	172 0.8	10,115 1.2	182 0.7	7,763 0.7	332 0.7	16,939 0.9
LPG	1,886 9.0	30,151 3.5	2,909 12.0	49,895 4.7	4,710 10.2	73,116 3.8
Chemicals	387 1.9	13,334 1.6	494 2.0	20,388 1.9	956 2.1	31,299 1.5
Other Products	234 1.1	4,273 0.5	405 1.6	14,248 1.3	373 0.8	8,624 0.5
Sub Total	20,900 100.0	853,728 100.0	24,310 100.0	1,067,062 100.0	46,020 100.0	1,910,623 100.0
Other Operating Revenue		17,115		6,424		32,723
Grand Total	20,900	870,844	24,310	1,073,487	46,020	1,943,346

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