Consolidated Financial Statements (Kessan Tanshin) for 1st Half 2005

August 22, 2005

Listed Company: TonenGeneral Sekiyu Kabushiki Kaisha
Code #: 5012
(URL http://www.tonengeneral.co.jp)

Listed on: Tokyo Stock Exchange
Location of Head Office: Tokyo

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

For further information, please contact:
Position: ExxonMobil Y.K., Public Affairs Manager — Name: K. Morishita

Date of Board Meeting for Interim Closing: August 22, 2005 — Telephone: (03) 6713-4400

Names of Parent Companies: ExxonMobil Yugen Kaisha (Code #: -) and 1 other company — Voting Rights Owned by Parent Companies: 50.8%

Adoption of U.S. GAAP Accounting Standard: No

1. Consolidated Business Performance for 1st Half 2005 (January 1, 2005 through June 30, 2005)

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

	Sales Revenue		Operating Income		Ordinary Income	
	Million Yen	%	Million Yen	%	Million Yen	%
1H 2005	1,324,875	(23.0)	22,029	(36.7)	23,894	(34.8)
1H 2004	1,077,347	(2.7)	16,109	(△16.4)	17,728	(△15.5)
2004	2,342,276		63,177		68,625	

	Interim (Annual) Net Income		Interim (Annual) Net Income per Share	Interim (Annual) Net Income per Share after Adjustments
	Million Yen	%	Yen	Yen
1H 2005	14,790	(19.0)	25.00	-
1H 2004	12,424	(△15.1)	20.99	-
2004	48,243		81.52	-

(Note) ① Earnings from Equity-method Investments 1H 2005: 959 M Yen 1H 2004: 840 M Yen 2004: 2,999 M Yen
② Average Number of Issued Shares (Consolidated)
1H 2005: 591,612,402 Shares 1H 2004: 591,829,304 Shares 2004: 591,790,532 Shares
③ Change in Accounting Policies: No
④ Percentages shown in Sales Revenue, Operating Income, Ordinary Income and Interim (Annual) Net Income are comparisons with the previous interim accounting period.

(2) Financial Position

	Total Assets	Shareholders' Equity	Net Worth Ratio	Net Worth per Share
	Million Yen	Million Yen	%	Yen
1H 2005	848,897	253,305	29.8	428.20
1H 2004	841,378	226,323	26.9	382.43
2004	945,537	249,849	26.4	422.27

(Note) Number of Outstanding Shares at the End of the Period (Consolidated)
1H 2005: 591,563,063 Shares 1H 2004: 591,809,571 Shares 2004: 591,683,207 Shares

(3) Cash Flows

	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
	Million Yen	Million Yen	Million Yen	Million Yen
1H 2005	10,505	△ 6,742	△ 3,454	740
1H 2004	501	△ 938	186	407
2004	41,675	13,972	△ 55,874	431

(4) Scope of Consolidation and Application of Equity Method
Number of Consolidated Subsidiaries: 8
Number of Subsidiary Companies Accounted for by Equity Method: -
Number of Affiliated Companies Accounted for by Equity Method: 2

(5) Change in Scope of Consolidation and Application of Equity Method
Consolidation: (Addition) 1 (Removal) 1 Equity Method: (Addition) - (Removal) 1

2. Projected Consolidated Business Performance for 2005 (January 1, 2005 through December 31, 2005)

	Sales Revenue	Ordinary Income	Net Income
	Million Yen	Million Yen	Million Yen
Full Year	2,815,000	57,000	35,000

(Reference) Projected Net Income per Share 59.17 Yen

This filing contains forward-looking statements based on projections and estimates that involve many variables. The Company operates in a competitive environment and in an industry characterized by rapid changes in supply-demand balance. Certain risks and uncertainties including, without limitation, general economic conditions in Japan and other countries, crude prices and the exchange rate between the yen and the U.S. dollar, could cause the Company's results to differ materially from any projections and estimates presented.

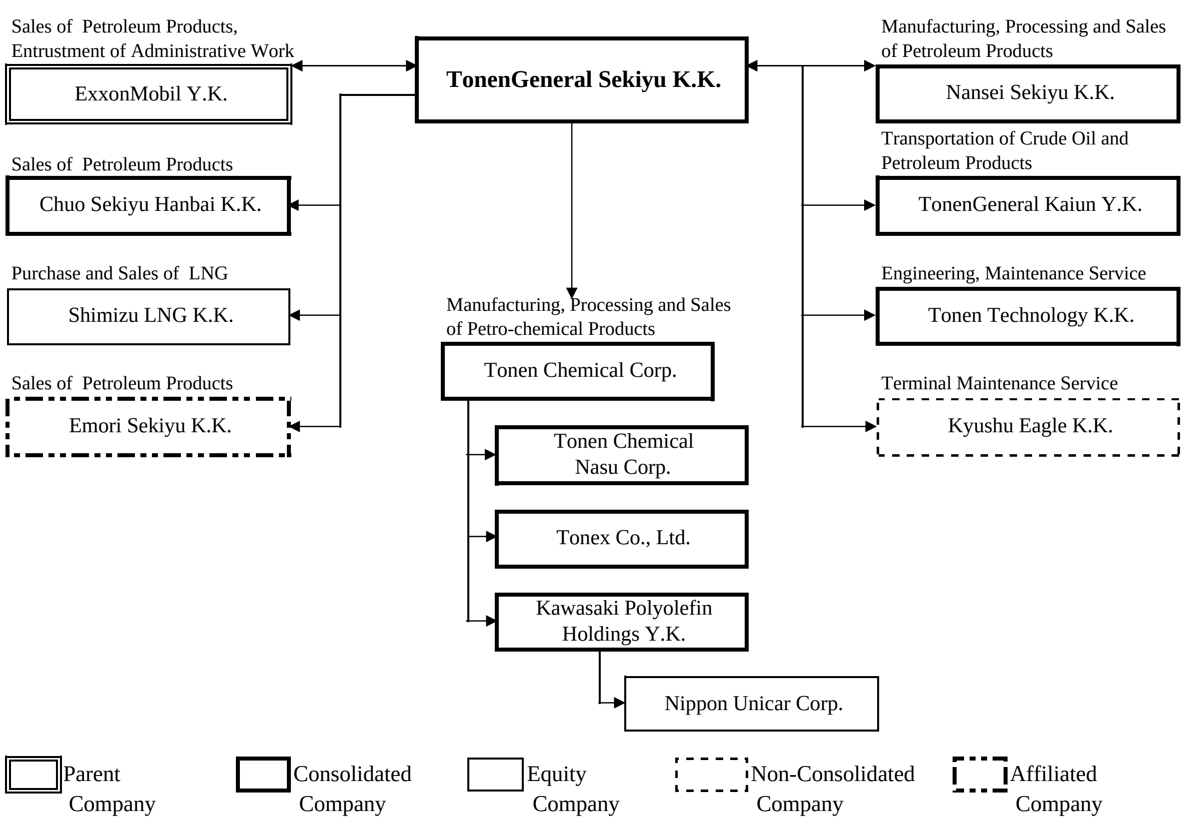
I. Profile of Group Companies

Major businesses and positions for group companies (the Company, 8 Consolidated Subsidiaries, 2 Equity Companies, 1 Non-consolidated Subsidiary, 1 Affiliated Company and 1 Parent Company) are as follows:

Segment	Function	Major Business	Name of Company	Number of Companies
Oil Products	Marketing	Sales of Petroleum Products	TonenGeneral Sekiyu K.K., ExxonMobil Y.K., Chuo Sekiyu Hanbai K.K., Emori Sekiyu K.K.	4
	Refining	Manufacturing, Processing and Sales of Petroleum Products	TonenGeneral Sekiyu K.K., Nansei Sekiyu K.K.	2
	Shipping	Transportation of Crude Oil and Petroleum Products	TonenGeneral Kaiun Y.K.	1
	Others	Purchase and Sales of LNG	Shimizu LNG K.K.	1
Chemical Products	Refining & Marketing	Manufacturing, Processing and Sales of Petro-chemical Products	TonenGeneral Sekiyu K.K., ExxonMobil Y.K., Tonen Chemical Corp., Tonen Chemical Nasu Corp., Tonex Co., Ltd., Nippon Unicar Corp., Kawasaki Polyolefin Holdings Y.K.	7
Others		Engineering, Maintenance Service	Tonen Technology K.K., Kyushu Eagle K.K.	2

(Notes)
1. Exxon Mobil Corporation, which indirectly owns 100% of the outstanding shares of ExxonMobil Y.K. via subsidiaries, is another parent company, but it is not included in the "Profile of Group Companies" as there are no material business transctions with the Company.
2. Tonen Chemical Corp. ("TCC"), a consolidated subsidiary of the Company, purchased 4,000 shares of common stock (50% of issued stock) of Tonex Company Limited ("Tonex") from ExxonMobil Petroleum and Chemical Holdings Inc, effective January 1, 2005. With this purchase, Tonex became a wholly owned subsidiary of TCC.
3. Tonen Energy and Marine (Singapore) Private Ltd., a consolidated subsidiary of the Company, was liquidated on February 19, 2005.
4. Tonex was merged into TCC on August 1, 2005.

Business structure of the group (as of June 30, 2005) is shown below:



Ⅱ. Corporate Policy

(1) Mission of TonenGeneral

TonenGeneral strives to be a good corporate citizen in all the places we operate. We are dedicated to maintaining the highest ethical standards, complying with all applicable laws and regulations. We also are dedicated to running safe, healthy and environmentally responsible operations. TonenGeneral will help lead Japan into the future by stably providing quality products, as Japan's premier refiner and supplier, leveraging the ExxonMobil Group'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. In addition, we are dedicated to meeting growing energy needs in an economically, environmentally and socially responsible manner.

(2) Corporate Goals

TonenGeneral's corporate goal is to maintain our operations in order to remain the best petroleum and petrochemical company in Japan, with world-class cost competitiveness and technology. TonenGeneral will continue to strive to achieve global levels of operational efficiency and profitability.

- Commitment to Safety, Health and Environment: Achieve safe, healthy and environmentally sound operations, making effective use of application of systems and energy-saving methods. Our commitment to Safety, Health and Environment is our first priority.

- Business Integrity and Governance: Operate with the highest standards of business ethics（See next section for a more complete discussion of Corporate Governance）

- Refining and Supply: Achieve a 1st quartile position in the world-wide efficiency rankings. Work toward 12% Return On Capital Employed (ROCE).

- Marketing: Focus on differentiation through leading the self-serve format shift and actively introducing new technologies. Pursue the best balance between margin and sales volume.

- Petrochemical: Promote integration of our petrochemical and refining businesses, while seeking opportunities to invest in high-return specialties businesses.

- As a member of ExxonMobil Group: Aim at leveraging ExxonMobil's technology, network, and global experience.

(3) Future Prospects and Our Challenges

- Future Prospects for the Industry
  The Japan economy has begun to recover from its long economic standstill ; recovery in consumer spending and business investments has led to improvements in the

unemployment rate and in corporate earnings. While the economic scenario is encouraging, we cannot rely on this recovery as a key driver of petroleum demand or as the key support of our profitability. Looking at the oil sector, while domestic demand has remained stagnant, the oil industry has been required to introduce stricter product specifications and increase efforts to address environmental issues. Also, along with increased international competition for oil products, global trade of those products is likely to be of greater importance than ever.

Petroleum products

Domestic gasoline demand growth will be limited based on automobile growth and improving fuel efficiency of gasoline cars. Domestic diesel demand is anticipated to decrease due to continued streamlining in the transportation industry. Overall, domestic demand for major oil products as a whole is anticipated to gradually decline on a long term basis. Meanwhile, in the Japanese petroleum industry, there is still an excess in overall industry supply capacity, both in the refining and retail sectors. The generally difficult conditions in the domestic supply/demand picture can therefore be expected to continue, at least in the short term.

Petrochemical products

The worldwide petrochemical industry has been robust, on the strength of the high-growth Asian market. A temporary change in the market is anticipated depending on the production level of the Chinese petrochemical project that started up this year and on short-term demand and supply adjustments.

But Asian supply and demand in 2005 is expected to continue to be tight. Although there are some concerns such as high price levels for petrochemical inputs such as naphtha, we believe that the Japanese petrochemical industry will be able to overcome these pressures through 2005.

- Business Challenges of TonenGeneral

In this environment, the key to success is efficiency. The TonenGeneral Group plans to continue our drive to be the most efficient industry player in all aspects: efficient in costs and cost structure, efficient in feedstock supply and usage, and efficient in capital usage and structure. Based on participation in the global ExxonMobil network, we believe the TonenGeneral Group has a competitive advantage to pursue further efficiencies.

Oil Segment

In our oil segment, TonenGeneral group will pursue the best balance between margins and sales volume and lead the shift to self-service stations to meet customer demand under its "Express” concept, including network expansion for Speedpass and New Video Pump. In addition, consistent with the rest of the oil industry, we have been supplying ultra low-sulfur gasoline and diesel fuel from January 2005 to meet the needs of our customers and maintain a competitive position in the market. In meeting this requirement, we have focused on the most efficient supply, using the global ExxonMobil supply network, and on the most efficient use of our capital.

Chemical Segment

In our chemical segment, this year we will pursue further chemical and refinery integration. Also we will progress key profit improvement projects such the capital investments in our films business, debottlenecking of facilities for specialty products, and improving core business efficiency.

(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 liquidity of our stock as an important management issue. However, it is estimated that lowering the trading unit requires considerable cost. Therefore, at present we do not believe that it is necessarily in the best interest of all of our shareholders. We continue to monitor market conditions, keeping in mind the need to enhance both liquidity and the interests of all of our shareholders.

(6) Corporate Governance

Fundamental Philosophy

TonenGeneral focuses on good corporate citizenship, which begins with our commitment to high ethical standards, effective corporate governance, sound financial controls, operational integrity and safety, health and environmental care. We believe our straightforward business model, culture of integrity and legal compliance, governance practices, and management control systems are key to achieving long-term sustainable results.

The company's directors and employees are responsible for developing, approving, and implementing plans and actions designed to achieve the company's objectives. We believe that the methods we employ to attain results are as important as the results themselves. The company's directors and employees are expected to observe the highest standards of integrity in the conduct of the company's business. In addition, we are committed to candor, honesty, and integrity in the reports that we make to our investors.

- **Standards of Business Conduct**
  TonenGeneral has long established 'Standards of Business Conduct' consisting of various policies and guidelines applied to the directors and employees. TonenGeneral directors and employees are expected to review these policies annually in order to ensure compliance and to apply them to all aspects of their work. Formal "Business Practices Reviews" training sessions are conducted periodically for all employees to bring about a greater understanding of these standards. In addition, there are separate periodic training sessions held on specific policies. All directors and main employees are required to annually confirm in writing their compliance with the 'Standards of Business Conduct'.

TonenGeneral’s Standards of Business Conduct contain 16 foundation policies and major guidelines also address guiding principles, related procedures for receiving and handling questions, concerns, and suggestions regarding our business practices, and open door communication.

- Ethics Policy
- Conflicts of Interest Policy
- Corporate Assets Policy
- Directorships Policy
- Gifts and Entertainment Policy
- Political Activities Policy
- International Operations Policy
- Antitrust Policy
- Health Policy
- Environment Policy
- Safety Policy
- Product Safety Policy
- Customer Relations and Product Quality Policy
- Alcohol and Drug Use Policy
- Equal Employment Opportunity Policy
- Harassment in the Workplace Policy

Governance Practices

- **The Board of Directors**
  The directors' fiduciary duty is to exercise their business judgment in the best interests of TonenGeneral's shareholders. Currently, the board consists of six directors. We consider the size of this board appropriate so as to have free and vigorous discussions where each director can participate meaningfully and exercise effective business judgment. Basically, the term of office of a director is two years. However, the term of office of any director elected due to an increase in the number of directors, or any director elected to fill a vacancy caused by a resignation of a director before the expiration, will expire at the same time as the expiration of the term of office of other directors. A Regular Meeting of the Board of Directors is to be held at least once every three months and special Meetings of the Board of Directors are convened from time to time when necessary. Meetings of the Board of Directors were held four times in 2005 1H.

- **Statutory Auditors**
  TonenGeneral Sekiyu continues to adopt “Statutory Auditor System”. Being an independent organ from directors/board of directors, the major role of the Statutory Auditors is to monitor directors’ business decisions and their execution from the standpoint of compliance with laws and the Company’s Code of Business Conduct, and ensure the shareholder interests are properly pursued and protected. There is a legal minimum number of three Statutory Auditors, two of whom are full-time, and two of whom are external, as defined by the law. They attend the important meetings such as the Board of Directors and other business meetings, receive periodical briefings from management and key managers regarding business operations and plans, and review and/or examine important documents including business reports and financial statements submitted to the general shareholders’ meeting. They continuously pay close attention to the state of internal control, in close coordination with the internal audit group and the Accounting Auditors.

Controls Framework

Sound controls are fundamental to our business operating model. We have established effective control mechanisms for our operations. Authority to approve business arrangements on behalf of our company is clearly assigned and formally delegated to appropriate management. Through internal and external audits, we continuously monitor compliance.

- **System of Management Control (SMC)**
  Our System of Management Control Basic Standards (SMC) defines the basic principles, concepts and standards that form our control system. “Control” comprises all the means devised by an organization to direct, restrain, govern and check upon various activities. TonenGeneral has evolved a system of management control to ensure effective, efficient and proper utilization of its resources in pursuit of the company’s objectives, with due regard for the respective interests of its stakeholders and the public. The basic purpose of such control is to see that business is conducted properly in accordance with management’s general and specific directives.

- **Controls Integrity Management System (CIMS)**
  Our Controls Integrity Management System (CIMS), based on the SMC, provides a systematic framework for the effective execution of controls and takes a structured, standardized, prevention-based approach to managing risks and concerns. CIMS is a management system providing a process for ensuring that the Corporate Policies, SMC standards and In-Line Controls (control steps / procedures implemented at the process and/or job level) are implemented and effectively sustained over time. The system is comprised of seven “elements”: “Management Leadership Commitment & Accountability”, “Risk Assessment”,”Business Procedure Management & Improvement”, “Personnel & Training”, “Management of Change”, “Reporting & Resolution of Control Weakness” and “ Controls Integrity Assessment”.

- **Auditing and Compliance**
  The Internal Audit group conducts TonenGeneral’s internal audit process. The Internal Audit staff independently assesses compliance with policies and procedures, and evaluates the effectiveness of all financial and related controls. Management and managers are obligated to consider all Internal Audit findings and recommendations and take appropriate actions. Generally, each segment of the business receives an internal audit about every three years. In addition, business segments conduct internal assessments based on CIMS and audit standards around the middle of each audit cycle. Approximately once each year, Management reviews internal audit results, with particular attention to any problem areas.

  Independent external auditors review the company’s financial statements to ensure accuracy and conformity with generally accepted accounting principles. The company takes many steps to assure the independence of external auditors. (Please refer to the framework 1)

Safety, Health and Environment Compliance

- **Operation Integrity Management System (OIMS)**

  TonenGeneral believes that an effective system for maintaining standards for safety, health, and environmental protection is a key aspect of governance. We have introduced the "Operations Integrity Management System (OIMS)" originally developed by the ExxonMobil Group into all refineries, terminals and service stations to ensure safety, health and environmental soundness in all our operations consistent with the ISO 14001 Environmental Management Systems Standards. The OIMS framework includes 11 elements, each with clearly defined expectations, including:

  The Eleven Elements of OIMS

  - Management, Leadership, Commitment and Accountability
  - Risk assessment and management
  - Facilities Design and Construction
  - Information and Documentation
  - Personnel and Training
  - Operations and Maintenance
  - Management of Change
  - Third-party Services
  - Incident Investigation and Analysis
  - Community awareness and Emergency preparedness
  - Operation Integrity Assessment and improvement

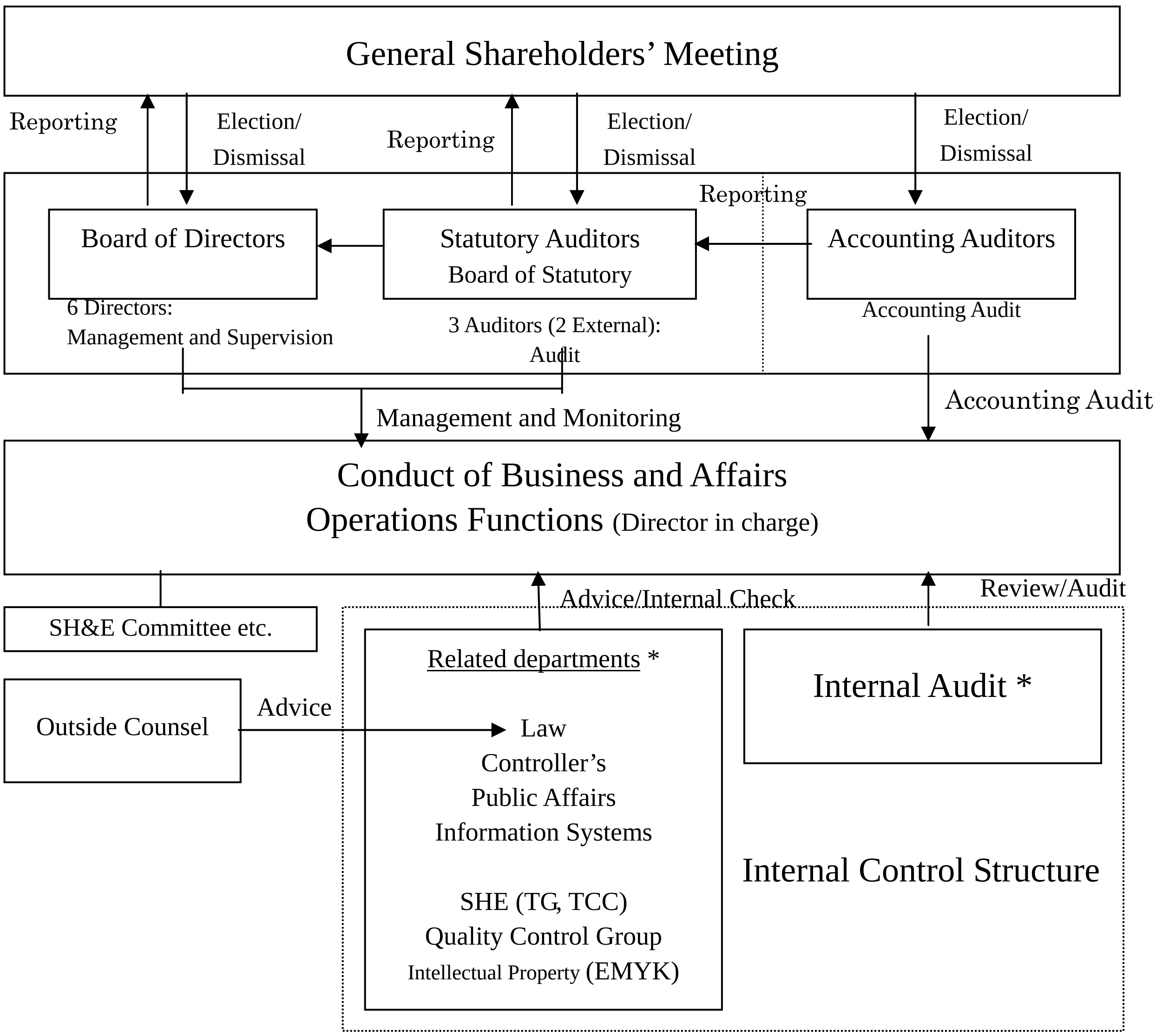
  OIMS requires each operating unit to be assessed by experienced employees from outside the unit on a periodic basis. Self-assessments are required in years when these external assessments are not done. Under OIMS, we review specific hazards that we believe could have major incident potential and take steps to mitigate risks.

- **Safety, Health & Environment(SH&E)Committees**

  TonenGeneral continues to make every effort to protect the environment, using the ExxonMobil Group's global network and its employment of OIMS. As a part of these activities, the ExxonMobil Japan Group including TonenGeneral has established "SH&E Committees" in each of the Refining and Supply and Chemicals segments to set the basic policies of SH&E and regularly review the results. In each function, specific objective setting and detailed follow-ups are practiced.

Framework: Conduct of Business and Affairs, Monitoring and Internal Auditing

(**Framework 1**)



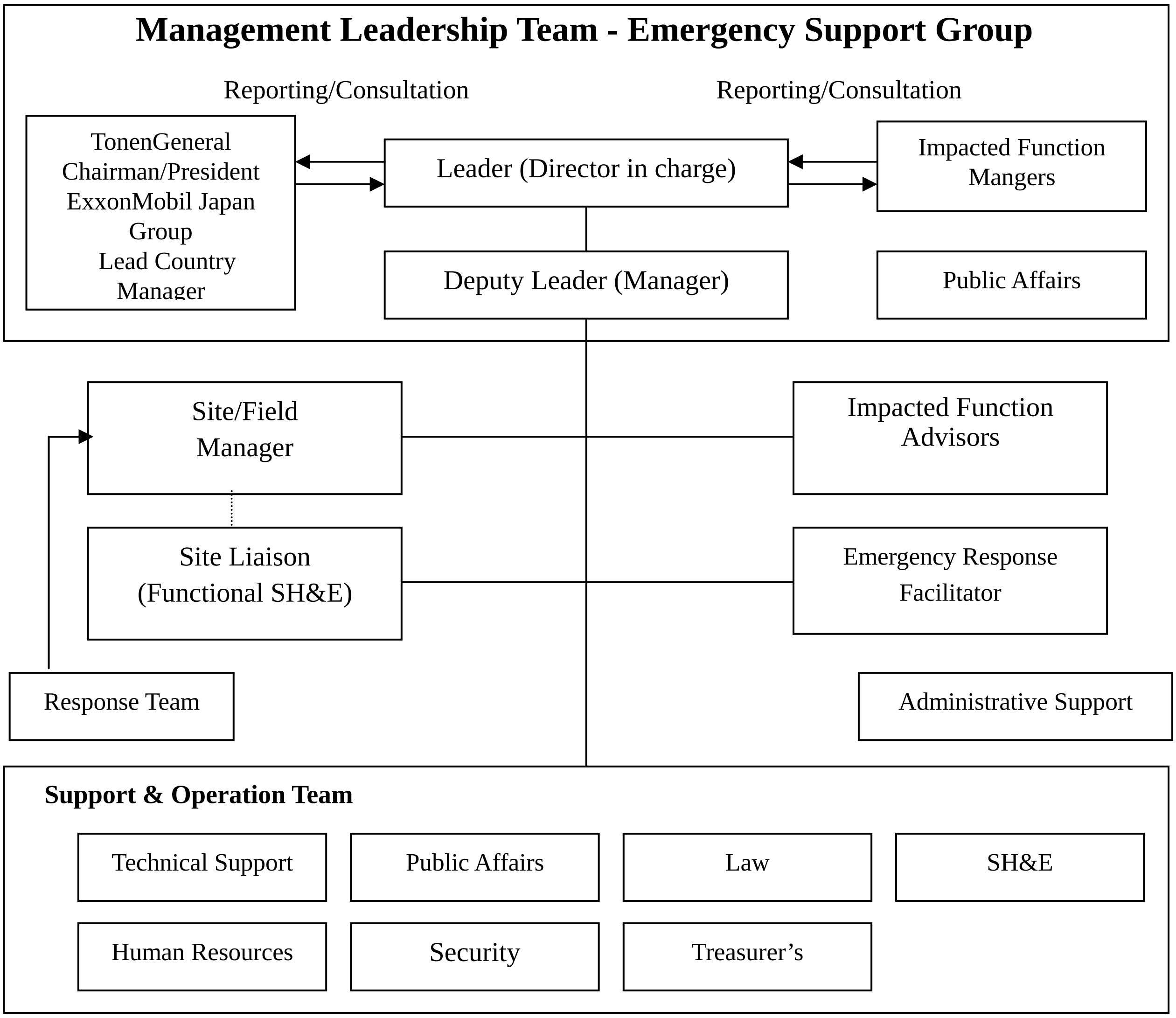
* Under a comprehensive service arrangement, the provision of most services, including Law, Controller's, Information Systems and Internal Audit, is mutualized across all companies in the ExxonMobil Group in Japan. The services are provided to all companies by ExxonMobil Yugen Kaisha, TonenGeneral's majority shareholder.

Key Governance System
Standards of Business Conducts
System of Management Control (SMC)
Controls Integrity Management System (CIMS)
Operating Integrity Management System (OIMS)

Framework – Risk Management

(**Framework 2**)

In order to minimize damages in emergency cases, TonenGeneral has established plans for emergency response



(7) Basic idea about the relationship with related parties

ExxonMobil Yugen Kaisha holds (as of end of June 2005) 50.8 % of TonenGeneral's total shareholders' voting rights. ExxonMobil Y.K. is a 100% indirect subsidiary of Exxon Mobil Corporation. Within the ExxonMobil Japan Group, including ExxonMobil Y.K. and TonenGeneral K.K., all of the businesses of companies are organized along functional lines. The objective of this organization is to take advantage of economies of scale, synergies across companies, and rapid implementation of ExxonMobil best practices from around the world. The main relationship between TonenGeneral K.K. and the ExxonMobil Group companies are as follows.

- TonenGeneral supplies petroleum products to ExxonMobil Y.K. under an agreement relating to supply and offtake for petroleum products.
- TonenGeneral has concluded an agreement for ExxonMobil Y.K. under which TonenGeneral is entrusted with certain logistic functions of ExxonMobil Y.K.
- TonenGeneral has concluded agreements for comprehensive services with ExxonMobil Y.K. to entrust marketing functions and administrative functions.
- TonenGeneral has concluded agreements in relation to crude oil, products and feedstocks supply, services, and research with some ExxonMobil affiliated companies abroad.
- Tonen Chemical Corp. has concluded an agency agreement with ExxonMobil Y.K., utilizing ExxonMobil Y.K. as an agent to centralize its sales and logistics operations.
- Four directors of TonenGeneral are also directors of ExxonMobil Y.K.

(8) Risk Factors Affecting Future Results

Below summarized are risk factors that may affect the earnings, stock prices and consolidated financial statements etc. in TonenGeneral and its affiliates.

- **Competitive Factors**
  The energy and petrochemical industries are highly competitive. There is competition within the industries and also with other industries in supplying the energy, fuel and chemical needs of industry and individual customers. A key component of the Company's competitive position, particularly given the commodity-based nature of many of its products, is its ability to manage expenses successfully, which requires continuous management focus on reducing unit costs and improving efficiency.
- **Political Factors**
  The operations and earnings of the Company and its affiliates have been, and may in the future, affected from time to time in varying degrees by political developments, and governmental activity including new laws and regulations. Examples of potential activities or events include: forced divestiture of assets, restrictions on production, imports and exports; war or other international conflicts; civil unrest and local security

concerns that threaten the safe operation of company facilities; price controls; tax increases and retroactive tax claims; expropriation of property; cancellation of contract rights; and environmental regulations. Both the likelihood of such occurrences and their overall effect upon the Company vary greatly and are not predictable.

- **Environmental Regulations**
  In Japan, supply of 50-ppm diesel and gasoline has legally come to effect as of 2004 end. Furthermore, it is required to lower sulfur level to 10 ppm effective 2007 for diesel and effective 2008 for gasoline. TonenGeneral voluntarily started supply of 10 ppm diesel and gasoline as of January 2005 in order to meet customer needs and to maintain competitiveness in the market. The earnings of the Company may be affected by increases in costs, in response to further new environmental regulations.

- **Petroleum Tariff Reform**
  Tariff duties on crude oil are scheduled to be abolished in April 2006, also, those on petroleum products will be reduced or abolished.. If tariff duties on petroleum products were reduced or abolished in the future, this could have effects on domestic petroleum prices.

- **Industry and Economic Factors**
  The operations and earnings of the Company and its affiliates are affected by local, regional and global events or conditions that affect supply and demand for oil, petroleum products and other our products. These events and conditions are generally not predictable and include, among other things, general economic growth rates and the occurrence of economic recessions; supply disruptions; weather, including seasonal patterns that affect energy demand and severe weather events that can disrupt operations; technological advances, including advances in technology relating to energy usage in refining, and petrochemical manufacturing; changes in demographics, including population growth rates and consumer preferences; and the competitiveness of alternative hydrocarbon or other energy sources or product substitutes.

- **Market Risks, Inflation and Other Uncertainties**
  Crude oil, petroleum product and chemical prices have fluctuated widely in response to changing market forces. The impacts of these price fluctuations on earnings are generally not predictable.

- **Personal Information Management Risk**
  In an effort to secure proper use and management of confidential information including personal data, we have taken appropriate measures such as installation of firewalls on computer network, introduction of computer antivirus software to protect internal database and PC operations, monitoring of computer networks, use of dedicated lines for data exchange with external parties, and introduction of advanced data management system, etc. We have required that service providers to whom we have outsourced our customer data to adopt the same security policies, and thus our customer data has been properly managed and monitored. Nevertheless, in cases of loss, leak or falsification of internal information including customer data, our business activities might be negatively affected.

Ⅲ. Financial Results

(1) Business Overview

<u>Crude Cost and Petroleum Product Market</u>

Dubai spot price started 34 dollars per barrel at the beginning of this year and has risen abruptly, hitting a peak of 54 dollars per barrel at the end of June. The 2005 first half year-to-date average of 44.5 dollars per barrel was about 13.1 dollars per barrel, or 42% higher than that of last year. The U.S. dollar-yen exchange rate in the same period ranged from 104 to 109 yen per dollar, averaging at 107.1 yen per dollar which was about 2.4 yen appreciation against the US dollars than in the same period of last year. Year-to-date crude cost in yen per liter terms(on a loaded basis) was 30.1 yen per liter or about 39% higher than in the same period of last year.

Domestic retail market prices for major products such as gasoline, kerosene and diesel in the January - June period firmed versus last year.

2005 first half year-to-date total petroleum product demand showed an increase of 1.1% versus the corresponding period last year. Gasoline demand increased by 1.8%. Kerosene demand grew by 6.4%, due to the impact of a colder winter. Diesel demand increased by 0.1%. FOA demand decreased by 0.7%. FOC demand declined by 3.0%, reversing the effects of nuclear plant shutdowns in 2004.

<u>Petrochemical Product Market</u>

In the 1st half of 2005, despite a minor dip in the period from April to June, petrochemical products continued to show strong trends both in production volume and spot market prices, reflecting the strong demand, especially from in China. Domestic ethylene production volume continued to stay at a high level, maintaining the previous year's level. Compared with the same period last year, production volume for Benzene, Toluene and Paraxylene was positive 7.1%, 7.7% and 5.0% respectively. Asian spot market prices, in US dollar terms, for Benzene increased by 43.1%, and for Paraxylene increased 27.7%, compared with the same period last year. The spot price for Naphtha, a key input for petrochemical production, increased by 24.0%.

1) Petroleum Products

Consolidated sales revenue increased by 223.1 billion yen to 1,210.1 billion yen, as crude cost hikes were reflected to the product prices. Operating income decreased by 4.3 billion yen to minus 3.9 billion yen. This was due to the extreme effects of the rapid crude price increase in the first half. TonenGeneral accounts for purchased crude when it is loaded, whereas most of industry accounts for crude when it arrives in Japan, so that crude price changes affect our results approximately one month earlier than industry. Therefore, The full effects of the extreme crude price increases seen in the first half of 2005 (an increase of about 20$/barrel overall on a Dubai basis from the price lows in January to the price highs in June) are reflected in our financial results in the first half. This adverse effect on a Dubai basis versus the accounting method of industry is estimated at about 26 billion yen. TonenGeneral applies the LIFO/LOCOM method for inventory evaluation. Operating income includes inventory valuation gains of 16.3 billion yen, versus 1.8 billion yen of negative inventory effects in the previous year. These inventory valuation effects do not affect our cash earnings.

2) Petrochemical Products

Consolidated sales revenue increased by 24.3 billion yen to 113.6 billion yen, reflecting the continued strong demand in the industry. Operating income expanded by 10.5 billion yen to 26.1 billion yen. Sales volume and unit margins for major products such as Olefins, Benzene, and Paraxylene showed a strong trend reflecting the continuous strong demand. These margin increases contributed to the operating income increase.

3) Others

Sales revenue for engineering, maintenance service, etc was 1.1 billion yen, and operating income was 82 million yen.

(2) Earnings Forecast

Earnings forecasts for the period ending December 31, 2005 are as follows:

(Unit: billion yen)

	Sales Revenue	**Operating Income/Loss**	**Ordinary Income/Loss**	**Net Income/Loss**
Consolidated	2,815.0	55.0	57.0	35.0
Parent-own	2,798.0	35.0	43.0	27.0

Some considerations leading to the forecast include the following assumptions:

(1) Sales volume is assumed to be slightly higher than the previous forecast, reflecting first half sales volume increases.

(2) Higher earnings in the chemical sector versus the prior forecast are assumed, reflecting the

continuous strong demand.

(3) Oil product margins are expected to decrease reflecting the extreme effects of the rapid crude price increase in the first half.

(4) Given the elevated crude price levels implied in our projection of product margins, we are assuming a year-end inventory valuation gain of 9 billion yen.

Ⅳ. Financial Position

1. Cash flow in 2005 1st Half

Cash and Cash Equivalents were 0.7 billion yen at the end of this semi-annual accounting period. This was a 0.3 billion yen increase from the end of the previous accounting period.

Cash Flows from Operating Activities were positive 10.5 billion yen. Positive factors such as a decrease in trade accounts receivable and positive before-tax income outweighed negative factors such as a decrease in certain accounts payable, including gasoline tax payable, and payments for 2004 corporate taxes.

In the 1st half of 2005, seven-months' equivalent of gasoline tax, etc. was paid (due to calendar effects on due dates), and the amount of the extra months' payment was 33.9 billion yen. This will reverse in the 2nd half of this year. Excluding this extra month payment of gasoline tax, etc., Cash Flows from Operating Activities were 44.4 billion yen in the 1st half of this year.

Cash Flows from Investing Activities were negative 6.7 billion yen. Cash outflows for capital expenditures and acquisition of a subsidiary's stock with change of consolidation scope were larger than sales proceeds from disposal of marketable securities and distributions received from invested companies.

Cash Flows from Financing Activities were negative 3.5 billion yen. Cash inflows by increasing short-term borrowings were lower than cash outflows for dividend payment and repayment of a long-term loan.

2. Outlook on cash flows

Combined cash flow from operating activities and investing activities in full year 2005 is expected to be reasonably stable and adequate, although it is expected to be lower than 2004. Before-tax earnings in 2005 are forecast to be lower than in 2004. Payment for taxes is forecast to be higher in 2005 because the company and its subsidiaries paid corporate tax for their historically high earnings in 2004. The company expects lower proceeds from divestments this year versus 2004.

In Cash Flows from Operating Activities, the extra month payment of gasoline tax, etc. during the 1st half of 2005, described above, is expected to reverse in the 2nd half of the year, so that 12 months of payments for gasoline tax, etc. will be made during the entire year of 2005.

Net cash generation will be applied to distributions to shareholders and to repayment of debt.

3.Trends in cash flows

	FY 2003	1st Half 2004	FY 2004	1st Half 2005
Shareholder's Equity Ratio (%) - Book Base	24.2%	26.9%	26.4%	29.9%
Shareholder's Equity Ratio (%) - Market Base	56.3%	65.8%	58.4%	83.7%
Years needed to retire debt (years)	2.1	- (*)	1.7	- (*)
Interest coverage Ratio (times)	50.5	- (*)	58.5	- (*)

(*): Years needed to retire debt and Interest coverage ratio are not shown in interim reporting

* All indicators have been calculated based on consolidated financial data
* Definitions:

Shareholder's Equity Ratio – Book Base:	Shareholder's Equity / Total Assets
Shareholder's Equity Ratio – Market Base:	Total value of stock at market price / Total Assets
Years needed to retire debt:	Interest-bearing debt / Operating Cash Flows
Interest coverage ratio:	Operating Cash Flows / Interest paid

* Operating cash flows is the cash flow from operations shown in the Consolidated Statement of Cash Flows
* Interest-bearing debt is actual interest-bearing debt, defined as S/T borrowings, Commercial Paper and L/T Debt on the Consolidated Balance Sheet. Interest Paid is the amount shown in the Consolidated Statement of Cash Flows.

Ⅴ. Interim Consolidated Financial Statements

Interim Consolidated Balance Sheet

(Unit: Million Yen)

Account Title	June 30, 2004	June 30, 2005	December 31, 2004	Jun. 30, 2005 vs. Dec. 31, 2004
Asset	841,378	848,897	945,537	△ 96,640
Current Assets	531,151	564,923	658,833	△ 93,910
Cash and Cash Equivalents	407	740	431	308
Notes and Accounts Receivable	334,828	384,310	464,412	△ 80,102
Inventories	174,220	162,199	178,490	△ 16,291
Deferred Tax Assets	3,984	5,614	6,186	△ 571
Short-term Loans Receivable	5,591	2,045	770	1,275
Others	13,096	10,757	9,477	1,280
Bad Debt Allowance	△ 977	△ 744	△ 935	191
Long-term Assets	310,227	283,973	286,703	△ 2,730
Property, Plant and Equipment	253,525	238,874	242,464	△ 3,590
Buildings and Structures	62,809	58,837	60,767	△ 1,929
Tanks	7,568	7,113	7,332	△ 219
Machinery, Equipment and Vehicles	68,381	67,965	71,656	△ 3,691
Tools, Furniture and Fixture	2,062	1,704	1,878	△ 174
Land	101,153	93,859	94,335	△ 475
Incomplete Construction	11,550	9,393	6,494	2,899
Intangible Assets	6,044	8,431	5,778	2,652
Leasehold	1,997	1,994	1,997	△ 3
Software	3,242	2,908	3,095	△ 187
Consolidation Adjustment Account	-	2,940	-	2,940
Others	803	588	685	△ 96
Investments and Other Assets	50,657	36,668	38,460	△ 1,792
Investment in Securities	22,943	14,079	16,910	△ 2,830
Long-term Loans Receivable	2,132	1,849	1,976	△ 127
Deferred Tax Assets	5,361	6,791	5,469	1,321
Others	21,925	15,356	15,831	△ 474
Bad Debt Allowance	△ 1,706	△ 1,408	△ 1,727	319
Total Assets	841,378	848,897	945,537	△ 96,640

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

Interim Consolidated Balance Sheet

(Unit: Million Yen)

Account Title	June 30, 2004	June 30, 2005	December 31, 2004	Jun. 30, 2005 vs. Dec. 31, 2004
Liabilities	614,133	594,651	694,674	△ 100,023
Current Liabilities	522,907	517,002	617,697	△ 100,695
Notes and Accounts Payable	207,486	221,341	242,685	△ 21,343
Gasoline Tax etc., Payable	159,225	174,792	238,859	△ 64,066
Short-term Debt	97,781	62,943	53,595	9,348
Accrued Income Tax	3,267	8,536	22,366	△ 13,829
Accrued Consumption Tax	8,363	7,632	12,028	△ 4,396
Guarantee Deposits Payable	11,850	12,306	11,853	453
Reserve for Bonus	1,603	1,574	1,455	119
Others	33,328	27,874	34,853	△ 6,979
Long-term Liabilities	91,226	77,648	76,976	672
Long-term Debt	17,671	15,602	16,572	△ 970
Deferred Income Tax Liabilities	6	1,974	859	1,115
Reserve for Accrued Pension Costs	53,252	39,972	40,025	△ 52
Reserve for Officers' Retirement Allowance	292	235	231	3
Reserve for Repairs	13,042	15,105	13,859	1,245
Reserve for Offshore Well Abandonment	1,608	1,604	1,608	△ 3
Others	5,353	3,154	3,821	△ 667
Minority Interests	921	940	1,014	△ 73
Shareholders' Equity	226,323	253,305	249,849	3,456
Common Stock	35,123	35,123	35,123	-
Additional Paid-in Capital	20,747	20,761	20,753	8
Retained Earnings	167,902	197,210	193,069	4,140
Net Unrealized Holding Gains on Securities	3,157	1,071	1,625	△ 554
Foreign Currency Translation Adjustments	△ 10	-	-	-
Treasury Stock	△ 597	△ 861	△ 723	△ 137
Total Liabilities, Minority Interests and Shareholders' Equity	841,378	848,897	945,537	△ 96,640

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

Consolidated③

Interim Consolidated Statement of Income

(Unit: Million Yen)

		Account Title	1H 2004 (Jan. 1 through Jun. 30)	1H 2005 (Jan. 1 through Jun. 30)	1H 2005 vs. 1H 2004	2004 (Jan. 1 through Dec. 31)
Ordinary P/L	Operating P/L	Sales Revenue	1,077,347	1,324,875	247,528	2,342,276
		Cost of Sales	1,038,477	1,283,584	245,106	2,233,696
		Gross Margin	38,869	41,291	2,421	108,580
		Selling, General and Administrative Expenses	22,759	19,261	△ 3,497	45,402
		Operating Income	16,109	22,029	5,919	63,177
	Non-operating P/L	Non-operating Income				
		Interest Income	89	62	△ 27	155
		Dividends Received	122	70	△ 51	133
		Foreign Exchange Gain	1,033	1,171	137	2,914
		Equity in Earnings of Affiliates	840	959	119	2,999
		Others	254	23	△ 230	545
		Total Non-operating Income	2,340	2,287	△ 52	6,748
		Non-operating Expenses				
		Interest Expenses	371	308	△ 62	722
		Others	350	114	△ 236	578
		Total Non-operating Expense	722	423	△ 299	1,301
		Ordinary Income	17,728	23,894	6,166	68,625
Extraordinary P/L		Extraordinary Gain				
		Gain on Sales of Investment Securities	2,757	1,072	△ 1,685	11,596
		Gain on Sales of Property, Plant and Equipment	648	253	△ 395	3,290
		Gain on Sales of Golf Membership	8	38	30	16
		Gain on Return of Substitutional Portion of Employee Pension Fund	-	-	-	6,937
		Settlement Package etc. Related to Withdrawal from Power Generation Business	-	-	-	1,929
		Gain on Reversal of Bad Debt Allowance	-	-	-	9
		Others	43	-	△ 43	152
		Total Extraordinary Gain	3,457	1,363	△ 2,093	23,932
		Extraordinary Loss				
		Loss on Sales and Disposals of Property, Plant and Equipment	1,020	846	△ 174	4,371
		Evaluation Loss on Investment Securities	-	615	615	-
		Loss on Asset Impairment	-	30	30	3,370
		Additional Allowance for Early Retirement	-	-	-	2,387
		Others	18	-	△ 18	147
		Total Extraordinary Loss	1,039	1,492	452	10,276
Interim (Annual) Income before Income Taxes			20,146	23,765	3,619	82,280
Current Income Taxes			4,402	8,282	3,880	31,117
Deferred Income Tax			3,312	765	△ 2,547	2,817
Minority Interests (△Loss)			6	△ 73	△ 79	102
Interim (Annual) Net Income			12,424	14,790	2,366	48,243

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

Interim Consolidated Statement of Retained Earnings

(Unit: Million Yen)

Description	1H 2004 (Jan. 1 through Jun. 30)		1H 2005 (Jan. 1 through Jun. 30)		2004 (Jan. 1 through Dec. 31)	
Additional Paid‐in Capital						
Ⅰ Outstanding Balance at the Beginning of the Period		20,741		20,753		20,741
Ⅱ Increase in Additional Paid-in Capital						
Gain on Disposals of Treasury Stock	5	5	8	8	11	11
Ⅲ Outstanding Balance at the End of the Period		20,747		20,761		20,753
Retained Earnings						
Ⅰ Outstanding Balance at the Beginning of the Period		166,131		193,069		166,131
Ⅱ Increase in Retained Earnings						
Interim (Annual) Net Income	12,424	12,424	14,790	14,790	48,243	48,243
Ⅲ Decrease in Retained Earnings						
Cash Dividends Declared	10,653	10,653	10,650	10,650	21,305	20,305
Ⅳ Outstanding Balance at the End of the Period		167,902		197,210		193,069

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

Interim Consolidated Statement of Cash Flows

(Unit: Million Yen)

Title	1H 2004 (Jan. 1 through Jun. 30) Amounts	1H 2005 (Jan. 1 through Jun. 30) Amounts	2004 (Jan. 1 through Dec. 31) Amounts
Ⅰ.Cash Flows from Operating Activities			
Interim(Annual) Net Income before Income Taxes	20,146	23,765	82,280
Depreciation and Amortization	10,061	9,617	21,474
Loss on Asset Impairment	-	30	3,370
Increase(△Decrease) in Reserve for Repairs	△ 1,080	1,245	△ 263
Gain on Sales of Investment Securities	△ 2,757	△ 1,072	△ 11,596
Decrease(△Increase) in Trade Accounts Receivable	83,827	80,665	△ 45,756
Decrease(△Increase) in Inventories	△ 5,109	16,871	△ 9,378
Increase(△Decrease) in Trade Accounts Payable	△ 6,457	△ 21,917	28,742
Increase（△Decrease） in Other Accounts Payable	△ 83,905	△ 74,327	3,805
Others	2,662	△ 1,134	△ 11,039
Sub-Total	17,386	33,743	61,638
Interest and Dividend Income Received	202	407	5,401
Interest Paid	△ 389	△ 337	△ 712
Payments of Additional Allowance for Early Retirement	△ 4	△ 1,365	△ 1,026
Receipt of Settlement Package Related to Withdrawal from Power Generation Business	-	-	1,000
Income Taxes Paid	△ 16,693	△ 21,942	△ 24,625
Net Cash Provided by Operating Activities	501	10,505	41,675
Ⅱ.Cash Flows from Investing Activities			
Payments for Purchases of Property, Plant and Equipment	△ 7,656	△ 5,847	△ 16,180
Proceeds from Sales of Property, Plant and Equipment	1,355	475	5,724
Payments for Purchases of Intangible Assets	△ 162	△ 186	△ 101
Proceeds from Sales of Investment Securities	6,039	1,239	19,638
Decrease(△Increase) in Short-term Loans Receivable	△ 856	-	3,990
Payments for Long-term Loans Receivable	△ 47	△ 35	△ 59
Collection of Long-term Loans Receivable	383	247	921
Payments for Stock Purchase of a Subsidiary Company	-	△ 3,988	-
Proceeds from Share Buy Back by an Equity-method Subsidiary	-	1,300	-
Others	5	52	37
Net Cash Provided(△Used) in Investing Activities	△ 938	△ 6,742	13,972
Ⅲ.Cash Flows from Financing Activities			
Decrease(△Increase) in Short-term Loans Receivable	-	△ 1,360	-
Increase（△Decrease） in Short-term Debt	7,590	10,184	△ 36,219
Increase in Long-term Debt	4,785	-	4,785
Payments for Long-term Debt	△ 1,501	△ 1,498	△ 2,977
Payments for Repurchase of Treasury Stock	△ 85	△ 168	△ 258
Proceeds from Sales of Treasury Stock	51	38	105
Cash Dividends Paid	△ 10,653	△ 10,650	△ 21,305
Payment of Liquidation Dividends to Minority Interests	-	-	△ 4
Net Cash Provided(△Used) in Financing Activities	186	△ 3,454	△ 55,874
Ⅳ.Increase(△Decrease) in Cash and Cash Equivalents	△ 251	308	△ 226
Ⅴ.Cash and Cash Equivalents at the Beginning of the Period	658	431	658
Ⅵ.Cash and Cash Equivalents at the End of the Period	407	740	431

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

Notes to Interim Consolidated Financial Statements

1. Scope of Consolidation

- Consolidated subsidiaries: 8 companies, see "I. Profile of Group Companies"
- Subsidiaries consolidated during the period: 1 company Tonex Co., Ltd.
  Consolidation Adjustment Account for the Purchase of Tonex Co.,Ltd. is amortized over five years, using the straight-line method.
- Subsidiaries eliminated from consolidation during the period: 1 company
  Tonen Energy and Marine (Singapore) Private Ltd.
- Non-consolidated subsidiaries: 1 company Kyushu Eagle K.K.

2. Application of Equity Method

- Affiliates accounted for by the equity method: 2 companies, see "I. Profile of Group Companies"
- Equity-method companies eliminated during the period: 1 company Tonex Co., Ltd.
- Non-equity-method companies : 2 companies Kyushu Eagle K.K., Emori Sekiyu K.K.

3. Interim Closing Date of Consolidated Subsidiaries

Interim closing dates of consolidated subsidiaries are the same as that of the Company.

4. Summary of Significant Accounting Procedures

(1) Evaluation Methods for Important Assets

① Inventories
- Goods, products, unfinished products and crude: generally LIFO method at the lower of cost or market
- Supplies: moving-average method

② Securities
- Other securities
  ・Marketable: market value at the closing date
  (Unrealized holding gain/loss is directly reflected in shareholders' equity, and cost of sales is calculated using the moving-average method.)
  ・Non-marketable: moving-average method

③ Derivatives transactions, etc: market value at the closing date

(2) Depreciation and Amortization of Fixed Assets

- Property, Plant and Equipment: generally the declining-balance method
  In addition, the service life ranges of major types of assets are:
  Buildings and Structures : 10 to 50 years
  Tanks : 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 to 15years) using the straight-line method.

(3) Accounting Standards for Major Reserves

- Bad Debt Allowance
  To provide for losses due to bad debt, the Company and its consolidated subsidiaries accrue an estimated bad debt allowance on ordinary receivables based on historical bad debt ratios, and on highly doubtful receivables based on the financial conditions of individual customers.
- Reserve for Bonus
  To provide for the payment of employees' bonus, the Company and its consolidated subsidiaries accrue an estimated reserve for the interim consolidated accounting period.

- Reserve for Accrued Pension Costs

  To provide for the payment of employees' post-retirement benefits, the Company and its consolidated subsidiaries accrue an estimated reserve based on the projected benefit obligations and estimated pension plan assets as of the closing date. Any differences in actuarial calculations of retirement benefits are amortized beginning with the next accounting period, where the declining-balance method is employed over a period which is set within employees' average remaining service years (12 years). Prior service obligations are amortized using the straight-line method over employees' average remaining service years (11.4, 12.9 and 15.5 years).

- Reserve for Officers Retirement Allowance

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

- Reserve for Repairs

  To provide for periodic tank inspections required under the Fire Service Law and for periodic repairs of machinery and equipment, the Company and two of its consolidated subsidiaries accrue estimated reserves for the interim consolidated accounting period, based on actual payments and on actual payments and repair plans, respectively.

- Reserve for Offshore Well Abandonment

  To provide for expenses for offshore well abandonment to be incurred when natural gas production is terminated, the Company and its consolidated subsidiaries accrue an estimated amount using the unit of production method.

(4) Translation Method for Foreign Currency Assets and Liabilities

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

(5) Accounting for Finance Lease Transactions

The same accounting treatment is employed for finance lease transactions without transfer of ownership of leased items to lessee as for ordinary operating lease transactions.

(6) Other

Interim Consolidated Statement of Income does not include consumption tax.

5. Scope of Cash and Cash Equivalents in Interim Consolidated Statement of Cash Flows

Cash and cash equivalents are composed of cash on hand, deposits drawable at any time, and readily convertible and price change insensitive short-term advances whose maturity comes generally within three months.

Additional Information

Return of Substitutional Portion of Employee Pension Fund (EPF)

With the implementation of the Defined Benefit Pension Plan Act, the Company and its consolidated subsidiary TCC were granted approval by the Minister of Health, Labor and Welfare on the return of their past substitutional government portion in the previous consolidated accounting period. The return was completed on May 31, 2005. As a result, operating income for this interim consolidated accounting period increased by 118 million yen.

Other Notes

1. Interim Consolidated Balance Sheets

	June 30, 2004	June 30, 2005	December 31, 2004
(1) Accumulated Depreciation of Property, Plant and Equipment	726,739 Million Yen	741,304 Million Yen	731,330 Million Yen
(2) Contingent Liabilities	4,962 Million Yen	4,214 Million Yen	4,791 Million Yen
(3) Number of Shares Issued: Common Stock	592,543,018 Shares	592,543,018 Shares	592,543,018 Shares
(4) Treasury Stock Number of Shares	733,447 Shares	979,955 Shares	859,811 Shares
Amount	597 Million Yen	861 Million Yen	723 Million Yen

(5) The balance of total principal amounts of loans receivable that a consolidated subsidiary sold to third parties at loan participations, which were processed in accordance with Report No.3 of The Accounting Institution Committee of The Japanese Institute of Certified Public Accountants, issued on June 1, 1995.

	June 30, 2004	June 30, 2005	December 31, 2004
	165,456 Million Yen	- Million Yen	- Million Yen

2. Interim Consolidated Statement of Income

	1H 2004	1H 2005	2004
(1) Gain on Sales of Property, Plant and Equipment			
Land (Service Stations, etc.)	641 Million Yen	246 Million Yen	2,360 Million Yen
Buildings and Structures (Training Center, etc.)	- Million Yen	2 Million Yen	753 Million Yen
Machinery, Equipment and Vehicles (Ship, etc.)	- Million Yen	- Million Yen	144 Million Yen
Others	6 Million Yen	4 Million Yen	31 Million Yen
Total	648 Million Yen	253 Million Yen	3,290 Million Yen
(2) Loss on Sales and Disposals of Property, Plant and Equipment			
Buildings and Structures (Service Stations, etc.)	189 Million Yen	287 Million Yen	846 Million Yen
Machinery, Equipment and Vehicles (Refinery Facilities, etc.)	93 Million Yen	249 Million Yen	378 Million Yen
Land (Service Stations, etc.)	667 Million Yen	243 Million Yen	2,988 Million Yen
Others	70 Million Yen	65 Million Yen	158 Million Yen
Total	1,020 Million Yen	846 Million Yen	4,371 Million Yen

3. Interim Consolidated Statement of Cash Flows

(1) Cash and Cash Equivalents at the Closing Dates and Accounts on the Balance Sheets

	1H 2004	1H 2005	2004
Cash on Hand and in Banks	407 Million Yen	740 Million Yen	431 Million Yen
Cash and Cash Equivalents	407 Million Yen	740 Million Yen	431 Million Yen

(2) While Increase/Decrease in Short-term Loans Receivable was included in Cash Flows from Investing Activities in the previous interim consolidated accounting period, it is included in Cash Flows from Financing Activities beginning with this interim consolidated accounting period since short-term loans/borrowings are mainly related to short-term working capital financing among group affiliates.

4. Lease Transactions

Finance Lease without Transfer of Ownership of Leased Items to Lessee

(1) Acquisition Cost Equivalent, Accumulated Depreciation Equivalent and Net Book Value Equivalent at the Closing Dates

June 30, 2004				June 30, 2005				December 31, 2004			
	Acquisition Amount Equivalent (Million Yen)	Accumulated Depreciation Equivalent (Million Yen)	Outstanding Balance (Million Yen)		Acquisition Amount Equivalent (Million Yen)	Accumulated Depreciation Equivalent (Million Yen)	Outstanding Balance (Million Yen)		Acquisition Amount Equivalent (Million Yen)	Accumulated Depreciation Equivalent (Million Yen)	Outstanding Balance (Million Yen)
Tanks	301	28	273	Tanks	301	137	164	Tanks	301	85	216
Machinery, Equipment and Vehicles	379	297	82	Machinery, Equipment and Vehicles	388	333	54	Machinery, Equipment and Vehicles	378	311	67
Property, Plant, Equipment and other	29	13	16	Property, Plant, Equipment and other	31	20	10	Property, Plant, Equipment and other	41	21	19
Intangible Assets	88	58	29	Intangible Assets	88	86	2	Intangible Assets	88	73	14
Total	799	398	401	Total	810	578	231	Total	809	491	318

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

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

	June 30, 2004	June 30, 2005	December 31, 2004
Due within One Year	188 Million Yen	147 Million Yen	167 Million Yen
Due over One Year	212 Million Yen	84 Million Yen	150 Million Yen
Total	401 Million Yen	231 Million Yen	318 Million Yen

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

(3) Lease Fees Paid and Depreciation Expense Equivalent

	1H 2004	1H 2005	2004
Lease Fees Paid	71 Million Yen	90 Million Yen	171 Million Yen
Depreciation Expense Equivalent	71 Million Yen	90 Million Yen	171 Million Yen

(4) Calculation Method for Depreciation Expense Equivalent

Straight-line method with no residual value, where a lease period is treated as a period of depreciation.

5. Securities

Previous Interim Accounting Period (June 30, 2004)

1. Other Securities with Market Value

(Unit: Million Yen)

	Purchase Price	Amount on Balance Sheet	Gain/Loss
Stocks	1,840	6,667	4,826

2. Details of Non-marketable Securities

(Unit: Million Yen)

	Amount on Balance Sheet
Securities	
Non-listed Stocks (Excluding over-the-counter stocks)	16,276
Contribution	5

Current Interim Accounting Period (June 30, 2005)

1. Other Securities with Market Value

(Unit: Million Yen)

	Purchase Price	Amount on Balance Sheet	Gain/Loss
Stocks	1,378	3,070	1,691

2. Details of Non-marketable Securities

(Unit: Million Yen)

	Amount on Balance Sheet
Securities	
Non-listed Stocks (Excluding over-the-counter stocks)	11,009
Contribution	5

(Note) The Company and its consolidated subsidiaries recognized an evaluation loss of 272 million yen on non-marketable securities in this interim consolidated accounting period. The amount is deducted from numbers on the interim consolidated balance sheet.

Previous Accounting Period (December 31, 2004)

1. Other Securities with Market Value

(Unit: Million Yen)

	Purchase Price	Amount on Balance Sheet	Gain/Loss
Stocks	1,544	4,156	2,612

2. Details of Non-marketable Securities

(Unit: Million Yen)

	Amount on Balance Sheet
Securities	
Non-listed Stocks (Excluding over-the-counter stocks)	12,753
Contribution	5

6. Derivatives Transactions

Previous Interim Accounting Period (June 30, 2004)

Contract Amount etc., Market Value and Unrealized Gain or Loss on Derivatives Transactions

(Unit: Million Yen)

Subject of Deal	Type of Instrument	Contract Amount	Market Value	Unrealized G/L
Currency	Foreign Exchange Forwards	63,838	63,480	△ 357

(Note) Calculation of market value : market value is calculated based on current market price

Current Interim Accounting Period (June 30, 2005)

Contract Amount etc., Market Value and Unrealized Gain or Loss on Derivatives Transactions

(Unit: Million Yen)

Subject of Deal	Type of Instrument	Contract Amount	Market Value	Unrealized G/L
Currency	Foreign Exchange Forwards	59,433	60,504	1,070

(Note) Calculation of market value : market value is calculated based on current market price

Previous Accounting Period (December 31, 2004)

Contract Amount etc., Market Value and Unrealized Gain or Loss on Derivatives Transactions

(Unit: Million Yen)

Subject of Deal	Type of Instrument	Contract Amount	Market Value	Unrealized G/L
Currency	Foreign Exchange Forwards	62,109	62,387	277

(Note) Calculation of market value : market value is calculated based on current market price

7. Segment Information

Consolidated ⑫

1. Information by Business Line

1H 2004 (January 1, 2004 through June 30, 2004)

(Unit: Million Yen)

	Oil	Chemicals	Others	Total	Elimination	Consolidated
Sales Revenue						
(1)Sales Revenue to Third Parties	987,044	89,283	1,020	1,077,347	-	1,077,347
(2)Internal Transactions	183,585	11,478	775	195,839	(195,839)	-
Total	1,170,630	100,761	1,795	1,273,187	(195,839)	1,077,347
Operating Expenses	1,170,289	85,026	1,875	1,257,191	(195,954)	1,061,237
Operating Income (△Loss)	340	15,735	△ 80	15,995	114	16,109

(Notes)1. Classification of business lines is based on the internal control procedure the Company has adopted.

2. Major products of each business line:
   (1) Oil : Gasoline, Naphtha, Jet Fuel, Kerosene, Diesel Fuel, Fuel Oils, Lubricants, LPG, etc.
   (2) Chemicals: Ethylene, Propylene, Benzene, Toluene, Paraxylene, etc.
   (3) Others: Engineering, Maintenance Service, etc.

3. Change in Accounting Policies
   (1) Starting with this accounting period, Tonen Chemical Corporation ("TCC") and Tonen Chemical Nasu Corporation, subsidiaries of the Company, changed their evaluation method of products, unfinished products and raw materials from the gross-average method at the lower of cost or market (LOCOM) to the LIFO method at LOCOM. This change is intended to align the companies' accounting policies with those of their parent company, in preparation for TCC's introduction of the same inventory management system as those of its parent company. As a result, Operating Expenses for the Chemicals segment increased by 150 million yen as compared with that using the old method, and its Operating Income decreased by the same amount.

   (2) Starting with this accounting period, TCC changed its depreciation method for plant, property and equipment from the straight-line method to the declining balance method. This change is intended to align the company's accounting policies with its parent company, in preparation for introduction of the same fixed asset management system as that of its parent company. As a result, Operating Expenses for the Chemicals segment increased by 193 million yen as compared with that using the old method, and its Operating Income decreased by the same amount.

1H 2005 (January 1, 2005 through June 30, 2005)

(Unit: Million Yen)

	Oil	Chemicals	Others	Total	Elimination	Consolidated
Sales Revenue						
(1)Sales Revenue to Third Parties	1,210,154	113,649	1,071	1,324,875	-	1,324,875
(2)Internal Transactions	150,786	16,569	4	167,360	(167,360)	-
Total	1,360,940	130,218	1,076	1,492,235	(167,360)	1,324,875
Operating Expenses	1,364,869	104,076	993	1,469,939	(167,093)	1,302,846
Operating Income (△Loss)	△ 3,928	26,142	82	22,296	(267)	22,029

(Notes)1. Classification of business lines is based on the internal control procedure the Company has adopted.

2. Major products of each business line:
   (1) Oil : Gasoline, Naphtha, Jet Fuel, Kerosene, Diesel Fuel, Fuel Oils, Lubricants, LPG, etc.
   (2) Chemicals: Ethylene, Propylene, Benzene, Toluene, Paraxylene, Microporous Film, etc.
   (3) Others: Engineering, Maintenance Service, etc.

2004 (January 1, 2004 through December 31, 2004)

(Unit: Million Yen)

	Oil	Chemicals	Others	Total	Elimination	Consolidated
Sales Revenue						
(1)Sales Revenue to Third Parties	2,142,378	197,722	2,175	2,342,276	-	2,342,276
(2)Internal Transactions	380,792	25,187	1,318	407,298	(407,298)	-
Total	2,523,171	222,910	3,494	2,749,575	(407,298)	2,342,276
Operating Expenses	2,502,589	180,525	3,480	2,686,595	(407,496)	2,279,098
Operating Income	20,581	42,384	14	62,980	197	63,177

(Notes)1. Classification of business lines is based on the internal control procedure the Company has adopted.

2. Major products of each business line:
   (1) Oil : Gasoline, Naphtha, Jet Fuel, Kerosene, Diesel Fuel, Fuel Oils, Lubricants, LPG, etc.
   (2) Chemicals: Ethylene, Propylene, Benzene, Toluene, Paraxylene, Microporous Film, etc.
   (3) Others: Engineering, Maintenance Service, etc.

3. Change in Accounting Policies
   (1) Starting with this accounting period, Tonen Chemical Corporation ("TCC") and Tonen Chemical Nasu Corporation, subsidiaries of the Company, changed their evaluation method of products, unfinished products and raw materials from the gross-average method at the lower of cost or market (LOCOM) to the LIFO method at LOCOM. This change aligned the companies' accounting policies with those of their parent company, in connection with TCC's introduction in 2004 of the same inventory management system as those of its parent company. As a result, Operating Expenses for the Chemicals segment increased by 451 million yen as compared with that using the old method, and its Operating Income decreased by the same amount.

   (2) Starting with this accounting period, TCC changed its depreciation method for plant, property and equipment from the straight-line method to the declining balance method. This change aligned the company's accounting policies with its parent company, in connection with introduction of the same fixed asset management system as that of its parent company. As a result, Operating Expenses for the Chemicals segment increased by 248 million yen as compared with that using the old method, and its Operating Income decreased by the same amount.

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 current and previous consolidated periods.

3. Overseas Sales

This information is omitted, since overseas sales revenue is less than 10% of total sales revenue in current and previous consolidated periods.

Ⅵ. Production, Consignment and Sales

1. Production Volume

Production volume by business segment for the interim consolidated accounting period is shown below:

Business Segment	1H 2005 (January 1 through June 30)	Comparison % with Previous Period	Major Products
Oil Products	(Kilo KL) 17,609	8.9	Gasoline, Naphtha, Jet Fuel, Kerosene, Diesel Fuel, Fuel Oils, Lubricants, LPG, etc.
Chemical Products	(Kilo Ton) 1,385	2.6	Ethylene, Propylene, Benzene, Toluene, Paraxylene, Microporous Film, etc.

(Note) The amounts shown above are the total production volume by consolidated refining companies.

2. Consignment

There was no consignment of major products during this interim consolidated accounting period.

3. Sales Amount

Sales amount by business segment for the interim consolidated accounting period is shown below:

(Unit: Million Yen)

Business Segment	1H 2005 (January 1 through June 30)	Comparison with Previous Period (%)	Major Products
Oil Products	1,210,154	22.6	Gasoline, Naphtha, Jet Fuel, Kerosene, Diesel Fuel, Fuel Oils, Lubricants, LPG, etc.
Chemical Products	113,649	27.3	Ethylene, Propylene, Benzene, Toluene, Paraxylene, Microporous Film, etc.
Others	1,071	5.1	Engineering, Maintenance Service, etc.
Total	1,324,875	23.0	

(Notes) (1) Sales Amount to Major Customers

(Unit:Million Yen)

Customer Name	1H 2005 (January 1 through June 30)	Comparison with Previous Period (%)	Percentage vs. Total Sales Amount	Major Products
ExxonMobil Y.K.	795,166	33.3	60.02%	Gasoline, Kerosene, Diesel Fuel, LPG, etc.

(2) Consumption tax is excluded from the above amounts.
(3) The above sales volume shows sales to third parties.

Ⅶ. Consolidated Sales Volume and Sales Amounts

(Unit : KKL, Kton, Million Yen)

Business Segment	Products	1H 2005 (January 1 through June 30)	
		Volume	Amounts
Oil Products	Gasoline	7,008 34.4	719,982 59.5
	Naphtha	18 0.1	661 0.1
	Kerosene	3,209 15.8	132,724 11.0
	Diesel fuel	3,094 15.2	130,543 10.8
	Fuel Oils and Crude	4,985 24.5	158,511 13.1
	Lubricants	174 0.9	9,080 0.8
	LPG	1,748 8.6	43,049 3.6
	Other Products	112 0.5	15,599 1.1
	Sub Total	20,347 100.0	1,210,154 100.0
Chemical Products	Olefins etc.	939 70.1	78,683 69.2
	Aromatics etc.	401 29.9	34,966 30.8
	Sub Total	1,340 100.0	113,649 100.0
Others	Other Operating Revenue		1,071
	Grand Total	21,687	1,324,875

(Notes) 1. Amounts are shown in truncated millions of yen.
2. The second figure in each cell shows percentage against total.
3. Volumes for Oil Products are shown in KKL, and those for Chemical Products in Kton.