

Summary of Consolidated Financial Statements for 1st Quarter 2006

May 15, 2006

Listed Company: TonenGeneral Sekiyu Kabushiki Kaisha

(Code #: 5012 Tokyo Stock Exchange, First Section)

(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., Public Affairs Manager

Name: K. Morishita

(Phone: (03) 6713-4400)

1. Matters concerning development of the quarterly consolidated financial statements.

① Adoption of a simplified method in accounting treatment

Yes • No

Statutory effective tax rate was used for corporate tax calculations.

② Change in accounting methods compared to the last consolidated accounting period

Yes • No

③ Change in the scope of consolidation and the equity method

Yes • No

2. Consolidated Business Performance for 1st Quarter 2006 (January 1, 2006 through March 31, 2006)

(1) Business Performance

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

	Sales Revenues		Operating Income		Ordinary Income		Interim (Annual) Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
1st Quarter 2006	768,875	(15.9)	17,366	(81.8)	19,622	(88.5)	11,733	(84.4)
1st Quarter 2005	663,266	(19.0)	9,554	(△11.4)	10,412	(△13.3)	6,363	(△17.3)
Full Year 2005	2,856,182		19,978		22,822		13,015	

	Interim (Annual) Net Income per Share	Interim (Annual) Net Income per Share after Adjustments
	Yen	Yen
1st Quarter 2006	20.12	-
1st Quarter 2005	10.76	-
Full Year 2005	22.01	-

(Note) Percentage figures for Sales Revenue, Operating Income, Ordinary Income and Interim (Annual) Net Income are comparisons with the previous accounting period.

Sales Revenues

Consolidated year-to-date sales revenue increased by 105.6 billion yen to 768.9 billion yen, due to an increase in product selling prices reflecting the rise in crude prices, offset in part by somewhat lower sales volumes.

Operating Income

Operating income increased 7.8 billion yen over the same period last year to 17.4 billion yen. The main factors affecting financial results were as follows:

(1) Petrochemicals maintained high earnings levels:

Although the margins of aromatics decreased versus the same period last year, they have stayed at high historical levels. Olefin margins continued to expand due to favorable demand. As a result, although earnings for petrochemicals fell slightly versus the previous year, overall the sector remained robust.

(2) Effects of cost reduction:

Operating costs were 3.0 billion yen lower than the same period last year.

(3) Improvements in petroleum product margins:

Petroleum product margins were 16.4 billion yen higher than the same period last year. The company accounts for purchased crude when it is loaded, whereas most of the industry accounts for crude when it arrives in Japan, so that crude price changes affect our results approximately one month earlier than industry. This adverse effect on a Dubai crude basis versus the accounting method of industry is estimated at about 11.0 billion yen during the first quarter of 2006. However, the rise in crude prices during the first quarter of this year was moderate compared with the sharp rise during the same period last year, improving our comparative results. In addition, the price spread between lower-cost heavy and higher-cost light crude oils narrowed somewhat versus the same period last year. This comparative improvement in the cost of light crude oil, our main feed stock, in turn improved our petroleum product margins in comparison to the first quarter of last year.

(4) Inventory valuation effects:

The company applies the LIFO/LOCOM method for inventory evaluation. Operating income includes an inventory valuation gain of 8.9 billion yen, versus 14.4 billion yen of favorable inventory effects in the previous year. These inventory valuation effects do not affect our cash earnings. The above resulted in a 5.5 billion decline in operating income compared with the same period last year.

Net Income

Non-operating income was about 2.2 billion yen, mainly due to foreign exchange gains. Net extraordinary losses were about 0.1 billion yen, an improvement of about 0.3 billion yen versus the same period last year, and net income increased 5.4 billion yen to 11.7 billion yen.

(2) Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Million Yen	Million Yen	%	Yen
1Q 2006 End	919,013	231,020	25.1	396.05
1Q 2005 End	868,627	245,436	28.3	414.85
2005 End	968,334	230,159	23.8	394.56

[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 Period
	Million Yen	Million Yen	Million Yen	Million Yen
1st Quarter 2006	△ 10,021	△ 7,553	17,587	582
1st Quarter 2005	5,516	△ 7,679	2,280	549
Full Year 2005	39,951	△ 14,422	△ 25,390	569

Financial Position

Total assets as of March 31, 2006 totaled 919.0 billion yen, a 49.3 billion yen decrease from December 31, 2005. (Total assets increased by 50.3 billion yen versus March 31, 2005.) The change was mainly attributable to a decrease in Notes and Trade Accounts Receivable. Liabilities decreased, mainly attributable to a reduction in Gasoline Tax Payable due to the absence at the end of the quarter of delayed settlement of payments for bank holidays enjoyed at the year-end 2005. Total Shareholders' Equity was 231.0 billion yen, or 0.8 billion yen higher than December 31, 2005, reflecting net income for the term offset by dividend payments and other factors. (Total Shareholders' Equity decreased by 14.4 billion yen versus March 31, 2005, reflecting among other things repurchases of own stock during 2005.)

Cash Flows

At the end of March 2006, the outstanding balance of cash and cash equivalents was 0.6 billion yen, about the same as at 2005 year-end. In the period from January to March 2006, Cash Flows from Operating Activities were negative 10.0 billion yen. Negative factors such as decrease in Trade and Other Accounts Payable exceeded positive factors such as decrease in Trade Accounts Receivable and pre-tax net income. In this period, four-months' equivalent of gasoline tax, etc. was paid (due to calendar effects on due dates), and the amount of the extra month's payment was 38.9 billion yen. This amount will be reversed by the end of 2006. Excluding this extra month payment of gasoline tax, etc., Cash Flows from Operating Activities were positive 28.9 billion yen. Cash Flows from Investing Activities were negative 7.6 billion yen, related for the most part to capital expenditures. Balancing the negative 17.6 billion yen of free cash flow (Cash Flows from Operating Activities plus Investing Activities) was a corresponding increase in short term borrowings. These included funds representing the quarter-end transfer of gasoline tax.

[Reference]

Projected Consolidated Business Performance for 2006 (January 1, 2006 through December 31, 2006)

	Sales Revenue	Ordinary Income	Net Income
	Million Yen	Million Yen	Million Yen
First Half	1,540,000	21,000	13,000
Full Year	3,080,000	41,000	25,000

(Reference) Projected Net Income per Share (Full Year) 42.86 Yen

We have not changed the consolidated earnings forecast announced on February 24, 2006. However, since the company accounts for purchased crude when it is loaded, the rapid increase in crude oil prices after March could adversely affect overall first half results, depending on events in the crude oil market and the ability to pass on increased costs to refined product prices during the remainder of the second quarter, which we are unable to predict. In addition, depending on the price of crude oil and the level of our inventories at the end of the period, non-cash earnings could be impacted due to inventory valuation effects. We are not able to predict either the direction or magnitude of these effects.

Finally, the fire at our Sakai Refinery on April 10 that has led to its temporary shutdown will have an adverse effect on the company's earnings. However, at this point, while we cannot predict the final effect of this incident on earnings, we believe the impact will have less significance for earnings than the potential crude price and inventory valuation effects mentioned above.

This filing contains forward-looking statements based on projections and estimates that involve many variables. The Company operates in an extremely competitive business 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.

Attachments

1. Interim Consolidated Balance Sheets

(Unit: Million Yen)

Account Title	March 31, 2005	March 31, 2006	December 31, 2005	Mar. 31, 2006 vs. Dec. 31, 2005
Assets	868,627	919,013	968,334	△ 49,320
Current Assets	583,599	633,974	686,625	△ 52,650
Cash and Cash Equivalents	549	582	569	12
Notes and Trade Accounts Receivable	400,640	431,478	492,618	△ 61,139
Inventories	163,417	176,529	166,899	9,629
Income Tax Refund Receivable	-	12,630	12,202	428
Deferred Tax Assets	6,544	5,349	6,633	△ 1,284
Short-term Loans Receivable	3,644	305	714	△ 408
Others	9,546	7,662	7,611	51
Bad Debt Allowance	△ 744	△ 564	△ 623	59
Long-term Assets	285,028	285,038	281,708	3,330
Property, Plant and Equipment	240,687	240,868	237,090	3,777
Buildings and Structures	60,039	56,429	57,234	△ 804
Tanks	7,162	6,773	6,924	△ 151
Machinery, Equipment and Vehicles	70,317	65,310	66,614	△ 1,303
Tools, Furniture and Fixtures	1,800	1,536	1,549	△ 12
Land	94,092	91,545	91,550	△ 4
Incomplete Construction	7,274	19,271	13,216	6,054
Intangible Assets	8,755	7,922	8,231	△ 309
Leasehold	1,994	1,961	1,974	△ 12
Software	3,018	3,048	3,143	△ 94
Consolidation Adjustment Account	3,103	2,450	2,613	△ 163
Others	638	462	500	△ 38
Investments and Other Assets	35,585	36,247	36,385	△ 138
Investment Securities	14,549	13,269	13,495	△ 225
Long-term Loans Receivable	1,921	1,366	1,390	△ 24
Deferred Tax Assets	5,470	7,344	6,993	351
Others	14,866	14,961	15,201	△ 240
Bad Debt Allowance	△ 1,221	△ 694	△ 694	-
Total Assets	868,627	919,013	968,334	△ 49,320

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

Interim Consolidated Balance Sheets

(Unit: Million Yen)

Account Title	March 31, 2005	March 31, 2006	December 31, 2005	Mar. 31, 2006 vs. Dec. 31, 2005
Liabilities	622,238	687,073	737,159	△ 50,085
Current Liabilities	546,465	612,060	660,721	△ 48,661
Notes and Trade Accounts Payable	241,275	279,384	294,663	△ 15,278
Gasoline Tax etc., Payable	179,091	173,110	236,899	△ 63,789
Short-term Debt	66,140	89,561	45,877	43,683
Commercial Paper	-	-	15,000	△ 15,000
Accrued Income Tax	4,295	2,193	4,769	△ 2,575
Accrued Consumption Tax	11,434	11,989	13,517	△ 1,528
Guarantee Deposits Payable	12,202	12,484	12,344	139
Reserve for Bonuses	3,353	3,568	1,428	2,140
Others	28,672	39,767	36,220	3,547
Long-term Liabilities	75,773	75,013	76,437	△ 1,424
Long-term Debt	15,955	13,918	14,653	△ 735
Deferred Income Tax Liabilities	830	1,348	1,348	0
Reserve for Accrued Pension Costs	39,939	38,839	39,995	△ 1,155
Reserve for Officers' Retirement Allowance	231	239	238	0
Reserve for Repairs	14,089	17,149	16,395	754
Reserve for Offshore Well Abandonment	1,608	1,567	1,567	-
Others	3,119	1,950	2,239	△ 288
Minority Interests	952	919	1,015	△ 95
Shareholders' Equity	245,436	231,020	230,159	860
Common Stock	35,123	35,123	35,123	-
Additional Paid-in Capital	20,755	20,769	20,770	0
Retained Earnings	188,783	174,714	173,772	941
Net Unrealized Holding Gains on Securities	1,562	527	579	△ 51
Treasury Stock	△ 788	△ 114	△ 85	△ 28
Total Liabilities, Minority Interests and Shareholders' Equity	868,627	919,013	968,334	△ 49,320

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

2. Interim Consolidated Statement of Income

(Unit: Million Yen)

	1Q 2005 (Jan. 1 through Mar. 31)	1Q 2006 (Jan. 1 through Mar. 31)	1Q 2006 vs. 1Q 2005	2005 (Jan. 1 through Dec. 31)
Sales Revenues	663,266	768,875	105,608	2,856,182
Cost of Sales	643,385	742,171	98,785	2,797,434
Gross Margin	19,881	26,703	6,822	58,747
Selling, General and Administrative Expenses	10,326	9,336	△ 990	38,769
Operating Income	9,554	17,366	7,812	19,978
Non-operating Income				
Interest Income	24	9	△ 15	100
Dividends Received	2	3	1	72
Foreign Exchange Gain	572	2,042	1,469	1,770
Equity Earnings of Affiliates	436	362	△ 73	1,670
Others	21	26	4	135
Total Non-operating Income	1,057	2,444	1,387	3,749
Non-operating Expenses				
Interest Expense	154	139	△ 14	605
Others	44	49	5	299
Total Non-operating Expenses	198	189	△ 9	905
Ordinary Income	10,412	19,622	9,210	22,822
Extraordinary Gain				
Gain on Sales of Property, Plant and Equipment	169	-	△ 169	2,815
Gain on Sales of Investment Securities	-	-	-	2,138
Gain on Sales of Marketing Goodwill	-	-	-	377
Others	-	-	-	41
Total Extraordinary Gain	169	-	△ 169	5,373
Extraordinary Loss				
Loss on Sales and Disposals of Property, Plant and Equipment	271	90	△ 181	2,864
Evaluation Loss on Investment Securities	272	-	△ 272	664
Additional Allowance for Employee's Early Retirement	-	-	-	3,380
Loss on Asset Impairment	-	-	-	868
Total Extraordinary Loss	544	90	△ 453	7,778
Interim (Annual) Income before Income Taxes	10,037	19,532	9,494	20,417
Current Income Taxes	4,025	6,893	2,867	8,120
Deferred Income Tax	△ 290	968	1,258	△ 719
Minority Interests (△Loss)	△ 61	△ 62	0	1
Interim (Annual) Net Income	6,363	11,733	5,369	13,015

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

3. Interim Consolidated Statement of Cash Flows

(Unit: Million Yen)

Title	1Q 2005	1Q 2006	2005
	(Jan. 1 through Mar. 31)	(Jan. 1 through Mar. 31)	(Jan. 1 through Dec. 31)
	Amounts	Amounts	Amounts
I. Cash Flows from Operating Activities			
Interim (Annual) Income before Income Taxes	10,037	19,532	20,417
Depreciation and Amortization	4,777	4,469	20,507
Gain on Sales of Investment Securities	—	—	△ 2,138
Loss on Asset Impairment	—	—	868
Decrease(△Increase) in Trade Accounts Receivable	64,335	61,080	△ 27,642
Decrease(△Increase) in Inventories	15,652	△ 9,629	12,170
Increase(△Decrease) in Trade Accounts Payable	△ 1,983	△ 15,278	51,403
Increase(△Decrease) in Other Accounts Payable	△ 66,594	△ 65,367	△ 440
Others	2,558	1,599	4,531
Sub-Total	28,783	△ 3,594	79,678
Interest and Dividend Income Received	242	17	815
Interest Paid	△ 39	△ 199	△ 572
Payments of Additional Allowance for Early Retirement	△ 1,160	△ 1,366	△ 1,605
Income Taxes Paid	△ 22,309	△ 4,878	△ 38,364
Cash Flows from Operating Activities	5,516	△ 10,021	39,951
II. Cash Flows from Investing Activities			
Payments for Purchases of Property, Plant and Equipment	△ 2,053	△ 7,929	△ 17,850
Proceeds from Sales of Property, Plant and Equipment	291	3	4,152
Payments for Purchases of Intangible Assets	△ 410	△ 103	△ 894
Proceeds from Sales of Investment Securities	—	1	2,446
Decrease(△Increase) in Short-term Loans Receivable	△ 2,900	—	—
Payments of Long-term Loans Receivable	△ 12	△ 5	△ 86
Collection of Long-term Loans Receivable	93	51	443
Payments for Stock Purchase of a Subsidiary Company	△ 3,988	—	△ 3,988
Proceeds from Share Buy Back	1,300	428	1,300
by an Equity-method Subsidiary			
Others	—	—	55
Cash Flows from Investing Activities	△ 7,679	△ 7,553	△ 14,422
III. Cash Flows from Financing Activities			
Decrease(△Increase) in Short-term Loans Receivable	—	386	△ 56
Increase(△Decrease) in Short-term Debt	13,363	43,565	△ 6,731
Increase(△Decrease) in Commercial Paper	—	△ 15,000	15,000
Payments of Long-term Debt	△ 1,128	△ 617	△ 2,597
Payments for Repurchase of Treasury Stock	△ 72	△ 706	△ 9,766
Proceeds from Sales of Treasury Stock	9	14	69
Cash Dividends Paid	△ 9,891	△ 10,021	△ 21,298
Payment of Dividends to Minority Interests	—	△ 33	—
Others	—	—	△ 10
Cash Flows from Financing Activities	2,280	17,587	△ 25,390
IV. Increase(△Decrease) in Cash and Cash Equivalents	117	12	137
V. Cash and Cash Equivalents at the Beginning of the Period	431	569	431
VI. Cash and Cash Equivalents at the End of the Period	549	582	569

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

4. Segment Information

Consolidated (5)

Information by Business Line

(1) 1Q 2005 (January 1, 2005 through March 31, 2005)

(Unit: Million Yen)

	Oil	Chemicals	Others	Total	Elimination	Consolidated
Sales Revenues						
(1)Sales to Third Parties	605,638	56,677	949	663,266	-	663,266
(2)Internal Transactions	79,289	7,371	2	86,663	(86,663)	-
Total	684,928	64,049	952	749,930	(86,663)	663,266
Operating Expenses	690,996	48,396	830	740,223	(86,511)	653,712
Operating Income (Δ Loss)	Δ 6,068	15,652	121	9,706	(151)	9,554

(2) 1Q 2006 (January 1, 2006 through March 31, 2006)

(Unit: Million Yen)

	Oil	Chemicals	Others	Total	Elimination	Consolidated
Sales Revenues						
(1)Sales to Third Parties	696,807	71,525	541	768,875	-	768,875
(2)Internal Transactions	103,982	10,067	0	114,050	(114,050)	-
Total	800,790	81,592	541	882,925	(114,050)	768,875
Operating Expenses	796,896	68,118	485	865,500	(113,992)	751,508
Operating Income	3,893	13,474	56	17,424	(57)	17,366

(3) 2005 (January 1, 2005 through December 31, 2005)

(Unit: Million Yen)

	Oil	Chemicals	Others	Total	Elimination	Consolidated
Sales Revenues						
(1)Sales to Third Parties	2,611,974	242,635	1,573	2,856,182	-	2,856,182
(2)Internal Transactions	349,723	36,260	4	385,988	(385,988)	-
Total	2,961,697	278,895	1,577	3,242,170	(385,988)	2,856,182
Operating Expenses	2,987,142	233,400	1,522	3,222,065	(385,861)	2,836,203
Operating Income (Δ Loss)	Δ 25,444	45,495	55	20,105	(126)	19,978

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