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Consolidated Financial Results for the First Quarter 2010

May 14, 2010

Company name : TonenGeneral Sekiyu K.K. Listed on : Tokyo Stock Exchange, the First Section
 Code number : 5012 URL : <http://www.tonengeneral.co.jp>
 Representative : P. P. Ducom Representative Director and President
 Contact person : K. Kai ExxonMobil Y.K., Public and Government Affairs, Tel. : (03) 6713-4400
 Communications and Media Division Manager
 Scheduled date of filing Quarterly Securities Report: May 14, 2010
 Scheduled date of start of dividends payment : -

(Amounts shown in truncated millions of yen)

1. Consolidated financial results for the first quarter 2010 (January 1, 2010 through March 31, 2010)

(1) Operating results (Percentage figures are the changes from the same period previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1QYTD 2010	586,858	21.2	18,379	40.8	18,595	46.3	31,580	312.5
1QYTD 2009	484,223	—	13,052	—	12,712	—	7,656	—

	Net income per share	Diluted net income per share
	Yen	Yen
1QYTD 2010	55.94	-
1QYTD 2009	13.56	-

(2) Financial position

As of	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Mar. 31, 2010	870,868	248,272	28.5	439.80
Dec. 31, 2009	875,177	227,359	26.0	402.72

(Ref.) Net assets: 248,272 Million yen as of March 31, 2010
 227,359 Million yen as of December 31, 2009

2. Dividends

	Dividends per share				
	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Full year
	Yen	Yen	Yen	Yen	Yen
2009	—	19.00	—	19.00	38.00
2010	—				
2010 (Forecast)		19.00	—	19.00	38.00

(Note) Revision to dividend forecast in this quarter: No

3. Projected consolidated operating results for 2010 (January 1, 2010 through December 31, 2010)

(Percentage figures are the changes from the same period previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2QYTD 2010	1,200,000	24.4	7,000	—	7,000	—	25,000	—	44.29
Full year	2,400,000	13.6	12,000	—	14,000	—	29,000	—	51.37

(Note) Revision to the consolidated earnings forecast in this quarter: No

4. Others

- (1) Change in major subsidiaries in the current quarter year-to-date period
 (Change in designated subsidiaries, which has alteration in the scope of consolidation) : Yes
 Excluded 1 company
 (Name: Tonen Specialty Separator Korea Limited (renamed as Toray Tonen Specialty Separator Korea Limited))
 (Note) For further details, please refer to 【Qualitative information and financial statements】 '4. Others' on page 4.
- (2) Adoption of simplified accounting method and special accounting method for quarterly financial statements : Yes
 (Note) For further details, please refer to 【Qualitative information and financial statements】 '4. Others' on page 4.
- (3) Change of accounting principle/procedure and presentation for preparation of quarterly financial statements
 ① Changes with accounting standards revisions : No
 ② Changes other than above : No
- (4) Number of shares issued (Common Stock)
 ① Number of shares issued at the end of period (includes treasury stock)
 1Q 2010 565,182,000 Shares Full year 2009 565,182,000 Shares
 ② Number of treasury stock at the end of period
 1Q 2010 674,314 Shares Full year 2009 619,801 Shares
 ③ Average number of shares during the quarter YTD period
 1Q 2010 564,522,286 Shares 1Q 2009 564,825,401 Shares

※ Explanatory note on the use of projections / Other notes

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.
 As for the information of the projections above, please refer to 【Qualitative information and financial statements】 '3. Qualitative information of projected consolidated operating results' on page 4.

(Reference) Projected non-consolidated operating results for 2010 (January 1, 2010 through December 31, 2010)

(Percentage figures are comparisons with the same period previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	2,300,000	10.1	7,000	—	35,000	—	31,000	—	54.91

(Note) Revision to the non-consolidated earnings forecast in this quarter: Yes

【Qualitative information and financial statements】

1. Qualitative information of financial results

Consolidated net sales increased 21% versus the same period last year to 586.9 billion yen, reflecting higher product prices resulting from increased crude costs. However, sales volumes for both products shipped domestically and exports declined as the downturn in product demand and margins continued.

Consolidated operating income increased 41% versus the same period last year to 18.4 billion yen, mainly due to the following factors.

① Oil segment

Operating income in our oil segment was 11.9 billion yen, 3.4 billion yen lower than the same period last year. This includes approximately positive 18.7 billion yen from the effects of inventory valuation, as well as approximately 2 billion yen in negative effects stemming from our loaded-basis crude cost accounting method. Excluding the effects of those special factors, operating income in this segment was a loss of 4.8 billion yen, 27.3 billion yen less than the first quarter of last year, due to lower margins than in the prior period.

<Analysis of oil segment operating income comparison with the same period last year>

Item	(Unit: billion yen)		
	1Q10	1Q09	Difference
Operating income	11.9	15.3	(3.4)
Effect of difference in timing of crude cost accounting – estimate	(2.0)	(9.0)	7.0
Inventory-related gains	18.7	1.8	16.9
Operating income (loss) excluding above special factors – estimate	(4.8)	22.5	(27.3)

② Chemical segment

Operating income in our chemical segment increased 8.7 billion yen versus the same period last year to 6.4 billion yen. There was significant improvement compared to the first quarter of 2009, a period of low domestic demand and margins.

Non-operating income was 0.2 billion yen. Consolidated ordinary income increased 5.9 billion yen versus the same period last year to 18.6 billion yen.

Extraordinary income was 20.3 billion yen, resulting from factors such as equity valuation gains arising from the formation of a joint venture involving our battery separator film subsidiary.

As a result of the above, consolidated net income for the quarter was 31.6 billion yen, 23.9 billion yen more than the same period last year.

2. Qualitative information of financial condition

(1) Financial position

Total assets as of March 31, 2010 totaled 870.9 billion yen, a 4.3 billion yen decrease from December 31, 2009, mainly because decreases in trade accounts receivable and fixed assets outweighed increases in short-term loans receivable and investment securities. Liabilities as of March 31, 2010 amounted to 622.6 billion yen, a 25.2 billion yen decrease from December 31, 2009, which is mainly due to a decrease in Gasoline taxes payable. Total net assets as of March 31, 2010 amounted to 248.3 billion yen, a 20.9 billion yen increase from December 31, 2009, which is mainly attributable to an increase in retained earnings partially offset by dividend paid.

(2) Cash flows

At the end of March 2010, the outstanding balance of cash and cash equivalent was 335 million yen, a decrease of 454 million yen versus 2009 year-end. Key factors influencing cash flows are summarized below.

In the period from January to March 2010, Cash Flows from Operating Activities were positive 40,139 million yen (46,130 million yen higher than the results of the first quarter of 2009). Positive factors such as operating income, cash deposit from new joint venture and depreciation outweighed negative factors such as income tax payment and decreases in gasoline tax and other excise tax payables.

Cash Flows from Investing Activities were negative 4,987 million yen (316 million yen lower than the amount expended during the first quarter of 2009). The cash outflows mainly came from capital expenditures.

Cash Flows from Financing Activities were negative 35,116 million yen versus a positive 10,636 million yen in the first quarter of 2009. This is mainly due to the cash outflows for payments of dividends and increase in short-term lending.

3. Qualitative information of projected consolidated operating results

There is no change to the consolidated earnings forecast for first half and full year 2010 that was announced on February 12, 2010.

There is also no change to the dividend forecast of 38 yen per share announced on the same day.

As for the projected non-consolidated operating result for 2010, please see "Announcement of Earnings Forecast Revision" announced on May 14, 2010.

4. Others

(1) Change in major subsidiaries in the current quarter year-to-date period

(Change in designated subsidiaries, which has alteration in the scope of consolidation)

On January 29, 2010, Toray Industries Inc. made a capital injection into Tonen Specialty Godo Kaisha thereby acquiring a 50% interest in the company (subsequently renamed Toray Tonen Specialty Separator Godo Kaisha) and its wholly-owned designated subsidiary Tonen Specialty Separator Korea Limited (subsequently renamed Toray Tonen Specialty Separator Korea Limited). Following this transaction, the accounting treatment for these affiliates changed from consolidated subsidiaries to affiliates accounted for by the equity method.

These companies had been included in the scope of consolidation until January 31, 2010.

For changes in other affiliated companies, please refer to '6. Other Information' on page 10.

(2) Adoption of simplified accounting method and special accounting method for quarterly financial statements

Simplified accounting methods

① Provision for income taxes

Income taxes are accrued to identify the amount of income taxes payable by applying simplified method, where only material tax adjustment items are included in the calculation of the provision.

Deferred income tax is included in "Income taxes".

② Recoverability test of deferred tax assets

The recoverability test of deferred tax assets is performed in the same way as at the prior year end, utilizing the same earnings forecast and tax planning, because there have been no significant changes in business environment and the balance of temporary difference.

(3) Change of accounting principles/ procedures and presentation for preparation of quarterly financial statements

No item to report.

5. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

	(Unit: Million yen)	
	1QYTD 2010 (March 31, 2010)	2009 (December 31, 2009)
Assets		
Current assets		
Cash and deposits	335	789
Notes and accounts receivable-trade	353,982	397,307
Merchandise and finished goods	29,671	28,908
Semi-finished goods	28,036	24,053
Raw materials	62,504	65,536
Supplies	4,831	5,115
Short-term loans receivable	89,331	65,077
Other	15,205	17,341
Allowance for doubtful accounts	(42)	(42)
Total current assets	583,855	604,086
Noncurrent assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	57,796	64,522
Land	77,743	79,265
Other, net	62,072	71,342
Total property, plant and equipment	197,612	215,130
Intangible assets	5,128	5,714
Investments and other assets		
Investment securities	52,240	12,786
Other	32,371	37,799
Allowance for doubtful accounts	(339)	(339)
Total investments and other assets	84,272	50,246
Total noncurrent assets	287,013	271,090
Total assets	870,868	875,177

	(Unit: Million yen)	
	1QYTD 2010 (March 31, 2010)	2009 (December 31, 2009)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	254,382	267,188
Gasoline taxes payable	141,034	185,983
Short-term loans payable	82,515	82,823
Income taxes payable	741	2,342
Provision	5,590	3,863
Other	75,016	44,094
Total current liabilities	559,280	586,295
Noncurrent liabilities		
Long-term loans payable	5,215	5,739
Provision for retirement benefits	35,561	35,027
Provision for repairs	19,867	17,847
Other	2,670	2,908
Total noncurrent liabilities	63,315	61,523
Total liabilities	622,596	647,818
Net assets		
Shareholders' equity		
Capital stock	35,123	35,123
Capital surplus	20,741	20,741
Retained earnings	192,667	171,814
Treasury stock	(580)	(539)
Total shareholders' equity	247,952	227,140
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	233	162
Foreign currency translation adjustment	86	56
Total valuation and translation adjustments	319	219
Total net assets	248,272	227,359
Total liabilities and net assets	870,868	875,177

(2) Quarterly consolidated statements of income

	(Unit: Million yen)	
	1QYTD 2009 (January 1, 2009 through March 31, 2009)	1QYTD 2010 (January 1, 2010 through March 31, 2010)
Net sales	484,223	586,858
Cost of sales	462,880	560,614
Gross profit	21,342	26,244
Selling, general and administrative expenses	8,289	7,864
Operating income	13,052	18,379
Non-operating income		
Interest income	19	55
Dividends income	2	0
Equity in earnings of affiliates	623	632
Other	19	15
Total non-operating income	663	703
Non-operating expenses		
Interest expenses	88	89
Foreign exchange losses	846	375
Other	69	22
Total non-operating expenses	1,004	487
Ordinary income	12,712	18,595
Extraordinary income		
Gain on change in equity	—	20,174
Gain on sales of noncurrent assets	—	165
Total extraordinary income	—	20,340
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	321	51
Impairment loss	335	33
Total extraordinary losses	657	84
Income before income taxes and minority interests	12,055	38,852
Income taxes	4,398	7,271
Net income	7,656	31,580

(3) Quarterly consolidated statements of cash flows

	(Unit: Million yen)	
	1QYTD 2009 (January 1, 2009 through March 31, 2009)	1QYTD 2010 (January 1, 2010 through March 31, 2010)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	12,055	38,852
Depreciation and amortization	7,017	6,450
Amortization of goodwill	163	—
Equity in (earnings) losses of affiliates	(623)	(632)
Impairment loss	335	33
Increase (decrease) in provision for retirement benefits	2,280	644
Increase (decrease) in provision for repairs	816	2,020
Interest and dividends income	(21)	(55)
Interest expenses	88	89
Loss (gain) on change in equity	—	(20,174)
Loss (gain) on sales and retirement of noncurrent assets	321	(114)
Decrease (increase) in notes and accounts receivable-trade	80,911	40,938
Decrease (increase) in inventories	(6,582)	(3,171)
Increase (decrease) in notes and accounts payable-trade	(5,251)	(12,582)
Decrease (increase) in accounts receivable-other	(631)	85
Increase (decrease) in accounts payable-other	(57,751)	(38,777)
Other, net	1,148	28,775
Subtotal	34,278	42,381
Interest and dividends income received	26	38
Interest expenses paid	(158)	(469)
Payments for early extra retirement payments	—	(127)
Income taxes refund	—	0
Income taxes paid	(40,137)	(1,683)
Net cash provided by (used in) operating activities	(5,990)	40,139
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(4,503)	(5,157)
Proceeds from sales of property, plant and equipment	37	250
Purchase of intangible assets	(261)	(101)
Collection of long-term loans receivable	56	20
Net cash provided by (used in) investing activities	(4,670)	(4,987)
Net cash provided by (used in) financing activities		
Net decrease (increase) in short-term loans receivable	(11,921)	(24,254)
Net increase (decrease) in short-term loans payable	33,088	(307)
Repayment of long-term loans payable	(524)	(524)
Purchase of treasury stock	(49)	(46)
Proceeds from sales of treasury stock	4	5
Cash dividends paid	(9,961)	(9,989)
Net cash provided by (used in) financing activities	10,636	(35,116)
Effect of exchange rate change on cash and cash equivalents	(20)	(11)
Net increase (decrease) in cash and cash equivalents	(45)	24
Cash and cash equivalents at beginning of period	488	789
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(479)
Cash and cash equivalents at end of period	442	335

(4) Notes to going concern

No item to report.

(5) Segment information

【Information by business line】

First quarter YTD 2009 period (January 1, 2009 through March 31, 2009)

(Unit: Million yen)

	Oil	Chemical	Others	Total	Elimination	Consolidated
Net Sales						
(1) Sales to third parties	449,071	34,975	176	484,223	-	484,223
(2) Internal transactions	36,146	4,902	4	41,052	(41,052)	-
Total	485,217	39,877	180	525,275	(41,052)	484,223
Operating Income (loss)	15,323	(2,255)	(14)	13,052	-	13,052

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

2 The major products of each business line:

- (1) Oil: Gasoline, Naphtha, Jet Fuel, Kerosene, Diesel Fuel, Fuel Oils, Lubricants, LPG, etc.
- (2) Chemical: Ethylene, Propylene, Benzene, Toluene, Paraxylene, Battery Separator Film, etc.
- (3) Others: Construction Management, etc.

3 Additional Information

In accordance with the revision of the useful life stipulated in the Corporation Tax Act, the service life for machineries such as refining and electric power generation assets owned by the Company and its domestic subsidiaries was changed beginning in the first quarter.

This had an unfavorable 500 million yen impact on Oil Segment Operating Income and 16 million yen unfavorable impact on Chemical Segment Operating Income.

First quarter YTD 2010 period (January 1, 2010 through March 31, 2010)

(Unit: Million yen)

	Oil	Chemical	Total	Elimination	Consolidated
Net Sales					
(1) Sales to third parties	525,211	61,646	586,858	-	586,858
(2) Internal transactions	54,404	8,428	62,832	(62,832)	-
Total	579,616	70,075	649,691	(62,832)	586,858
Operating Income	11,933	6,446	18,379	-	18,379

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

2 The major products of each business line:

- (1) Oil: Gasoline, Naphtha, Jet Fuel, Kerosene, Diesel Fuel, Fuel Oils, Lubricants, LPG, Construction Management, etc.
- (2) Chemical: Ethylene, Propylene, Benzene, Toluene, Paraxylene, Battery Separator Film, etc.

【Segment information by geographic area】

First quarter YTD 2009 period (January 1, 2009 through March 31, 2009)

The information is omitted, because the share of net sales in Japan (including export) versus total net sales is over 90%.

First quarter YTD 2010 period (January 1, 2010 through March 31, 2010)

The information is omitted, because the share of net sales in Japan (including export) versus total net sales is over 90%.

【Overseas sales】

First quarter YTD 2009 period (January 1, 2009 through March 31, 2009)

The information is omitted, because overseas sales are less than 10% of consolidated net sales.

First quarter YTD 2010 period (January 1, 2010 through March 31, 2010)

The information is omitted, because overseas sales are less than 10% of consolidated net sales.

(6) Notes on significant changes in the amount of shareholders' equity

No item to report.

6. Other Information

The change in the affiliated companies

The following companies became affiliates of the Company accounted for by the equity method in this first quarter period.

(As of March 31, 2010)

Name of company and address	Capital	Major business	Percentage of voting rights held by the Company (%)	Relationship
				Business relationship
Japan Biofuels Supply LLP Minato-ku, Tokyo	400 million yen	Oil	20.5	(1) The Company purchases the feedstock of petroleum products from Japan Biofuels Supply LLP (2) The Company guarantees the borrowing by Japan Biofuels Supply LLP
Toray Tonen Services Godo Kaisha Nasushiobara-City, Tochigi Pref.	300 million yen	Chemical	50.0 (50.0)	Toray Tonen Services Godo Kaisha entrusts management of short-term financing to the Company

(Note) 1 Descriptions in the "Major business" column are names of business segments.

2 Effective January 29, 2010, Toray Tonen Services Godo Kaisha was established as the wholly-owned subsidiary of Toray Tonen Specialty Separator Godo Kaisha (former Tonen Specialty Separator Godo Kaisha).

3 Figure in parentheses in the "Percentage of voting rights held by the Company" column is the percentage of voting rights indirectly owned by the Company and are included in the figures outside the parentheses.

4 None of the equity companies stated above are companies that file securities registration statements or annual securities reports.