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Press Release

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Announcement of First Quarter 2010 Financial Results

TonenGeneral Sekiyu K.K. today announces its consolidated financial results for first quarter (January 1 - March 31) 2010.

(Unit: million yen)

	Net Sales	Operating Income	Ordinary Income	Net Income
First quarter 2010 (A)	586,858	18,379	18,595	31,580
First quarter 2009 (B)	484,223	13,052	12,712	7,656
Difference (A-B)	102,635	5,326	5,883	23,923
Increase (%)	21.2	40.8	46.3	312.5

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.

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