

# **Quarterly Securities Report for the Second Quarter 2010**

(Pursuant to Financial Instruments and Exchange Act)

(The English translation of the  
“Shihanki-Houkokusho”  
for the second quarter of the 91st term  
ending December 31, 2010)

## **TonenGeneral Sekiyu K.K.**

This document is the English translation of the following documents:

1. *Shihanki-Houkokusho* (Quarterly Securities Report) based on Article 24-4-7, paragraph (1) of the Financial Instruments and Exchange Act filed on August 13, 2010 using the Electronic Data Processing System for Disclosure (EDINET) as provided for in Article 27-30-2 of the Financial Instruments and Exchange Act. The translation includes a table of contents and pagination that are not included in the electronic filing.
2. Appended to the back of this document, are the *Kakuninsho* (Confirmation Letter) that was filed at the same time as the Quarterly Securities Report and the *Shihanki-Review-Houkokusho* (Independent Auditors' Quarterly Review Report) that was attached to the Quarterly Securities Report when it was filed using the aforementioned method.

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[The official language for TonenGeneral's filings with the Tokyo Stock Exchange and Japanese authorities, and for communications with our shareholders, is Japanese. We have posted English versions of some of this information on this web site. While these English versions have been prepared in good faith, TonenGeneral does not accept responsibility for the accuracy of the translations, and reference should be made to the original Japanese language materials.]

## [Cover]

Document filed:	Quarterly Securities Report (“ <i>Shihanki-Houkokusho</i> ”)
As required under:	Article 24-4-7, paragraph (1) of the Financial Instruments and Exchange Act
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Filing date:	August 13, 2010
Quarterly accounting period:	Second quarter of the 91st term (April 1, 2010 through June 30, 2010)
Company name (Japanese):	東燃ゼネラル石油株式会社 ( <i>TonenGeneral Sekiyu Kabushiki Kaisha</i> )
Company name (English):	TonenGeneral Sekiyu K.K.
Position and name of representative:	P. P. Ducom, Representative Director and President
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Place where the document is available for public inspection:	Tokyo Stock Exchange, Inc. 2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo, Japan

## A. Information on the Company

### I. Overview of the Company

#### 1. Key financial data and trends

Term	90th term 2Q YTD	91st term 2Q YTD	90th term 2Q	91st term 2Q	90th term
Accounting period	January 1, 2009 through June 30, 2009	January 1, 2010 through June 30, 2010	April 1, 2009 through June 30, 2009	April 1, 2010 through June 30, 2010	January 1, 2009 through December 31, 2009
Net sales (Million yen)	964,645	1,173,019	480,422	586,160	2,111,753
Ordinary income (loss) (Million yen)	(10,681)	14,787	(23,394)	(3,808)	(34,545)
Net income (loss) (Million yen)	(6,423)	28,587	(14,080)	(2,992)	(21,718)
Net assets (Million yen)	-	-	253,185	244,914	227,359
Total assets (Million yen)	-	-	798,269	780,312	875,177
Net assets per share (Yen)	-	-	448.29	433.87	402.72
Net income (loss) per share (Yen)	(11.37)	50.64	(24.93)	(5.30)	(38.46)
Diluted net income per share (Yen)	-	-	-	-	-
Shareholders' equity ratio (%)	-	-	31.7	31.4	26.0
Net cash provided by (used in) operating activities (Million yen)	(1,119)	10,791	-	-	5,418
Net cash provided by (used in) investing activities (Million yen)	(11,916)	(9,493)	-	-	(24,063)
Net cash provided by (used in) financing activities (Million yen)	13,233	(1,291)	-	-	18,691
Cash and cash equivalents at end of period (Million yen)	-	-	561	305	789
Number of employees (Person)	-	-	2,356	2,223	2,354

- (Note) 1. Because TonenGeneral Sekiyu K.K. prepares quarterly consolidated financial statements, non-consolidated key financial data and trends are not noted.
2. Net sales do not include consumption tax and local consumption tax (hereinafter "consumption taxes").
3. Diluted net income per share for the second quarter year-to-date period of 91st term is not noted because the Company has not issued any dilutive securities. Diluted net income per share for other periods is not noted because it is a net loss per share for each period and the Company has not issued any dilutive securities.

## 2. Description of business

During the second quarter period, there were no material changes in the business of the TonenGeneral Group (the “TG Group”) including TonenGeneral Sekiyu K.K. (the “Company”) or changes in significant subsidiaries and affiliates.

## 3. Information on subsidiaries and affiliates

There were no changes in significant subsidiaries and affiliates during the second quarter period.

## 4. Employees

### (1) Consolidated

(As of June 30, 2010)

Number of employees (Person)	2,223 (1,394)
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(Note) 1. The number of employees is the number of working employees, and the average number of temporary employees during the second quarter period is given in parentheses separately.

2. The Company entrusts administrative and service functions (general business affairs, personnel, accounting, etc.) and marketing functions to ExxonMobil Y.K., and the TG Group has 288 employees currently loaned-out to ExxonMobil Y.K.

### (2) Non-consolidated

(As of June 30, 2010)

Number of employees (Person)	1,660 (82)
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(Note) 1. The number of employees is the number of working employees, and the average number of temporary employees during the second quarter period is given in parentheses separately.

2. The Company entrusts administrative and service functions (general business affairs, personnel, accounting, etc.) and marketing functions to ExxonMobil Y.K., and the Company has 249 employees currently loaned-out to ExxonMobil Y.K.

## II. Business overview

### 1. Production, consignments and sales

#### (1) Production

Production volume by business segment for the second quarter period is as follows:

Business segment	2Q 2010 (April 1, 2010 through June 30, 2010)	Increase (decrease) from 2Q 2009 (April 1, 2009 through June 30, 2009) (%)
Oil	6,995 (KKL)	(2.7)
Chemical	689 (KTon)	6.9

(Note) The amounts stated above show the total production volumes of the consolidated manufacturing companies.

#### (2) Consignment

There was no consignment of major products during the second quarter period.

#### (3) Sales

Sales amount by business segment for the second quarter period is as follows:

Business segment	2Q 2010 (April 1, 2010 through June 30, 2010) (Million yen)	Increase (decrease) from 2Q 2009 (April 1, 2009 through June 30, 2009) (%)
Oil	523,652	20.5
Chemical	62,507	36.0
Total	586,160	22.0

(Note) 1. Sales by major customer and its ratio to total sales are as follows:

Customer name	2Q 2009 (April 1, 2009 through June 30, 2009)	
	Amounts (Million yen)	Ratio (%)
ExxonMobil Y.K.	278,633	58.0
ExxonMobil Asia Pacific Pte. Ltd.	49,505	10.3

Customer name	2Q 2010 (April 1, 2010 through June 30, 2010)	
	Amounts (Million yen)	Ratio (%)
ExxonMobil Y.K.	357,578	61.0

2. The amounts stated above do not include consumption taxes.

3. The sales amount by business segment shows sales to third parties.

### 2. Business and other risks

In the context of the risks as described in the Annual Securities Report for the year ended December 31, 2009, the Ministry of Economy, Trade and Industry has issued new regulations on July 5, 2010 (Ministerial Ordinance on Rational Utilization of Crude Oil etc. by Fuel Oil Products Providers, etc) which may require changes in refinery configuration, including investments to increase residual treating refining capacity and/or reductions in atmospheric distillation capacity, by March 2014. The impacts on the Company are under study.

Other than as noted above, no new business risks or other risks have arisen during the second quarter period or up to the filing date of this report.

The statements relative to the future events reflect the Company's judgment as of the filing date of this report.

### 3. Important business contracts

No important business contracts were entered into during the second quarter period.

#### 4. Analysis of financial position, operating results and cash flows

##### (1) Financial position

Total assets as of June 30, 2010 totaled 780.3 billion yen, a 94.9 billion yen decrease from December 31, 2009, mainly because of decreases in trade accounts receivable and short-term loans receivable. Liabilities as of June 30, 2010 amounted to 535.4 billion yen, a 112.4 billion yen decrease from December 31, 2009, which is mainly due to decreases in trade accounts payable, gasoline taxes payable and short-term loans payable. Total net assets as of June 30, 2010 amounted to 244.9 billion yen, a 17.6 billion yen increase from December 31, 2009, which is mainly attributable to net income exceeding cash dividends paid.

##### (2) Operating results

During the second quarter period, consolidated net sales increased 22% versus the same period last year to 586.2 billion yen, reflecting higher product prices resulting from increased crude costs while sales volume showed a decrease from the same period last year.

Consolidated operating income increased 19.2 billion yen versus the same period last year to a loss of 4.7 billion yen. Consolidated ordinary income increased 19.6 billion yen versus the same period last year to a loss of 3.8 billion yen, with non-operating income of 0.9 billion yen including a gain from foreign exchange.

With extraordinary loss of 0.7 billion yen and income taxes of 1.5 billion yen, consolidated net income increased 11.1 billion yen versus the same period last year to a loss of 3.0 billion yen.

Further analysis of consolidated operating income is provided below:

##### a. Oil segment

Operating income in our oil segment for the second quarter period increased 19.9 billion yen versus the same period last year to a loss of 6.1 billion yen. This includes negative 9.4 billion yen from the effects of inventory valuation. Excluding the effects of inventory gain/loss and crude accounting, operating income in this segment was 2.3 billion yen, a 9.7 billion yen increase from the same period last year.

As adjusted, oil operating income in the second quarter period returned to profitability following the severe margin environment that had persisted since the second quarter last year.

Analysis of oil segment operating income compared with the same period last year

(Unit: billion yen)

	2Q 2010	2Q 2009	Difference
Operating income (loss) as reported	(6.1)	(26.0)	19.9
Effect of difference in timing of crude cost accounting—estimate	1.0	(24.0)	25.0
Inventory-related gains (loss)	(9.4)	5.4	(14.8)
Operating income (loss) excluding above special factors—estimate	2.3	(7.4)	9.7

##### b. Chemical segment

Operating income in our chemical segment for the second quarter period was 1.3 billion yen, 0.7 billion yen less than the same period last year. Chemical operating income showed a decline compared to the first quarter period results of 6.4 billion yen when margins were better in aromatics.

**(3) Cash flows**

As of June 30, 2010, the outstanding balance of cash and cash equivalent was 305 million yen, a decrease of 30 million yen versus the end of the first quarter period. Key factors influencing cash flows are summarized below.

In the second quarter period, cash flows from operating activities were negative 29.3 billion yen (positive 4.9 billion yen in the same period last year). Seasonal decreases in crude oil payables were a major factor. (decreased volumes in the same period last year were offset by price increases.)

Cash flows from investing activities were negative 4.5 billion yen (negative 7.2 billion yen during the same period last year). Capital expenditures were lower in this year.

Cash flows from financing activities were positive 33.8 billion yen (positive 2.6 billion yen in the same period last year). Net debt increased to finance working capital changes in the second quarter period.

**(4) Future prospects and our challenges for business and financial issues**

Other than as noted in “2. Business and other risks,” there were no material changes to the business and financial issues faced by the TG Group during the second quarter period or up to the filing date of this report.

**(5) Research and development activities**

The amount used for research and development activities of the TG Group in the second quarter period was 0.7 billion yen.

There were no material changes during the second quarter period to the status of research and development activities of the TG Group.

### III. Facilities

#### (1) Major facilities

There were no material changes to major facilities during the second quarter period.

#### (2) Plans for acquisition and disposal of facilities

There were no material changes during the second quarter period to the plans for acquisition and disposal of significant facilities as of the end of the first quarter period. During the second quarter period, there were no newly confirmed plans for acquisition of significant facilities.

Acquisitions and repairs of significant facilities that were underway at the end of the first quarter period, which were completed in the second quarter period are as follows:

Company, office and factory name	Location	Business segment	Description	Amount of investment (Million yen)	Completion date	Increase in capacity after completion
The Company, Wakayama Refinery	Arida-City, Wakayama Pref.	Oil	Refining facility	1,154	June 2010	–
The Company, Kawasaki Refinery	Kawasaki-ku, Kawasaki-City, Kanagawa Pref.	Oil	Refining facility	2,012	June 2010	–

(Note) The amounts stated above do not include consumption taxes.

## IV. Profile of the Company

### 1. Information on the Company's shares

#### (1) Total number of shares authorized, etc.

##### a. Total number of shares authorized

Class	Total number of shares authorized to be issued (Share)
Common stock	880,937,982
Total	880,937,982

##### b. Number of shares issued

Class	Number of shares issued (As of June 30, 2010) (Share)	Number of shares issued (As of the filing date: August 13, 2010) (Share)	Name of financial instruments exchange where the stock of the Company is traded or the name of authorized financial instruments firms association where the Company is registered	Description
Common stock	565,182,000	565,182,000	Tokyo Stock Exchange (First Section)	(Note)
Total	565,182,000	565,182,000	–	–

(Note) These shares are the Company's standard shares without any restriction of shareholders' rights and the number of shares constituting one voting unit is 1,000 shares.

#### (2) Stock acquisition rights

Not applicable.

#### (3) Exercised corporate bonds with stock acquisition rights with attached clauses to amend the exercise price

Not applicable.

#### (4) Rights plan

Not applicable.

#### (5) Trends in total number of shares issued, capital stock, etc.

Date	Change in the total number of shares issued (Share)	Balance of total number of shares issued (Share)	Change in capital stock (Million yen)	Balance of capital stock (Million yen)	Change in legal capital surplus (Million yen)	Balance of legal capital surplus (Million yen)
April 1, 2010 through June 30, 2010	–	565,182,000	–	35,123	–	20,741

**(6) Major shareholders**

(As of June 30, 2010)

Name of shareholders	Address	Number of shares held (Thousands of shares)	Percentage of total number of shares issued (%)
ExxonMobil Y.K.	1-8-15, Kohnan, Minato-ku, Tokyo	282,708	50.02
Japan Trustee Services Bank, Ltd. (Trust Account)	1-8-11, Harumi, Chuo-ku, Tokyo	12,070	2.13
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3, Hamamatsu-cho, Minato-ku, Tokyo	10,708	1.89
Kochi Shinkin Bank	2-4-4, Harimaya-cho, Kochi-City, Kochi Pref.	8,574	1.51
Sompo Japan Insurance Inc.	1-26-1, Nishi-Shinjuku, Shinjuku-ku, Tokyo	4,819	0.85
Nippon Life Insurance Company	Nippon Life Securities Operation Department, 1-6-6, Marunouchi, Chiyoda-ku, Tokyo	4,544	0.80
SSBT OD05 Omnibus China Treaty Clients (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	338 PITT STREET, SYDNEY, NSW 2000 AUSTRALIA (3-11-1, Nihonbashi, Chuo-ku, Tokyo)	3,286	0.58
Tokio Marine & Nichido Fire Insurance Co. Ltd.	1-2-1, Marunouchi, Chiyoda-ku, Tokyo	2,579	0.45
State Street Bank West Client - Treaty (Standing proxy: Mizuho Corporate Bank, Ltd., Custody & Proxy Department)	1776 HERITAGE PRIVE, N. QUINCY, MA 02171, U.S.A. (4-16-13, Tsukishima, Chuo-ku, Tokyo)	2,393	0.42
Japan Trustee Services Bank, Ltd. (Trust Account 1)	1-8-11, Harumi, Chuo-ku, Tokyo	2,155	0.38
Total	–	333,838	59.06

## (7) Voting rights

### a. Shares issued

(As of June 30, 2010)

Classification	Number of shares (Share)	Number of voting rights (Unit)	Description
Shares without voting rights	–	–	–
Shares with restricted voting rights (Treasury stock, etc.)	–	–	–
Shares with restricted voting rights (Other)	–	–	–
Shares with full voting rights (Treasury stock, etc.)	(Treasury stock) Common stock 699,000 (Crossholding stock) Common stock 26,000	–	–
Shares with full voting rights (Other)	Common stock 559,520,000	559,520	–
Odd-lot shares	Common stock 4,937,000	–	–
Total number of shares issued	565,182,000	–	–
Total number of voting rights	–	559,520	–

(Note) The number of “Shares with full voting rights (Other)” includes 2,000 shares (the number of voting rights: 2) under the name of Japan Securities Depository Center, Inc.

### b. Treasury stock, etc.

(As of June 30, 2010)

Name of shareholders	Address	Number of shares held under own name (Share)	Number of shares held under the name of others (Share)	Total number of shares held (Share)	Percentage of total number of shares issued (%)
(Treasury stock) The Company	1-8-15, Kohnan, Minato-ku, Tokyo	699,000	–	699,000	0.12
(Crossholding stock) Emori Sekiyu K.K.	158 Aza Hama, Maizuru-City, Kyoto Pref.	26,000	–	26,000	0.00
Total	–	725,000	–	725,000	0.12

## 2. Trends in share price

Monthly highest and lowest share prices during the second quarter YTD 2010 period

Month	January 2010	February 2010	March 2010	April 2010	May 2010	June 2010
Highest (Yen)	792	778	798	821	819	840
Lowest (Yen)	751	719	720	787	757	762

(Note) The monthly highest and lowest share prices were those recorded on the First Section of the Tokyo Stock Exchange.

## 3. Members of the Board of Directors and Statutory Auditors

There were no changes in the members of the Board of Directors and Statutory Auditors during the period from the filing date of the Annual Securities Report for the year ended December 31, 2009 until the filing date of this Quarterly Securities Report.

## **V. Financial information**

### **1. Method for preparation of the quarterly consolidated financial statements**

The Company prepares quarterly consolidated financial statements in accordance with the Regulation for Terminology, Forms and Preparation of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64 of 2007; hereinafter, the “Regulation for Quarterly Consolidated Financial Statements”).

The quarterly consolidated financial statements for the three-month period ended June 30, 2009 (April 1, 2009 through June 30, 2009) and the six-month period ended June 30, 2009 (January 1, 2009 through June 30, 2009) were prepared in accordance with the pre-revised Regulation for Quarterly Consolidated Financial Statements while those for the three-month period ended June 30, 2010 (April 1, 2010 through June 30, 2010) and the six-month period ended June 30, 2010 (January 1, 2010 through June 30, 2010) were prepared in accordance with the revised Regulation for Quarterly Consolidated Financial Statements.

### **2. Audit attestation**

The quarterly consolidated financial statements for the three-month period ended June 30, 2009 (April 1, 2009 through June 30, 2009) and the six-month period ended June 30, 2009 (January 1, 2009 through June 30, 2009) and those for the three-month period ended June 30, 2010 (April 1, 2010 through June 30, 2010) and the six-month period ended June 30, 2010 (January 1, 2010 through June 30, 2010) were reviewed by PricewaterhouseCoopers Aarata, pursuant to the provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

# 1. Quarterly consolidated financial statements

## (1) Quarterly consolidated balance sheet

(Unit: Million yen)

	2Q 2010 (June 30, 2010)	2009 (Summary) (December 31, 2009)
Assets		
Current assets		
Cash and deposits	305	789
Notes and accounts receivable-trade	322,055	397,307
Merchandise and finished goods	27,936	28,908
Semi-finished goods	33,512	24,053
Raw materials	67,952	65,536
Supplies	4,821	5,115
Short-term loans receivable	19,417	65,077
Other	21,801	17,341
Allowance for doubtful accounts	(45)	(42)
Total current assets	497,757	604,086
Noncurrent assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	*1 53,716	*1 64,522
Land	*2 77,548	*2 79,265
Other, net	*1 63,734	*1 71,342
Total property, plant and equipment	194,999	215,130
Intangible assets	5,000	5,714
Investments and other assets		
Investment securities	51,972	12,786
Other	30,925	37,799
Allowance for doubtful accounts	(341)	(339)
Total investments and other assets	82,555	50,246
Total noncurrent assets	282,555	271,090
Total assets	780,312	875,177

(Unit: Million yen)

	2Q 2010 (June 30, 2010)	2009 (Summary) (December 31, 2009)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	221,684	267,188
Gasoline taxes payable	122,583	185,983
Short-term loans payable	47,537	82,823
Income taxes payable	1,244	2,342
Provision	2,594	3,863
Other	77,737	44,094
Total current liabilities	473,382	586,295
<b>Noncurrent liabilities</b>		
Long-term loans payable	4,862	5,739
Provision for retirement benefits	36,397	35,027
Provision for repairs	18,208	17,847
Other	2,547	2,908
Total noncurrent liabilities	62,015	61,523
Total liabilities	535,398	647,818
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	35,123	35,123
Capital surplus	20,741	20,741
Retained earnings	189,674	171,814
Treasury stock	(599)	(539)
Total shareholders' equity	244,940	227,140
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	91	162
Foreign currency translation adjustment	(116)	56
Total valuation and translation adjustments	(25)	219
Total net assets	244,914	227,359
Total liabilities and net assets	780,312	875,177

**(2) Quarterly consolidated statement of income**

Second quarter YTD period

(Unit: Million yen)

	2Q YTD 2009 (January 1, 2009 through June 30, 2009)		2Q YTD 2010 (January 1, 2010 through June 30, 2010)	
Net sales		964,645		1,173,019
Cost of sales		958,010		1,143,379
Gross profit		6,635		29,640
Selling, general and administrative expenses	*1	17,496	*1	16,009
Operating income (loss)		(10,861)		13,631
Non-operating income				
Interest income		48		76
Dividends income		92		79
Foreign exchange gains		–		405
Equity in earnings of affiliates		503		806
Other		33		18
Total non-operating income		677		1,385
Non-operating expenses				
Interest expenses		187		181
Foreign exchange losses		240		–
Other		69		48
Total non-operating expenses		498		230
Ordinary income (loss)		(10,681)		14,787
Extraordinary income				
Gain on change in equity		–		20,174
Gain on sales of noncurrent assets		–		343
Total extraordinary income		–		20,518
Extraordinary loss				
Loss on sales and retirement of noncurrent assets		537		264
Impairment loss		363		705
Total extraordinary losses		900		969
Income (loss) before income taxes and minority interests		(11,582)		34,336
Income taxes	*2	(5,159)	*2	5,748
Net income (loss)		(6,423)		28,587

Second quarter period

(Unit: Million yen)

	2Q 2009 (April 1, 2009 through June 30, 2009)		2Q 2010 (April 1, 2010 through June 30, 2010)	
Net sales		480,422		586,160
Cost of sales		495,129		582,764
Gross profit (loss)		(14,706)		3,396
Selling, general and administrative expenses	*1	9,207	*1	8,144
Operating loss		(23,914)		(4,748)
Non-operating income				
Interest income		29		21
Dividends income		90		79
Foreign exchange gains		605		780
Equity in earnings of affiliates		–		173
Other		14		2
Total non-operating income		739		1,057
Non-operating expenses				
Interest expenses		99		91
Equity in losses of affiliates		119		–
Other		0		26
Total non-operating expenses		219		117
Ordinary loss		(23,394)		(3,808)
Extraordinary income				
Gain on sales of noncurrent assets		–		178
Total extraordinary income		–		178
Extraordinary loss				
Loss on sales and retirement of noncurrent assets		215		212
Impairment loss		28		672
Total extraordinary losses		243		884
Loss before income taxes and minority interests		(23,638)		(4,515)
Income taxes	*2	(9,557)	*2	(1,522)
Net loss		(14,080)		(2,992)

### (3) Quarterly consolidated statement of cash flows

(Unit: Million yen)

	2Q YTD 2009 (January 1, 2009 through June 30, 2009)	2Q YTD 2010 (January 1, 2010 through June 30, 2010)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(11,582)	34,336
Depreciation and amortization	14,327	13,035
Amortization of goodwill	326	–
Equity in (earnings) losses of affiliates	(503)	(806)
Impairment loss	363	705
Increase (decrease) in provision for retirement benefits	4,534	1,480
Increase (decrease) in provision for repairs	3,064	360
Interest and dividends income	(140)	(155)
Interest expenses	187	181
Loss (gain) on change in equity	–	(20,174)
Loss (gain) on sales and retirement of noncurrent assets	537	(79)
Decrease (increase) in notes and accounts receivable-trade	92,941	72,866
Decrease (increase) in inventories	1,741	(12,350)
Increase (decrease) in notes and accounts payable-trade	(605)	(45,280)
Decrease (increase) in accounts receivable-other	(521)	1,207
Increase (decrease) in accounts payable-other	(65,776)	(65,377)
Other, net	(304)	32,640
Subtotal	38,590	12,588
Interest and dividends income received	132	145
Interest expenses paid	(204)	(203)
Payments for early extra retirement payments	–	(236)
Income taxes refund	660	181
Income taxes paid	(40,299)	(1,683)
Net cash provided by (used in) operating activities	(1,119)	10,791
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(11,676)	(10,112)
Proceeds from sales of property, plant and equipment	141	681
Purchase of intangible assets	(489)	(127)
Payments of long-term loans receivable	(3)	–
Collection of long-term loans receivable	110	65
Net cash provided by (used in) investing activities	(11,916)	(9,493)
Net cash provided by (used in) financing activities		
Net decrease (increase) in short-term loans receivable	8,319	45,659
Net increase (decrease) in short-term loans payable	16,594	(35,286)
Repayment of long-term loans payable	(877)	(877)
Purchase of treasury stock	(82)	(74)
Proceeds from sales of treasury stock	11	13
Cash dividends paid	(10,732)	(10,726)
Net cash provided by (used in) financing activities	13,233	(1,291)
Effect of exchange rate change on cash and cash equivalents	(124)	(11)
Net increase (decrease) in cash and cash equivalents	73	(4)
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	*1 561	*1 305

### Changes in significant accounting policies

	2Q YTD 2010 (January 1, 2010 through June 30, 2010)
1. Changes in scope of consolidation	<p>(1) Change in scope of consolidation The following companies have been excluded from the scope of consolidation in the first quarter period.</p> <ul style="list-style-type: none"> <li>- Tonen Specialty Separator Godo Kaisha (currently Toray Tonen Specialty Separator Godo Kaisha)</li> <li>- Tonen Specialty Separator Korea Limited (currently Toray Tonen Specialty Separator Korea Limited)</li> </ul> <p>These companies had been included in the scope of consolidation until January 31, 2010.</p> <p>(2) Number of consolidated subsidiaries after the change 5 companies</p>
2. Changes in application of equity method	<p>Affiliates accounted for by the equity method</p> <p>(1) Changes in affiliates accounted for by the equity method The following companies have become affiliates accounted for by the equity method in the first quarter period.</p> <ul style="list-style-type: none"> <li>- Japan Biofuels Supply LLP</li> <li>- Toray Tonen Specialty Separator Godo Kaisha (former Tonen Specialty Separator Godo Kaisha)</li> <li>- Toray Tonen Specialty Separator Korea Limited (former Tonen Specialty Separator Korea Limited)</li> <li>- Toray Tonen Service Godo Kaisha</li> </ul> <p>Among these affiliates, Toray Tonen Specialty Separator Godo Kaisha and Toray Tonen Specialty Separator Korea Limited are accounted for by the equity method beginning on February 1, 2010.</p> <p>(2) Number of affiliates accounted for by the equity method after the change 6 companies</p>
3. Changes in policies of accounting procedures	_____

### Simplified accounting method

	2Q YTD 2010 (January 1, 2010 through June 30, 2010)
1. Provision for income taxes	Income taxes are accrued to identify the amount of income taxes payable by applying the simplified method, where only material tax adjustment items are included in the calculation of the provision. Deferred income taxes are 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 differences.

**Notes to quarterly consolidated financial statements**

**(Quarterly consolidated balance sheet)**

2Q 2010 (June 30, 2010)	2009 (December 31, 2009)
*1 Accumulated depreciation of property, plant and equipment 773,825 million yen	*1 Accumulated depreciation of property, plant and equipment 775,713 million yen
*2 Contingent Liabilities	*2 Contingent Liabilities
Obligations for guaranties	Obligations for guaranties
(1) Bank borrowing, etc.	(1) Bank borrowing, etc.
The Company has guaranteed the following bank borrowing, etc. by associated companies, etc. as follows.	The Company has guaranteed the following bank borrowing, etc. by associated companies, etc. as follows.
Japan Biofuels Supply LLP Shimizu LNG K.K. Employees of the Company and subsidiaries Others (5 companies)	Shimizu LNG K.K. Japan Biofuels Supply LLP Employees of the Company and subsidiaries Others (5 companies)
1,960 million yen 971 193 94	1,174 million yen 376 206 130
Total 3,219	Total 1,887
(Note) For the borrowing (582 million yen) of Shimizu LNG K.K. from Development Bank of Japan Inc. etc., the Company has a contractual obligation to reserve its land (book value 747 million of yen) for a mortgage.	(Note) For the borrowing (892 million yen) of Shimizu LNG K.K. from Development Bank of Japan Inc. etc., the Company has a contractual obligation to reserve its land (book value 747 million of yen) for a mortgage.
(2) Letter of credit	(2) Letter of credit
The Company has guaranteed the letter of credit as follows.	The Company has guaranteed the letter of credit as follows.
<u>Guarantees</u> <u>Amounts (USD)</u> <u>(Yen equivalent)</u>	<u>Guarantees</u> <u>Amounts (USD)</u> <u>(Yen equivalent)</u>
Japan Biofuels Supply LLP 14,913 thousand USD (1,319 million yen)	Japan Biofuels Supply LLP 11,137 thousand USD (1,025 million yen)
(3) Deferral of import consumption tax payment	(3) Deferral of import consumption tax payment
The Company has guaranteed the deferral of import consumption tax payment as follows.	The Company has guaranteed the deferral of import consumption tax payment as follows.
<u>Guarantees</u> <u>Amounts</u>	<u>Guarantees</u> <u>Amounts</u>
Japan Biofuels Supply LLP 240 million yen	Japan Biofuels Supply LLP 292 million yen

**(Quarterly consolidated statement of income)**

2Q YTD 2009 (January 1, 2009 through June 30, 2009)	2Q YTD 2010 (January 1, 2010 through June 30, 2010)
*1 The major items and amounts in selling, general and administrative expenses are as follows.	*1 The major items and amounts in selling, general and administrative expenses are as follows.
Salaries and bonuses Retirement benefit expenses	Salaries and bonuses
4,460 million yen 1,804	4,578 million yen
*2 Presentation of income taxes	*2 Presentation of income taxes
In the provision for income taxes for the second quarter year-to-date period, deferred income taxes are included in "income taxes."	No change

2Q 2009 (April 1, 2009 through June 30, 2009)	2Q 2010 (April 1, 2010 through June 30, 2010)
*1 The major items and amounts in selling, general and administrative expenses are as follows.	*1 The major items and amounts in selling, general and administrative expenses are as follows.
Salaries and bonuses Retirement benefit expenses	Salaries and bonuses
2,411 million yen 883	2,771 million yen
*2 Presentation of income taxes	*2 Presentation of income taxes
In the provision for income taxes for the second quarter period, deferred income taxes are included in "income taxes."	No change

**(Quarterly consolidated statement of cash flows)**

2Q YTD 2009 (January 1, 2009 through June 30, 2009)	2Q YTD 2010 (January 1, 2010 through June 30, 2010)
*1 Reconciliation of cash and cash equivalents at the end of the quarter and the related account on the quarterly consolidated balance sheet is as follows.	*1 Reconciliation of cash and cash equivalents at the end of the quarter and the related account on the quarterly consolidated balance sheet is as follows.
(As of June 30, 2009)	(As of June 30, 2010)
Cash on hand and in banks	Cash on hand and in banks
561 million yen	305 million yen
Cash and cash equivalents	Cash and cash equivalents
561	305

**(Shareholders' equity)**

As of June 30, 2010 and the second quarter YTD 2010 period (January 1, 2010 through June 30, 2010)

## 1. Class and total number of shares issued

Common stock 565,182,000 shares

## 2. Class and total number of treasury stock

Common stock 699,116 shares

## 3. Dividends

## (1) Dividends paid

Resolution	Class of shares	Total dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date	Dividend resource
Annual General Meeting of Shareholders held on March 26, 2010	Common stock	10,726	19.00	December 31, 2009	March 29, 2010	Retained earnings

## (2) Dividends whose record dates are in the second quarter year-to-date period but whose effective dates are after the end of the second quarter period

Resolution	Class of shares	Total dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date	Dividend resource
Board of Directors Meeting held on August 13, 2010	Common Stock	10,725	19.00	June 30, 2010	September 15, 2010	Retained earnings

**(Segment information)****1. Segment information by business line**

Second quarter 2009 period (April 1, 2009 through June 30, 2009)

(Unit: Million yen)

	Oil	Chemical	Others	Total	Elimination	Consolidated
Net Sales						
(1) Sales to third parties	434,291	45,969	161	480,422	–	480,422
(2) Internal transactions	38,991	5,973	–	44,965	(44,965)	–
Total	473,283	51,943	161	525,387	(44,965)	480,422
Operating income (loss)	(26,006)	2,086	5	(23,914)	–	(23,914)

Second quarter 2010 period (April 1, 2010 through June 30, 2010)

(Unit: Million yen)

	Oil	Chemical	Total	Elimination	Consolidated
Net Sales					
(1) Sales to third parties	523,652	62,507	586,160	–	586,160
(2) Internal transactions	57,901	8,745	66,646	(66,646)	–
Total	581,553	71,253	652,807	(66,646)	586,160
Operating income (loss)	(6,090)	1,341	(4,748)	–	(4,748)

Second quarter YTD 2009 period (January 1, 2009 through June 30, 2009)

(Unit: Million yen)

	Oil	Chemical	Others	Total	Elimination	Consolidated
Net Sales						
(1) Sales to third parties	883,363	80,944	337	964,645	–	964,645
(2) Internal transactions	75,137	10,876	4	86,018	(86,018)	–
Total	958,500	91,821	341	1,050,663	(86,018)	964,645
Operating loss	(10,682)	(169)	(9)	(10,861)	–	(10,861)

(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 machinery such as refining and electric power generation assets owned by the Company and its domestic subsidiaries was changed beginning in the first quarter period.

This had an unfavorable 1,036 million yen impact on Oil segment Operating income and 33 million yen unfavorable impact on Chemical segment Operating income.

Second quarter YTD 2010 period (January 1, 2010 through June 30, 2010)

(Unit: Million yen)

	Oil	Chemical	Total	Elimination	Consolidated
Net Sales					
(1) Sales to third parties	1,048,864	124,154	1,173,019	–	1,173,019
(2) Internal transactions	112,305	17,173	129,479	(129,479)	–
Total	1,161,170	141,328	1,302,498	(129,479)	1,173,019
Operating income	5,843	7,788	13,631	–	13,631

(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.

## 2. Segment information by geographic area

Second quarter 2009 period (April 1, 2009 through June 30, 2009) and second quarter YTD 2009 period (January 1, 2009 through June 30, 2009)

The information is omitted, because over 90% of total net sales originated in Japan.

Second quarter 2010 period (April 1, 2010 through June 30, 2010)

The information is omitted, because there is no subsidiary or branch in foreign countries.

Second quarter YTD 2010 period (January 1, 2010 through June 30, 2010)

The information is omitted, because over 90% of total net sales originated in Japan.

## 3. Overseas sales

Second quarter 2009 period (April 1, 2009 through June 30, 2009)

I. Overseas sales	(Million yen)	50,308
II. Consolidated net sales	(Million yen)	480,422
III. Percentage of (I) vs. (II)	(%)	10.5

(Note) 1. Overseas sales are not given by country or region as the information is not deemed to be material.

2. The major countries or regions in the category: Asia Pacific

3. Overseas sales are the Company's and its consolidated subsidiaries' net sales to customers outside of Japan.

Second quarter YTD 2009 period (January 1, 2009 through June 30, 2009)

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

Second quarter 2010 period (April 1, 2010 through June 30, 2010) and second quarter YTD 2010 period (January 1, 2010 through June 30, 2010)

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

**(Financial data per share)****1. Net assets per share**

2Q 2010 (June 30, 2010)		2009 (December 31, 2009)	
Net assets per share	433.87 yen	Net assets per share	402.72 yen

**2. Net income (loss) per share**

2Q YTD 2009 (January 1, 2009 through June 30, 2009)		2Q YTD 2010 (January 1, 2010 through June 30, 2010)	
Net loss per share	(11.37) yen	Net income per share	50.64 yen

(Note) 1. Diluted net income per share for the second quarter year-to-date 2009 period is not noted because it is a net loss per share and the Company has not issued any dilutive securities. Diluted net income per share for the second quarter year-to-date 2010 period is not noted because the Company has not issued any dilutive securities.

2. The table below shows the basis for computing net income (loss) per share.

	2Q YTD 2009 (January 1, 2009 through June 30, 2009)	2Q YTD 2010 (January 1, 2010 through June 30, 2010)
Net income (loss) per share		
Net income (loss) (Million yen)	(6,423)	28,587
Net income (loss) not relating to common shareholders (Million yen)	–	–
Net income (loss) pertaining to common stock (Million yen)	(6,423)	28,587
Average number of shares during the period (Shares)	564,804,749	564,505,352

2Q 2009 (April 1, 2009 through June 30, 2009)		2Q 2010 (April 1, 2010 through June 30, 2010)	
Net loss per share	(24.93) yen	Net loss per share	(5.30) yen

(Note) 1. Diluted net income per share is not noted because it is a net loss per share and the Company has not issued any dilutive securities.

2. The table below shows the basis for computing net loss per share.

	2Q 2009 (April 1, 2009 through June 30, 2009)	2Q 2010 (April 1, 2010 through June 30, 2010)
Net loss per share		
Net loss (Million yen)	(14,080)	(2,992)
Net loss not relating to common shareholders (Million yen)	–	–
Net loss pertaining to common stock (Million yen)	(14,080)	(2,992)
Average number of shares during the period (Shares)	564,784,097	564,488,418

## **2. Others**

### **(1) Events subsequent to the closing date**

No items to report.

### **(2) Litigation**

Civil lawsuit for unjust enrichment filed by the Japanese Government

On December 19, 2005, the Japanese Government instituted a civil lawsuit against the Company, together with the 10 other companies that are mainly oil wholesalers, at the Tokyo District Court for refund of unjust enrichment (the amount of claim of 581 million yen and interest thereof calculated based on 6% per annum interest rate) in relation to petroleum product bidding for the Defense Agency (the current Ministry of Defense) orders over the period from November 21, 1995 to November 20, 1998, and the trial is currently in progress.

### **(3) Interim dividend**

At the Board of Directors Meeting held on August 13, 2010, the following details concerning the interim dividend were resolved.

- (i) Total amount allocated for the interim dividend: 10,725 million yen
- (ii) Dividend per share: 19.00 yen
- (iii) Effective date of payment request and date of start of payments: September 15, 2010

(Note) The shareholders eligible for payment are shareholders or registered stock pledgees whose names are written or recorded in the final shareholders register, etc. as of June 30, 2010.

**B. Information on guarantors for the Company**

Not applicable.

**Independent Auditors' Quarterly Review Report**  
(English Translation)

August 13, 2009

To the Board of Directors of TonenGeneral Sekiyu K.K.

PricewaterhouseCoopers Aarata

Masahiro Yamamoto, CPA  
Designated and Engagement Partner

Kazuhiko Tomoda, CPA  
Designated and Engagement Partner

We have reviewed, pursuant to the provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act of Japan, the quarterly consolidated financial statements included in "Financial information," which consist of the quarterly consolidated balance sheet, quarterly consolidated statement of income and quarterly consolidated statement of cash flows of TonenGeneral Sekiyu K.K. (hereinafter referred to as the "Company") for the three-month period ended June 30, 2009 (April 1, 2009 through June 30, 2009) and the six-month period ended June 30, 2009 (January 1, 2009 through June 30, 2009). These quarterly consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these quarterly consolidated financial statements independently based on our review.

We conducted our review in accordance with the quarterly review standards generally accepted in Japan. A quarterly review consists principally of making inquiries, primarily of management and persons responsible for financial and accounting matters, and applying analytical procedures and other quarterly review procedures. It is conducted using more limited procedures than an annual audit conducted in accordance with auditing standards generally accepted in Japan.

Based on our review, nothing has come to our attention that causes us to believe that the quarterly consolidated financial statements referred to above do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of June 30, 2009, the results of their operations for the three-month period and the six-month period then ended and their cash flows for the six-month period then ended in conformity with accounting principles for quarterly consolidated financial statements generally accepted in Japan.

We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountant Act of Japan.

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- (Note)
1. The English translation has no legal force and is provided for convenience only.
  2. The document presented above is a digitized copy of the original version of the Independent Auditors' Quarterly Review Report. The original report is kept separately by the Company (the filing company of the Quarterly Securities Report.)
  3. The section of quarterly consolidated financial statements of this report does not contain their XBRL data.

**Independent Auditors' Quarterly Review Report**  
(English Translation)

August 12, 2010

To the Board of Directors of TonenGeneral Sekiyu K.K.

PricewaterhouseCoopers Aarata

Masahiro Yamamoto, CPA  
Designated and Engagement Partner

Kazuhiko Tomoda, CPA  
Designated and Engagement Partner

We have reviewed, pursuant to the provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act of Japan, the quarterly consolidated financial statements included in "Financial information," which consist of the quarterly consolidated balance sheet, quarterly consolidated statement of income and quarterly consolidated statement of cash flows of TonenGeneral Sekiyu K.K. (hereinafter referred to as the "Company") for the three-month period ended June 30, 2010 (April 1, 2010 through June 30, 2010) and the six-month period ended June 30, 2010 (January 1, 2010 through June 30, 2010). These quarterly consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these quarterly consolidated financial statements independently based on our review.

We conducted our review in accordance with the quarterly review standards generally accepted in Japan. A quarterly review consists principally of making inquiries, primarily of management and persons responsible for financial and accounting matters, and applying analytical procedures and other quarterly review procedures. It is conducted using more limited procedures than an annual audit conducted in accordance with auditing standards generally accepted in Japan.

Based on our review, nothing has come to our attention that causes us to believe that the quarterly consolidated financial statements referred to above do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of June 30, 2010, the results of their operations for the three-month period and the six-month period then ended and their cash flows for the six-month period then ended in conformity with accounting principles for quarterly consolidated financial statements generally accepted in Japan.

We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountant Act of Japan.

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- (Note)
1. The English translation has no legal force and is provided for convenience only.
  2. The document presented above is a digitized copy of the original version of the Independent Auditors' Quarterly Review Report. The original report is kept separately by the Company (the filing company of the Quarterly Securities Report.)
  3. The section of quarterly consolidated financial statements of this report does not contain their XBRL data.

*[The official language for TonenGeneral's filings with the Tokyo Stock Exchange and Japanese authorities, and for communications with our shareholders, is Japanese. We have posted English versions of some of this information on this web site. While these English versions have been prepared in good faith, TonenGeneral does not accept responsibility for the accuracy of the translations, and reference should be made to the original Japanese language materials.]*

## **[Cover]**

Document filed:	Confirmation Letter ("Kakuninsho")
As required under:	Article 24-4-8, paragraph (1) of the Financial Instruments and Exchange Act
Filed to:	Director-General of the Kanto Local Finance Bureau
Filing date:	August 13, 2010
Company name (Japanese):	東燃ゼネラル石油株式会社 (TonenGeneral Sekiyu Kabushiki Kaisha)
Company name (English):	TonenGeneral Sekiyu K.K.
Position and name of representative:	P. P. Ducom, Representative Director and President
Position and name of chief financial officer:	Not applicable
Location of head office:	1-8-15, Kohnan, Minato-ku, Tokyo, Japan
Place where the document is available for public inspection:	Tokyo Stock Exchange, Inc. 2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo, Japan

**1. Appropriateness of the descriptions in this Quarterly Securities Report**

P. P. Ducom, President of TonenGeneral Sekiyu K.K. has confirmed that this quarterly securities report for the three-month period ended June 30, 2010 (April 1, 2010 through June 30, 2010) of the 91st term is reasonably and fairly stated in accordance with the Financial Instruments and Exchange Act and related regulations.

**2. Special notes**

There are not noteworthy matters that are pertinent to this quarterly securities report.