



YR2004 1Q Flash Report on Consolidated Financial Results

14-May-2004

Listed Company Name: Showa Shell Sekiyu K.K. (Code number : 5002 Tokyo, Osaka, Nagoya, Fukuoka, Sapporo)
 (URL <http://www.showa-shell.co.jp/>)
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1. Matters regarding compiling the Quarterly Flash Report

- ① Adoption of simplified accounting method : Applicable Simplified method is adopted in tax calculation
 ② Changes in accounting method : None
 ③ Changes in scope of consolidated and equity subsidiaries : None

2. Consolidated Financial Results (From January 1, 2004 to March 31, 2004)

(Note) Fractions below one million yen are rounded off

(1) Consolidated Business Results

	Sales Proceeds		Operating Income		Ordinary Income		NIAT	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
1 st QTR 2004	445,318	—	10,132	—	10,043	—	5,766	—
1 st QTR 2003	—	—	—	—	—	—	—	—
Full year 2003	1,726,917		35,974		38,188		21,000	

	Earning per share	Diluted Earning per share
	Yen	Yen
1 st QTR 2004	15.41	15.40
1 st QTR 2003	—	—
Full year 2003	55.96	55.94

(Note) Percentage shown in columns Sales Proceeds, Operating Income, and NIAT, represents % change over the previous year. Corresponding figures of the previous year are not shown in the table above, as this is the first disclosure of quarterly financial results by the company.

The total in-land sales volume of oil products in the 1st QTR of 2004 increased slightly compared with the same QTR of 2003. This was as a result of gasoline sales volumes increasing steadily on the back of a good sales performance of "Shell Pura", the new high-octane gasoline and sales volumes of diesel gas oil increasing due to increased demand as the Japanese economy shows some signs of recovery. On the other hand, sales volume of kerosene decreased due to a warm winter in 2003.

The Consolidated financial results of the quarter were concluded with sales proceeds, ordinary income and net profit being JPY445.3 billion, JPY10.0 billion and JPY5.7 billion respectively. The ordinary income of JPY10.0B was as a result of the increase in sales volumes of gas oil and etc, cost reductions and a lower cost of oil sold due to a stock valuation effect, while sales margins were decreased as surges in the price of crude oil and oil products were not passed entirely on to end users. Ordinary income excluding the effect of the stock valuation gain was JPY 7.9 billion.

(2) Consolidated Finance Position

	Total assets	Shareholder's Equity	Shareholder's Equity to Total Assets	Shareholder's Equity per share
	Million Yen	Million Yen	%	Yen
End of 1 st QTR 2004	857,546	235,170	27.4	628.24
End of 1 st QTR 2003	—	—	—	—
End of Dec. 2003	882,299	234,773	26.6	627.07

【Consolidated cash-flow】

	Cash-flow from Operating activities	Cash-flow from Investing activities	Cash-flow from Financing activities	Balance of cash and cash equivalents at end of period
	Million Yen	Million Yen	Million Yen	Million Yen
1 st QTR 2004	△ 14,292	△ 9,335	16,245	7,842
1 st QTR 2003	—	—	—	—
Dec. 2003	54,704	△ 7,874	△ 39,167	15,151

Total assets as of the end of the 1st QTR 2004 were JPY857.5 billion, a decrease by JPY24.7 billion compared with the figure for 2003 year end. This is mainly because the trade debtors decreased due to the impact of the closure of banking institutions at the 2003 year end and a decrease in sales volume.

With regard to cash flows in the 1st QTR 2004, the balance of cash & cash equivalents decreased by JPY7.3 billion compared with 2003 year end. This was a result of a decrease of JPY14.2 billion in “cash flow from operating activities”, a decrease of JPY 9.3 billion in “cash flow from investing activities” and an increase of JPY16.2 billion in “cash flow from financing activities”.

The decrease in “cash flow from operating activities” was attributable to an increase in inventories owing to increased unit prices, as well as the fact that a significant corporate tax payment for the previous year was made during the quarter. The decrease in “cash flow from investing activities” was mainly due to acquisition of investment securities. The increase in “cash flow from financing activities” was mainly attributable to additional funds raised through issuing commercial paper.

3. Projection of Consolidated Financial Results (For the year from January 1, 2004 to December 31,2004)

	Sales Proceeds	Ordinary Income	NIAT
	Million Yen	Million Yen	Million Yen
Interim 2004	850,000	12,000	6,000
Full year 2004	1,720,000	32,000	18,000

(Reference) Forecast net income per share for the year: 48.09yen

For a projection of 2004 consolidated results, the original projection of ordinary income and NIAT both for the interim 2004 and for the full year 2004 were left unchanged, despite the fact that sales proceeds are expected to increase reflecting sustained high crude oil prices. This is as a result of taking account of uncertainties in crude oil price and FX rate in the future. From 2nd QTR 2004 onward, the company will endeavour to attain further cost reductions and to secure reasonable sales margins in the market place.

【Reference】 Forecast of Non-Consolidated Financial Performance (For the year from January 1, 2004 to December 31,2004)

	Sales Proceeds	Ordinary Income	NIAT
	Million Yen	Million Yen	Million Yen
Interim 2004	820,000	11,000	6,000
Full year 2004	1,650,000	28,000	16,000

* The financial results projection, stated in the above, is based on currently available information and it includes some factors of risk and uncertainty. Therefore, future consolidated financial results may differ from those stated in the projection, depending on various factors such as economic situations, market conditions and FX rates in future.