1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared based on the accounts and records maintained by Showa Shell Sekiyu K.K. (the "Company") and its consolidated subsidiaries (hereinafter referred to in total as the "Companies") in accordance with the provisions set forth in the Commercial Code of Japan and the Securities and Exchange Law, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Accounting Standards.

Certain items presented in the consolidated financial statements submitted to the Director of Kanto Finance Bureau in Japan have been reclassified in these accounts for the convenience of readers outside Japan.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

(1) Principles of consolidation

Consolidated subsidiaries as at December 31, 2002 were as follows: (20 companies)

Showa Yokkaichi Sekiyu Co., Ltd.	Nakagawa Oil Co., Ltd.	Petro Star Kansai K.K.
East Ogishima Oil Terminal K.K.	K.K. Shinyo Sekiyu	Shoseki Shoji K.K.
Showa Shell Sempaku K.K.	Tokyo Shell Pack K.K.	Chuo Shell Sekiyu Hanbai K.K.
K.K. Rising Sun	Heiwa Kisen Kaisha, Ltd.	Siris Co., Ltd.
Shoseki Gas K.K.	Shoseki Kako K.K.	K.K. Sun Road
Shoseki Engineering & Construction Co., Ltd.	Nippon Grease Co., Ltd.	Petro Star Kanto Co., Ltd. (*)
Shoseki Overseas Oil Development Co., Ltd.	Shoseki Home Gas K.K.	

(*) Consolidated company, Enax K.K., has merged with Showa Tesco K.K., former consolidated company, on June 1, 2002, and with Kakubari Oil Co., Ltd., former consolidated company, on October 1, 2002.

Major unconsolidated subsidiaries	Akusam Inc.	K.K. Hayawa
	Showa Solar Energy K.K.	

(The unconsolidated companies listed above are small and do not have a material effect on the consolidated financial statements of the Company as a whole.)

Among the consolidated companies, Petro Star Kanto Co., Ltd. has changed its fiscal year-end to September 30 from the current year. Shoseki Home Gas K.K., Siris Co., Ltd., K.K. Sun Road, K.K. Shinyo Sekiyu and Nakagawa Oil Co., Ltd. have a fiscal year-end of September 30, and Tokyo Shell Pack K.K. has a fiscal year-end of October 31. The consolidated financial statements incorporated the accounts of the above companies with adjustments for significant transactions arisen after the date of their respective year-ends.

(2) Investments in Unconsolidated subsidiaries and affiliates

Affiliates accounted for by the equity method as at December 31, 2002 were as follows: (13 companies)

Toa Oil Co., Ltd.	Osaka Shell Pack K.K.
Seibu Oil Co., Ltd.	Shell Tokuhatsu K.K.
Daiya Shoseki K.K.	Anzen Sekiyu K.K.
Shell Sekiyu Osaka Sales Office K.K.	Japan Oil Network Co., Ltd.
Central Oil Gas Co., Ltd.	Mieseki Shoji K.K.
Niigata Joint Oil Stockpiling Co., Ltd.	Joyo Shell Sekiyu Hanbai K.K.
Kotohira Oil Co., Ltd.	

Major affiliates not accounted for by the equity method:
Kyokuyo Co., Ltd.
Daiya Fuel Trading Co., Ltd.
(The above companies do not have a material effect on the consolidated financial statements of the Company as a whole.)

(3) Standards and methods for valuing principal assets

Investments in Securities:

Held-to-maturity debt securities, that the Company and its subsidiaries have intent to hold to maturity, are stated at cost after accounting for premium or discount on acquisition, which are amortised over the period to maturity.

Available-for-sale securities, for which market value is available, are valued at the fair market value prevailing at the fiscal year-end. Net unrealized gains or losses on these securities are reported as a separate item in the shareholders' equity at a net-of-tax amount.

Available-for-sale securities, for which market value is not available, are valued at cost, cost being determined by moving average method.

In cases where the fair value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliates, or available-for-sale securities has declined significantly and such impairment of the value is not deemed to be temporary, those securities are written down to the fair value and the resulting losses are included in net profit or loss for the period.

Derivatives:

Derivatives are valued at fair value.

Inventories:

Inventories are valued at cost, cost being determined mainly by using the weighted-average method.

(4) Depreciation methods for major assets

Property, plant and equipment:

Depreciation is computed mainly by using the straight-line method. The range of useful lives are those determined by Japanese tax law. Major oil refining facilities at Showa Shell's Kawasaki Refinery and Showa Yokkaichi Sekiyu's Yokkaichi Refinery are depreciated over their estimated useful lives (20 years).

Intangible fixed assets:

Depreciation is computed using by the straight-line method. Software for in-house use is depreciated using the straight-line method based on the estimated useful life (five years).

(5) Reserves and allowances

Allowance for doubtful accounts:

Allowance for doubtful accounts is made against potential losses on collection at an amount measured using a historical bad debt ratio, plus an amount individually measured based on the collectibility of accounts that are expected to be unrecoverable due to bad financial conditions or insolvency.

Reserve for bonuses:

In principle, the Company provides for an amount equivalent to the current year portion of estimated future bonus payments.

Reserve for retirement benefits:

Reserve for retirement benefits is provided, based on estimated pension benefit obligations and pension plan assets at the fiscal year-end in order to cover required retirement benefits for eligible employees. Unrecognized prior service costs are recognized in expenses using the straight-line method over a fixed period (14 years), which is within the average estimated effective remaining working life of the employees.

Unrecognized actuarial gains and losses are recognized in expenses using the straight-line method over a fixed period (14 years), which is within the average estimated effective remaining working life of the employees, commencing from the following period.

Special reserve for repairs:

The Company provides for an amount equivalent to the estimated amount needed to cover maintenance and repair expenses for the current fiscal year, such as the regular maintenance expenses of machinery and equipment in refineries, and the periodical inspection and maintenance expenses of tanks required by the Fire Defense Law.

Changes in accounting principles

The consolidated company, Showa Yokkaichi Sekiyu Co., Ltd. changed its accounting principles to reserve an allowance for repairs from the current fiscal year. Previously these expenses were recognized when the cost was actually incurred.

This change in accounting principles was made in order to avoid the expected fluctuations in accounting results due to the forthcoming extension of the regular maintenance intervals, by allocating the expense evenly during the period, and calculating refining cost appropriately.

As a result, when comparing with the result calculated based on the former method, ordinary profit increased by ¥1,696 million In addition, special losses of ¥1,933 million, which should have been recognized in prior periods, were recognized in the current fiscal year resulting in a decrease in income before income taxes of ¥236 million.

Furthermore, Toa Oil Co., Ltd., an affiliate company, accounted for by equity method, also applied the same accounting policy change in the current year resulting in an increase of ordinary profit of ¥1,326 million in comparison with the figure calculated based on the former method. Special losses of ¥2,639 million, which should have been recognized in prior periods, were recognized in the current fiscal year resulting in a decrease in income before income taxes of ¥1,313 million.

(6) Translation of foreign currency accounts

All monetary assets and liabilities of the Companies are translated into Japanese yen at the spot rate prevailing at the year-end. Resulting translation gains or losses are charged or credited to income.

(7) Accounting for leases

Leases that transfer substantially all the risks and rewards of ownership of the assets are accounted for as capital leases. The leases that do not transfer ownership of the assets at the end of the lease term are accounted for as operating leases, in accordance with accounting principles and practices generally accepted in Japan.

(8) Income taxes

Income taxes of the Companies consist of corporate income taxes, local inhabitants taxes and enterprise taxes. Income taxes are determined using the asset and liability method, where deferred tax assets and liabilities are recognized for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements.

(9) Consumption tax

Consumption tax is imposed at the flat rate of 5% on all domestic consumption of goods and services (with certain exemptions). The consumption tax withheld upon sale and consumption tax paid by the Companies on their purchases of goods and services is not included in the amounts of respective revenue and cost or expense items in the accompanying consolidated statements of income.

(10) Appropriation of retained earnings

Under the Japanese Commercial Code and the Articles of Incorporation of the Company, the appropriation of retained earnings proposed by the Board of Directors is subject to approval by the shareholders at a meeting, which must be held within three months of the end of each fiscal year. The appropriation charged to retained earnings as reflected in the accompanying consolidated statements of shareholders' equity represents that applicable to the immediately preceding fiscal year that was approved at the shareholders' meeting and disposed of during the year. Dividends are paid to shareholders on the shareholders' register as at the end of each financial year. As is customary practice in Japan, the payment of bonuses to directors and corporate auditors is made out of retained earnings through an appropriation, instead of being charged to the income of the year.

(11) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash in hand, demand deposits in banks, time deposits whose maturity periods do not exceed three months and short-term investments with an original maturity of three months or less and which represent a minor risk of fluctuations in value.

(12) Additional information

a) Accounting for financial instruments

Effective January 1, 2002, the Company and its subsidiaries adopted the new Japanese accounting standard for financial instruments. Available-for-sale securities, which have objective market value, are valued by mark-to-market from the current fiscal year. Previously, these were valued at costs based on moving average method. Unrealized gains or losses coming from the valuation are directly charged to shareholders' equity. When these securities are sold, their costs are calculated by moving average method.

As a result of the adoption of this standard, investments in securities increased by ¥1,075 million and net unrealized gains on investments in securities by ¥652 million net of deferred tax liabilities in the amount of ¥423 million.

b) Treasury stock

Effective January 1, 2002, the transaction expense when trading treasury stock is recognized as non-operating expense in accordance with the new corporate accounting standard for treasury stock and reversal of legal reserves. Previously this expense was treated as part of the acquisition cost. When generating profit or loss through treasury stock trading, the profit or loss is recognized as the change of capital reserve on shareholders' equity. In addition, the equity equivalent amount among equity method companies holding stock of the Company is included in treasury stock of shareholders' equity.

The Company believes that this change in treatment will not have a material effect on the consolidated financial statements of the Company as a whole.

c) Earnings per share (EPS)

Effective January 1, 2002, the Company adopted the new accounting standard for EPS.

If the previous rules were adopted in the current fiscal year, net income per share and shareholders' equity per share would be as follows:

Basic net income per share	¥ 49.83
Diluted net income per share	¥ 49.81
Shareholders' equity per share	¥592.24

3. INVENTORIES

Inventories as at December 31, 2002 consisted of the following:

	Millions of yen
	December 31, 2002
Finished products	**¥51,408**
Crude oil	**43,687**
Crude oil in transit	**26,999**
Work in process	**15,150**
Containers and supplies	**4,600**
	¥141,844

4. SECURITIES

a) Investments in securities as at December 31, 2002 and 2001 consisted of the following:

	Millions of yen	
	2002	2001
Held-to-maturity debt securities	**¥ —**	¥ 100
Available-for-sale securities	**9,529**	9,733
Investments in unconsolidated subsidiaries and affiliates	**15,720**	15,111
	¥25,249	¥24,944

b) Available-for-sale securities for which market value is available are as follows:

	Millions of yen		
December 31, 2002	Historical cost	Fair market value	Unrealized gain (loss)
Securities with unrealized gain:			
Shares	**¥1,400**	**¥2,429**	**¥1,029**
Securities with unrealized loss:			
Shares	**1,008**	**975**	**(33)**
Other securities, excluding bonds	**4**	**4**	**(0)**

Note: No comparative figures are prepared (see Note 2 (12)).

c) Amount of available-for-sale securities sold in fiscal 2002 and 2001 are as follows:

	Millions of yen	
	2002	2001
Amount sold during the year	**¥395**	¥3,084
Realized gain	**8**	785
Realized loss	**67**	567

d) Details of available-for-sale securities without market quotation are as follows:

	Millions of yen	
	2002	2001
Available-for-sale securities		
Unlisted shares (excluding OTC shares)	**¥6,106**	¥6,256
Unlisted bonds	**15**	49
Other securities	**—**	30

5. SHORT-TERM AND LONG-TERM DEBT

Short-term debt as at December 31, 2002 and 2001 is summarized as follows:

	Millions of yen	
	2002	2001
Short-term bank loans	**¥16,100**	¥31,802
Commercial paper	**55,000**	32,000
	¥71,100	¥63,802

Note: The weighted average interest rates on short-term debt outstanding at the year-end are as follows:

	%	
	2002	2001
Short-term bank loans	**0.73%**	0.50%
Commercial paper	**0.05**	0.12

Long-term debt as at December 31, 2002 and 2001, consisted of the following:

	Millions of yen	
	2002	2001
Loans from banks, other financial institutions, etc. due from 2004 to 2012	**¥49,431**	¥67,135
3.25 per cent bond due 2005	**15,000**	15,000
2.90 per cent bond due 2002	**—**	10,000
3.05 per cent bond due 2003	**10,000**	10,000
2.00 per cent bond due 2003	**5,000**	5,000
	79,431	107,135
Less: portion due within one year	**31,415**	23,318
	¥48,016	¥83,817

Notes: 1. All bonds shown above are unsecured.
2. The weighted average interest rate on long-term loans (excluding current portion) from banks outstanding as at December 31, 2002 and 2001 were 2.49% and 2.67%, respectively.

Annual maturities of bonds are as follows:

	Millions of yen
Within one year	**¥15,000**
More than one year less than two years	**—**
More than two years less than three years	**15,000**
More than three years less than four years	**—**
More than four years less than five years	**—**
More than five years	**—**
	¥30,000

Annual maturities of long-term debt, except for bonds, are as follows:

	Millions of yen
Within one year	**¥16,415**
More than one year less than two years	**12,632**
More than two years less than three years	**8,279**
More than three years less than four years	**6,338**
More than four years less than five years	**3,083**
More than five years	**2,684**
	¥49,431

6. LEASE TRANSACTIONS

(1) Lessee

a) Finance leases

Information relating to finance leases, excluding those for which the ownership of the leased assets is considered to be transferred to the lessee, as of, and for the years ended December 31, 2002 and 2001 are as follows:

	Millions of yen		
December 31, 2002	Acquisition Costs	Accumulated Depreciation	Balance
Buildings	**¥ 469**	**¥ 177**	**¥ 292**
Machinery and equipment	**2,912**	**1,196**	**1,716**
Other property, plant and equipment	**1,089**	**672**	**417**
Intangible fixed assets	**82**	**63**	**19**
	¥4,552	**¥2,108**	**¥2,444**

December 31, 2001	Millions of yen Acquisition Costs	Accumulated Depreciation	Balance
Buildings	¥ 469	¥ 121	¥ 348
Machinery and equipment	2,592	1,100	1,492
Other property, plant and equipment	1,297	684	613
Intangible fixed assets	163	97	66
	¥4,521	¥2,002	¥2,519

Lease payments and depreciation for the years ended December 31, 2002 and 2001, amounted to ¥754 million and ¥761 million, respectively.

Depreciation is calculated using the straight-line method over the lease term of the leased assets assuming no residual value.

The scheduled maturities of future lease rental payments of finance leases as of December 31, 2002 and 2001 were as follows:

	Millions of yen	
	2002	2001
Due within one year	**¥2,117**	¥2,577
Due over one year	**3,920**	4,504
	¥6,037	¥7,081

b) Operating Leases

	Millions of yen	
	2002	2001
Due within one year	**¥ 81**	¥ 92
Due over one year	**61**	134
	¥142	¥226

(2) Lessor

Finance leases

The scheduled maturities of future lease rental payments of finance leases as of December 31, 2002 and 2001 were as follows:

	Millions of yen	
	2002	2001
Due within one year	**¥1,359**	¥1,795
Due over one year	**2,234**	2,767
	¥3,593	¥4,562

Note: Finance leases transaction as lessor relate to sublease transactions.

7. INCOME TAXES

(1) The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities as of December 31, 2002 and 2001, are as follows:

	Millions of yen	
Balance sheet item	**2002**	2001
Deferred tax assets:		
Non-deductible portion of reserve for retirement benefits	**¥29,058**	¥28,192
Loss on write-down of investments in securities	**3,645**	7,561
Loss on write-down of fixed assets	**1,560**	1,359
Non-deductible portion of allowance for doubtful receivables	**279**	358
Others	**6,993**	8,335
Sub-total	**41,535**	45,805
Valuation allowance	**(2,814)**	(2,300)
Total deferred tax assets	**¥38,721**	¥43,505
Deferred tax liabilities:		
Deferred gains on fixed assets	**¥ (9,263)**	¥ (9,250)
Unrealized gains on available-for-sale securities	**(423)**	—
Reserve for losses on investments in foreign countries	**—**	(498)
Others	**(585)**	(527)
Total deferred tax liabilities	**(10,271)**	(10,275)
Deferred tax assets, net	**¥28,450**	¥33,230

(2) Reconciliation between the statutory tax rate and the effective tax rate as at December 31, 2002 and 2001, is as follows:

	December 31	
	2002	2001
Statutory tax rate	**42.0%**	42.0%
Permanent differences:		
Non-deductible expenses such as entertainment expenses	**1.22%**	9.89%
Non-taxable income such as dividend income	**(2.97)%**	(17.85)%
Others	**2.30%**	3.31%
Effective tax rate	**42.55%**	37.35%

8. RESERVE FOR RETIREMENT BENEFITS

The Companies operate various defined benefit plans, such as a contributory pension plan, qualified pension plan and a severance payment plan.

(1) The reserve for retirement benefits as of December 31, 2002 and 2001 is analyzed as follows:

	Millions of yen	
	2002	2001
Projected benefit obligations	**¥(99,458)**	¥(100,237)
Plan assets	**8,924**	9,312
Unfunded benefit obligations	**(90,534)**	(90,925)
Unrecognized actuarial differences	**11,758**	11,731
Unrecognized prior service costs	**(796)**	—
	¥(79,752)	¥ (79,194)

Note: Certain subsidiaries calculate the projected benefit obligation by the simple method permitted under Japanese GAAP.

(2) The net periodic pension expense related to the retirement benefits for fiscal 2002 and 2001 is as follows:

	Millions of yen	
	2002	2001
Service cost	**¥2,293**	¥ 1,981
Interest cost	**2,920**	3,138
Expected return on plan assets	**—**	(396)
Amortisation of transition adjustment	**—**	30,642
Amortisation of unrecognized actuarial differences	**837**	—
Amortisation of unrecognized prior service costs	**(4)**	—
	¥6,046	¥35,365

Notes: 1. Service cost excludes employees' contributions pension plan operated by the Company.
2. Service cost includes net periodic pension expense incurred by the subsidiaries, which apply the simple method.

(3) Assumptions used in calculation of the above information are as follows:

	2002	2001
Method of attributing the projected benefits of services	Benefit/year of service approach	Benefit/year of service approach
Discount rate	**3.0%**	3.0%
Expected rate of return	**0%**	3.5%
Amortisation of transition adjustments	**—**	Fully expensed in this fiscal year

9. DERIVATIVE TRANSACTIONS

(1) Conditions of derivative financial instruments

In the normal course of business, the Companies use various financial instruments, including derivative financial instruments, to manage their exposures to market risks. The Companies do not use derivative financial instruments for speculative purposes. These instruments include foreign exchange contracts, foreign currency options, interest rate swaps, crude oil futures and forward contracts, petroleum futures and forward contracts and crude oil options.

All such instruments involve risk, including the credit risk of non-performance by counter-parties. However, at December 31, 2002, in the management's opinion, there was no significant risk of loss in the event of non-performance of the counter-parties on these financial instruments, because all counter-parties were major financial institutions and trading companies with a high credit rating.

(2) Fair value information of derivative financial instruments

	Millions of yen		
December 31, 2002	Notional Amount	Fair Value	Unrealized Gain (loss)
Currency-related transactions			
To buy	**¥24,107**	**¥23,619**	**¥(487)**
To sell	**2,526**	**2,516**	**9**
			¥(478)
Commodity-related transactions			
To buy	**10,843**	**11,447**	**604**
To sell	**9,442**	**9,901**	**(459)**
			¥ 146

	Millions of yen		
December 31, 2001	Notional Amount	Fair Value	Unrealized Gain (loss)
Currency-related transactions			
To buy	¥20,197	¥21,193	¥996
To sell	2,613	2,637	(23)
			¥973
Commodity-related transactions			
To buy	19,468	19,433	(34)
To sell	16,100	15,973	127
			¥ 93

10. SUPPLEMENTARY STATEMENTS OF INCOME

The major elements of selling, general and administrative expenses for the years ended December 31, 2002 and 2001 are as follows.

	Millions of yen	
	2002	2001
Transportation expenses	**¥ 42,599**	¥ 44,862
Salaries	**29,229**	28,828
Rent expenses	**6,445**	6,465
Depreciation	**5,516**	5,830
Research and development expenses	**1,990**	1,915
Others	**37,722**	35,375
	¥123,501	¥123,275

11. COMMITMENTS AND CONTINGENT LIABILITIES

(1) The Companies had contingent liabilities arising from notes discounted by banks in the amount of ¥347 million as at December 31, 2002.

(2) The Company was contingently liable for guarantees of loans borrowed by unconsolidated subsidiaries, affiliates and other companies in the amounts of ¥8,843 million, and employees in the amount of ¥1,807 million, as at December 31, 2002.

12. RELATED PARTY TRANSACTION

Material transactions of the Company with its related companies, representing more than 10 per cent of the consolidated sales or the total amount of the consolidated cost of sales and the consolidated selling, general and administrative expenses, excluding transactions with consolidated subsidiaries which are eliminated in the consolidated financial statements, for the years ended December 31, 2002 and 2001 are disclosed by each item.

The Company further discloses material balances and transactions with related companies where such balances and transactions, including the related amount in the footnote, represent more than 1 per cent of the consolidated total assets, excluding transactions with consolidated subsidiaries which are eliminated in the consolidated financial statements. Related party transactions in the fiscal 2002 and 2001 are as follows:

			Millions of yen			
			Transactions		Resulting account balances	
Name of related company	Paid-in capital (millions of yen)	Direct equity ownership by the Company (%)	Description of transactions	Fiscal **2002**	Account	Fiscal **2002**
Seibu Oil Co., Ltd.	8,000	24.5%	Purchase of petroleum materials	**¥123,551**	Account payable (trade)	**¥43,336**
Toa Oil Co., Ltd.	4,961	37.4%	Trust of refining petroleum	**26,903**	Other current liabilities	**2,547**
			Payment of benzine tax	**105,625**	Accounts payable (other)	**33,899**
Shell International Trading and Shipping Co., Ltd.	140 (millions of pounds)	—	Purchase of crude oil	**155,497**	Accounts payable (trade)	**17,765**

			Millions of yen			
			Transactions		Resulting account balances	
Name of related company	Paid-in capital (millions of yen)	Direct equity ownership by the Company (%)	Description of transactions	Fiscal 2001	Account	Fiscal 2001
Seibu Oil Co., Ltd.	8,000	24.5%	Purchase of petroleum materials	¥125,646	Accounts payable (trade)	¥39,518
Toa Oil Co., Ltd.	4,961	37.4%	Trust of refining petroleum	23,237	Other current liabilities	2,180
			Payment of benzine tax	103,748	Accounts payable (other)	34,978
Shell International Trading and Shipping Co., Ltd.	140 (millions of pounds)	—	Purchase of crude oil	164,914	Accounts payable (trade)	6,085
			Sales of crude oil	3,505	Accounts receivable	208

Material transactions and balances of the Company with related individuals, including shareholders and directors, representing more than ¥1 million shall be disclosed, but are not applicable for the years ended December 31, 2002 and 2001.

13.SEGMENT INFORMATION

(1) Business segment information

For the consolidated fiscal year ended December 31, 2002 (Millions of yen)

	Petroleum	Real estate	Others	Total	Eliminations and corporate	Consolidated
I. Net sales and operating profit						
Net sales						
(1) Sales to outside customers	**¥1,603,753**	**¥ 4,502**	**¥12,104**	**¥1,620,359**	**¥ —**	**¥1,620,359**
(2) Inter-segment sales and transfers	**104**	**123**	**6,815**	**7,042**	**(7,042)**	**—**
Total sales	**1,603,857**	**4,625**	**18,919**	**1,627,401**	**(7,042)**	**1,620,359**
Operating expenses	**1,570,810**	**1,900**	**18,303**	**1,591,013**	**(7,054)**	**1,583,959**
Income from operations	**¥ 33,047**	**¥ 2,725**	**¥ 616**	**¥ 36,388**	**¥ 12**	**¥ 36,400**
II. Assets, depreciation and capital expenditures						
Assets	**¥ 862,824**	**¥49,338**	**¥ 9,067**	**¥ 921,229**	**¥ (4,539)**	**¥ 916,690**
Depreciation	**25,615**	**1,071**	**43**	**26,729**	**—**	**26,729**
Capital expenditures	**16,723**	**79**	**67**	**16,869**	**—**	**16,869**

For the consolidated fiscal year ended December 31, 2001 (Millions of yen)

	Petroleum	Real estate	Others	Total	Eliminations and corporate	Consolidated
I. Net sales and operating profit						
Net sales						
(1) Sales to outside customers	¥1,648,121	¥ 4,672	¥12,161	¥1,664,954	¥ —	¥1,664,954
(2) Inter-segment sales and transfers	109	132	6,568	6,809	(6,809)	—
Total sales	1,648,230	4,804	18,729	1,671,763	(6,809)	1,664,954
Operating expenses	1,623,524	2,004	18,057	1,643,585	(6,684)	1,636,900
Income from operations	¥ 24,706	¥ 2,800	¥ 671	¥ 28,177	¥ (124)	¥ 28,053
II. Assets, depreciation and capital expenditures						
Assets	¥ 859,640	¥44,541	¥10,083	¥ 914,264	¥ (4,362)	¥ 909,902
Depreciation	27,482	1,071	45	28,598	—	28,598
Capital expenditures	10,135	151	11	10,297	—	10,297

Notes:
1. Businesses are classified mainly on an internal management basis.
2. Main products and businesses in each business segment are as follows:
   (1) Petroleum: Gasoline, naphtha, kerosene, gas oil, fuel oil, lubricating oil, LPG, asphalt, petrochemical products
   (2) Real estate: Real estate leasing and management
   (3) Others: Engineering, sale of automobile products, leasing business and car rental business
3. Non-allocatable operating expenses are not included in operating expenses in "Elimination and corporate" for the fiscal year.
4. Corporate assets are fully allocated to each segment and not included in assets in "Elimination and corporate."
5. Long-term prepaid expenses and their depreciation are included in depreciation and capital expenditures.
6. As mentioned in Note 2 (5), a consolidated company and an affiliate company changed its methods of accounting for special reserve for repairs from this fiscal year. As a result, income from operations increased by ¥3,022 million in the petroleum segment, when comparing with the result calculated based on the former method.
7. As mentioned in Note 2 (12), effective January 1, 2002, the Company adopted the new Japanese accounting standard for financial instruments. As a result, assets increased by ¥1,075 million at the petroleum segment, when comparing with the result calculated based on the former method.

(2) Geographic segment information

For the consolidated fiscal years ended December 31, 2002 and 2001, geographic segment information has been omitted as the Company has no consolidated subsidiaries or branches domiciled in countries or regions other than Japan.

(3) Overseas sales

For the consolidated fiscal year ended December 31, 2002 (Millions of yen)

	Asia	Others	Total
Overseas sales	**¥144,649**	**¥54,731**	**¥ 199,380**
Consolidated net sales			**1,620,359**
Overseas sales as a percentage of total consolidated net sales	**8.9%**	**3.4%**	**12.3%**

For the consolidated fiscal year ended December 31, 2001 (Millions of yen)

	Asia	Others	Total
Overseas sales	¥153,793	¥58,967	¥ 212,760
Consolidated net sales			1,664,954
Overseas sales as a percentage of total consolidated net sales	9.2%	3.5%	12.8%

Notes:
1. Countries and regions are classified on the basis of geographic proximity.
2. Principal countries included in each geographic segment are as follows;
   (1) Asia .... China, Singapore, Republic of Korea
   (2) Others .... Bermuda, Switzerland, United Kingdom, U.S.A., U.A.E.
3. Overseas sales are net sales of the Company and its consolidated subsidiaries in countries and regions outside Japan.