

English Translation

### First Quarter Results for 2008

The following is the summary of first quarter results for 2008 (1 January 2008 to 31 March 2008) of Showa Shell Sekiyu K.K..

Consolidated ordinary income for first quarter 2008 was 18.2 billion yen, an increase of 9.1 billion yen versus the same period a year ago (CCS ordinary income was 5.0 billion yen, a decrease of 11.2 billion yen versus the same period a year ago.).

#### 1. Main indicators of first quarter 2008 (consolidated)

Unit: million yen

Sales proceeds	810,509	vs. 1Q 2007	+82,303 (+11.3%)
Operating income	16,613		+7,947 (+91.7%)
Ordinary income	18,231		+9,118 (+100.1%)
CCS ordinary income	5,086		-11,249 (-68.9%)
Net income	10,976		5,967 (+119.1%)

\* CCS ordinary income (ordinary income on Current Cost of Supply basis): ordinary income based on the cost excluding inventory valuation effects.

#### 2. Forecasts of interim and full year 2008

The previous forecasts of interim and full year results for 2008 (released on 14 Feb. 2008) are revised as indicated in the tables below under following assumptions: crude oil price is 95 dollars per barrel and the exchange rate is 100 yen per dollar for the second quarter 2008; crude oil price is 93 dollars per barrel, exchange rate is 102 yen per dollar for the second half of the year.

Unit: million yen

Interim	Estimated sales proceeds	Estimated operating income	Estimated ordinary income	Estimated net income
Last estimations (A)	1,490,000	30,000	31,000	18,000
New estimations (B)	1,610,000	34,000	35,000	20,000
Differences (B)-(A)	120,000	4,000	4,000	2,000
Differences (%)	+8.1%	+13.3%	+12.9%	+11.1%

Unit: million yen

Full year	Estimated sales proceeds	Estimated operating income	Estimated ordinary income	Estimated net income
Last estimations (A)	2,930,000	58,000	60,000	35,000
New estimations (B)	3,140,000	58,000	60,000	35,000
Differences (B)-(A)	210,000	-	-	-
Differences (%)	+7.2%	-	-	-

### 3. Summary of first quarter 2008

#### (1) Business Environment

The financial turmoil sparked by the U.S. sub-prime loan crisis has been inducing an influx of speculative fund into commodity futures markets, and the weak dollar driven by concerns about a slowdown in U.S. economy has made crude oil prices undervalued. As a result, crude oil price has remained high during the first quarter (from 1 January 2008 to 31 March 2008) with no sign of any relief in the surging oil price.

Regarding foreign exchange rates, the yen appreciated to the range of 106 to 108 yen per dollar in January 2008 due to weak U.S. employment data and deteriorated business sentiment indexes. The yen has strengthened further against the dollar since the end of February, against a backdrop of further deteriorating U.S. economic indicators and the fear of collapses of financial institutions in the U.S., bringing the dollar below 100 yen per dollar by the middle of March. However, further yen appreciation has halted since then and the exchange rate remained around 100 yen per dollar range toward the end of the first quarter.

#### (2) Oil Business

As for domestic oil demand, demand for gasoline has decreased compared with the same period a year ago, due to discouraged consumption by continuing high gasoline prices and the increased emphasis on the fuel saving afforded by popularisation of fuel-efficient car. Demand for kerosene, which was higher than the previous year in January and February, mainly due to lower average temperatures and the leap year effect, was lower than the previous year for March mainly because of the relatively warm weather. While industrial fuel has been suffering from a continuing decline in demand primarily due to the effects of fuel switching and streamlining efforts on distribution systems, demand for C fuel oil has remained firm due to factors such as expanding demand for electrical power and a reduction in nuclear power generation. Under this business environment, we have increased export volumes, supported by the continuing strong demand in overseas market for middle distillates, mainly diesel oil, while ensuring that domestic supply is sufficient to meet domestic demand. As a result, the total sales volume has remained about the same as that of the first quarter a year ago.

#### (3) Profit and Loss

Briefly reviewing the consolidated financial results, sales proceeds amounted to 810.5 billion yen (an 11.3% increase versus the same period a year ago), and ordinary income was 18.2 billion yen (an increase of 9.1 billion yen versus the same period a year ago). These results were mainly attributable to the positive effects of inventory valuation due to the surging crude oil prices. Consolidated ordinary income excluding the effects of inventory valuation was 5.0 billion yen.

Decrease in sales proceeds derived from integration of international oil trading business with the Shell Group in August 2007, was 91.6 billion yen versus the same period a year ago. This decline in sales proceeds has had a very marginal impact on our income because profit of the business is recovered as a stable income in the form of business lease fee.

#### (4) Forecast of Consolidated Financial Results

The previous forecast of interim and full year financial results for 2008 was revised, taking into consideration high crude oil price, etc. The forecast is based on crude oil price of 95 dollars per barrel and exchange rate of 100 yen per dollar for the second quarter, and 93 dollar per barrel and 102 yen per dollar for the second half.

Consolidated operating income for the interim is estimated to be 34 billion yen (an increase of 4 billion yen from the previous forecast), ordinary income 35 billion yen (an increase of 4 billion yen from the previous forecast), and net income 20 billion yen (an increase of 2 billion yen from the previous forecast) due to the increased effects of inventory valuation, etc.

Regarding the full year results, although consolidated sales proceeds is estimated to be 3,140 billion yen (an increase of 210 billion yen from the previous forecast) based on our assumptions of the crude oil prices for the second half of the year, the previous forecasts of operating and ordinary income and net income are not revised. On a current cost of supply basis (excluding the effect of inventory valuation), consolidated ordinary income for the full year is estimated to be 50 billion yen.

(5) Dividends

The annual dividend, 36 yen per share (18 yen per share for the interim and 18 yen per share for the year-end dividends) is not expected to change from the previous forecast released on 14 Feb. 2008.

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*NB. This document contains forward-looking statements concerning the results of operations and businesses of Showa Shell Sekiyu K.K.. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements.*