

31 January 2011

**Summary of Consolidated Full Year Results for 2010**

**Listed Company Name: Showa Shell Sekiyu K.K.** Listed Stock Exchange: Tokyo Stock Exchange 1st Section  
 Code number: 5002 (URL <http://www.showa-shell.co.jp/>)  
 Delegate: Title: President, Representative Director Name: Jun Arai  
 Contact: Title: Controller, Executive Officer Name: Kiyotaka Yamada Phone:(03) 5531-5591  
 Date of annual shareholders meeting : 30 March 2011 Expected date of dividend payment: 31 March 2011  
 Expected date of security report submission: 30 March 2011

(Note) Fractions of one million yen are rounded off.

**1. Consolidated Financial Results for Full Year 2010 (From 1 January 2010 to 31 December 2010)**

(1) Consolidated Business Results (Note) Percentages represent changes from previous year.

	Sales		Operating income		Ordinary income		Net income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Full year 2010	2,346,081	16.0	36,701	-	42,148	-	15,956	-
Full year 2009	2,022,520	(38.2)	(57,142)	-	(56,455)	-	(57,619)	-

	Earnings per share	Diluted earnings per Share	Net income to net assets (excl. minority interests)	Ordinary income to total assets	Operating income to sales
	Yen	Yen	%	%	%
Full year 2010	42.37	-	6.7	3.6	1.6
Full year 2009	(152.99)	-	(21.2)	(4.7)	(2.8)

(Note) Equity in net earnings of affiliates: Dec. 2010 ¥711M Dec. 2009 (¥681M)

## (2) Consolidated Financial Position

	Total assets	Net assets	Net assets(excl. minority interests) to total assets	Net assets (excl. minority interests) per share
	Million Yen	Million Yen	%	Yen
Full year 2010	1,193,149	263,006	20.1	637.78
Full year 2009	1,172,739	257,723	20.1	625.33

(Note) Net assets (excl. minority interests) : Dec. 2010 ¥240,204M Dec. 2009 ¥235,517M

## (3) Consolidated Cash Flow Position

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	Million Yen	Million Yen	Million Yen	Million Yen
Full year 2010	89,836	(82,510)	(8,671)	19,746
Full year 2009	(7,395)	(47,761)	4,371	21,030

**2. Dividends**

	Cash dividend per share					Total dividends paid	Dividends payout ratio (Consolidated)	Dividends on net assets (Consolidated)
	As of 31 Mar.	As of 30 Jun.	As of 30 Sep.	As of 31 Dec.	Total			
Full year 2009	-	18.00	-	18.00	36.00	13,561	-	5.0
Full year 2010	-	9.00	-	9.00	18.00	6,780	42.5	2.9
Full year 2011 (Forecast)	-	9.00	-	9.00	18.00		36.7	

**3. Forecast of Consolidated Financial Results for Full Year 2011 (from 1 January 2011 to 31 December 2011)**

(Note) Percentages represent changes from previous year.

	Sales		Operating income		Ordinary income		Net income		Earnings per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Interim 2011	1,192,000	1.9	13,000	(24.4)	12,500	(42.1)	7,000	(39.5)	18.59
Full year 2011	2,396,000	2.1	32,000	(12.8)	31,000	(26.4)	18,500	15.9	49.12

#### 4. Others

(1) Important changes in scope of consolidated subsidiaries during the period : None

(2) Changes in accounting principles and procedures used in the preparation or in the presentation of consolidated financial statements

(Items contained in “Changes in the basis of presenting consolidated financial statements”)

(I) by new accounting standard : Applicable

(II) by others : Applicable

(Note) Please refer to “Important changes regarding basis of consolidated financial statements” on page 23 for details.

(3) Number of shares issued (Common shares)

(I) Number of shares issued (Inc. treasury shares) As of 31 Dec. 2010 : 376,850,400 As of 31 Dec. 2009 : 376,850,400

(II) Number of treasury shares As of 31 Dec. 2010 : 225,209 As of 31 Dec. 2009 : 222,736

(Note) Please refer to “Information on per share data” on page 31 regarding the basis for the calculation of net income per share.

#### 【Reference】 Summary of Non-consolidated Financial Results

##### 1. Non-consolidated Financial Results for Full Year 2010 (from 1 January 2010 to 31 December 2010)

###### (1) Non-consolidated Business Results

(Note) Percentages represent changes from previous year.

	Sales		Operating income		Ordinary income		Net income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Full Year 2010	2,203,807	16.2	36,650	-	39,977	-	22,399	-
Full Year 2009	1,897,254	(39.6)	(59,397)	-	(56,856)	-	(55,374)	-

	Earnings per share	Diluted earnings per share
	Yen	Yen
Full Year 2010	59.46	-
Full Year 2009	(147.00)	-

###### (2) Non-consolidated Financial Position

	Total assets	Net assets	Net assets(excl. minority interests) to total assets	Net assets (excl. minority interests) per share
	Million Yen	Million Yen	%	Yen
Full Year 2010	1,086,829	223,222	20.5	592.59
Full Year 2009	1,056,948	211,812	20.0	562.29

(Note) Net Assets (excl.: minority interests) Dec. 2010 ¥223,222M Dec. 2009 ¥211,812M

##### 2. Forecast of Non-consolidated Financial Results for Full Year 2011 (from 1 January 2011 to 31 December 2011)

(Note) Percentages represent changes from previous year.

	Sales		Operating income		Ordinary income		Net income		Earnings per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Interim 2011	1,104,000	0.4	15,500	(14.3)	16,000	(21.3)	14,000	5.4	37.17
Full Year 2011	2,176,000	(1.3)	28,000	(23.6)	28,000	(30.0)	21,000	(6.2)	55.75

#### \* Explanation regarding appropriate use of the forecast, other special instructions

Figures in the above forecast are based on currently available information, and includes various risks and uncertainty. Actual results could differ from this forecast due to changes in economic conditions, market trends, exchange rate and other factors. Please refer to “Outlook for 2011” on page 6 for the details of this forecast of business performance.

# **1. Business Results**

## **(1) Analysis of business results**

### **A. Business results for the current period**

#### **[Analysis of consolidated business results]**

The Japanese economy for the current period, despite a sign of recovery with improvements in private consumption and corporate earnings, has generally been stuck in a slow-growth rut with lack of improvements in the employment situation, weak export growth in the last half of the year, and the prevailing cautious future outlook.

Dubai crude oil prices, which started at the 78-dollars-per-barrel level at the beginning of the year, rose after once dropping below 70 dollars per barrel in February. Oil prices, however, fell sharply immediately after reaching 87 dollars per barrel at the beginning of May until the prices plunged below 70 dollars per barrel again at the end of May. The prices, thereafter, have continued to rise since June, and the Dubai crude oil price at the end of the period was at the 88-dollar-per-barrel level.

The exchange rate for the Japanese yen to the U.S. dollar started at 93 yen at the beginning of the year. The yen has remained consistently strong against the dollar since May though the yen's appreciation seemed to have abated temporarily in March and April. As a result, the exchange rate for the Japanese yen to the U.S. dollars at the end of the period was at the 81-yen level.

The sales of oil products fell gradually due to decreasing consumption with changes in consumer lifestyles and the prevalence of fuel-efficient cars, as well as fuel shift to other energy for industrial use. However, the sales of gasoline and diesel oil remained at the same level as the previous year due to the effect of extreme heat in summer. The domestic markets of oil product is on a steady trend toward recovery compared with the last year because the petroleum company announced to cut production of their refinery capacity and produced oil products appropriately to the market demand, and the demand for oil products was growing due to the promotion of export sales of petroleum products.

In such a business environment, the Showa Shell Group's consolidated sales for the current period amounted to 2,346.0 billion yen (an increase of 16.0% versus a year ago) and the Group posted consolidated operating income of 36.7 billion yen (an increase of 93.8 billion yen versus a year ago) and consolidated ordinary income of 42.1 billion yen (an increase of 98.6 billion yen versus a year ago). This was mainly attributable to earnings factors, including an increase in the margins for oil products since the latter part of the first quarter with improvement in the balance between supply and demand and positive effects on inventory valuation from the moderate rise in crude oil prices since June. In addition, the relevant consolidated ordinary income excluding the effects of inventory valuation was 34.2 billion yen, an increase of 45.9 billion yen versus a year ago.

As for extraordinary profit and loss, we recorded a net loss of 5.8 billion yen due to loss from disposal of assets, such as service stations and impairment loss, partly offset by gains on the sales of investment securities and the profit from sales of unused assets. Consequently, consolidated net income ended up at 15.9 billion yen, an increase of 73.5 billion yen versus a year ago.

The business results by segment are as follows. In addition, as we have changed the segments by business type from the current consolidated financial year in order to compare the full year results versus those of a year ago, we have reclassified the figures for the previous consolidated financial year into the classification after the segment change.

## &lt;Information by business segment &gt;

(Billion Yen)

	Petroleum	Energy Solution	Real estate	Others *	Consolidated
Sales	2,301.6	31.0	4.2	9.0	2,346.0
Operating income/(loss)	44.7	(11.6)	2.9	0.6	36.7

\*Operating income in "Others" includes the other segment and internal trade.

**[Petroleum business]**

In crude oil acquisition, we maintained the relationship with Saudi Aramco as the main supplier, coordinating other Middle East oil producers and the Shell Group to carry out flexible crude oil acquisition in order to optimize the crude oil mix for our refineries.

In manufacturing and supply, we have made efforts to optimize the production in order to accommodate shrinking domestic demand and maintained stable and efficient operation of the group refineries. We also endeavoured to reduce costs and improve the ratio of higher value-added products in our product mix and accelerated export growth in order to increase refinery capacity utilization.

In domestic sales, we promoted our pricing system in order to correspond widely fluctuating market price, and we contended with the reduction of inventory. We also intended to construct the best sales portfolio.

As an effort to get more new customers, as well as repeaters, to come to our service stations, we introduced a multi-partner customer-loyalty reward point program, Ponta, in conjunction with Lawson, Inc. and Geo Corporation. As of December 2010, Ponta had approximately 2.9 million members and 27 corporate partners with the service being available at 13,362 stores nationwide (including 2,325 Showa Shell Group service stations). In addition, we have introduced Softbank Wi-Fi Spots, free wireless LAN service, to provide customers with a convenient service while waiting at our service stations.

Also in December, we opened a next generation service station, which also provides charging stations for electric vehicles (EV), in Okayama Prefecture. In addition to this, we are committed to contributing to society by reducing CO2 emissions through photovoltaic generation and by providing water storage tanks in the service stations so that the stations can be used as refuges in a disaster.

In new energy resources, we expanded the sales area of "Shell Eco Toyu", a specialized fuel for oil-based fan heaters made from GTL (Gas to Liquid), synthesized from natural gas, and the product is available at 120 service stations. And in next-generation biofuels, we has begun combining a form of bio ethanol, called ethyl tertiary-butyl ether (ETBE), with gasoline at its Kawasaki Refinery (Keihin Refinery of Toa Oil, our consolidated subsidiary) from January 2010.

As a result, with regard to the oil business, sales amounted to 2,301,6 billion yen, an increase of 15.6% versus a year ago. This was chiefly because the export of oil products was up significantly from the year-earlier period, and crude oil prices are higher than a year ago despite the continued decline in domestic demand for oil products. As for profit and loss, we posted an operating income of 44.7 billion yen, an increase of 102.0 billion yen versus a year ago. This was mainly attributable to an increase in the margins for oil products with improvement in the balance between supply and demand and positive effects on inventory valuation from the rise in crude oil prices. The relevant consolidated ordinary income excluding the effects of inventory valuation was 36.8 billion yen, an increase of 49.4 billion yen versus a year ago.

**[Energy solution businesses]**

With regard to the solar cell business, our business corporation changed its name to Solar Frontier K.K. and initiated a global business deployment under a global branding consolidation under a single name and a new logo.

In the manufacturing context, production at the Second Miyazaki Plant has been consistently successful, and construction of the Third Miyazaki Plant (Kunitomi Plant), which will become the world's largest CIS production facility (at 900 MW) as a single plant, is progressing steadily in preparation for commencement of operations scheduled for 2011.

Within our sales efforts, three core centres, including sales subsidiaries established in Germany and the United States and Japan, lead global sales activities. In addition, Solar Frontier, in our efforts to recruit news customers, agreed with General Electric (GE) that it will supply GE with its proprietary CIS thin-film solar modules and will provide GE branded panels. Another effort is active commitment to Megasolar projects, which provide large-scale photovoltaic generation capacity, and we commenced operations at Megasolar power plants in Niigata and Miyazaki prefectures. In addition to the supply for domestic projects, Solar Frontier decided to supply its CIS solar modules in projects in the Kingdom of Saudi Arabia and the Kingdom of Thailand.

With regard to the R&D activities, Solar Frontier has signed an agreement to jointly develop thin film solar cell technology with IBM based on the elements copper, zinc, tin, sulphur, and selenium (CZTS) as next generation solar technology without using rare metals.

As for the electric power business, we expanded the scale of electric power retail supply operations in the Kanto region upon commencing operations of the first natural gas fired large-scale electric power generation plant as scheduled, which was carried out by Ohgishima Power Co., Ltd., a joint venture with Tokyo Gas Co., Ltd., while the existing wholesale transactions of electric power through the Japan Electric Power Exchange (JEPX) are continuously underway.

The Energy Solution business segment, including the city gas business and the above-mentioned activities, reported sales of 31.0 billion yen (an increase of 79.7% versus a year ago) and an operating loss of 11.6 billion yen (a decrease of 8.1 billion yen versus a year ago). This was mainly attributable to expenditures for start up expenses for the Third Miyazaki Plant (Kunitomi Plant).

**[Real estate business]**

In the office building lease business, vacancy rates remained high on a national level due to stagnation in economic recovery. Office buildings for lease owned by the Company also suffered from a drop in rental revenues due to rising vacancy rates after tenants leave. However, thanks to reduced building management costs, we posted more profit than in a year ago. The reported sales of 4.2 billion yen (a decrease of 0.1% versus a year ago) and an operating income of 2.9 billion yen (an increase of 0.0 billion yen versus a year ago)

**[Other businesses]**

Other business segment, which includes construction, sale of automobile accessories, leasing business and other various businesses, reported sales of 9.0 billion yen (a decrease of 7.7% versus a year ago) and an operating income of 0.5 billion yen (a decrease of 0.0 billion yen versus a year ago) for the period.

## **B. Outlook for 2011**

As for the outlook for 2011, we expect that the business environment will remain unchanged from the previous year while anticipating another decrease in demand for oil products in Japan. We therefore estimate that consolidated net sales will be 2,396.0 billion yen.

Turning to profit and loss, while we estimate that income excluding the effects of inventory valuation for oil business will stay at the previous year's level due to the streamlining effects of the Keihin Refinery Ohgimachi Factory closure, and the improvement in the balance between supply and demand. In the solar cell business in energy solution segment, although we have plans to expand the product sales through overseas sales companies, we will be break-even due to the expenditures for the start-up costs for the Third Miyazaki Plant (Kunitomi Plant).

In consideration of the above, we estimate that consolidated ordinary income for the period will be 31.0 billion yen (28.0 billion yen on a nonconsolidated basis) and consolidated net income for the period will be 18.5 billion yen (21.0 billion yen on a nonconsolidated basis). Moreover, the above forecasts assume that crude oil prices will remain around the existing level and will not calculate the effects of inventory valuation.

## **(2) Analysis of financial conditions**

### **A. Balance sheet analysis**

Consolidated total assets as of the end of the year were 1,193.1 billion yen, an increase of 20.4 billion yen compared with the end of the previous year. This was mainly attributable to the capital expenditure for the solar cell business. Consolidated net assets as of the end of the year were 263.0 billion yen, an increase of 5.2 billion yen compared with the end of the previous year. This was mainly attributable to positive factors, such as net income for the current year exceeding negative factors like the interim and final dividend.

Consolidated total liabilities were 930.1 billion yen, an increase of 15.1 billion yen compared with the end of the previous year. This was chiefly due to increases in accounts payable caused by crude oil price raise and increases in bonds and long-term borrowings. Short and long-term interest-bearing liabilities (borrowings, CP, and bonds) were 301.0 billion yen, an increase of 2.9 billion yen from the end of the previous year.

As a result, equity ratio at the end of the year was 20.1%. The net assets (excl. minority interests) per share based on the total number of shares issued as of the end of the year were 637.78 yen, up from 625.33 yen for the previous year.

### **B. Cash flow analysis**

The cash and cash equivalents (hereinafter referred to as funds) as of the end of the year was 19.7 billion yen, a decrease of 1.2 billion yen from the end of the previous year. The details are as follows:

#### **a) Cash flows from operating activities**

As a result of operating activities, 89.8 billion yen was generated, chiefly attributable to positive factors such as net income before income tax (36.2 billion yen) and depreciation charges (33.9 billion yen).

#### **b) Cash flows from investing activities**

As a result of investing activities, 82.5 billion yen was used, mainly due to capital investment in fixed assets for construction of the Kunitomi Plant (third plant) of solar cell business in Energy Solution Businesses.

### c) Cash flows from financing activities

As a result of financing activities, 8.6 billion yen was used, mainly because negative factors such as dividend payment exceeded positive factors such as increase in borrowings for working capital.

The Showa Shell Sekiyu Group's cash flow indicators are summarised as follows.

	2006 Year end	2007 Year end	2008 Year end	2009 Year end	2010 Year end
Equity ratio (%)	25.9	25.3	25.4	20.1	20.1
Market value equity ratio (%)	41.9	34.9	27.3	24.3	23.5
Interest-bearing debts / Cash flow from operating activities (Times)	6.5	4.1	10.5	-	3.4
Interest coverage ratio	7.5	11.5	5.5	-	24.7

(Note) Equity ratio: (Net assets – Minority interest) / Total assets

Market value equity ratio: Gross market capitalisation (\*1) / Total assets

Interest-bearing debts / Cash flow from operating activities: (\*2) / (\*3)

Interest coverage ratio: Cash flow from operating activities / Interest payment (\*3)

Each indicator is calculated by the numbers in the consolidated financial statements.

- (\*1) Gross market capitalisation is calculated by multiplying the closing price of the Company's shares at the year-end by the number of shares issued and outstanding (excluding treasury shares) at the year-end.
- (\*2) Debts include all the interest-bearing liabilities in the consolidated balance sheets.
- (\*3) Cash flow from operating activities is the "cash flow from operating activities" in the consolidated cash flow statement. Interest payments equate with the amount of interest paid in the consolidated cash flow statements.

### C. Commitment-line contract

In order to finance working capital efficiently, we concluded commitment-line contracts (credit line amount: 140,000 million yen) with a banking syndicate group and a commitment-line contract (overdraft agreement for the current account/credit line amount: 10,000 million yen) with Mizuho Corporate Bank, Ltd. As of the end of this year, there is no outstanding loan balance for the contracts above mentioned.

### **(3) Basic policy for distribution of profits and dividend payments for the current period / next period**

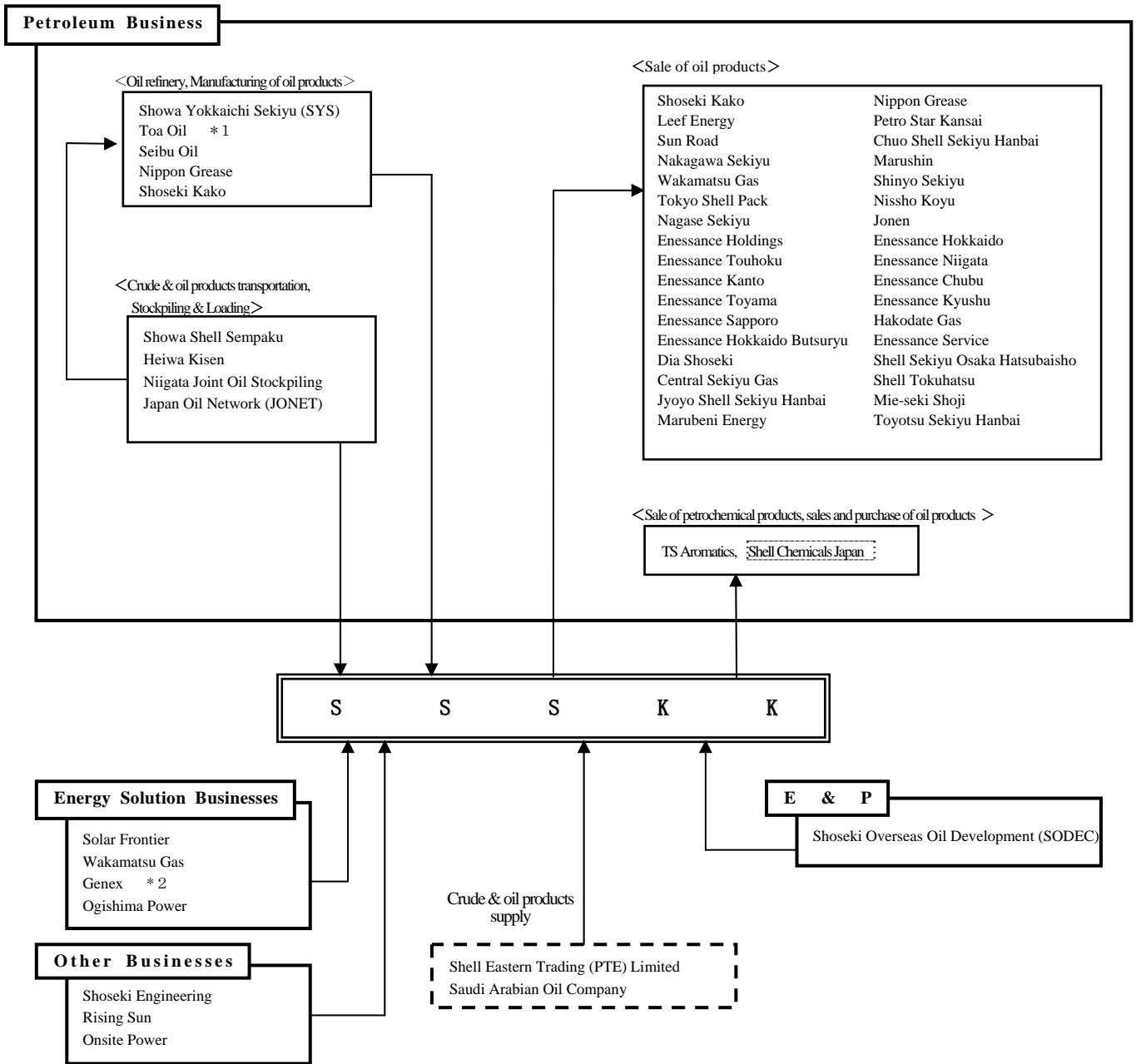
In consideration of our business performance and financial position, as well as of the financial market conditions, we make it a basic policy to realise distribution of profits that are lucrative and stable enough to satisfy shareholders. At the same time, we strive to attain sufficient retained earnings in order to accomplish our mid-and-long-term growth strategy for the purpose of maximising corporate value. In order to do this, our policy is to distribute profits twice a year, a year-end dividend (base date: 31 December) based on resolutions approved at meetings of the general shareholders and an interim dividend (base date: 30 June) based on resolutions approved by the board in accordance with the provisions of Article 454-5 of the Corporate Law.

In consideration of the fragile profitability of petroleum business, the investment in solar cell business, and the need for improvement the financial strength, we cut interim and year-end dividend, and we paid 9 yen per share as an interim dividend for the current period and the year-end dividend is planned to be 9 yen per share. Retained earnings are planned to use for investments to facilitate mid-and-long-term growth related to the petroleum businesses and new business opportunities mainly solar cell business.

## 2. Scope of Consolidation and Equity Associates

Consolidated subsidiaries of Showa Shell Sekiyu (SSSKK) are 36, and equity associates are 13. Our core business is oil business. In addition we also run energy solution (solar cell, electricity and city gas), real estate and other businesses such as construction, sales of motorcar parts, distributed power supply. The following shows the subsidiaries' segment and positioning.

<b>Kinds of Business</b>	<b>Detail of Business</b>	<b>Consolidated Subsidiaries</b>	<b>Equity Associates</b>
Oil Business	Exploration & Production (E&P)	Shoseki Overseas Oil Development (SODEC)	
	Oil refining, manufacturing of oil products	(SSSKK) Nippon Grease Toa Oil Shoseki Kako Showa Yokkaichi Sekiyu (SYS)	Seibu Oil
	Crude & oil products transportation, Stockpiling & Loading	(SSSKK) Heiwa Kisen Showa Shell Sempaku	Niigata Joint Oil Stockpiling Japan Oil Network (JONET)
	Sale of oil products (gasoline, LPG, kerosene, gas oil, fuel oil, asphalt, lubricants, chemical products etc.)	(SSSKK) Tokyo Shell Pack Nippon Grease Sun Road Shoseki Kako Shinyo Sekiyu Petro Star Kansai Marushin Chuo Shell Sekiyu Hanbai Wakamatsu Gas Leef Energy Nissho Koyu Nakagawa Sekiyu Nagase Sekiyu Jonen Enessance Holdings Enessance Hokkaido Enessance Touhoku Enessance Niigata Enessance Kanto Enessance Chubu Enessance Toyama Enessance Kyushu Enessance Sapporo Hakodate Gas Enessance Hokkaido Butsuryu Enessance Service	Marubeni Energy Central Sekiyu Gas Shell Sekiyu Osaka Hatsubaisho Dia Shoseki Toyotsu Sekiyu Hanbai Jyoyo Shell Sekiyu Hanbai Mie-seki Shoji Shell Tokuhatsu
	Sales of Petrochemicals		TS Aromatics
Energy solution Business	Solar cell, electricity and city gas	(SSSKK) Wakamatsu Gas Solar Frontier Genex	Ogishima Power
Real estate Business	Property letting	(SSSKK)	
Other Businesses	Construction, sales of motor car parts and distributed power supply, etc.	(SSSKK) Rising Sun Shoseki Engineering On-Site Power	



\* 1 . . . Listed on Tokyo Stock Exchange (second section)

\* 2 . . . Consolidated subsidiary of Toa

[ - - - - ] means other related companies and corporate shareholders, in the related parties.

### **3. Management Policy**

Disclosure is omitted for Management Policy because there isn't any important change from the Management Policy in the flash report of the previous year released on 16 February 2010.

You can see the flash report of the previous year if you click the following URL.

(Showa Shell Sekiyu)

<http://www.showa-shell.co.jp/english/ir/index.html>

(Tokyo Stock Exchange)

<http://www.tse.or.jp/listing/compsearch/index.html>

## 4. Consolidated Financial Statements

### (1) Consolidated balance sheet

(Unit: Million Yen)

	Previous year end As of 31 Dec. 2009	Current year end As of 31 Dec. 2010
<b>Assets</b>		
Current assets		
Cash and deposits	22,235	20,943
Notes and accounts receivable-trade	287,749	291,104
Merchandise and finished goods	117,749	108,200
Work in process	766	1,158
Raw materials and supplies	122,334	127,032
Deferred tax assets	6,757	18,258
Other	41,381	36,526
Allowance for doubtful accounts	(412)	(249)
Total current assets	<u>598,562</u>	<u>602,975</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	324,424	320,756
Accumulated depreciation and impairment loss	(211,105)	(214,431)
Buildings and structures, net	<u>113,318</u>	<u>106,324</u>
Oil tanks	89,721	89,861
Accumulated depreciation and impairment loss	(78,145)	(78,432)
Oil tanks, net	<u>11,576</u>	<u>11,429</u>
Machinery, equipment and vehicles	528,414	535,602
Accumulated depreciation and impairment loss	(409,140)	(424,600)
Machinery, equipment and vehicles, net	<u>119,274</u>	<u>111,001</u>
Land	165,051	162,795
Construction in progress	16,792	75,858
Other	25,629	26,354
Accumulated depreciation and impairment loss	(19,306)	(20,044)
Other, net	<u>6,323</u>	<u>6,310</u>
Total property, plant and equipment	<u>432,336</u>	<u>473,719</u>
Intangible assets		
Goodwill	1,866	2,065
Leasehold right	4,145	4,109
Software	4,951	6,385
Other	391	276
Total intangible assets	<u>11,355</u>	<u>12,836</u>
Investments and other assets		
Investment securities	42,076	38,913
Long-term loans receivable	6,415	8,006
Deferred tax assets	67,366	41,129
Other	15,893	16,459
Allowance for doubtful accounts	(1,267)	(892)
Total investments and other assets	<u>130,485</u>	<u>103,617</u>
Total noncurrent assets	<u>574,177</u>	<u>590,173</u>
Total assets	<u>1,172,739</u>	<u>1,193,149</u>

(Unit:Million Yen)

	Previous year end As of 31 Dec. 2009	Current year end As of 31 Dec. 2010
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	263,382	273,531
Short-term loans payable	101,580	40,381
Current portion of bonds	15,000	200
Accounts payable-other	186,512	185,000
Income taxes payable	1,326	2,151
Accrued expenses	10,559	9,846
Provision for bonuses	2,265	2,173
Provision for directors' bonuses	—	40
Commercial papers	104,000	115,000
Other	36,756	40,191
Total current liabilities	721,384	668,517
Noncurrent liabilities		
Bonds payable	15,200	35,000
Long-term loans payable	62,292	110,470
Deferred tax liabilities	3,711	4,444
Provision for retirement benefits	68,926	72,426
Provision for directors' retirement benefits	612	475
Provision for special repairs	15,622	11,687
Other	27,265	27,122
Total noncurrent liabilities	193,631	261,626
Total liabilities	915,015	930,143
<b>Net assets</b>		
Shareholders' equity		
Capital stock	34,197	34,197
Capital surplus	22,113	22,113
Retained earnings	177,408	182,959
Treasury stock	(181)	(183)
Total shareholders' equity	233,537	239,087
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,979	1,117
Total valuation and translation adjustments	1,979	1,117
Minority interests	22,206	22,801
Total net assets	257,723	263,006
Total liabilities and net assets	1,172,739	1,193,149

## (2) Consolidated statement of income

(Unit:Million Yen)

	Previous year From 1 Jan. 2009 To 31 Dec. 2009	Current year From 1 Jan. 2010 To 31 Dec. 2010
Net sales	2,022,520	2,346,081
Cost of sales	1,956,623	2,183,535
Gross profit	65,896	162,545
Selling, general and administrative expenses		
Freightage related expenses	38,008	36,007
Personal expenses	34,592	36,595
Rent expenses	6,585	6,392
Depreciation	6,489	6,475
Other	37,362	40,371
Total selling, general and administrative expenses	123,038	125,844
Operating income (loss)	(57,142)	36,701
Non-operating income		
Interest income	130	230
Dividends income	1,977	3,628
Foreign exchange gains	683	913
Amortization of negative goodwill	118	1,363
Equity in earnings of affiliates	—	711
Gain on investments in silent partnership	988	1,374
Other	1,738	1,692
Total non-operating income	5,636	9,913
Non-operating expenses		
Interest expenses	2,089	2,206
Sales discounts	1,301	1,428
Equity in losses of affiliates	681	—
Other	877	832
Total non-operating expenses	4,949	4,467
Ordinary income (loss)	(56,455)	42,148
Extraordinary income		
Gain on sales of noncurrent assets	1,310	2,488
Gain on sales of investment securities	108	2,050
Reversal of provision for special repairs	—	785
Reversal of provisions for estimated loss on assets disposal	487	—
Subsidy	1,618	1,017
Other	469	282
Total extraordinary income	3,994	6,624

(Unit:Million Yen)

	Previous year From 1 Jan. 2009 To 31 Dec. 2009	Current year From 1 Jan. 2010 To 31 Dec. 2010
Extraordinary loss		
Loss on disposal of noncurrent assets	3,451	3,203
Loss on sales of investment securities	0	398
Loss on valuation of investment securities	158	156
Impairment loss	5,360	5,280
Loss on liquidation of business	21,169	—
Loss on litigation	—	1,920
Other	1,078	1,555
Total extraordinary losses	31,219	12,515
Income (loss) before income taxes and minority interests	(83,680)	36,256
Income taxes-current	2,600	2,736
Income taxes-deferred	(29,611)	16,305
Total income taxes	(27,010)	19,042
Minority interests in income	950	1,257
Net income (loss)	(57,619)	15,956

## (3) Consolidated statement of changes in shareholders' equity

(Unit: Million Yen)

	Previous year From 1 Jan. 2009 To 31 Dec. 2009	Current year From 1 Jan. 2010 To 31 Dec. 2010
Shareholders' equity		
Capital stock		
Balance at the end of previous period	34,197	34,197
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	<u>34,197</u>	<u>34,197</u>
Capital surplus		
Balance at the end of previous period	22,113	22,113
Changes of items during the period		
Disposal of treasury stock	(0)	(0)
Total changes of items during the period	(0)	(0)
Balance at the end of current period	<u>22,113</u>	<u>22,113</u>
Retained earnings		
Balance at the end of previous period	248,589	177,408
Changes of items during the period		
Dividends from surplus	(13,561)	(10,170)
Net income (loss)	(57,619)	15,956
Change of scope of equity method	—	(234)
Total changes of items during the period	(71,180)	5,551
Balance at the end of current period	<u>177,408</u>	<u>182,959</u>
Treasury stock		
Balance at the end of previous period	(178)	(181)
Changes of items during the period		
Purchase of treasury stock	(3)	(1)
Disposal of treasury stock	0	0
Total changes of items during the period	(2)	(1)
Balance at the end of current period	<u>(181)</u>	<u>(183)</u>
Total shareholders' equity		
Balance at the end of previous period	304,721	233,537
Changes of items during the period		
Dividends from surplus	(13,561)	(10,170)
Net income (loss)	(57,619)	15,956
Purchase of treasury stock	(3)	(1)
Disposal of treasury stock	0	0
Change of scope of equity method	—	(234)
Total changes of items during the period	(71,183)	5,549
Balance at the end of current period	<u>233,537</u>	<u>239,087</u>

(Unit:Million Yen)

	Previous year From 1 Jan. 2009 To 31 Dec. 2009	Current year From 1 Jan. 2010 To 31 Dec. 2010
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	2,092	1,979
Changes of items during the period		
Net changes of items other than shareholders' equity	(113)	(861)
Total changes of items during the period	(113)	(861)
Balance at the end of current period	1,979	1,117
<b>Total valuation and translation adjustments</b>		
Balance at the end of previous period	2,092	1,979
Changes of items during the period		
Net changes of items other than shareholders' equity	(113)	(861)
Total changes of items during the period	(113)	(861)
Balance at the end of current period	1,979	1,117
<b>Minority interests</b>		
Balance at the end of previous period	21,637	22,206
Changes of items during the period		
Net changes of items other than shareholders' equity	568	594
Total changes of items during the period	568	594
Balance at the end of current period	22,206	22,801
<b>Total net assets</b>		
Balance at the end of previous period	328,451	257,723
Changes of items during the period		
Dividends from surplus	(13,561)	(10,170)
Net income (loss)	(57,619)	15,956
Purchase of treasury stock	(3)	(1)
Disposal of treasury stock	0	0
Change of scope of equity method	—	(234)
Net changes of items other than shareholders' equity	455	(267)
Total changes of items during the period	(70,727)	5,282
Balance at the end of current period	257,723	263,006

## (4) Consolidated statement of cash flows

(Unit:Million Yen)

	Previous year From 1 Jan. 2009 To 31 Dec. 2009	Current year From 1 Jan. 2010 To 31 Dec. 2010
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(83,680)	36,256
Depreciation and amortization	35,277	33,949
Impairment loss	5,360	5,280
Loss on liquidation of business	21,169	—
Loss (gain) on disposal of noncurrent assets	3,451	3,203
Loss (gain) on sales of noncurrent assets	(1,310)	(2,488)
Loss (gain) on valuation of investment securities	158	156
Increase (decrease) in allowance for doubtful accounts	(918)	(537)
Increase (decrease) in provision for retirement benefits	(634)	3,509
Increase (decrease) in provision for special repairs	(2,011)	(3,935)
Interest and dividends income	(2,108)	(3,859)
Interest expense and sales discount	3,390	3,634
Decrease (increase) in notes and accounts receivable-trade	(11,531)	(3,434)
Decrease (increase) in inventories	7,238	4,421
Increase (decrease) in notes and accounts payable-trade	14,009	6,167
Other, net	(5,908)	10,003
Subtotal	(18,045)	92,327
Interest and dividends income received	2,094	3,849
Interest expenses paid	(3,375)	(3,635)
Income taxes (paid) refund	11,931	(2,705)
Net cash provided by (used in) operating activities	(7,395)	89,836
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(42,555)	(82,569)
Purchase of intangible assets	(1,743)	(3,320)
Proceeds from sales of property, plant and equipment	3,119	4,020
Purchase of investment securities	(37)	(380)
Proceeds from sales of investment securities	172	3,325
Net decrease (increase) in short-term loans receivable	(1,510)	(556)
Payments of long-term loans receivable	(5,083)	(2,328)
Collection of long-term loans receivable	11	9
Other, net	(135)	(712)
Net cash provided by (used in) investing activities	(47,761)	(82,510)

(Unit:Million Yen)

	Previous year From 1 Jan. 2009 To 31 Dec. 2009	Current year From 1 Jan. 2010 To 31 Dec. 2010
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(36,754)	(54,539)
Net increase (decrease) in commercial papers	32,000	11,000
Proceeds from long-term loans payable	36,298	51,650
Repayment of long-term loans payable	(12,946)	(10,131)
Proceeds from issuance of bonds	—	20,000
Redemption of bonds	—	(15,000)
Purchase of treasury stock	(3)	(1)
Repayments of lease obligations	(309)	(853)
Cash dividends paid	(13,561)	(10,170)
Cash dividends paid to minority shareholders	(352)	(623)
Other, net	0	0
Net cash provided by (used in) financing activities	4,371	(8,671)
Net increase (decrease) in cash and cash equivalents	(50,785)	(1,346)
Cash and cash equivalents at beginning of period	71,815	21,030
Increase (decrease) in cash and cash equivalents resulting from merger of subsidiaries	—	62
Cash and cash equivalents at end of period	21,030	19,746

**(5) Notes for premises of going concern**

Not applicable

**(6) Basis of presenting consolidated financial statements**

Item	Previous Year (From 1 Jan. 2009 To 31 Dec. 2009)	Current Year (From 1 Jan. 2010 To 31 Dec. 2010)
<b>1. Scope of consolidation</b>	<p>1. Consolidated Subsidiaries 38 Showa Yokkaichi Sekiyu, Toa Oil, Showa Shell Sempaku, Heiwa Kisen, Shoseki Overseas Oil Development, Shoseki Engineering, Nippon Grease, Shoseki Kako, Rising Sun, Sun Road, Chuo Shell Sekiyu Hanbai, Kanto Koyu Energy, Shinyo Sekiyu, Tokyo Shell Pack, Nakagawa Sekiyu, Petro Star Kansai, Petro Star Kanto, Wakamatsu Gas, Genex, Marushin, On-Site Power, Central Energy, Nissho Koyu, Showa Shell Solar, Nagase Sekiyu, Jonen, Enessance Holdings, Other 11 companies</p> <p>Shoseki Home Gas and Sumisho LPG Chuo were merged with Shoseki Gas. Shoseki Gas has changed its name to Enessance Kanto.</p> <p>2. Primary Nonconsolidated Subsidiaries Hayawa (Reasons for removing the scope) These companies are excluded from consolidation because their influence is immaterial to the consolidated financial statements.</p>	<p>1. Consolidated Subsidiaries 36 Showa Yokkaichi Sekiyu, Toa Oil, Showa Shell Sempaku, Heiwa Kisen, Shoseki Overseas Oil Development, Shoseki Engineering, Nippon Grease, Shoseki Kako, Rising Sun, Sun Road, Chuo Shell Sekiyu Hanbai, Leef Energy, Shinyo Sekiyu, Tokyo Shell Pack, Nakagawa Sekiyu, Petro Star Kansai, Wakamatsu Gas, Genex, Marushin, On-Site Power, Nissho Koyu, Solar Frontier, Nagase Sekiyu, Jonen, Enessance Holdings, Other 11 companies</p> <p>Central Energy was merged with Petrostar Kansai. Petro Star Kanto and Hayawa, non-consolidated subsidiary, were merged with Chuo Shell Sekiyu Hanbai. Showa Shell Solar has changed its name to Solar Frontier, and Kanto Koyu Energy has changed its name to Leef Energy.</p> <p>2. Primary Nonconsolidated Subsidiaries Watani Energy (Reasons for removing the scope) These companies are excluded from consolidation because their influence is immaterial to the consolidated financial statements.</p>
<b>2. Scope of equity associates</b>	<p>1. Equity-method Affiliates 12 Seibu Oil, Dia Shoseki, Shell Sekiyu Osaka Hatsubaisho, Central Sekiyu Gas, Mie-seki shoji, Niigata Joint Oil Stockpiling, Shell Tokuhatsu, JONET, Jyoyo Shell Sekiyu hanbai, Marubeni Energy, Toyotsu Sekihan, TS Aromatics</p>	<p>1. Equity-method Affiliates 13 Seibu Oil, Dia Shoseki, Shell Sekiyu Osaka Hatsubaisho, Central Sekiyu Gas, Mie-seki shoji, Niigata Joint Oil Stockpiling, Shell Tokuhatsu, JONET, Jyoyo Shell Sekiyu hanbai, Marubeni Energy, Toyotsu Sekihan, TS Aromatics, Ogishima Power Ogishima Power has included in the scope of equity-method affiliates as of this financial year because of increased materiality.</p>
	<p>2. Other Main Affiliates Kyokuyo Those companies are excluded from the consolidated financial statements because their influence is immaterial. 3. When the account closing dates of the equity-method affiliates are different from SSSKK account closing date, the financial statements of those companies of their own account closing date are adopted.</p>	<p>2. Other Main Affiliates Kyoudou Gas Those companies are excluded from the consolidated financial statements because their influence is immaterial. 3. Ditto</p>

Item	Previous Year (From 1 Jan. 2009 To 31 Dec. 2009)	Current Year (From 1 Jan. 2010 To 31 Dec. 2010)
<p><b>3. Account closing date of consolidated subsidiaries</b></p>	<p>Kanto Koyu Energy and Nagase Sekiyu has changed their account closing dates to 30 September. Regarding Kanto Koyu Energy, it is consolidated 9 months financial statements from 1 January 2010 to 30 September 2010 in current financial year due to the change of account closing date. Account closing dates of the consolidated subsidiaries are as follows.</p> <p>30 September 10 subsidiary 31 October 1 31 December 27</p> <p>The consolidated financial statements incorporated its accounts and the other subsidiaries accounts of their accounts closing dates, with adjustments for significant trades occurring after the accounts closed.</p>	<p>Account closing dates of the consolidated subsidiaries are as follows.</p> <p>30 September 8 subsidiary 31 October 1 31 December 27</p> <p>The consolidated financial statements incorporated its accounts and the other subsidiaries accounts of their accounts closing dates, with adjustments for significant trades occurring after the accounts closed.</p>
<p><b>4. Important accounting standards</b></p>		
<p>1) Valuation method for major assets <i>Securities</i></p>	<p><u>Other Securities</u> <u>Securities with market value</u> Stated at market value as of account closing (Any valuation differences are directly charged or credited to shareholders' equity, and cost of securities sold is calculated primarily by the moving average method.)</p>	<p><u>Other Securities</u> <u>Securities with market value</u> Ditto</p>
	<p><u>Securities with no market value</u> Stated at historical cost based on the moving average method</p>	<p><u>Securities with no market value</u> Ditto</p>
<p><i>Derivatives</i></p>	<p>Stated at market value</p>	<p>Ditto</p>
<p><i>Inventories</i></p>	<p>Stated at historical cost mainly based on the weighted average method (Values on the balance sheet are subject to the book value reduction method based on decreased profitability.)</p>	<p>Ditto</p>

Item	Previous Year (From 1 Jan. 2009 To 31 Dec. 2009)	Current Year (From 1 Jan. 2010 To 31 Dec. 2010)
2) Depreciation	<p>(Change in accounting policy) Accounting Standard for Measurement of Inventories (Corporate Accounting Standards, No. 9, 5 July 2006) has been applied starting with the current fiscal year, and calculations are now based on the cost method, specifically and primarily in the form of the weighted average method. (Values on the balance sheet are subject to the book value reduction method based on decreased profitability.) As a result of the change, operating loss, ordinary loss, and the net loss before taxes increased by 1,728 million yen respectively. Moreover the effect for the segment information is reported in applicable section.</p> <p>1. Tangible Fixed Assets (Excluding lease asset) Straight-line method The same standard as stipulated in the Corporate Tax Law is applied to the useful economic lives and the residual values. The main refining facilities at the Ogimachi Factory of the Keihin Refinery of SSSKK and the Yokkaichi Refinery of Showa Yokkaichi Sekiyu are depreciated with an estimated useful economic life of 20 years.</p> <p>2. Intangible Fixed Assets (Excluding lease asset) Straight-line method Software for own use is amortised based on the straight-line method over an expected useful economic life of 5 years.</p> <p>3. Lease Assets Finance lease transaction for which ownership of the leased assets is not considered to transfer to leasees (hereinafter “ownership non-transfer finance lease”) With regard to the depreciation method of leased assets, the straight-line method is applied where the lease period is taken as useful economic life and the residual value is zero. Ownership non-transfer finance lease transactions, where the start-up dates are prior to the beginning of the current financial year (prior to 31 December 2009), continue to be accounted by the accounting method in conformity with the method of operating lease transactions.</p>	<hr/> <p>1. Tangible Fixed Assets (Excluding lease asset) Ditto</p> <p>2. Intangible Fixed Assets (Excluding lease asset) Ditto</p> <p>3. Lease Assets Ditto</p>

Item	Previous Year (From 1 Jan. 2009 To 31 Dec. 2009)	Current Year (From 1 Jan. 2010 To 31 Dec. 2010)
3) Basis of provisions		
Doubtful debts	For doubtful debts, provisions are calculated individually based on the estimated uncollectible amounts. For other debts, provisions are calculated based on the actual ratio of the past doubtful debt losses.	Ditto
Employees' bonuses	Accrued bonuses for the current financial year are provided based on the estimated bonuses to be paid in the following year.	Ditto
Directors' bonuses	For directors' bonuses, provisions are calculated based on the estimated bonuses to be paid in the following year.	Ditto
Retirement benefits	<p>Accrued retirement benefits are provided based on the estimated PBO and pension assets as at the current financial year-end. Actuarial differences are amortised evenly within the following 13-14 years, which is the average number of remaining service years of employees. The past service liabilities are amortised evenly within 14 years, which was the average number of remaining service years of employees at the time the liabilities arise. Differences due to changes in the accounting standards are amortised evenly over the following 15 years, which was the average number of remaining service years of employees at that time.</p> <p>(Change of accounting policy)</p> <p>As the Amendment of the Accounting Standards for Retirement Benefit (part 3) (Corporate Accounting Standards No. 19 (31 July 2009) ) can be applied to the financial statements of the current financial year commencing on and after 1 April 2009, it has applied from this year.</p> <p>Furthermore there is no effect in current financial statements because of the same discount ratio as before to calculate PBO.</p>	Ditto

Item	Previous Year (From 1 Jan. 2009 To 31 Dec. 2009)	Current Year (From 1 Jan. 2010 To 31 Dec. 2010)
Directors' retirement benefits	Estimated retirement benefits for directors for the current financial year are provided based on the internal rules of some consolidated subsidiaries.	Ditto
Special maintenance	The company is required to have periodical inspections and repairs for oil tanks under the Fire Defense Law. The company is also carrying out periodical repairs of machinery at oil refineries. Estimated accrued expenses for these inspections and repairs are provided for.	Ditto
4) Hedge accounting	Hedge accounting is not adopted.	Ditto
5) Accounting for consumption tax	The net of tax method is adopted for the Consumption Tax treatment	Ditto
<b>5. Valuation method for assets and liabilities of subsidiaries</b>	Mark-to-market valuation method is applied to all the assets and liabilities of consolidated subsidiaries.	Ditto
<b>6. Amortisation of goodwill and negative goodwill</b>	Goodwill and negative goodwill are amortised over a period not exceeding 20 years, determined in consideration of the source of goodwill. When the amount of goodwill or negative goodwill is small, they are expensed in the year it arises	Ditto
<b>7. Scope of funds in the consolidated cash flow statement</b>	The funds (cash or cash equivalents) in the consolidated cash flow statement consists of cash-in-hand, deposits readily convertible into cash, and short-term investments with low risk of price fluctuations and with a maturity of 3 months or less at the time of acquisition.	Ditto

**(7) Changes in the basis of presenting consolidated financial statements**

Previous Year (From 1 Jan. 2009 To 31 Dec. 2009)	Current Year (From 1 Jan. 2010 To 31 Dec. 2010)
<p>(Change of accounting policy) As the Accounting Standards for Lease Transactions (Corporate Accounting Standards No. 13 (17 June 1993 (First Committee of the Business Accounting Council), revised on 30 March 2007)) and the Implementation Guidance of Accounting Standards for Lease Transactions (Implementation Guidance of Corporate Accounting Standards, No. 16 (18 January 1994 (Accounting System Committee of the Japanese Institute of Certified Public Accountants), revised on 30 March 2007)) can be applied to the financial statements of the current financial year commencing on and after 1 April 2009, it has applied from this year and treated those lease transactions as normal sales and purchase transactions. In addition, with regard to the depreciation method of these leased assets, the straight-line method is applied where the lease period is taken as useful economic life and the residual value is zero.</p> <p>Ownership non-transfer finance lease transactions, where the start-up dates are prior to the beginning of the current financial year (prior to 31 December 2009), continue to be accounted by the accounting method in conformity with the method of operating lease transactions.</p> <p>Such changes as above shall not affect operating loss, ordinary loss, and the net loss before taxes.</p> <p>(Additional information) The group has reviewed the useful economic life of machinery and equipment, such as part of the oil refining facilities, by taking into account the utilisation status of the relevant facilities on the basis of the revision of the Corporation Tax Law. Starting with the current year, the useful economic life of these assets has been changed to those based on the Corporation Tax Law. As a result of the change, depreciation expense has increased by 1,168 million yen and operating loss, ordinary loss, and the net loss before taxes have increased by 1,168 million yen. The impact for the segment information is reported in applicable section.</p>	<p>(Change of accounting policy) Regarding the standard for recording income from contract work, the percentage of the completion method had been applied to construction projects worth 5 billion yen or more with a construction period of more than one year and the completed contract method had been applied to other construction projects. The Group applied the Accounting Standards for Construction Contracts (Accounting Standards Board of Japan (ASBJ) Statement No. 15, December 27, 2007) and the Implementation Guidance on Accounting Standards for Construction Contracts (Implementation Guidance of ASBJ Statement No. 18, December 27, 2007) in the current consolidated financial year. From construction contracts started during the current consolidated financial year, the percentage of the completion method (cost related method for estimation of complete percentage) is applied to construction projects recognized to hold certainty of outcomes for the portion completed by the end of the period and the completed contract method is applied to other construction projects. The change caused an increase of 441 million yen in net sales, and an increase of 44 million yen in operating income, ordinary income, and net income before taxes, compared with the previous method. The effects on segment information are described in the corresponding areas.</p> <p>(Change of accounting policy) Some consolidated subsidiaries, which had adopted the declining balance method for tangible fixed assets, changed the depreciation method to the straight-line method in the current consolidated financial year. The change was implemented because the straight-line method is a more rational depreciation method to further improve the appropriateness of periodical accounting of profit and loss. It was a result of re-examination regarding the investment purposes and the use of refineries held by the consolidated subsidiaries, given the change in economic environment for the oil industry. The change caused an increase of 1,995 million yen in operating income and ordinary income, and an increase of 1,990 million yen in net income before taxes, compared with the previous method. The effects on segment information are described in the corresponding areas.</p>

**(8) Notes to consolidated financial statements**  
**(Notes to the consolidated Balance Sheet)**

(Unit : Million Yen)

Previous Year End (As of 31 Dec. 2009)			Current Year End (As of 31 Dec. 2010)		
1. Collateral assets & Secured debts			1. Collateral assets & Secured debts		
Details of collateral assets are as follows.			Details of collateral assets are as follows.		
Cash & Deposits	4,027	[-]	Cash & Deposits	3,608	[-]
Notes & Account receivable	1,133	[-]	Notes & Account receivable	1,320	[-]
Inventories	82	[-]	Inventories	78	[-]
Buildings & Structures	21,511	[20,955]	Buildings & Structures	19,724	[19,173]
Tanks	5,216	[5,216]	Tanks	5,562	[5,562]
Machinery & Equipment	84,373	[84,373]	Machinery & Equipment	81,540	[81,540]
Lands	42,877	[34,526]	Lands	42,766	[33,802]
Others	1	[1]	Others	1	[1]
Total	159,223	[145,073]	Total	154,604	[140,080]
Details of secured debts are as follows.			Details of secured debts are as follows.		
Long-term debts	9,202	[8,170]	Long-term debts	7,360	[6,607]
Short-term debts	3,057	[2,048]	Short-term debts	3,798	[1,563]
Accounts payable	58,003	[-]	Accounts payable	59,102	[-]
Total	70,264	[10,218]	Total	70,261	[ 8,170]
In addition, assets below listed are pledged as collateral for the borrowing of Genex, which is a consolidated subsidiary.			In addition, assets below listed are pledged as collateral for the borrowing of Genex, which is a consolidated subsidiary.		
Shares of Genex	1,680		Shares of Genex	1,680	
Long-term loans to Genex	2,520		Long-term loans to Genex	2,520	
2. Contingent liabilities			2. Contingent liabilities		
1) Guarantees for borrowings of companies that are not consolidated subsidiaries			1) Guarantees for borrowings of companies that are not consolidated subsidiaries		
Japan Biofuels Supply LLP	1,400		Japan Biofuels Supply LLP	2,824	
JONET	892		JONET	250	
S.I. Tokai	246		JLS etc.	16	
JLS etc.	18		Total	3,090	
Total	2,556				
2) Guarantees for employees housing loan		935	2) Guarantees for employees housing loan		821

**(Notes to the consolidated Balance Sheet)**

Previous Year (From 1 Jan. 2009 To 31 Dec. 2009)		Current Year (From 1 Jan. 2010 To 31 Dec. 2010)	
1 Loss on disposal of business assets Main factors of the loss are impairment loss of fixed assets of Ohgimachi factory (10,907million yen) and provisions for disposal cost and others (10,261million yen). Details of impairment loss			
Asset group	Location	Category	Impairment loss
Refinery	Ohgimachi factory (Kawasaki city, Kanagawa Prefecture)	Machinery	6,423
		Structures	2,889
		Buildings	1,167
		Tanks, etc.	427
Total			10,907

**(Note to the consolidated statement of changes in shareholders' equity)**

**Previous year (From 1 January 2009 to 31 December 2009)**

**(A) Issued shares**

	End of Dec. 2008	Increase	Decrease	End of Dec. 2009
Common shares	376,850,400	—	—	376,850,400

(Note)

Number of shares has not been changed.

**(B) Treasury shares**

	End of Dec. 2008	Increase	Decrease	End of Dec. 2009
Common shares	219,446	3,507	217	222,736

(Note)

Increase in purchase of odd shares, etc.

3,507 shares

Decrease in sales of odd shares

217 shares

**(C) Dividends**

**1. Dividends paid**

Resolution	Class of shares	Total amount of dividends (Million Yen)	Dividend per share (Yen)	Record date	Payment date
The annual shareholders' meeting on 27 March 2009	Common shares	6,780	18.00	31 December 2008	30 March 2009
The directors' meeting on 6 August 2009	Common shares	6,780	18.00	30 June 2009	9 September 2009

**2. Dividends planned to be paid after this period end**

Resolution	Class of shares	Resource of dividend	Total amount of dividends (Million Yen)	Dividend per share (Yen)	Record date	Payment date
The annual shareholders' meeting on 30 March 2010	Common shares	Retained earnings	6,780	18.00	31 December 2009	31 March 2010

**Current year (From 1 January 2010 to 31 December 2010)**

(A) Issued shares

	End of Dec. 2009	Increase	Decrease	End of Dec. 2010
Common shares	376,850,400	—	—	376,850,400

(Note)

Number of shares has not been changed.

(B) Treasury shares

	End of Dec. 2009	Increase	Decrease	End of Dec. 2010
Common shares	222,736	2,703	230	225,209

(Note)

Increase in purchase of odd shares, etc.

2,703 shares

Decrease in sales of odd shares

230 shares

(C) Dividends

1. Dividends paid

Resolution	Class of shares	Total amount of dividends (Million Yen)	Dividend per share (Yen)	Record date	Payment date
The annual shareholders' meeting on 30 March 2010	Common shares	6,780	18.00	31 December 2009	31 March 2010
The directors' meeting on 5 August 2010	Common shares	3,390	9.00	30 June 2010	8 September 2010

2. Dividends planned to be paid after this period end

Resolution	Class of shares	Resource of dividend	Total amount of dividends (Million Yen)	Dividend per share (Yen)	Record date	Payment date
The annual shareholders' meeting on 30 March 2011	Common shares	Retained earnings	3,390	9.00	31 December 2010	31 March 2011

**(Note to the consolidated cash flow)**

(Unit: Million Yen)

Previous Year (From 1 Jan. 2009 To 31 Dec. 2009)		Current Year (From 1 Jan. 2010 To 31 Dec. 2010)	
1. Reconciliation between "Cash & cash equivalent" in the consolidated cash flow statement and those in the consolidated balance sheet (31 Dec. 2009)		1. Reconciliation between "Cash & cash equivalent" in the consolidated cash flow statement and those in the consolidated balance sheet (31 Dec. 2010)	
1	Cash and Deposit 22,235	1	Cash and Deposit 20,943
2	Time deposit exceeding 3 months (1,205)	2	Time deposit exceeding 3 months (1,197)
	Cash & cash equivalent 21,030		Cash & cash equivalent 19,746

**(Segment Information)****1. Information by business segment****Previous year (From 1 January 2009 to 31 December 2009)**

(Unit: Million Yen)

	Petroleum	Real Estate	Others	Total	Internal Trade	Consolidated
<b>I. Sales &amp; Operating Profits</b>						
Sales						
(1) Sales to customers	1,991,167	4,263	27,089	2,022,520	-	2,022,520
(2) Inter-segment sales and transfers	2,784	123	7,425	10,333	(10,333)	-
Total	1,993,952	4,386	34,514	2,032,853	(10,333)	2,022,520
Operating Expenses	2,051,261	1,488	37,412	2,090,163	(10,500)	2,079,662
Operating Income/(loss)	(57,309)	2,897	(2,898)	(57,310)	167	(57,142)
<b>II. Assets/Depreciation/Impairment/ Capital Expenditures</b>						
Assets	1,132,080	29,829	49,446	1,211,356	(38,617)	1,172,739
Depreciation	29,304	778	5,194	35,277	-	35,277
Impairment Loss	16,268	-	-	16,268	-	16,268
Capital Expenditures	29,330	124	23,347	52,801	-	52,801

- Note
- Business segments are primarily in accordance with the Company's in-house definitions for control purpose
  - Major products and businesses in each business segment.
    - Petroleum: Gasoline, naphtha, kerosene, diesel oil, fuel oil, lubricant, LPG, bitumen, chemicals, etc.
    - Real estate: Leasing and administration of properties.
    - Others: Construction works, sale and lease of auto accessories, wholesale supply of city gas, electricity, distributed power supply and solar battery etc.
  - No operating expenses are included in unattributable items in the "Internal Trade" column.
  - No assets are included in company-wide assets in the "Internal Trade" column.
  - Depreciation charges and capital expenditures include long-term advance payments and amortisation thereof.
  - The above impairment loss includes impairment loss of Ohgimachi factory (10,907 million yen), which is in loss on disposal cost.
  - Accounting change
 

Change in standard and method of inventory valuation

Accounting Standard for Measurement of Inventories (Corporate Accounting Standards, No. 9, 5 July 2006) has been applied starting with the current fiscal year, and calculations are now based on the cost method, specifically and primarily in the form of the weighted average method. (Values on the balance sheet are subject to the book value reduction method based on decreased profitability.) As a result of the change, operating loss, ordinary loss, and the net loss before taxes of petroleum business increased by 1,676 million yen and those of other businesses increased by 52 million yen respectively.
  - Additional information
 

Change in economic useful life of fixed assets

As mentioned in "(5) Basis of presenting consolidated financial statements", the group has reviewed the useful economic life of machinery and equipment, such as part of the oil refining facilities, by taking into account the utilisation status of the relevant facilities on the basis of the revision of the Corporation Tax Law. Starting with the current year, the useful economic life of these assets has been changed to those based on the Corporation Tax Law. As a result of the change, depreciation expense has increased by 1,168 million yen and operating loss, ordinary loss, and the net loss before taxes have increased by 1,168 million yen.

**Current year (From 1 January 2010 to 31 December 2010)**

(Unit: Million Yen)

	Oil	Energy Solution	Property	Others	Total	Internal Trade	Consolidated
<b>I. Sales &amp; Operating Profits</b>							
Sales							
(1) Sales to customers	2,301,684	31,099	4,260	9,036	2,346,081	-	2,346,081
(2) Inter-segment sales and transfers	2,294	4,108	54	3,479	9,936	(9,936)	-
Total	2,303,979	35,208	4,314	12,515	2,356,017	(9,936)	2,346,081
Operating Expenses	2,259,219	46,876	1,383	11,926	2,319,405	(10,025)	2,309,380
Operating Income/(loss)	44,759	(11,668)	2,931	589	36,611	89	36,701
<b>II. Assets/Depreciation/Impairment/Capital Expenditures</b>							
Assets	1,159,805	61,226	28,734	13,942	1,263,710	(70,560)	1,193,149
Depreciation	27,936	5,243	709	59	33,949	-	33,949
Impairment Loss	3,075	2,205	-	-	5,280	-	5,280
Capital Expenditures	21,445	64,244	53	7	85,750	-	85,750

- Note 1. Business segments are primarily in accordance with the Company's in-house definitions for control purpose  
2. Major products and businesses in each business segment.

- (1) Oil: Gasoline, naphtha, kerosene, diesel oil, fuel oil, lubricant, LPG, bitumen, chemicals, etc.  
(2) Energy solution: Solar battery, wholesale supply of city gas and electricity.  
(3) Property: Leasing and administration of properties.  
(4) Others: Construction works, sale and lease of auto accessories, and distributed power supply, etc.

3. No operating expenses are included in unattributable items in the "Internal Trade" column.  
4. No assets are included in company-wide assets in the "Internal Trade" column.  
5. Depreciation charges and capital expenditures include long-term advance payments and amortisation thereof.  
6. Accounting change

(Change in the depreciation method of important depreciable assets)

As described in "Changes in basis of presenting consolidated financial statements", some consolidated subsidiaries, which had adopted the declining balance method for tangible fixed assets, changed the depreciation method to the straight-line method from the current consolidated financial year. The change was implemented because the straight-line method is a more rational depreciation method to further improve the appropriateness of periodical accounting of profit and loss. It was a result of re-examination regarding the investment purposes and the use of refineries held by the consolidated subsidiaries, given the change in economic environment for the oil industry. The change caused an increase of 1,995 million yen in operating income of oil business.

(Change in the standards for recording net sales of completed construction contracts and cost of sales of completed construction contracts)

As described in "Changes in basis of presenting consolidated financial statements", regarding the standard for recording income from contract work, the percentage of the completion method had been applied to construction projects worth 5 billion yen or more with a construction period of more than one year and the completed contract method had been applied to other construction projects. The Group applied the Accounting Standards for Construction Contracts (Accounting Standards Board of Japan (ASBJ) Statement No. 15, December 27, 2007) and the Implementation Guidance on Accounting Standards for Construction Contracts (Implementation Guidance of ASBJ Statement No. 18, December 27, 2007) from the current consolidated financial year. From construction contracts started during the current year, the percentage of the completion method (cost related method for estimation of complete percentage) is applied to construction projects recognized to hold certainty of outcomes for the portion completed by the end of the period and the completed contract method is applied to other construction projects. The change caused an increase of 441 million yen in net sales of other business, and an increase of 44 million yen in operating profit.

7. Change in segment information

The segments by business type had been classified into three categories, i.e., Oil, Property, and Other; however, as from the current consolidated financial year, in order to more appropriately set out the business contents of the Showa Shell Sekiyu Group, the Energy Solution business has been added, making the overall segment structure consist of four segments—Oil, Energy Solution, Property, and Other.

The information for each of the business segments for the previous year when the business segmentation after the reclassification is as follows.

	Oil	Energy Solution	Property	Others	Total	Internal Trade	Consolidated
<b>I. Sales &amp; Operating Profits</b>							
Sales							
(1) Sales to customers	1,991,167	17,302	4,263	9,787	2,022,520	-	2,022,520
(2) Inter-segment sales and transfers	2,784	3,772	123	3,288	9,968	(9,968)	-
Total	1,993,952	21,074	4,386	13,076	2,032,488	(9,968)	2,022,520
Operating Expenses	2,051,261	24,572	1,488	12,466	2,089,789	(10,126)	2,079,662
Operating Income/(loss)	(57,309)	(3,498)	2,897	609	(57,300)	158	(57,142)
<b>II. Assets/Depreciation/Impairment/Capital Expenditures</b>							
Assets	1,132,080	37,157	29,829	12,569	1,211,638	(38,898)	1,172,739
Depreciation	29,304	5,106	778	88	35,277	-	35,277
Impairment Loss	16,268	-	-	-	16,268	-	16,268
Capital Expenditures	29,330	23,342	124	4	52,801	-	52,801

## **2. Segment information by location**

### **Previous year (From 1 January 2009 to 31 December 2009)**

Since there are no overseas branches or consolidated subsidiaries, this section is not applicable.

### **Current year (From 1 January 2010 to 31 December 2010)**

Since there are no overseas branches or consolidated subsidiaries, this section is not applicable.

## **3. Total overseas sales**

### **Previous year (From 1 January 2009 to 31 December 2009)**

Disclosure on this information is omitted because overseas sales has become less than 10% of consolidated sales proceeds.

### **Current year (From 1 January 2010 to 31 December 2010)**

Disclosure on this information is omitted because overseas sales has become less than 10% of consolidated sales proceeds.

**(Information on per share data)**

(Unit : Yen)

	Previous Year (From 1 Jan.2009 To 31 Dec.2009)	Current Year (From 1 Jan.2010 To 31 Dec.2010)
Net assets per share	625.33	637.78
Net income per share	(152.99)	42.37
Diluted net income per share	Due to no diluted share, the information is omitted.	Due to no diluted share, the information is omitted.

## Basis of calculation

## 1. Earnings per share / Diluted earnings per share

	Previous Year (From 1 Jan.2009 To 31 Dec.2009)	Current Year (From 1 Jan.2010 To 31 Dec.2010)
Net income/ (loss) (¥M)	(57,619)	15,956
Net income / (loss) related to common stock (¥M)	(57,619)	15,956
Amount not belonging to common shareholders (¥M)	-	-
Average number of common shares (1,000shares)	376,629	376,626

**(Omission of disclosure)**

Disclosure is omitted for the notes to lease transaction, trade with related parties, differed taxation, financial instruments, securities, derivatives, retirement benefit, and rental property because those information provided as in the flash report is less important.

5. Non-Consolidated Financial Statements  
(1) Non-consolidated balance sheet

(Unit: Million Yen)

	Previous year end As of 31 Dec. 2009	Current year end As of 31 Dec. 2010
<b>Assets</b>		
Current assets		
Cash and deposits	9,021	7,837
Notes receivable-trade	110	106
Accounts receivable-trade	280,948	281,612
Lease receivables	—	70
Lease investment assets	531	815
Merchandise and finished goods	107,877	99,480
Raw materials and supplies	113,223	116,792
Advance payments-trade	—	36
Prepaid expenses	1,106	996
Deferred tax assets	4,741	15,844
Short-term loans receivable	96	73
Short-term loans receivable from subsidiaries and affiliates	104,828	143,766
Accounts receivable-other	18,491	11,333
Derivatives	1,841	834
Other	647	612
Allowance for doubtful accounts	(1,326)	(1,030)
Total current assets	642,139	679,184
Noncurrent assets		
Property, plant and equipment		
Buildings	115,764	112,580
Accumulated depreciation and impairment loss	(64,792)	(64,438)
Buildings, net	50,972	48,141
Structures	78,659	77,818
Accumulated depreciation and impairment loss	(56,164)	(56,845)
Structures, net	22,494	20,973
Oil tanks	35,938	36,060
Accumulated depreciation and impairment loss	(30,853)	(31,326)
Oil tanks, net	5,085	4,734
Machinery and equipment	115,308	115,041
Accumulated depreciation and impairment loss	(98,345)	(99,727)
Machinery and equipment, net	16,963	15,314
Vehicles	70	77
Accumulated depreciation and impairment loss	(55)	(49)
Vehicles, net	15	27
Tools, furniture and fixtures	16,023	15,638
Accumulated depreciation and impairment loss	(13,474)	(13,545)
Tools, furniture and fixtures, net	2,549	2,093
Land	111,337	108,958

(Unit: Million Yen)

	Previous year end As of 31 Dec. 2009	Current year end As of 31 Dec. 2010
Lease assets	25	219
Accumulated depreciation and impairment loss	(3)	(34)
Lease assets, net	22	185
Construction in progress	2,197	958
Total property, plant and equipment	211,638	201,387
Intangible assets		
Patent right	1	1
Leasehold right	3,812	3,786
Software	4,124	4,793
Right of using facilities	94	79
Total intangible assets	8,032	8,661
Investments and other assets		
Investment securities	10,723	8,299
Stocks of subsidiaries and affiliates	83,920	118,706
Investments in capital	1,717	1,930
Investments in capital of subsidiaries and affiliates	3	1
Long-term loans receivable	457	380
Long-term loans receivable from subsidiaries and affiliates	25,007	20,091
Long-term prepaid expenses	1,056	1,155
Deferred tax assets	62,210	36,280
Lease and guarantee deposits	8,653	9,186
Claims provable in bankruptcy, claims provable in rehabilitation and other	108	96
Other	1,818	1,809
Allowance for doubtful accounts	(539)	(342)
Total investments and other assets	195,137	197,596
Total noncurrent assets	414,808	407,645
Total assets	1,056,948	1,086,829

(Unit: Million Yen)

	Previous year end As of 31 Dec. 2009	Current year end As of 31 Dec. 2010
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	251,926	260,464
Short-term loans payable	87,214	33,101
Current portion of long-term loans payable	6,500	—
Current portion of bonds	15,000	—
Lease obligations	92	186
Accounts payable-other	131,436	122,722
Accrued taxes	44,329	40,591
Accrued consumption taxes	478	8,565
Income taxes payable	107	338
Accrued expenses	9,609	13,073
Advances received	14,409	16,804
Deposits received	16,857	17,551
Deposits from dealers	14,588	13,238
Provision for bonuses	882	791
Deposits received from employees	445	426
Commercial papers	104,000	115,000
Derivatives liabilities	1,641	2,403
<b>Total current liabilities</b>	<b>699,517</b>	<b>645,260</b>
<b>Noncurrent liabilities</b>		
Bonds payable	15,000	35,000
Long-term loans payable	48,000	99,000
Lease obligations	462	823
Provision for retirement benefits	57,683	60,704
Provision for special repairs	2,938	2,148
Long-term guarantee deposited	4,637	4,255
Other	16,897	16,414
<b>Total noncurrent liabilities</b>	<b>145,618</b>	<b>218,346</b>
<b>Total liabilities</b>	<b>845,136</b>	<b>863,606</b>

(Unit: Million Yen)

	Previous year end As of 31 Dec. 2009	Current year end As of 31 Dec. 2010
Net assets		
Shareholders' equity		
Capital stock	34,197	34,197
Capital surplus		
Legal capital surplus	22,045	22,045
Other capital surplus	28	28
Total capital surpluses	<u>22,074</u>	<u>22,074</u>
Retained earnings		
Legal retained earnings	6,749	6,749
Other retained earnings		
Reserve for advanced depreciation of noncurrent assets	13,206	13,596
General reserve	5,550	5,550
Retained earnings brought forward	128,458	140,297
Total retained earnings	<u>153,964</u>	<u>166,193</u>
Treasury stock	<u>(132)</u>	<u>(134)</u>
Total shareholders' equity	<u>210,103</u>	<u>222,331</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,708	891
Total valuation and translation adjustments	<u>1,708</u>	<u>891</u>
Total net assets	<u>211,812</u>	<u>223,222</u>
Total liabilities and net assets	<u>1,056,948</u>	<u>1,086,829</u>

## (2) Non-consolidated statement of income

(Unit:Million Yen)

	Previous year From 1 Jan. 2009 To 31 Dec. 2009	Current year From 1 Jan. 2010 To 31 Dec. 2010
Net sales	1,897,254	2,203,807
Cost of sales		
Beginning merchandise and finished goods	114,203	81,252
Cost of products manufactured	870,017	1,014,040
Gasoline tax and diesel oil tax	348,279	335,055
Cost of purchased goods	653,288	762,449
Others	12,686	21,078
Transfer to other account	46,662	58,425
Total	1,951,812	2,155,451
Ending merchandise and finished goods	81,252	70,133
Total cost of sales	1,870,560	2,085,317
Gross profit	26,694	118,490
Selling, general and administrative expenses		
Haulage expenses	30,521	28,657
Warehousing expenses	8,197	7,836
Repair expenses	2,946	2,706
Provision for special repairs	176	175
Provision of allowance for doubtful accounts	901	—
Promotion expenses	5,091	5,543
Research and development expenses	2,573	3,420
Employees' salaries and bonuses	9,197	8,854
Provision for bonuses	798	690
Provision for directors' bonuses	—	32
Retirement benefit expenses	3,735	4,036
Depreciation	2,426	2,201
Rent expenses	3,815	3,460
Taxes and dues	928	1,139
Subcontract expenses	5,464	5,208
Commission fee	2,820	2,642
Other	9,708	8,679
Deductions	(3,211)	(3,447)
Total selling, general and administrative expenses	86,092	81,839
Operating income (loss)	(59,397)	36,650
Non-operating income		
Interest income	1,259	1,066
Dividends income	2,307	3,609
Foreign exchange gains	745	857
Gain on investments in silent partnership	988	1,374
Other	935	484
Total non-operating income	6,236	7,392

(Unit:Million Yen)

	Previous year From 1 Jan. 2009 To 31 Dec. 2009	Current year From 1 Jan. 2010 To 31 Dec. 2010
Non-operating expenses		
Interest expenses	1,318	1,525
Interest on bonds	355	348
Sales discounts	1,405	1,532
Other	614	659
Total non-operating expenses	3,694	4,065
Ordinary income (loss)	(56,856)	39,977
Extraordinary income		
Gain on sales of noncurrent assets	1,214	2,409
Gain on sales of investment securities	103	1,649
Reversal of provisions for estimated loss on assets disposal	64	—
Reversal of provision for special repairs	—	785
Subsidy	904	502
Other	0	362
Total extraordinary income	2,288	5,710
Extraordinary loss		
Loss on disposal of noncurrent assets	2,195	2,244
Loss on sales of investment securities	—	260
Loss on valuation of investment securities	184	282
Impairment loss	5,100	2,906
Loss on liquidation of business	21,892	—
Loss on litigation	—	1,920
Other	496	16
Total extraordinary losses	29,869	7,630
Income (loss) before income taxes	(84,437)	38,056
Income taxes-current	127	26
Income taxes-deferred	(29,189)	15,629
Total income taxes	(29,062)	15,656
Net income (loss)	(55,374)	22,399

## (3) Non-consolidated statement of changes in shareholders' equity

(Unit: Million Yen)

	Previous year From 1 Jan. 2009 To 31 Dec. 2009	Current year From 1 Jan. 2010 To 31 Dec. 2010
Shareholders' equity		
Capital stock		
Balance at the end of previous period	34,197	34,197
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	34,197	34,197
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	22,045	22,045
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	22,045	22,045
Other capital surplus		
Balance at the end of previous period	28	28
Changes of items during the period		
Disposal of treasury stock	0	(0)
Total changes of items during the period	0	(0)
Balance at the end of current period	28	28
Total capital surplus		
Balance at the end of previous period	22,074	22,074
Changes of items during the period		
Disposal of treasury stock	0	(0)
Total changes of items during the period	0	(0)
Balance at the end of current period	22,074	22,074
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	6,749	6,749
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	6,749	6,749
Other retained earnings		
Reserve for advanced depreciation of noncurrent assets		
Balance at the end of previous period	13,227	13,206
Changes of items during the period		
Provision of reserve for advanced depreciation of noncurrent assets	0	390
Reversal of reserve for advanced depreciation of noncurrent assets	(22)	-
Total changes of items during the period	(21)	390
Balance at the end of current period	13,206	13,596

(Unit: Million Yen)

	Previous year From 1 Jan. 2009 To 31 Dec. 2009	Current year From 1 Jan. 2010 To 31 Dec. 2010
General reserve		
Balance at the end of previous period	5,550	5,550
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	5,550	5,550
Retained earnings brought forward		
Balance at the end of previous period	197,373	128,458
Changes of items during the period		
Dividends from surplus	(13,561)	(10,170)
Net income (loss)	(55,374)	22,399
Provision of reserve for advanced depreciation of noncurrent assets	(0)	(390)
Reversal of reserve for advanced depreciation of noncurrent assets	22	—
Total changes of items during the period	(68,914)	11,838
Balance at the end of current period	128,458	140,297
Total retained earnings		
Balance at the end of previous period	222,900	153,964
Changes of items during the period		
Dividends from surplus	(13,561)	(10,170)
Net income (loss)	(55,374)	22,399
Provision of reserve for advanced depreciation of noncurrent assets	—	—
Reversal of reserve for advanced depreciation of noncurrent assets	—	—
Total changes of items during the period	(68,935)	12,228
Balance at the end of current period	153,964	166,193
Treasury stock		
Balance at the end of previous period	(129)	(132)
Changes of items during the period		
Purchase of treasury stock	(3)	(1)
Disposal of treasury stock	0	0
Total changes of items during the period	(2)	(1)
Balance at the end of current period	(132)	(134)
Total shareholders' equity		
Balance at the end of previous period	279,042	210,103
Changes of items during the period		
Dividends from surplus	(13,561)	(10,170)
Net income (loss)	(55,374)	22,399
Purchase of treasury stock	(3)	(1)
Disposal of treasury stock	0	0
Total changes of items during the period	(68,938)	12,227
Balance at the end of current period	210,103	222,331

(Unit: Million Yen)

	Previous year From 1 Jan. 2009 To 31 Dec. 2009	Current year From 1 Jan. 2010 To 31 Dec. 2010
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	1,610	1,708
Changes of items during the period		
Net changes of items other than shareholders' equity	98	(816)
Total changes of items during the period	98	(816)
Balance at the end of current period	1,708	891
Total valuation and translation adjustments		
Balance at the end of previous period	1,610	1,708
Changes of items during the period		
Net changes of items other than shareholders' equity	98	(816)
Total changes of items during the period	98	(816)
Balance at the end of current period	1,708	891
Total net assets		
Balance at the end of previous period	280,652	211,812
Changes of items during the period		
Dividends from surplus	(13,561)	(10,170)
Net income (loss)	(55,374)	22,399
Purchase of treasury stock	(3)	(1)
Disposal of treasury stock	0	0
Net changes of items other than shareholders' equity	98	(816)
Total changes of items during the period	(68,840)	11,410
Balance at the end of current period	211,812	223,222

**(4) Notes for premises of going concern**

Not applicable

**6. Others**

**(1) Appointment and retirement of directors**

Not applicable

**(2) Others**

Not applicable