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To whom it may concern

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Announcement of fixed-asset impairment losses in a consolidated subsidiary and revisions in the forecast of full year results 2016

An impairment loss was recorded as the extraordinary loss for the year ended as of 31 December 2016 in a consolidated subsidiary. In addition, in view of recent trends in performance, Showa Shell Sekiyu K.K. has revised its forecast of full year results 2016, previously released on 10 February 2016.

1. Fixed-asset impairment losses of a consolidated subsidiary

Due to the recent deterioration of the business environment and a decline in profitability, there is an indicator of impairment to fixed-assets in the consolidated subsidiary, Solar Frontier. As a result of a recoverability test, an impairment loss of 10.7 billion yen has been recorded as the extraordinary loss for the fourth quarter ended as of December 2016 (1 October 2016 to 31 December 2016).

2. Revisions in the forecast

Forecast of consolidated full year results 2016 (From 1 January 2016 to 31 December 2016)

	Sales	Operating income	Ordinary income	Net income attributable to owners of the Parent	Net income per share
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Last announcement (A)	1,680,000	36,000	36,000	16,000	42.48
Revised forecast (B)	1,726,000	46,000	47,000	16,000	42.48
Change (B-A)	46,000	10,000	11,000	0	
Change (%)	2.7	27.8	30.6	0.0	
(Reference) Full year results 2015	2,177,625	(12,209)	(13,282)	(27,467)	(72.93)

Forecast of nonconsolidated full year results 2016 (From 1 January 2016 to 31 December 2016)

	Sales	Ordinary income	Net income	Net income per share
	Million Yen	Million Yen	Million Yen	Yen
Last announcement (A)	1,520,000	39,000	21,000	55.76
Revised forecast (B)	1,560,000	67,000	48,000	127.43
Change (B-A)	40,000	28,000	27,000	
Change (%)	2.6	71.8	128.6	
(Reference) Full year results 2015	1,994,487	(8,860)	(16,909)	(44.89)

Reasons for the revision

As described above, an impairment loss was recorded as the extraordinary loss for the fourth quarter ended as of December 2016 in the consolidated subsidiary. However, consolidated and non-consolidated operating income and ordinary income for the year ended as of 31 December 2016 are expected to exceed the previous forecasts due to the positive impact on inventory evaluation with the unexpected rise in crude oil prices. Consolidated CCS ordinary income (current cost of supply basis, excluding the impact of inventory valuation) is expected to total 36.0 billion yen for the year ended as of 31 December 2016.