(English Translation)

Consolidated Financial Results for the Second Quarter ended June 30, 2016

August 10, 2016

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/english/index.html

Delegate: Title: CEO, Representative Director Name: Tsuyoshi Kameoka

Contact: Title: Controller, Executive Officer Name: Takashi Sakata Phone: (03) 5531-5594

Expected date of quarterly report submission: August 12, 2016
Expected date of dividend payment: September 7,2016
Supporting material for quarterly results: Applicable
The briefing session of quarterly results: Applicable (For analysts and institutional investors)

(Amount unit: Millions of yen, unless otherwise stated)
(Fractions less than one million yen are rounded off.)

1. Consolidated financial results for the six months ended June 30, 2016 (January 1 through June 30, 2016)

(Note) Percentages represent changes from the same period of the previous year.

(1) Consolidated financial results

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
For the six months ended		%		%		%		%
June 30, 2016	851,582	(25.9)	15,674	12.8	13,233	(3.7)	5,233	(41.8)
June 30, 2015	1,148,480	(25.4)	13,898	(17.7)	13,745	(20.6)	8,996	(35.7)

(Reference) Comprehensive income Six months ended June 30, 2016: 4,464 million yen; ((62.4) %)
Six months ended June 30, 2015: 11,874 million yen; ((25.1) %)

	Earnings per share	Diluted earnings per share
For the six months ended	Yen	Yen
June 30, 2016	13.90	-
June 30, 2015	23.89	-

(2) Consolidated financial position

	Total assets	Net assets	Net assets (excl. minority interests) to total assets
			%
As of June 30, 2016	912,536	239,456	24.0
As of December 31, 2015	957,665	243,328	23.2

(Reference) Net assets (excl. minority interest) As of June 30, 2016: 218,573 million yen
As of December 31, 2015:222,625 million yen

2. Dividends

	Dividend per share				
(Record date)	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of fiscal year	Total
	Yen	Yen	Yen	Yen	Yen
Full year 2015	-	19.00	-	19.00	38.00
Full year 2016	-	19.00			
Full year 2016 (Forecast)			-	19.00	38.00

(Note) Revision of dividend forecast during this quarter: None

3. Forecast of consolidated financial results for full year 2016 (January 1 through December 31, 2016)

(Percentages represent changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Earnings per share
		%		%		%		%	Yen
Full year 2016	1,680,000	(22.9)	36,000	-	36,000	-	16,000	-	42.48

(Note) Revision of forecast of consolidated results: None

* Notes

(1) Changes in scope of significant consolidated subsidiaries during the period : None

(2) Adoption of special accounting methods for preparing quarterly consolidated financial statements : None

(3) Changes in accounting principles, accounting estimates and restatement

a) Changes in accounting principles due to amendment of accounting standards : Yes

b) Changes in accounting principles due to the reason except a) : None

c) Changes in accounting estimates : None

d) Restatement : None

(4) Number of shares issued (Common shares)

a) Number of shares issued (including treasury shares)	As of June 30, 2016 :	376,850,400	As of December 31, 2015 :	376,850,400
b) Number of treasury shares	As of June 30, 2016 :	219,131	As of December 31, 2015 :	218,724
c) Average number of shares	As of June 30, 2016 :	376,631,480	As of June 30, 2015 :	376,633,512

* Presentation regarding the status of implementation of the quarterly review procedures

These quarterly results are exempt from the quarterly review procedures pursuant to the Financial Instruments and Exchange Act, and the review procedures with respect to the quarterly financial statements pursuant to the Financial Instruments and Exchange Act have not been completed as of the date of disclosure of such quarterly results.

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

The business forecast above is based on the information available as of the date of the press release of the documents, and includes various risks and uncertainties. Actual results could differ from the business forecast due to changes in economic conditions, market trends, exchange rate and other factors. Please refer to “1. (3) Qualitative information concerning the forecast of consolidated financial results” in [Supporting material] on page 3.

[Supporting material]

Contents

1. Qualitative information concerning consolidated financial statements etc.

(1) Qualitative information concerning consolidated financial results

Showa Shell Sekiyu Group ("the Group") posted consolidated net sales of 851.5 billion yen, a decrease (in income) of 25.9 % compared to the same period a year ago, consolidated operating income of 15.6 billion yen, an increase (in profit) of 1.7 billion yen compared to the same period a year ago, and consolidated ordinary income of 13.2 billion yen, a decrease (in profit) of 0.5 billion yen compared to the same period a year ago, for the current six month period of FY2016. Those decreases in profit over the same period of the previous year are derived, especially in the second quarter term, the domestic fuel margin was low compared to the same period of the previous year in oil business. The relevant consolidated ordinary income excluding the impact of the inventory valuation was 16.6 billion yen, a decrease of 12.7 billion yen compared to the same period a year ago.

(Crude oil prices and foreign exchange rate)

	Dubai crude oil price (USD/Barrel)	Exchange rate (JPY/USD)
2Q/2015	56.6	120.3
2Q/2016	37.1	111.7
Difference	(19.5)	(8.6)

(Note) These are the average figures during the period.

The business results by segment are as follows.

[Oil Business]

The domestic fuel demand in the six month period contracted from a year earlier, where crude oil prices turned around from down trend, yen appreciated against US dollars, and huge earthquakes hit Kumamoto in April. Despite these headwinds to the Company, its domestic sales volume of the four fuel products, including gasoline and diesel oil, in the period exceeded that of the previous year and its year-on-year growth rate of the sales volume outnumbered the industry average. Regarding fuel market prices, domestic fuel oil margins in the period decreased year-on-year, affected by weaker product export margins driven by rapidly increasing exports from China. However, the margins were reasonable for the Company to remain profitable. Under the circumstances, the Company continued to implement such differentiation strategies in product and service as the new premium gasoline, "Shell V-Power", and the cross-industry joint point system, "Ponta", while continuously intensifying product exports according to the relative strength between domestic and international prices. Furthermore, the Company launched into the market in April the retail electricity sales for households, "Electricity supply with gasoline price discount program (Driver's Plan)", in which it sought synergies between the electric power business and the oil business to reinforce customer base for both businesses, in the Tokyo Electric Power Company's operating areas. In addition, a toluene disproportionation process unit came on stream at the Yokkaichi Refinery to increase the production of such petrochemical products as mixed xylene whose demand is expected to continuously grow. The Company also advanced the medium term business action plan to structurally strengthen profit base and competitiveness. As a result, the Oil Business segment reported net sales of 784.4 billion yen, a decrease of 28.0% compared to the same period a year ago, and operating income of 18.3 billion yen, an increase of 3.3 billion yen compared to the same period a year ago. The relevant consolidated operating income excluding the effects of inventory valuation was 21.7 billion yen, a decrease of 8.9 billion yen compared to the same period a year ago.

[Energy Solutions Business]

Regarding the solar business, domestic demand for residential application is expected to stably grow against the backdrop of governmental support, such as promotion of ZEH (Zero Energy House). On the other hand, domestic demand for non-residential use is expected to slow down due to changes in the feed-in-tariff system, reduction in the feed-in-tariff rate, and decreasing availability of suitable lands for solar power plant development. Consequently, the domestic demand as a whole will decrease. The international demand growth has been accelerated and is expected to continue toward the future. In this situation, the Company advanced the sales strategy to balance between domestic and overseas sales, leading to a significant increase in panel shipping volume in the six month period according to the plan. In the domestic sales, the Company mainly focused on the sales for residential use, where stable demand growth and relatively healthy margins are expected for the future. In the overseas sales, it excavated new sales channels and promoted high value-added business of project development particularly in the United States. Regarding panel production activities, the

Kunitomi Plant maintained high utilization except for a planned maintenance period, while the Tohoku Plant adopting the newest CIS mass-production technology moved ahead to commercial production from June. Panel sales prices declined in the domestic market and received stronger yen effects in the overseas market, so that profitability tends to be worsening. Regarding cost reduction, production costs moved in line with the plan, including material procurement cost reduction due to stronger yen, while the Company continuously reviewed in sales and general administration costs.

In the electric power business, the power stations of the Company as a whole, including newly launched Keihin Biomass Power Plant (49,000 kW) and Ohgishima Power Station Unit 3 (400,000 kW, including 100,000 kW for the Company's equity), stably ran. Electricity sales contributed to improvement in profitability through continuous sales portfolio optimization activity. One of examples for the activity is the launch of "Electricity plan with gasoline price discount program (Driver's plan)" pursuing synergies with existent service station network in the oil business in response to full-scaled deregulation in electricity retail marketing in April. The Company also prepared to launch in July another electricity sales menu, "Electricity plan with an advantage in night time as well as in day time (Home Plan)" for business expansion in the residential low-voltage power sales.

As a result, the Energy Solutions Business reported net sales of 63.0 billion yen, an increase of 14.1% compared to the same period a year ago, and operating loss of 3.4 billion yen, a decrease of 1.6 billion yen compared to the same period a year ago.

[Other Business]

Other Business segment reported net sales of 4.0 billion yen and an operating income of 0.7 billion yen for the period.

(2) Qualitative information concerning consolidated financial position

Total assets reached 912.5 billion yen at the end of the second quarter, a decrease of 45.1 billion yen from the end of the previous year.

Consolidated total liabilities were 673.0 billion yen, a decrease of 41.2 billion yen compared to the end of the previous year. Short- and long-term interest-bearing liabilities (borrowing, CP, and bonds) were 157.5 billion yen, an increase of 2.1 billion yen from the end of the previous year.

Net assets were 239.4 billion yen, a decrease of 3.8 billion yen from the end of the previous year. This was mainly attributable to the negative factors such as the final dividend payment for the current six month period exceeded the positive factors such as net income.

As a result, capital adequacy stands at 24 % at the end of the second quarter.

(3) Qualitative information concerning the forecast of consolidated financial results

There has been no change in the earnings forecast for the full year 2016, which is published on 10th February, 2016. The relevant consolidated ordinary income for the fiscal year 2016, excluding the effect of the inventory valuation, is revised downward to 40 billion yen for the full year (from the previous forecast of 54 billion yen).

The revised forecast is based on the crude oil price of $40 per barrel and the exchange rate of 101 yen per U.S. dollar. The earnings forecasts were prepared based on information available on the announcement date of this document. Actual results may differ from those included in the forecasts due to various factors.

2. Notes

(1) Changes in scope of significant consolidated subsidiaries during the period

None

(2) Adoption of special accounting methods for preparing quarterly consolidated financial statements

None

(3) Changes in accounting principles, accounting estimates and restatement

(Accounting Changes)

Effective from the beginning of the first quarter of FY2016, Showa Shell Sekiyu Group ("the Group") adopted the "Revised Accounting Standard for Business Combinations"(Accounting Standard Board of Japan (ASBJ) Statement No.21, issued on September13, 2013, hereinafter referred to as the "Accounting Standard for Business Combinations"), "Revised Accounting Standard for Consolidated Financial Statements"(ASBJ Statement No.22, issued on September 13, 2013, hereinafter referred to as the "Accounting Standard for Business Consolidation") and "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No.7, issued on September 13, 2013, hereinafter referred to as the "Accounting Standard for Business Divestitures").

In applying these revised accounting standards, the Company records any differences arising from changes in ownership interest in a subsidiary when it retains control as capital surplus and the corresponding acquisition-related costs are recognized as expenses when incurred. Also, regarding business combinations conducted after the beginning of the first quarter of FY2016, the disclosure method was revised with regard to the retrospective adjustment of purchase price allocation based on provisional accounting applicable to the quarterly consolidated financial statements of the fiscal period in which the business combination occurred.

In addition, the presentation method of net income was amended and the reference to "minority interests" was changed to "non-controlling interests". To reflect these changes in the presentation, the quarterly consolidated financial statements and consolidated financial statements in the previous fiscal year have been reclassified.

In the quarterly consolidated statement of the cash flow for the six months ended June 30, 2016, the cash flow from the changes in the ownership interests in subsidiaries that do not result in a change in the scope of the consolidation are recognized as the "cash flow from financing activities," whereas the cash flow concerning the cost related to the purchase of the ownership interests in subsidiaries that result in a change in the scope of the consolidation or the expenses incurred in relation to the changes in the ownership interests in subsidiaries that do not result in a change in the scope of the consolidation are recognized as the "cash flow from operating activities." Concerning the application of the Accounting Standards for Business Combinations and others, based on the provisional treatment set out in Section 58-2(4) of the Accounting Standard for Business Combinations, in Section 44-5(4) of the Accounting Standard for Consolidation and in Section 57-4(4) of the Accounting Standard for Business Divestitures, these changes are effective from the beginning of the first quarter of FY 2016.

This change has no impact on the quarterly consolidated financial statements.

(4) Additional information

Business Integration with Idemitsu Kosan Co., Ltd

The Company and Idemitsu Kosan Co., Ltd. (collectively, the "Companies") entered into a Memorandum of Understanding (hereinafter the "MoU") for the Business Integration based on a spirit of equal partnership (hereinafter the "Business Integration"), which shall not be legally binding, as of November 12, 2015. The Companies will discuss and formally enter into a legally binding definitive agreement (hereinafter the "Definitive Agreement") through necessary procedures including a resolution by the Board of Directors.

(1) Objectives of the Business Integration

The Companies agreed, in the MoU, to create an industry-leading player unparalleled competitive position by combining the strengths and the management resources of both companies. The new company (the "NewCo") will lead the effort of solving the industry's various structural issues with the aim at improving the lives of Japanese citizens through efficient and stable energy supply.

(2) Method of the Business Integration

The Companies have set a merger as the base structure of the Business Integration, subject to further discussions and an official agreement.

(3) Schedules of the Business Integration

The schedule of the Business Integration will be discussed further with the following target timeline: commencement of due diligence of the Companies and their subsidiaries upon signing of the MoU, followed by the signing of the Definitive Agreement incorporating the definitive details and terms, approval at the shareholders' meetings of both parties, and the launch of the NewCo in October 2016 - April 2017, we have changed the schedule of the Business Integration on April 1st 2017 in consideration of the state of the review of business combination by the Japan Fair Trade Commission, however, changes to the schedule may be made upon consultation between the Companies for certain reasons such as delays in the review process by the relevant competition law authorities, delays concerning the progress of post-merger integration preparation required for a smooth start of operation on Day 1, and others.

(4) Name of the NewCo

The name of the NewCo is currently undetermined and is scheduled to be decided upon further discussion between the Companies.

(5) Location of the head office of the NewCo

The Companies have yet to decide the location of the head office of the new company but are planning to find a location different from the current offices of the Companies by the effective date of or as soon as possible after the Business Integration.

(6) Structure of Board of Directors

While the structure of the Board of Directors will be decided upon further discussions between the Companies, representative directors and executive directors will consist of an equal number of representatives from each company.

(Revision of the amount of deferred tax assets and deferred tax liabilities due to changes in corporation tax rate)

According to the enactment of the "Act on Partial Revision of the Income Tax Act" and the "Act on Partial Revision of the Local Tax Act" on March 31, 2016, the effective tax rate which the Company used for calculation of deferred tax assets and deferred tax liabilities for the second quarter has been changed from 33.1% and 32.3% for the previous fiscal year to 30.9% for those which are expected to be recovered or paid from January 1, 2017 to December 31, 2018 and to 30.6% for those which are expected to be recovered or paid from January 1, 2019, respectively.

As a result, deferred tax assets after deducting deferred tax liabilities decreased by 1,485 million yen and income tax-deferred increased by 1,345 million yen.

3. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheet

(Unit: Millions of yen)

	Previous year end As of December 31, 2015	Current 2st quarter end As of June 30, 2016
Assets		
Current assets		
Cash and deposits	16,554	19,741
Notes and accounts receivable-trade	212,659	201,272
Merchandise and finished goods	81,203	72,089
Work in process	977	8,331
Raw materials and supplies	81,432	78,543
Other	55,465	40,490
Allowance for doubtful accounts	(71)	(82)
Total current assets	448,220	420,386
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	91,614	89,066
Machinery, equipment and vehicles, net	102,695	101,395
Land	142,272	141,795
Other, net	29,097	23,923
Total property, plant and equipment	365,680	356,181
Intangible assets	8,796	8,720
Investments and other assets		
Other	135,229	127,507
Allowance for doubtful accounts	(261)	(260)
Total investments and other assets	134,967	127,247
Total noncurrent assets	509,445	492,150
Total assets	957,665	912,536
Liabilities		
Current liabilities		
Notes and accounts payable-trade	210,388	205,533
Short-term loans payable	52,265	34,981
Commercial paper	-	20,000
Accounts payable-other	154,648	123,051
Income taxes payable	4,184	2,898
Provision for damages to the submarine pipeline	6,589	4,938
Provision	2,254	2,271
Other	49,005	45,622
Total current liabilities	479,334	439,297
Noncurrent liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	83,205	82,615
Provision for special repairs	16,258	18,563
Liability for retirement benefits	90,143	88,360
Other	25,396	24,244
Total noncurrent liabilities	235,002	233,782
Total liabilities	714,337	673,080

(Unit: Millions of yen)

	Previous year end As of December 31, 2015	Current 2st quarter end As of June 30, 2016
Net assets		
Shareholders' equity		
Capital stock	34,197	34,197
Capital surplus	22,123	22,123
Retained earnings	171,721	169,116
Treasury stock	(185)	(186)
Total shareholders' equity	227,857	225,251
Accumulated other comprehensive income:		
Unrealized holding gain (loss) on securities	2,128	1,397
Unrealized gain (loss) from hedging instruments	(81)	(569)
Foreign currency translation adjustment	-	(502)
Retirement benefits liability adjustment	(7,278)	(7,003)
Total accumulated other comprehensive income	(5,232)	(6,678)
Non controlling interests	20,702	20,882
Total net assets	243,328	239,456
Total liabilities and net assets	957,665	912,536

(2) Quarterly consolidated statement of income and Consolidated statement of comprehensive income

Quarterly consolidated statement of income

The Six-Month Period Ended June 30

(Unit: Millions of yen)

	For the six months ended June 30, 2015 (January 1 through June 30, 2015)	For the six months ended June 30, 2016 (January 1 through June 30, 2016)
Net sales	1,148,480	851,582
Cost of sales	1,078,993	785,476
Gross profit	69,486	66,106
Selling, general and administrative expenses		
Freightage related expenses	17,965	17,812
Personal expenses	13,762	12,268
Other	23,859	20,350
Total selling, general and administrative expenses	55,588	50,431
Operating income (loss)	13,898	15,674
Non-operating income		
Interest income	79	69
Dividends income	480	687
Gain on investments in silent partnership	597	576
Reversal of allowance for doubtful accounts	147	-
Other	979	554
Total non-operating income	2,283	1,888
Non-operating expenses		
Interest expenses	1,405	1,065
Foreign exchange losses	221	2,438
Equity in loss of affiliates	416	361
Other	393	463
Total non-operating expenses	2,437	4,329
Ordinary income	13,745	13,233
Extraordinary income		
Gain on sales of noncurrent assets	311	559
Subsidy	2,255	2,763
Gain on changes in equity	3,450	-
Other	316	109
Total extraordinary income	6,333	3,432
Extraordinary losses		
Loss on disposal of noncurrent assets	1,087	585
Impairment loss	613	212
Loss on sales of investment securities	3	108
Provision for damages to the submarine pipeline	-	149
Other	173	299
Total extraordinary losses	1,878	1,355
Income before income taxes and non-controlling interests	18,200	15,311
Income taxes-current	3,168	3,260
Income taxes-deferred	4,648	6,079
Total income taxes	7,816	9,340
Net income	10,383	5,970
Net income attributable to non controlling interests	1,387	737
Net income attributable to owners of the parent	8,996	5,233

Quarterly consolidated statement of comprehensive income

The Six-Month Period Ended June 30

(Unit: Millions of yen)

	For the six months ended June 30, 2015 (January 1 through June 30, 2015)	For the six months ended June 30, 2016 (January 1 through June 30, 2016)
Loss before minority interests	10,383	5,970
Other comprehensive income		
Unrealized holding gain (loss) on securities	976	(696)
Unrealized gain (loss) from hedgind instruments	137	(344)
Foreign currency translation adjustment	-	(644)
Remeasurements of defined benefit plans	126	295
Share of other comprehensive income of affiliates accounted for by the equity method	250	(115)
Total other comprehensive income	1,490	(1,506)
Comprehensive income	11,874	4,464
Comprehensive income attributable to		
Sharholders of Showa Shell Sekiyu K.K.	10,446	3,788
Non controlling interests	1,427	676

(3) Consolidated Statement of cash flows

(Unit: Millions of yen)

	For the six months ended June 30, 2015 (January 1 through June 30, 2015)	For the six months ended June 30, 2016 (January 1 through June 30, 2016)
Operating activities		
Income before income taxes and non-controlling interests	18,200	15,311
Depreciation and amortization	20,186	18,325
Impairment loss	613	212
Loss on disposal or sales of noncurrent assets	776	25
Gain on changes in equity	(3,450)	-
Decrease in the liability for retirement benefits	(1,114)	(1,135)
Interest and dividends income	(559)	(757)
Interest expense	1,405	1,065
Decrease in notes and accounts receivable-trade	65,419	11,293
Decrease (increase) in inventories	9,786	14,360
Decrease in notes and accounts payable-trade	(91,747)	(27,950)
Other, net	(35,639)	(5,180)
Subtotal	(16,122)	25,570
Interest and dividends received	561	742
Interest paid	(1,474)	(1,119)
Income taxes paid	(2,653)	(5,039)
Net cash used in operating activities	(19,688)	20,154
Investing activities		
Purchase of property, plant and equipment	(17,106)	(10,202)
Purchase of intangible assets	(489)	(723)
Proceeds from sales of property, plant and equipment	1,308	1,089
Purchase of investment securities	(3)	(3)
Proceeds from sales of investment securities	143	40
Net decrease (increase) in short-term loans receivable	(2,589)	9,099
Payments of long-term loans receivable	(1,944)	(11,143)
Collection of long-term loans receivable	1	1
Purchase of subsidiaries' shares	(5,374)	(269)
Other, net	12	(1,434)
Net cash used in investing activities	(26,041)	(13,546)
Financing activities		
Net increase in short-term loans payable	15,308	(17,283)
Net increase in commercial papers	52,000	20,000
Proceeds from long-term loans payable	(45,785)	(590)
Purchase of treasury stock	(1)	(0)
Proceeds from sales of treasury stock	-	0
Cash dividends paid	(7,157)	(7,156)
Cash dividends paid to non controlling interests	(749)	(496)
Others, net	(648)	(609)
Net cash provided by financing activities	12,967	(6,137)
Effect of exchange rate changes on cash and cash equivalents	-	(644)
Net increase (decrease) in cash and cash equivalents	(32,763)	(174)
Cash and cash equivalents at beginning of the year	43,877	15,355
Increase due to inclusion in consolidation	-	3,369
Decrease due to exclusion from consolidation	(3,473)	-
Cash and cash equivalents at end of year	7,640	18,550

(4) Note for premises of going concern
None

(5) Note in case of significant changes in shareholders' equity
None

(6) Segment Information

For the six months ended June 30, 2015 (January 1 through June 30, 2015)

(Unit: Millions of yen)

	Oil Business	Energy Solutions Business	Subtotal	Others	Total	Adjustment	Consoli-dated
Net sales							
(1) Sales to customers	1,089,194	55,298	1,144,493	3,986	1,148,480	-	1,148,480
(2) Inter-segment sales and transfers	5,056	3,020	8,076	3,995	12,072	(12,072)	-
Total	1,094,250	58,319	1,152,569	7,982	1,160,552	(12,072)	1,148,480
Operating Income/(losses)	14,995	(1,734)	13,260	629	13,889	8	13,898

Notes: 1. "Others" is a business segment that is not considered a reportable segment. It includes leases of properties, construction works, sales and leases of automobile accessories and others.
2. Adjustment of operating income of 8 million yen is treated as intersegment elimination.
3. Operating income (loss) in the table above is reconciled to operating income (loss) in the accompanying consolidated statements of income.

For the six months ended June 30, 2016 (January 1 through June 30, 2016)

(Unit: Millions of yen)

	Oil Business	Energy Solutions Business	Subtotal	Others	Total	Adjustment	Consoli-dated
Net sales							
(1) Sales to customers	784,476	63,099	847,576	4,005	851,582	-	851,582
(2) Inter-segment sales and transfers	3,153	1,847	5,001	3,941	8,942	(8,942)	-
Total	787,630	64,947	852,577	7,947	860,525	(8,942)	851,582
Operating Income/(losses)	18,349	(3,415)	14,933	739	15,672	2	15,674

Notes: 1. "Others" is a business segment that is not considered a reportable segment. It includes leases of properties, construction works, sales and leases of automobile accessories and others.
2. Adjustment of operating income of 2 million yen is treated as intersegment elimination.
3. Operating income (loss) in the table above is reconciled to operating income (loss) in the accompanying consolidated statements of income.