Board Materials No.1-3
14th November 2017

(English Translation)

Consolidated Financial Results for the Third Quarter ended September 30, 2017

November 14, 2017

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: Executive Officer Name: Takashi Sakata Phone: (03) 5531-5594

Expected date of quarterly report submission: November 14, 2017
Expected date of dividend payment: -
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 September 30, 2017 (January 1 through September 30, 2017)

(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 nine months ended		%		%		%		%
September 30, 2017	1,447,977	14.6	40,590	48.7	44,676	81.8	19,214	71.0
September 30, 2016	1,263,749	(24.3)	27,289	-	24,568	-	11,235	-

(Reference) Comprehensive income Nine months ended September 30, 2017: 22,370 million yen; (100.6 %)
Nine months ended September 30, 2016: 11,151 million yen; (-%)

	Earnings per share	Diluted earnings per share
For the nine months ended	Yen	Yen
September 30, 2017	51.02	-
September 30, 2016	29.83	-

(2) Consolidated financial position

	Total assets	Net assets	Net assets (excl. non-controlling interests) to total
			%
As of September 30, 2017	987,551	250,054	23.1
As of December 31, 2016	976,134	242,518	22.7

(Reference) Net assets (excl. non-controlling interests) As of September 30, 2017: 228,209 million yen
As of December 31, 2016: 221,291 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 2016	-	19.00	-	19.00	38.00
Full year 2017	-	19.00			
Full year 2017 (Forecast)			-	19.00	38.00

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

3. Forecast of consolidated financial results for full year 2017 (January 1 through December 31, 2017)

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

	Net sales		Operating income		Ordinary income		Net income attribute to owners of the parent		Earnings per share
		%		%		%		%	Yen
Full year 2017	2,080,000	20.5	81,000	74.5	90,000	88.1	52,000	207.3	138.07

(Note) Revision of forecast of consolidated results: Yes

Reasons for the revision

Consolidated operating income, ordinary income and net income were revised upward from the previous forecast released on Feb 14, 2017 due to positive factors: effects on inventory valuation due to the crude oil price rise higher than that of the latest forecast and increases in product margins. Consolidated CCS ordinary income (current cost of supply basis, excluding the impact of inventory valuation) is expected to total 66 billion yen for the full year, which was 56 billion yen in the previous forecast released on Aug 8, 2017.

The revised forecast is based on the assumptions for the fourth quarter: Dubai crude oil price $58/bbl and Exchange rate ¥113/$.

<u>* Notes</u>

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries causing changes in scope of consolidation) : 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 : None
- 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 September 30, 2017 :	376,850,400	As of December 31, 2016 :	376,850,400
b) Number of treasury shares	As of September 30, 2017 :	220,737	As of December 31, 2016 :	219,702
c) Average number of shares	As of September 30, 2017 :	376,630,264	As of September 30, 2016 :	376,631,372

* These quarterly results are exempt from the quarterly review procedures.

* 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") reported consolidated net sales of 1,447.9 billion yen, an increase of 14.6 % compared to the same period a year ago, consolidated operating income of 40.5 billion yen, an increase of 13.3 billion yen compared to the same period a year ago, and consolidated ordinary income of 44.6 billion yen, an increase of 20.1 billion yen compared to the same period a year ago, for the current nine-month period of full year 2017. Those increases in profit are mainly attributable to the structural improvement of the balance between supply and demand of domestic oil products and the improvement of oil products margin as a result of completion of correspondence to Phase 2 of the initiative to increase the sophistication of energy supply structures and the advancement of oil industry restructuring in oil business. . The relevant consolidated ordinary income excluding the impact of the inventory valuation was 37.4 billion yen, an increase of 12.9 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)
3Q/2016	39.1	108.6
3Q/2017	51.1	111.9
Difference	12.0	3.3

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

The business results by segment are as follows.

[Oil Business]

Total domestic sales volume of gasoline, diesel oil, kerosene, and other main fuels during the first nine months of the current consolidated fiscal year was slightly higher than in the same period last year despite the impact of regular maintenance on the Yokkaichi Refinery during the second quarter, mainly due to strong sales volume in the third quarter.

The continued focus on differentiation of products and services such as "Shell V-Power", the high-performance premium gasoline, and "Ponta", the joint point program common to various industries, and continued efforts to strengthen the customer base in the oil business resulted in firm domestic sales in the retail segment of Showa Shell. Domestic fuel margins improved substantially, particularly in the third quarter. This was primarily due to the improvement of supply and demand balance of domestic fuels as an effect of completion of the 2nd Kodokaho, the METI ordinance aiming to enhance non-fossil fuel use and effective utilization of fossil fuel by energy suppliers, and the refinery maintenance season in the industry.

As a result, the Oil Business segment reported net sales of 1 trillion 368.1 billion yen, up 17.2% year on year, and operating income of 45.6 billion yen, up 13.7 billion yen year on year. The relevant consolidated operating income excluding the effects of inventory valuation was 38.3 billion yen, up 6.6 billion yen year on year.

[Energy Solutions Business]

Although revision of the domestic feed-in tariff system for renewable energy has caused a gradual decline in the pace of new domestic demand in the Solar Business, demand is comparatively stable for both the residential and non-residential markets at present. The Group continued to expand sales by focusing on the domestic market during the first nine months of the current fiscal year in line with the new strategies.

Production of "SmaCIS", a strategic product for the residential market aimed at increasing domestic sales, began at the Miyazaki Plant and full-scale marketing began in July as initially planned. There has been steady progress on spec-in by residential housing manufacturers, and order volume is growing. In addition to this, the Group's main Kunitomi Plant has maintained stable operation in line with the plan. The plant also made progress on development of the "SFK Series," a new type of CIS thin-film solar cell that offers higher output and much higher performance (180W and 185W), and began taking orders for these from September 2017. These products will be offered for sale beginning in January 2018.

The Group will also turn the Kunitomi Plant into a multi-function plant by consolidating production that is currently taking place in the Tohoku and Miyazaki Plants, at the Kunitomi Plant. This restructuring of production will further strengthen cost competitiveness.

In the Electric Power Business, the Group's power plants as a whole continued to operate stably. The Group expanded its sales territory from September 2017 onward, and proceeded to expand its customer base in both the high-pressure and low-pressure markets, despite a market environment of intensifying competition.

As a result, the Energy Solutions Business reported net sales of 73.2 billion yen, down 19.1% year on year, and an operating loss of 5.9 billion yen (down 0.4 billion yen year on year). However, the operating loss shrank in the third quarter, marking a 0.4 billion yen improvement over the third quarter of last year.

[Other Business]

Other Business segment reported net sales of 6.5 billion yen and an operating income of 0.9 billion yen for the period.

(2) Qualitative information concerning consolidated financial position

Consolidated total assets reached 987.5 billion yen at the end of the third quarter, an increase of 11.4 billion yen from the end of the previous year.

Consolidated total liabilities were 737.4 billion yen, an increase of 3.8 billion yen compared to the end of the previous year. Short- and long-term interest-bearing liabilities (borrowing, CP, and bonds) were 165.6 billion yen, an increase of 27.9 billion yen from the end of the previous year.

Net assets were 250.0 billion yen, an increase of 7.5 billion yen from the end of the previous year. This was mainly due to positive factors such as an increase in net profit exceeded negative factors such as payment for the final dividend in the current nine-month period of full year 2017.

As a result, capital adequacy stands at 23.1 % at the end of the third quarter.

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

The business forecast for full year of 2017, which was published on February 14, 2017, and Consolidated CCS ordinary income (current cost of supply basis, excluding the impact of inventory valuation), which was published on August 8, 2017 were revised. Please refer to “Announcement of revisions in the forecast of full year results 2017” released today for details.

The business forecast is based on the information available as of the date of the press release of the document, and the actual results could differ from the business forecast due to various factors in the future.

2. Quarterly Consolidated Financial Statements and notes
(1) Quarterly Consolidated Balance Sheet

(Unit: Millions of yen)

	Previous year end As of December 31, 2016	Current 3rd quarter end As of September 30, 2017
Assets		
Current assets		
Cash and deposits	50,317	42,458
Notes and accounts receivable-trade	233,123	248,556
Merchandise and finished goods	78,810	94,304
Work in process	16,106	15,789
Raw materials and supplies	92,067	96,050
Other	40,067	38,169
Allowance for doubtful accounts	(97)	(81)
Total current assets	510,396	535,247
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	86,472	82,826
Machinery, equipment and vehicles, net	91,785	82,862
Land	140,850	140,012
Other, net	18,309	25,834
Total property, plant and equipment	337,418	331,535
Intangible assets	9,964	9,848
Investments and other assets		
Other	118,614	111,122
Allowance for doubtful accounts	(258)	(202)
Total investments and other assets	118,355	110,919
Total noncurrent assets	465,738	452,304
Total assets	976,134	987,551
Liabilities		
Current liabilities		
Notes and accounts payable-trade	254,242	244,112
Short-term loans payable	42,952	62,555
Current portion of bonds	10,000	-
Commercial paper	-	48,000
Accounts payable-other	140,442	139,178
Income taxes payable	4,219	4,248
Provision for damages to the submarine pipeline	94	6,622
Provision	2,461	3,914
Other	59,440	45,338
Total current liabilities	513,853	553,970
Noncurrent liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	74,741	45,126
Provision for special repairs	15,494	13,321
Provision for damages to the submarine pipeline	2,409	-
Liability for retirement benefits	91,874	89,384
Other	25,242	25,694
Total noncurrent liabilities	219,761	183,526
Total liabilities	733,615	737,496

(Unit: Millions of yen)

	Previous year end As of December 31, 2016	Current 3rd quarter end As of September 30, 2017
Net assets		
Shareholders' equity		
Capital stock	34,197	34,197
Capital surplus	22,123	22,123
Retained earnings	173,645	178,546
Treasury stock	(186)	(188)
Total shareholders' equity	229,780	234,680
Accumulated other comprehensive income:		
Unrealized holding gain (loss) on securities	2,352	3,436
Unrealized gain (loss) from hedging instruments	(855)	(192)
Foreign currency translation adjustment	418	(84)
Retirement benefits liability adjustment	(10,404)	(9,629)
Total accumulated other comprehensive income	(8,488)	(6,470)
Non controlling interests	21,226	21,845
Total net assets	242,518	250,054
Total liabilities and net assets	976,134	987,551

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

Quarterly consolidated statement of income

The Nine-Month Period Ended September 30

(Unit: Millions of yen)

	For the nine months ended September 30, 2016 (January 1 through September 30, 2016)	For the ninie months ended September 30, 2017 (January 1 through September 30, 2017)
Net sales	1,263,749	1,447,977
Cost of sales	1,161,221	1,333,733
Gross profit	102,527	114,243
Selling, general and administrative expenses		
Freightage related expenses	25,922	26,734
Personal expenses	17,776	17,263
Other	31,539	29,655
Total selling, general and administrative expenses	75,237	73,653
Operating income	27,289	40,590
Non-operating income		
Interest income	112	171
Dividends income	695	967
Equity in earnings of affiliates	-	3,855
Other	2,160	1,409
Total non-operating income	2,968	6,404
Non-operating expenses		
Interest expenses	825	795
Foreign exchange losses	748	837
Equity in loss of affiliates	1,069	-
Other	3,046	685
Total non-operating expenses	5,690	2,318
Ordinary income	24,568	44,676
Extraordinary income		
Gain on sales of noncurrent assets	1,193	1,102
Subsidy	2,810	2,514
Compensation income	-	1,800
Other	162	677
Total extraordinary income	4,166	6,095
Extraordinary losses		
Loss on disposal of noncurrent assets	1,021	2,317
Impairment loss	217	552
Loss on sales of investment securities	108	-
Loss on valuation of investments in securities	-	6,570
Loss on damages to the submarine pipeline	154	4,764
Other	443	4,285
Total extraordinary losses	1,946	18,490
Income before income taxes and non-controlling interests	26,788	32,281
Income taxes-current	6,300	6,866
Income taxes-deferred	7,986	5,112
Total income taxes	14,286	11,979
Net income	12,502	20,302
Net income attributable to non controlling interests	1,266	1,087
Net income attributable to owners of the parent	11,235	19,214

Quarterly consolidated statement of comprehensive income

The Nine-Month Period Ended September 30

(Unit: Millions of yen)

	For the nine months ended September 30, 2016 (January 1 through September 30, 2016)	For the ninie months ended September 30, 2017 (January 1 through September 30, 2017)
Income before non-controlling interests	12,502	20,302
Other comprehensive income		
Unrealized holding gain (loss) on securities	(496)	950
Unrealized gain (loss) from hedgind instruments	(297)	587
Foreign currency translation adjustment	(910)	(503)
Remeasurements of defined benefit plans	514	782
Share of other comprehensive income (loss) of affiliates accounted	(160)	250
Total other comprehensive income (loss)	(1,350)	2,067
Comprehensive income	11,151	22,370
Comprehensive income attributable to		
Sharholders of Showa Shell Sekiyu K.K.	9,937	21,232
Non-controlling interests	1,214	1,137

(3) Notes to consolidated financial statements

(Notes for premises of going concern)

Not applicable

(Notes in case of significant changes in shareholders' equity)

Not applicable

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

None

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

None

(Change in the accounting estimate)

(Provision for damages to the submarine pipeline)

A change was made in the estimate for the provision to prepare for a future loss due to a submarine pipeline damage since making more precise estimate had become possible as the decision on the construction method was finalized.

Consolidated operating income, consolidated ordinary income, and income before income taxes and non-controlling interests for the current nine-month period of full year 2017 decrease by 4,700 million yen respectively as a result of the change in above.

(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 has been 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 on April 1, 2017.

However, to secure enough time for both companies to discuss with their respective stakeholders, we have decided that it is not appropriate to set the effective date of the Merger as April 1, 2017 pursuant to an extraordinary shareholders meeting or to specify an alternative effective date of the Merger at this moment. Therefore, the date of the launch of the NewCo is undecided.

(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.

(Execution of Agreement Regarding the Enhancement and Promotion of the Business Collaboration of Showa Shell Sekiyu K.K. and Idemitsu Kosan Co.,)

Showa Shell Sekiyu K.K. and Idemitsu Kosan Co., Ltd. (collectively, the "Companies" or "we") have signed an agreement on May 9, 2017 regarding formation of an alliance between both Company groups to enhance and promote business collaboration (the "Alliance") prior to the business integration of the Companies (the "Integration").

We continue to pursue the Integration, but also want to make the most use of our time prior to achievement of the Integration and realize synergies during that period in order to further enhance the corporate value of the Companies. We will form the Alliance as equal business partners, and extensively deepen our business collaboration (hereafter the "Collaboration") while restarting or accelerating the processes for the Integration.

(1) Name of the Alliance

As an alliance with leading competitiveness in Asia, we set the alliance values of the Collaboration as anticipating changes in the business environment, making continuous efforts for self-evolution and boldly striving for upcoming innovations. With that in mind, we will call the Alliance as follows:

"Brighter Energy Alliance."

(2) Details of the Alliance

(i) Realizing Synergies from the Integration in the Domestic Petroleum Business

We will realize synergies through the Alliance prior to the Integration by intensively discussing and executing pursuance of synergies as part of the preparation for the Integration.

(ii) Alignment of Business Strategies in Overlapping Business Areas between the Companies

To deal with overlapping business areas after the Integration (crude oil purchase, refining, supply, logistics, sales, corporate sector), the Companies will align their strategies prior to the Integration, and discuss plans to enhance customer value and to become more efficient and competitive.

With respect to sales of products, we will not immediately change any systems of each Company and will continue to operate on each Company basis in principle for the time being.

(iii) Considering Strategies for the Alliance Group and the Integrated New Company

As an alliance, the Companies will proceed with wide-ranging and vigorous planning of initiatives that can contribute to enhancing business efficiency and competitiveness, mid- to long-term management strategies, business plans, investment plans and other initiatives through "Strategic Top-Level Meetings" comprised of the top managements of the Companies and other meetings.

(iv) Promotion of Harmonization between Personnel of the Companies

We mutually respect the differences in culture, codes of conduct, and working style between the Companies and then we aim to harmonize the personnel of the Companies by exploring culture, codes of conduct, and working style after the Integration.

(v) Development of New Services from the Perspective of Customers

We have many customers through the dealers and distributors of the Companies. We will establish a task team from a new perspective gained through the Collaboration for retail business development of new products and services in order to improve convenience and quality of services for customers.

(vi) Further Promotion of Social Contribution Activities

We will collaborate in areas of social contribution activities. We will work together on activities to contribute to the community and to develop the next generation, and will further enhance the scale of these activities.

(vii) Promotion of Initiatives to Realize a Low-Carbon Society

We will develop new measures to reduce carbon dioxide by drawing upon the various renewable energy businesses of the Companies.

(Adoption of "Implementation Guidance on Recoverability of Deferred Tax Assets")

Effective from the beginning of the first quarter of FY2017, Showa Shell Sekiyu Group ("the Group") adopted "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No.26 of March 28, 2016).

(Loss on valuation of investments in securities)

As announced in "Notice of Changes of Largest Shareholder as Major Shareholder and Other Affiliate Companies" dated December 19, 2016, The Shell Petroleum Company Limited ("SPCO") and Anglo-Saxon Petroleum Company Limited, both the subsidiaries of Royal Dutch Shell plc, transferred the shares in the Company held by SPCO to Idemitsu Kosan Co., Ltd. on the same day.

As a result of the review of Japan Fair Trade Commission, they cleared the above share transfer subject to certain remedial measures being implemented by the Company and Idemitsu Kosan Co., Ltd.

As implementation of the remedial measures for the market competition among liquefied petroleum gas primary distributors, the Company has entered into an agreement with other shareholders of Gyxis Corporation ("Gyxis"), which is an affiliate of the Company, on 19 September 2017 in which the Company agrees to transfer a part of the shares in Gyxis held by the Company to Gyxis. The Company recorded 5,468 million yen of loss on valuation of investments in securities as the extraordinary loss by implementing the measures agreed in this agreement.

(Segment Information)

I. For the nine months ended September 30, 2016 (January 1 through September 30, 2016)

(Unit: Millions of yen)

	Oil Business	Energy Solutions Business	Subtotal	Others	Total	Adjustment	Consoli-dated
Net sales							
(1) Sales to customers	1,166,900	90,535	1,257,436	6,312	1,263,749	-	1,263,749
(2) Inter-segment sales and transfers	4,531	2,572	7,104	5,645	12,750	(12,750)	-
Total	1,171,432	93,108	1,264,541	11,958	1,276,499	(12,750)	1,263,749
Operating Income/(losses)	31,858	(5,552)	26,305	1,038	27,343	(53)	27,289

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 loss of (53) million yen is treated as intersegment elimination.
3. Operating income (loss) in the table above is reconciled to operating loss in the accompanying consolidated statements of income.

II. For the nine months ended September 30, 2017 (January 1 through September 30, 2017)

(Unit: Millions of yen)

	Oil Business	Energy Solutions Business	Subtotal	Others	Total	Adjustment	Consoli-dated
Net sales							
(1) Sales to customers	1,368,131	73,272	1,441,403	6,573	1,447,977	-	1,447,977
(2) Inter-segment sales and transfers	4,200	2,117	6,318	5,778	12,096	(12,096)	-
Total	1,372,331	75,390	1,447,722	12,352	1,460,074	(12,096)	1,447,977
Operating Income/(losses)	45,625	(5,961)	39,664	917	40,582	7	40,590

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 7 million yen is treated as intersegment elimination.
3. Operating income (loss) in the table above is reconciled to operating income in the accompanying consolidated statements of income.

(Significant subsequent events)

(The company split of lubricants business executing the absorption-type company split)

The Company executed the absorption-type company split (such company split, the “Company Split”) on November 1, 2017, by transferring the Company’s lubricants business (the “Business”) to Shell Lubricants Japan K.K. (“SLJ”), a wholly-owned subsidiary of the Company.

1. Outline of the transaction

(1) Name of the business subject to the transaction and its business description:

Manufacturing, storage, transporting, sales, exporting and importing of the lubricants of the Company and all other operations incidental to the business.

(2) Effective date of the business combination:

November 1, 2017

(3) Legal method of the business combination:

The absorption-type company split (simplified absorption-type split), in which the Company being the splitting company and SLJ being the succeeding company.

(4) Name of the succeeding company:

Shell Lubricants Japan K.K.

(5) Others:

As announced in the press releases “Announcement of the Basic Policy of Company Split Related to Lubricants Business” dated June 15, 2016, and “Establishment of Wholly-owned Subsidiary for Company Split Related to Lubricants Business” dated May 12, 2017, the Company executed the Company Split for the purposes of enabling the Business to continue to grow with customers, as well as to establish a robust business structure where customers can enjoy stable supplies of the Company’s lubricant products, and to facilitate the maintenance and expansion of the current supply of highly regarded products and services to customers in global markets by maintaining and building on the collaborative business relationship with the Royal Dutch Shell Group both in Japan and overseas.

2. Outline of the accounting processing

The accounting of the Company is processed as an operation under common control based on “Accounting Standard for Business Combination” and “Implementation Guidance on Accounting Standard for Business Combination and Accounting Standard for Business Divestitures”.

(The incorporation-type company split)

The Board of Directors of Solar Frontier K.K. (“Solar Frontier”), a wholly-owned subsidiary of the Company, has approved the incorporation-type company split that Solar Frontier will transfer its business such as sales of solar panels in overseas, development and constitution of solar power plants construction, planning, execution, and supervision of construction work of solar power plants, maintenance and administration of power plants, and whole business of electric utility in domestic and overseas to the company incorporated through the Incorporation-type Company Split, RS Renewables K.K. The effective date of the incorporation-type company split will be January 5, 2018.

There will be no effect from this incorporation-type company split to the consolidated financial statements and notes.