

出光

Financial Highlights for FY 2008 1Q

July 31, 2008

出光

Idemitsu Kosan Co., Ltd.



1. FY2008 1st Quarter Financials

(1) Overview

(2) Segment Information

2. FY2008 Business Forecasts

(1) Overview

(2) Segment Information

3. Reference Materials

1. FY2008 1st Quarter Financials

(1) Overview



1) Crude Oil / Naphtha / Exchange Rates

(Units: \$/Bbl. \$/Ton, ¥/\$)

	FY2007 1Q	FY2008 1Q	Change	
Crude Oil (DB FOB)	64.8	116.9	52.1	80.4%
Crude Oil (Brent)	57.8	96.9	39.1	67.6%
Naphtha Price (Customs)	673	963	290	43.1%
Exchange Rate (TTS)	121.8	105.6	(16.2)	(13.3%)

* Brent prices are averages based on the calendar year (January-March).

2) Consolidated Income Statement (Summary)

(Units: ¥100 million)

	FY2007 1Q	FY2008 1Q	Change	
Net Sales	7,878	10,420	2,542	32.3%
Operating Income	89	81	(8)	(9.1%)
<i>(Before change in inventory evaluation period)</i>	-	(25)	-	-
Non-operating Income/Loss	43	12	(31)	(71.7%)
Ordinary Income	132	93	(39)	(29.4%)
Extraordinary Gain/Loss	(6)	18	23	-
Net Income	21	(29)	(49)	-

* LIFO method used for inventory valuation. * Figures rounded to the nearest ¥100 million.

(2) Segment Information



1) Net Sales

(Units: ¥100 million)

	FY2007 1Q	FY2008 1Q	Change	
Petroleum Products	5,703	7,936	2,233	39.2%
Petrochemical Products	1,677	1,876	199	11.9%
Oil Exploration and Production	217	312	94	43.4%
Other	281	296	16	5.5%
Total	7,878	10,420	2,542	32.3%

<Reasons for Increase/Decrease>

Petroleum Products:	Increase in crude oil prices, etc.	+ ¥233.3 bn
Petrochemical Products:	Improved product market conditions, etc.	+ ¥19.9 bn
Oil Exploration and Production:	Increase in crude oil prices, etc.	+ ¥9.4 bn
Other:	Increase in Australian coal selling prices, etc.	+ ¥1.6 bn

(2) Segment Information



2) Operating Income

(Units: ¥100 million)

	FY2007 1Q	FY2008 1Q	Change	
Petroleum Products	(52)	(111)	(59)	-
<i>(Before change in inventory evaluation period)</i>	-	(157)	-	
Petrochemical Products	43	25	(18)	(41.8%)
<i>(Before change in inventory evaluation period)</i>	-	16	-	
Oil Exploration and Production	108	158	51	47.0%
Other	(10)	8	18	-
Total	89	81	(8)	(9.1%)
<i>(Before change in inventory evaluation period)</i>	-	25	-	

<Reasons for Increase/Decrease>

Petroleum Products:

Decrease in product margins: - ¥4.0 bn

Increase in refining fuel costs, time lags, etc.: - ¥12.0 bn

Periodic maintenance, etc.: + ¥4.0 bn

Streamlining of operations: + ¥1.5 bn Inventory-related: + ¥4.6 bn

Petrochemical Products:

Decrease in product margins, etc.: - ¥2.7 bn

Inventory-related: + ¥0.9 bn

Oil Exploration and Production:

Crude oil prices: + ¥9.2 bn

Exchange rates: - ¥4.1 bn

Other:

Coal prices: + ¥3.5 bn

Exchange rates, etc.: - ¥1.7 bn

2. FY2008 Business Forecasts

(1) Overview



1) Crude Oil / Naphtha / Exchange Rate Assumptions

(Units: \$/Bbl., \$/Ton, ¥/\$)

	Previous Forecast	Current Forecast	Change		Assumptions (8/08~)
Crude Oil (DB FOB)	95.0	126.7	31.7	33.4%	130.0
Crude Oil (Brent)	99.2	123.1	23.9	24.1%	137.0
Naphtha Price (Customs)	910	1,102	192	21.1%	1,150
Exchange Rate (TTS)	100.0	105.1	5.1	5.1%	105.0

* Brent prices are averages based on the calendar year (January-December).

2) Consolidated Income Statement (Summary) (Units: ¥100 million)

	Previous Forecast	Current Forecast	Change	
Net Sales	41,500	50,900	9,400	22.7%
Operating Income	960	1,075	115	12.0%
<i>(Before change in inventory evaluation period)</i>	—	(567)	—	—
Non-operating Income/Loss	(80)	(75)	5	—
Ordinary Income	880	1,000	120	13.6%
Extraordinary Gain/Loss	(60)	(40)	20	—
Net Income	310	310	—	—

* LIFO method used for inventory valuation.

* Figures rounded to the nearest ¥100 million.

(2) Segment Information



1) Net Sales

(Units: ¥100 million)

	Previous Forecast	Current Forecast	Change	
Petroleum Products	31,400	39,350	7,950	25.3%
Petrochemical Products	7,120	8,220	1,100	15.4%
Oil Exploration and Production	1,150	1,450	300	26.1%
Other	1,830	1,880	50	2.7%
Total	41,500	50,900	9,400	22.7%

<Reasons for Increase/Decrease>

Petroleum Products:	Increase in crude oil prices, etc.	+ ¥795.0 bn
Petrochemical Products:	Improved product market conditions, etc.	+ ¥110.0 bn
Oil Exploration and Production:	Increase in crude oil prices, etc.	+ ¥30.0 bn
Other:	Increase in Australian coal selling prices, etc.	+ ¥5.0 bn

(2) Segment Information



2) Operating Income

(Units: ¥100 million)

	Previous Forecast	Current Forecast	Change	
Petroleum Products	200	310	110	55.0%
<i>(Before change in inventory evaluation period)</i>	-	(189)	-	-
Petrochemical Products	210	25	(185)	(88.1%)
<i>(Before change in inventory evaluation period)</i>	-	16	-	-
Oil Exploration and Production	420	580	160	38.1%
Other	130	160	30	23.1%
Total	960	1,075	115	12.0%
<i>(Before change in inventory evaluation period)</i>	-	567	-	-

<Reasons for Increase/Decrease>

Petroleum Products:

Decrease in product margins: - ¥3.6 bn

Increase in refining fuel costs: - ¥20.4 bn

Time lags, etc.: - ¥9.3 bn

Inventory-related: + ¥44.3 bn

Petrochemical Products:

Decrease in product margins: - ¥3.2 bn

Fuel costs, etc.: - ¥8.1 bn

Time lags, etc.: - ¥8.1 bn

Inventory-related: + ¥0.9 bn

Oil Exploration and Production: Crude oil prices: + ¥15.0 bn

Exchange rates, etc.: + ¥1.0 bn

Other:

Coal prices: + ¥2.0 bn

Operating Expenses, etc.: + ¥1.0 bn

(3) Recent Topics



- April** **Successful exploration well in the Norwegian Northern North Sea**
Established Nghi Son Refinery & Petrochemical Limited
(Acquired an investment license from the Vietnamese government)

- May** **Established seedling nursery company Green Geo Co., Ltd. and to promote greening using Lippia nodiflora, a plant with superior ground-covering properties**
Achieved world's highest level of luminous efficiency for deep blue fluorescent OLED devices in joint development with Sony Corporation

- June** **Completed construction of nanotech building at the Advanced Technology Research Center**
Reached a decision to construct a compound factory for functional plastics in the Nansha region of Guangzhou, China
Launched 3 grades of new adamantane derivatives as photoresists for the manufacturing of semiconductors for 45 nano

- July** **Change in accounting policies for foreign subsidiary (IPN) in consolidated financial reporting**
Reached a decision to expand SPS equipment capacity at Chiba plant to 7,000 tons per year
Decision to renew Chiba Refinery FCC reactor in order to enhance efficiency

3. Reference Materials

Table of Contents



1. Recovery at Ensham Coal Mine

2. Financial Reporting

(2) 2Q Cumulative Forecasts

(vs. Previous Forecasts)

(2) Extraordinary Gains/Losses

(3) Balance Sheet

(4) Statement of Cash Flows

3. Market Conditions

4. Sales

(1) Sales Volume

(2) Sales Volume Forecast

(3) Number of Service Stations

5. Production

(1) Production Volume

(2) Production Volume Forecast

1. Recovery at Ensham Coal Mine



1. Status of Restoration Efforts

- (1) Draining of flooded mining areas and other restoration efforts generally progressing as planned.
- (2) Current production and shipment volume have recovered to approximately 60% of pre-flood levels.

2. Schedule Going Forward

- (1) Planning to continue draining water from flooded areas, removing sand and mud, repairing production facilities, and engaging in reinforcement of the mines' infrastructure.
- (2) Recovery to pre-flood levels planned by the first quarter of 2009 (Jan~Mar 2009).
- (3) Currently updating the restoration plan.

2. Financial Reporting: 2Q Cumulative Forecasts (vs. Previous Forecasts)



(1) – 1. Crude Oil, Exchange Rates, and Consolidated Income Statement (Summary)

(Units: \$/Bbl., \$/Ton, ¥/\$)

	Previous Forecast	Current Forecast	Change		Assumptions (8/08~)
Crude Oil (DB FOB)	95.0	123.5	28.5	30.0%	130.0
Crude Oil (Brent)	98.4	109.1	10.7	10.9%	137.0
Naphtha Price (Customs)	910	1,054	144	15.8%	1,150
Exchange Rate (TTS)	100.0	105.1	5.1	5.1%	105.0

* Brent prices are averages based on the calendar year (January-December).

(Units: ¥100 million)

	Previous Forecast	Current Forecast	Change	
Net Sales	19,700	23,800	4,100	20.8%
Operating Income	475	465	(10)	(2.1%)
<i>(Before change in inventory evaluation period)</i>	—	255	—	—
Non-operating Income/Loss	(25)	(30)	(5)	—
Ordinary Income	450	435	(15)	(3.3%)
Extraordinary Gain/Loss	(40)	(10)	30	—
Net Income	160	85	(75)	(46.9%)

* LIFO method used for inventory valuation.

* Figures rounded to the nearest ¥100 million.

2. Financial Reporting: 2Q Cumulative Segment Information



(1) – 2. Operating Income by Segment

(Units: ¥100 million)

	Previous Forecast	Current Forecast	Change	
Petroleum Products	155	90	(65)	(41.9%)
<i>(Before change in inventory evaluation period)</i>	-	<i>(111)</i>	-	
Petrochemical Products	110	0	(110)	-
<i>(Before change in inventory evaluation period)</i>	-	<i>(9)</i>	-	
Oil Exploration and Production	190	340	150	78.9%
Other	20	35	15	75.0%
Total	475	465	(10)	(2.1%)
<i>(Before change in inventory evaluation period)</i>	-	<i>255</i>	-	

* Fiscal years for “Oil Exploration and Production” and Australian coal mines (included in “Other”) end in December

2. Financial Reporting



(2) Extraordinary Gains/Losses

(Units: ¥100 million)

	FY2007 1Q	FY2008 1Q	Change
Gain on Sale of Fixed Assets	3	37	34
Other	3	5	1
Total Extraordinary Gains	7	42	35
Loss on Sale and Depletion of Fixed Assets	10	19	8
Impairment Loss on Fixed Assets	0	5	5
Other	2	0	(2)
Total Extraordinary Losses	12	24	12
Total Extraordinary Gains/Losses	(6)	18	23

2. Financial Reporting



(3) Balance Sheet

(Units: ¥100 million)

	3/31/08	6/30/08	Change		3/31/08	6/30/08	Change
Cash and Deposits	1,082	1,051	(31)	Payables	3,894	4,572	678
Receivables	3,975	4,333	358	Short-term Borrowings	3,652	4,559	908
Inventory	4,076	5,045	969	Other Current Liabilities	3,631	3,580	(51)
Other Current Assets	1,807	1,887	81	Total Current Liabilities	11,177	12,711	1,535
				Long-term Borrowings	4,931	4,849	(82)
				Other Fixed Liabilities	2,816	4,684	1,868
Total Current Assets	10,939	12,316	1,377	Total Fixed Liabilities	7,747	9,533	1,786
Tangible Fixed Assets	10,417	10,392	(25)	Total Liabilities	18,924	22,244	3,320
(Land)	6,219	6,232	12	Shareholders' Equity	3,623	3,542	(81)
(Other)	4,198	4,161	(37)	Valuation and Translation Adjustments	1,337	1,395	57
Other Fixed Assets	2,844	4,771	1,927	Minority Interests	316	298	(18)
Total Fixed Assets	13,261	15,163	1,902	Total Net Assets	5,277	5,235	(42)
Total Assets	24,201	27,479	3,279	Total Liabilities and Net Assets	24,201	27,479	3,279

Total Interest-bearing Debt	8,583	9,408	825
Equity Ratio	20.5%	18.0%	(2.5%)

2. Financial Reporting



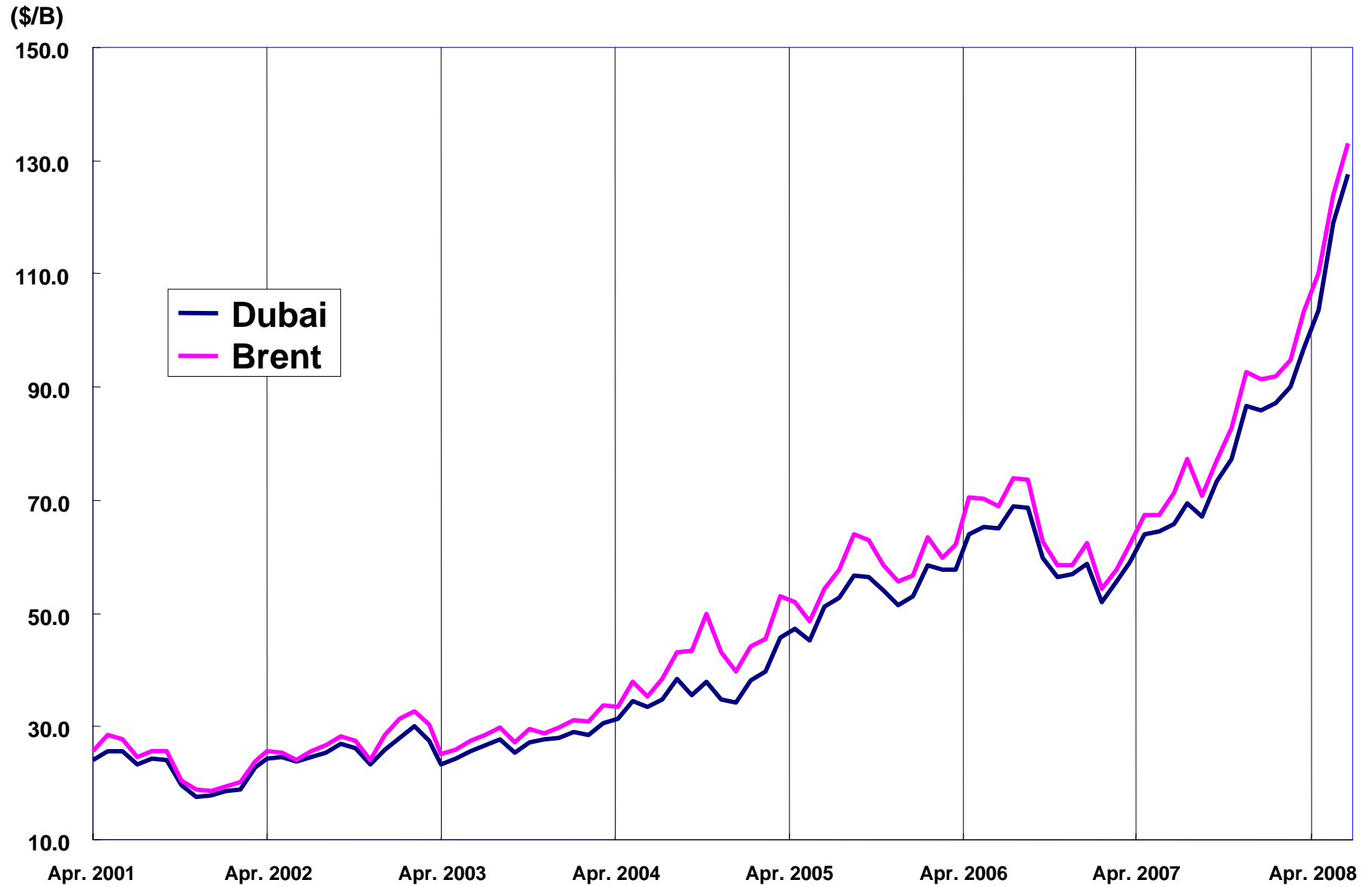
(4) Statement of Cash Flows

(Units: ¥100 million)

	FY2007 1Q	FY2008 1Q	Change
CF from Operating Activities	0	(564)	(565)
Net Income before Tax Adjustments	126	110	(15)
Depreciation Expense	171	187	16
Decrease (Increase) in Sales Receivables and Inventory	(459)	(1,254)	(795)
Other	162	392	230
CF from Investing Activities	(163)	(246)	(83)
Purchase of Tangible Fixed Assets	(192)	(187)	6
Purchase of Investment Securities	(17)	(7)	9
Other	46	(52)	(98)
CF from Financing Activities	14	782	768
Increase (Decrease) in Borrowings	98	828	730
Other	(84)	(46)	38
Cash and Cash Equivalents – Ending Balance	1,092	1,093	1

3. Market Conditions

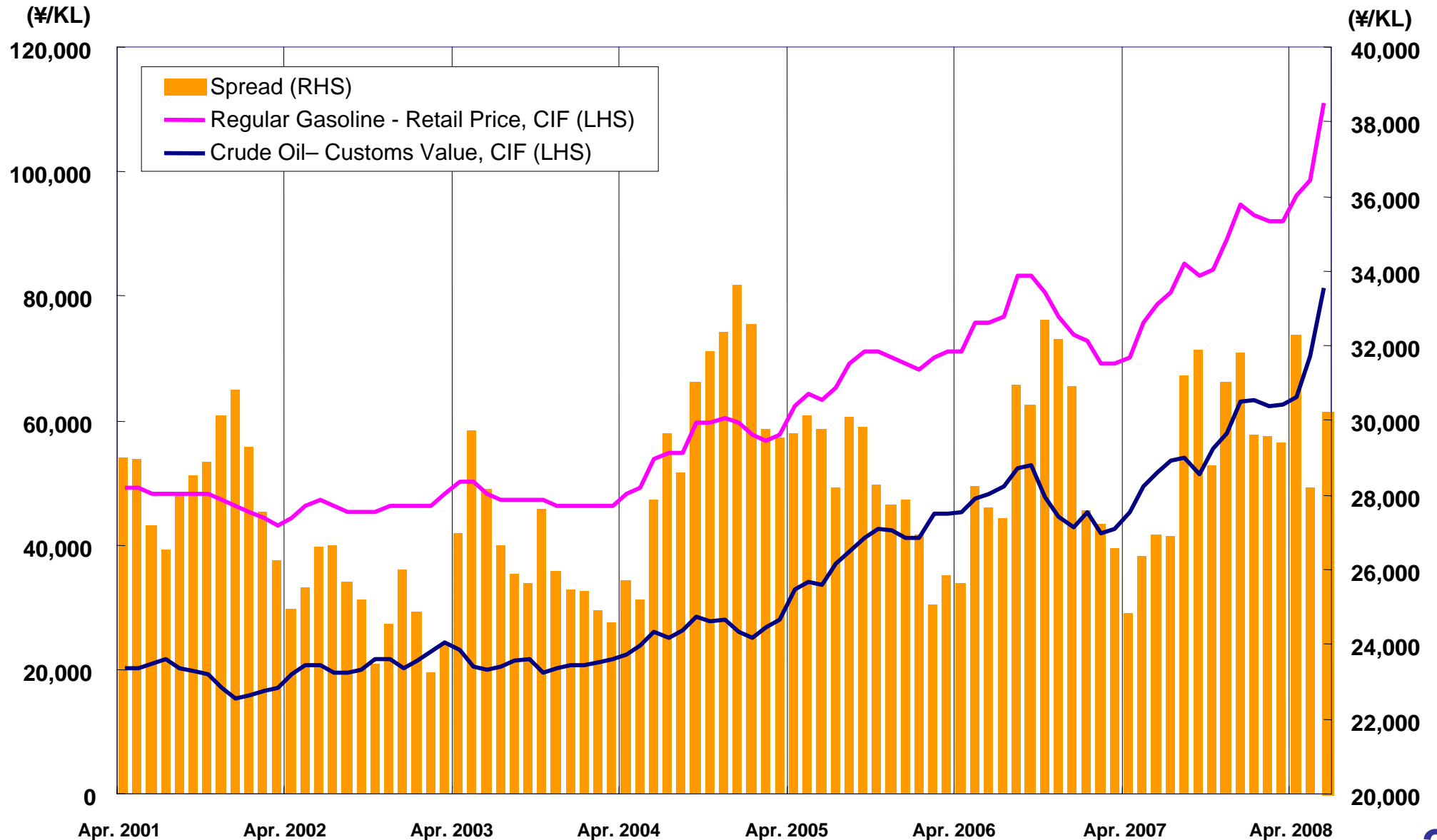
(1) Crude Oil Prices (Dubai and Brent)



3. Market Conditions



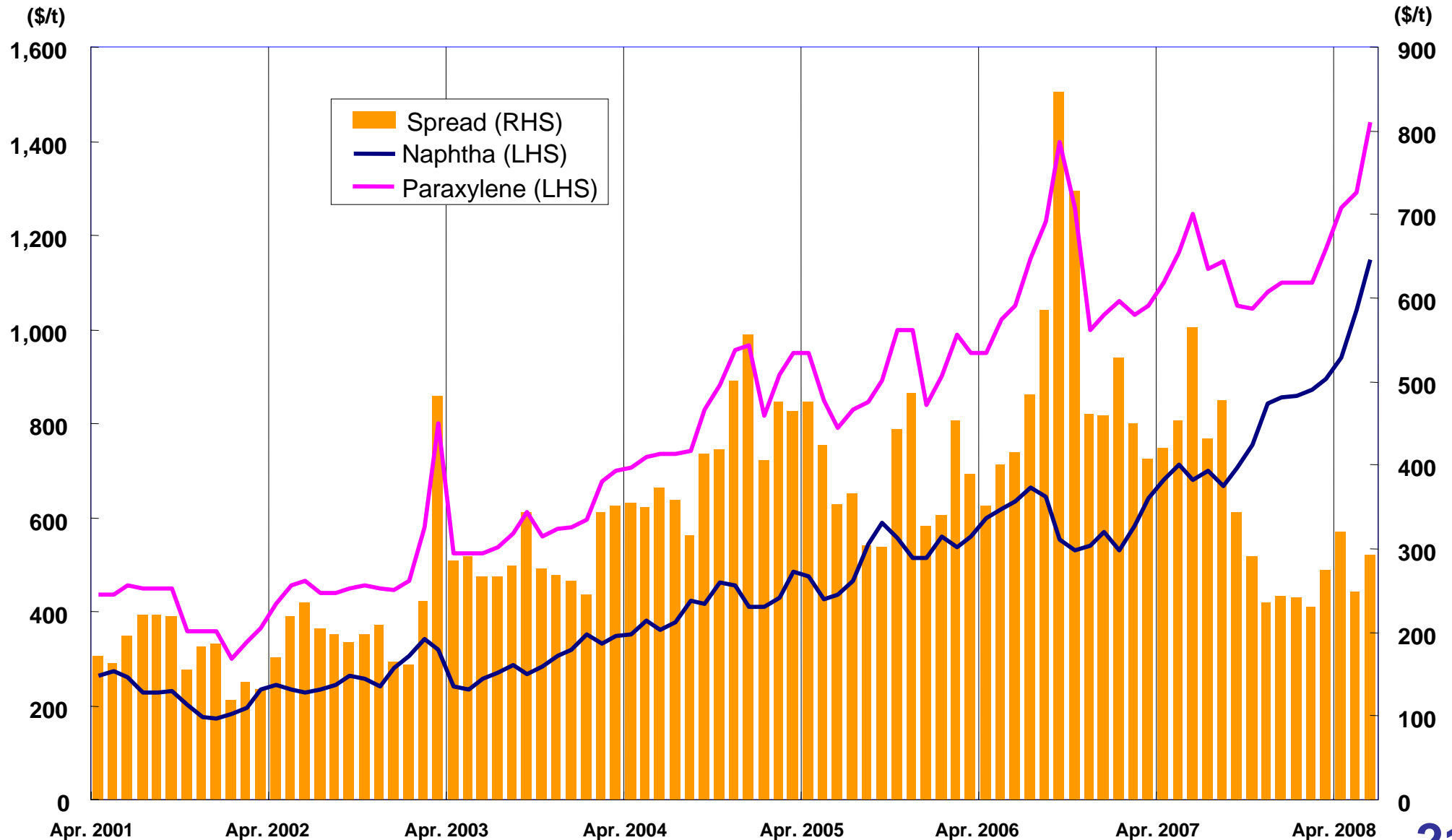
(2) Gasoline, Crude Oil CIF (Prices and Spreads)



3. Market Conditions



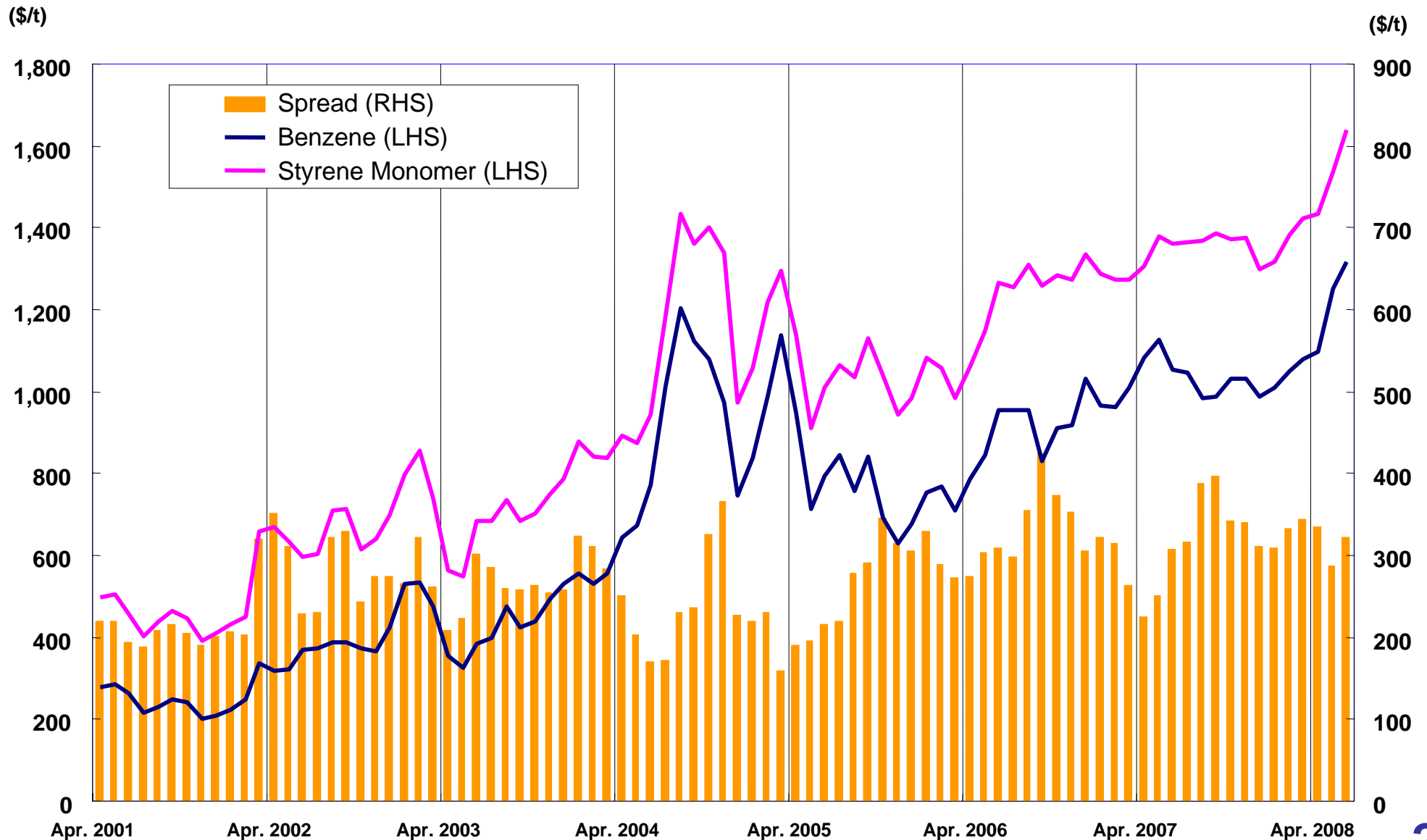
(3) Paraxylene, Naphtha (Prices and Spreads)



3. Market Conditions



(4) Styrene Monomer, Benzene (Prices and Spreads)



4. Sales



(1) – 1. Sales Volume (Domestic Fuel Oil Sales Volume: Non-consolidated)

(Thousand KL, %)

	FY2007 1Q	FY2008 1Q	Change	Growth Rate
Gasoline	2,122	2,225	103	104.9
(Super)	329	316	(14)	95.8
(Regular)	1,792	1,909	117	106.5
Naphtha	105	113	8	107.9
Jet Fuel	424	430	6	101.4
Kerosene	539	550	11	102.0
Diesel Oil	1,529	1,591	62	104.1
Fuel Oil A	806	816	11	101.3
Fuel Oil C	570	590	20	103.5
Total Domestic Sales Volume	6,095	6,316	221	103.6
Export	540	786	246	145.5
Total Sales Volume	6,635	7,102	467	107.0

4. Sales



(1) – 2. Sales Volume (Petrochemical Products: Non-consolidated)

(Units: Thousand tons, %)

	FY2007 1Q	FY2008 1Q	Change	Growth Rate
Petrochemical Products-Total	854	890	36	104.2
(Basic Chemicals)	728	767	39	105.4
(Performance Chemicals)	126	122	(4)	96.8

(1) – 3. Sales Volume (Lubricants)

(Units: Thousand KL, %)

	FY2007 1Q	FY2008 1Q	Change	Growth Rate
Lubricants	242	265	22	109.3

* Includes sales of overseas licenses

4. Sales



(2) – 1. Sales Volume Forecasts (Domestic Fuel Oil Sales Volume: Non-consolidated)

(Thousand KL, %)

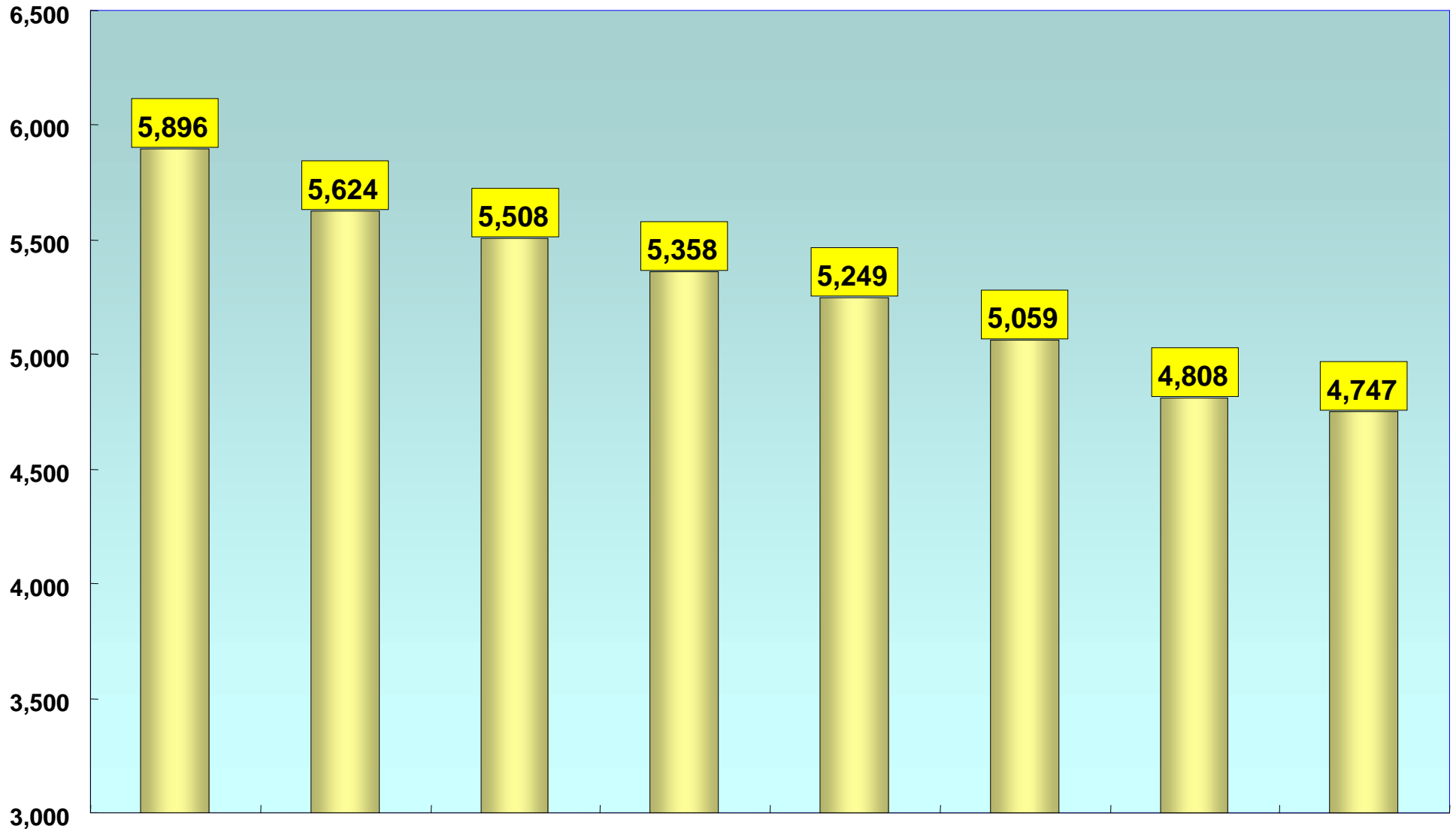
	FY2007	FY2008 (E)	Change	Growth Rate
Gasoline	8,664	8,430	(234)	97.3
(Super)	1,281	1,184	(97)	92.5
(Regular)	7,383	7,246	(137)	98.1
Naphtha	434	494	60	113.7
Jet Fuel	1,738	1,720	(18)	99.0
Kerosene	3,517	3,477	(40)	98.9
Diesel Oil	6,235	6,204	(31)	99.5
Fuel Oil A	3,698	3,633	(65)	98.3
Fuel Oil C	2,605	2,778	173	106.6
Total Domestic Sales Volume	26,890	26,736	(154)	99.4
Export	3,157	4,043	887	128.1
Total Sales Volume	30,047	30,779	733	102.4

4. Sales



(3) – 1. Total Number of Service Stations

(Locations)



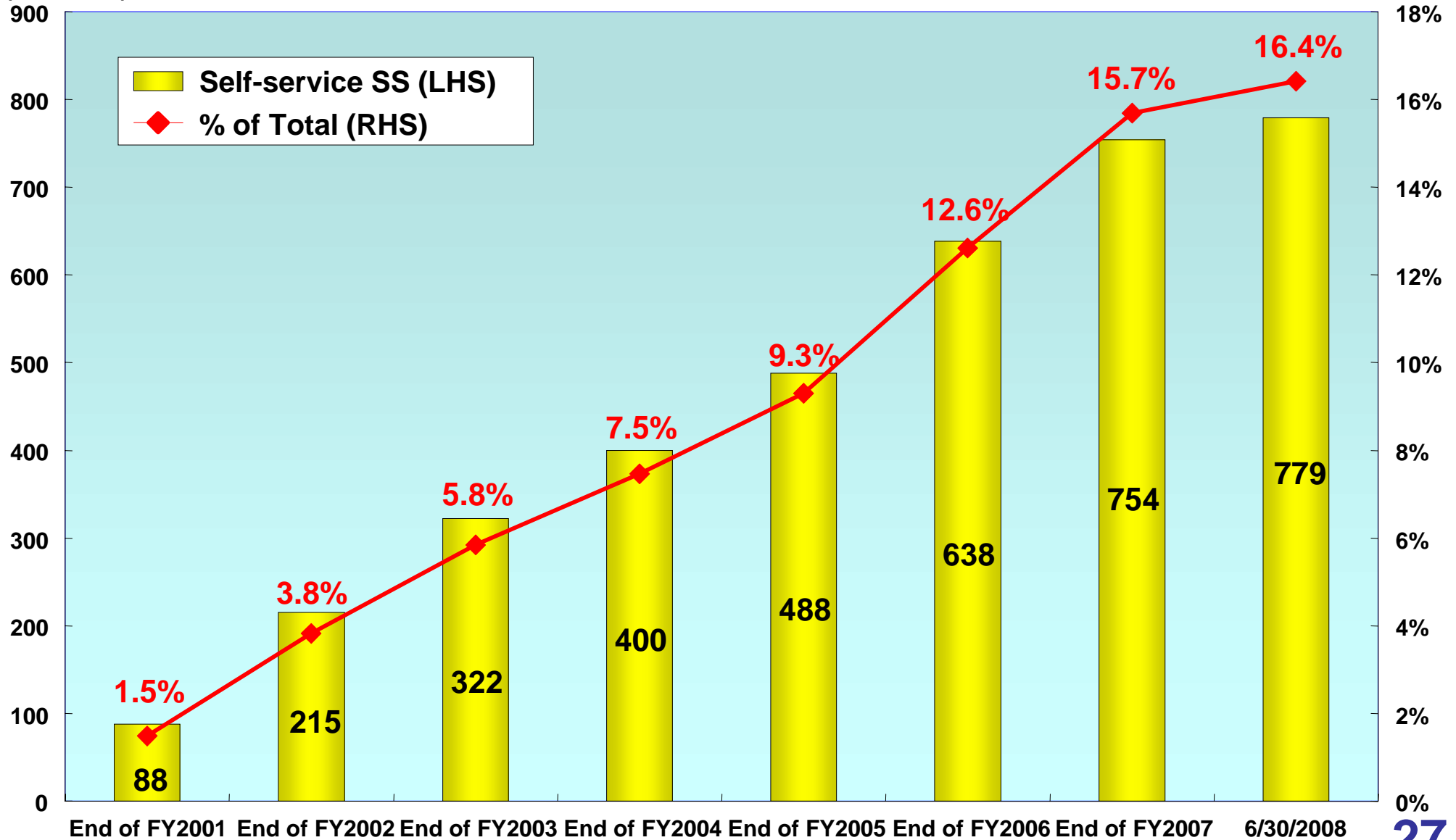
End of FY2001 End of FY2002 End of FY2003 End of FY2004 End of FY2005 End of FY2006 End of FY2007 6/30/2008

4. Sales



(3) – 2. Number of Self-service Service Stations

(Locations)



5. Production



(1) – 1. Oil Exploration and Development - Production Volume, Growth Rate

	FY2007 1Q	FY2008 1Q	Change	
Production (Thousand BD)	33.4	33.8	0.4	1.1%
Volume (Thousand BBL)	3,009	3,074	65	2.2%

* Figures based on interests owned by the Idemitsu Group

(1) – 2. Coal - Production Volume, Growth Rate

(Units: Thousand tons)

	FY2007 1Q	FY2008 1Q	Change	
Ensham (85%)	1,488	699	(690)	(49.7%)
Muswellbrook	316	371	55	17.4%
Boggabri	410	358	(52)	(12.7%)
Tarawonga (30%)	33	83	50	150.0%
Total Production Volume	2,148	1,510	(638)	(29.7%)

* Figures based on interests owned by the Idemitsu Group

5. Production



(2) – 1. Oil Exploration and Development - Production Volume, Growth Forecasts

	FY2007	FY2008 (E)	Change	
Production (Thousand BD)	31.2	30.2	(1.0)	(3.2%)
Volume (Thousand BBL)	11,384	11,031	(353)	(3.1%)

* Figures based on interests owned by the Idemitsu Group

(2) – 2. Coal - Production Volume, Growth Forecasts

(Units: Thousand tons)

	FY2007	FY2008 (E)	Change	
Ensham (85%)	6,810	4,000~5,000	–	–
Muswellbrook	1,342	1,229	(113)	(8.4%)
Boggabri	1,488	1,500	12	0.8%
Tarawonga (30%)	302	332	30	9.9%
Total Production Volume	9,942	7,061~8,061	–	–

* Figures based on interests owned by the Idemitsu Group

Cautionary warnings about forecasts



Of information about forecasts for the Company's operating results, management strategy and management policy contained in this documents, any information which is not a historical fact is prepared according to decisions made by the top management of the Company based on information available as of the publication of the document.

Actual business environments contain potential risk factors and uncertainties including economic situations, crude oil prices, trends in petrochemical products, markets conditions, currency exchange rates and interest rates.

Consequently, actual operating results of the Company may substantially differ from forecasts due to changes in important factors mentioned above.

出 洗