



October 21, 2008

Press Release

Company Name: Idemitsu Kosan Co., Ltd.  
(Securities Code: 5019; TSE 1<sup>st</sup> Section)

## Announcement on the Revision of Earnings Forecasts

Idemitsu Kosan Co., Ltd. (hereafter, “Idemitsu” or the “Company”) hereby announces that it has revised its earnings forecasts for the first half of the fiscal year ending March 2009 (April 1, 2008~September 30, 2008) which was announced on July 31, 2008, in light of recent trends in the Company’s performance, as follows.

### 1. Revision of Interim Earnings Forecasts for the Fiscal Year Ending March 2009 (April 1, 2008~September 30, 2008)

#### (1) Consolidated Forecasts

(Units: ¥ millions, ¥)

	Net Sales	Operating Income	Ordinary Income	Interim Net Income	Net Income Per Share
Previous Forecast (A)	2,380,000	46,500	43,500	8,500	212.55
Revised Forecast (B)	2,280,000	61,400	60,000	18,900	472.62
Change (B-A)	(100,000)	14,900	16,500	10,400	—
Change (%)	(4.2)	32.0	37.9	122.4	—
Previous Year Performance (First Half of FY 3/2008)	1,697,975	36,159	42,134	13,779	344.58

#### (2) Non-consolidated Forecasts

(Units: ¥ millions, ¥)

	Net Sales	Operating Income	Ordinary Income	Interim Net Income	Net Income Per Share
Previous Forecast (A)	2,260,000	6,000	6,500	1,000	25.01
Revised Forecast (B)	2,127,000	17,300	18,000	8,600	215.05
Change (B-A)	(133,000)	11,300	11,500	7,600	—
Change (%)	(5.9)	188.3	176.9	760.0	—
Previous Year Performance (First Half of FY 3/2008)	1,560,290	12,135	18,123	7,501	187.59

### 2. Reasons for the Revision

#### (1) Consolidated Forecasts

In addition to decreases in the cost of materials such as refinery fuels and losses arising from

time lags due to the more-than-expected decrease in crude oil and naphtha prices, Idemitsu has succeeded in deferring a portion of its overhead expenses to the third quarter or later.

Further, the revaluation period for inventory assets has been revised from the last-in, first-out method on an annual basis the last-in to first-out method on a quarterly basis, leading to larger gains on inventory revaluation than expected as of the announcement date of previous forecasts due to factors such as the change in inventory volume. The resulting impact is an increase of ¥6.7 billion relative to previous forecasts.

As a result of the above reasons, the Company expects operating income to be ¥14.9 billion higher, ordinary income to be ¥16.5 billion higher, and interim net income to be ¥10.4 billion higher than the previously announced forecasts.

Interim Period

(Units: ¥ millions)

	Consolidated Operating Income	Gains on Inventory Revaluation	Consolidated Operating Income (excl. Gains on Inventory Revaluation)
Previous Forecast (A)	46,500	21,000	25,500
Revised Forecast (B)	61,400	27,700	33,700
Change (B-A)	14,900	6,700	8,200

(2) Non-consolidated Forecasts

For the same reasons as the consolidated forecasts, Idemitsu expects operating income, ordinary income, and interim net income to exceed previously announced forecasts.

With respect to earnings forecasts for the fiscal year (April 1, 2008~March 31, 2009), Idemitsu believes that announcing forecasts for the second half would potentially mislead investors in their decision-making, in light of the extremely volatile nature of the recent petroleum and petrochemical markets. The Company has therefore made no changes at this time to its full-year earnings forecasts announced on July 31, 2008.

As it is currently difficult to forecast reductions in demand for petroleum and petrochemical products, changes in crude oil and naphtha prices, and the impact of such changes on product margins, Idemitsu plans to announce earnings revisions for the full fiscal year after an assessment of environmental changes and economic trends.

\* The above earnings forecasts have been prepared based on information available as of the announcement date of this document. Actual performance may differ from forecasted figures for various reasons.