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Press Release

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Announcement on the Posting of an Extraordinary Loss and the Revision of the Earnings
Forecasts for Fiscal 2013

Idemitsu Kosan Co.,Ltd. (hereinafter, the “Company”) hereby announces that it has posted an extraordinary loss and revised its earnings forecasts for fiscal 2013 (From April 1, 2013 to March 31, 2014) that were announced on November 5, 2013 in light of the recent trends in its business performance, as follows:

1. Posting of an Extraordinary Loss

In the oil exploration and production business that the Company has promoted through its wholly-owned subsidiary, Idemitsu Petroleum UK Ltd. (hereinafter, “IPUK”), the Company has decided to post an impairment loss of about ¥14.5 billion on its oilfields-related facilities in its extraordinary loss for the third quarter of fiscal 2013.

IPUK entered the businesses of crude oil exploration and production in the British North Sea in November 2009, after the Company acquired a UK company owning 17 fields.

Subsequently, IPUK promoted the businesses of crude oil exploration and production. However, it has not been able to secure the expected production volume, due partly to trouble in the crude oil production facilities and pipelines at some oilfields. As a result of recent consultations among the related parties, including the production operator, the Company made a decision that IPUK’s current economic performance of the facilities could not guarantee any expectation of the realization of profitability. Consequently, the Company accounted the impairment loss on some crude oil production facilities.

2. Revision of the Earnings Forecasts for the Fiscal Year Ending March 2014

(April 1, 2013 – March 31, 2014)

(Units: ¥ million, ¥)

	Net Sales (¥ million)	Operating Income (¥ million)	Ordinary Income (¥ million)	Net Income (¥ million)	Net Income Per Share (¥)
Previous Forecast (A)	4,980,000	88,000	87,000	57,000	356.34
Revised Forecast (B)	5,030,000	86,000	88,000	45,000	281.32
Change (B-A)	50,000	(2,000)	1,000	(12,000)	
Change (%)	1.0%	(2.3%)	1.1%	(21.1%)	
(For reference) Financial Results for the Previous Fiscal Year (FY2012)	4,374,696	110,684	109,122	50,167	313.63

Note: As announced in the “Announcement on Stock Split, Partial Amendments to Articles of Incorporation and Revision of Dividend Forecasts” on November 5, 2013, each share of the Company’s common stock was split into 4 shares on January 1, 2014, the effective date of the stock split. Therefore, the net income per share for the consolidated earnings forecast for fiscal 2013 and that for the previous year was calculated on the assumption that the stock split was carried out at the beginning of the preceding consolidated fiscal year.

3. Reasons for the Revision of the Earnings Forecasts for Fiscal 2013

Consolidated net sales are expected to increase compared with the previous forecasts, since the exchange rate of the Japanese yen to US dollar has been weaker compared with the previous assumption of the exchange rate.

Concerning the consolidated operating income, operating income for the petrochemical products businesses segment will increase against the previous forecasts, mainly due to the improvement of product margins. In addition, operating income for the resources businesses segment will also increase primarily assisted by both volume and market price factors for the oil exploration and production business. However, a decrease in operating income in the petroleum products businesses segment due to the contraction of product margins will exceed the increases in profits in both segments above. As a result, the total operating income will decline by ¥2.0 billion compared with the previous forecasts.

Consolidated ordinary income will increase by ¥1.0 billion compared with the previous forecasts, due mainly to increased equity in the earnings of affiliates while the net income for fiscal 2013 will decrease by ¥12.0 billion from the preceding forecasts, due mainly to the posting of the impairment loss described under item 1 above.

(Assumptions)

(Units: US\$/bbl, US\$/ton, ¥/US\$)

	Previous Forecast	Current Forecast	Change
Crude Oil Price (DB)	104.3	104.7	+0.4
Naphtha Price	917	931	+14
Exchange Rate	99.9	101.5	+1.6

Note: The Company has revised its assumptions for the period from February 2014 onward as follows:

Dubai Crude Oil Price \$105/bbl, Naphtha Price \$946/ton, and Exchange Rate ¥105/\$

4. Dividend Forecast

The year-end per share dividend for fiscal 2013 will be ¥25 per share and there is no change from the previous forecast.

* The above earnings forecasts have been prepared based on information available as of the announcement date of this document. Financial results may differ from the forecasted figures due to various factors in the future.