

AOC Holdings, Inc. (TSE:5017)

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# **Report on Performance in First Half of FY2012**

**(April 1, 2012 – September 30, 2012)**

**November 13, 2012**  
**AOC Holdings, Inc.**

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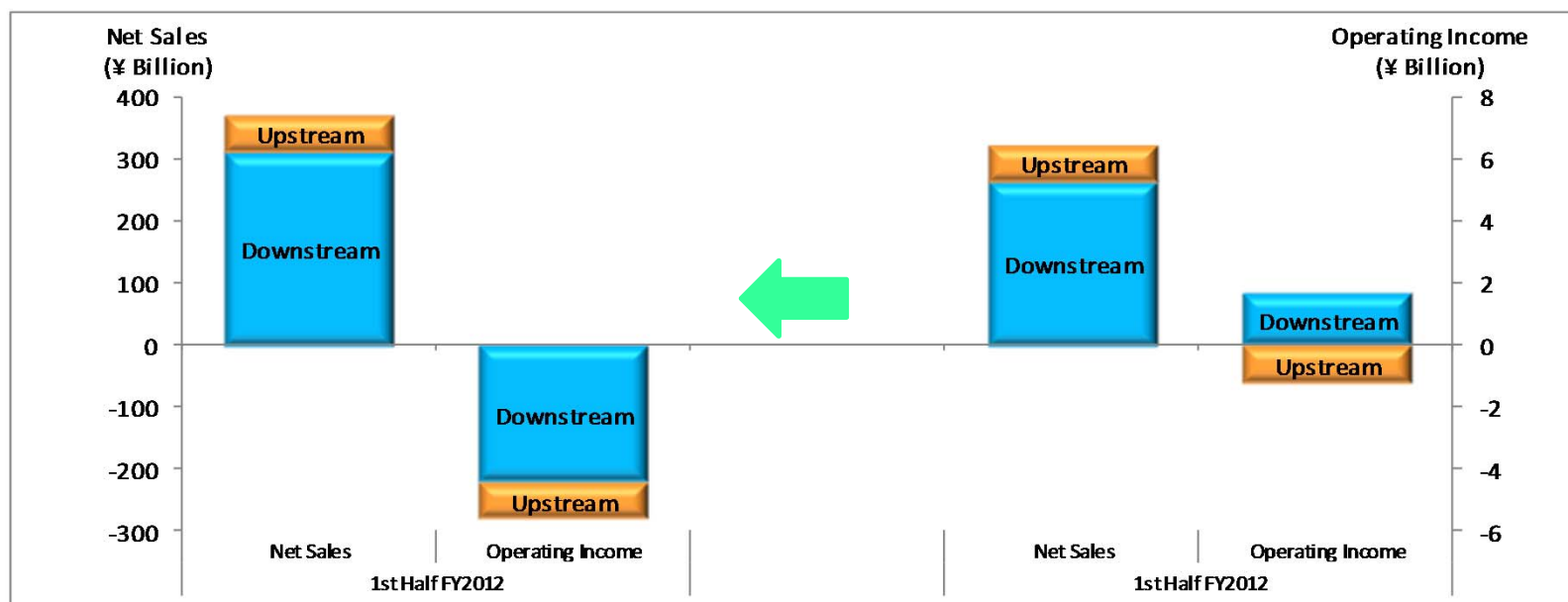
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## Highlights of the Interim Period ended September 30, 2012

(¥Billion)

	1st Half FY2012 \$106.3/Bbl    ¥79/\$			1st Half FY2011 \$108.9/Bbl    ¥80/\$			Change \$ -2.6/Bbl    ¥-1/\$		
	Upstream	Down-stream	Total	Upstream	Down-stream	Total	Upstream	Down-stream	Total (%)
Net Sales	56.8	314.2	371.1	61.1	265.1	326.2	-4.2	49.1	44.8(14)
Operating Income	-1.2	-4.4	-5.6	-1.2	1.7	0.4	0	-6.1	-6.0 (-)
Excl. Inventory Valuation		0.2	-0.9		3.2	1.9		-3.0	-2.9 (-)
Ordinary Income	-2.5	-5.9	-8.4	- 1.5	0	-1.4	-0.9	-5.9	-6.9 (-)
Net Income	-10.6	-5.5	-16.1	-1.3	0	-1.3	-9.2	-5.5	-14.7 (-)



## Sales Volume and Prices of Crude Oils

	Sales Volume (Thousand Bbls/day)			Sales Prices (\$/Bbl)	
	1st Half FY2012	1st Half FY2011	Change (%)	1st Half FY2012	1st Half FY2011
Crude Oil under Crude Oil Sales and Purchase Agreement with Kuwait (Khafji crude oil)	37.9	38.9	-3%	103.4	106.5
Interests oil (Ekofisk crude oil*)	0.1	0.2	-50%	109.9	112.2
<b>Total</b>	<b>38.0</b>	<b>39.1</b>	<b>-3%</b>	<b>—</b>	<b>—</b>

\* January-June

## Sales Volume of Petroleum Products

(Thousand Kiloliters)	1st Half FY2012	1st Half FY2011	Change (%)
Gasoline	1,021	885	15.4%
Naphtha	147	112	31.3%
Jet fuel	383	541	-29.2%
Kerosene	150	57	163.2%
Diesel fuel (Gas oil)	712	723	-1.5%
Heavy fuel oil A	59	43	37.2%
Heavy fuel oil C (incl. for electric power)	691 (645)	433 (388)	59.6% (66.2%)
Benzene	107	75	42.7%
Xylene	156	139	12.2%
Propane and Propylene	96	68	41.2%
Petroleum Pitch	193	159	21.4%
Others	300	103	191.3%
Sub-total	4,022	3,342	20.3%
Barter deals	165	191	△13.6%
<b>Total</b>	<b>4,188</b>	<b>3,533</b>	<b>18.5%</b>
Crude refining volume	4,141	3,494	18.5%

## Net Sales by Segment and Segment Income

	1st Half FY2012		1st Half FY2011		Change	
	Oil/Gas Development and Sales	Oil Refinery and Sales	Oil/Gas Development and Sales	Oil Refinery and Sales	Oil/Gas Development and Sales	Oil Refinery and Sales
Net Sales	56.8	314.2	61.1	265.1	-4.2	49.1
Segment Income	-2.5	-5.9	-1.5	0	-0.9	-5.9

(Internal transactions are eliminated.)

		Factors of Increase	Factors of Decrease
Net Sales	Oil/Gas Development and Sales		Drop of sales prices -3% Decrease of sales volume -3%
	Oil Refinery and Sales	Increase of sales volume 19%	Drop of sales prices -1%
Segment Income	Oil/Gas Development and Sales		Change of gain/loss on foreign exchange -1.0bil
	Oil Refinery and Sales	Improvement of margin for petrochemical products 0.3bil	Effects of inventories -3.1bil Deterioration of margin for petroleum pitch -3.0bil

## Increase and Decrease in Consolidated Balance Sheet

(¥Billion)

	Sep. 30, 2012	Mar. 31, 2012	Change	Major Factors of Increase / Decrease
<b>Current assets</b>	220.9	261.7	-40.7	Inventories -21.5 Accounts receivable-trade -9.4
<b>Noncurrent assets</b>	136.4	148.2	-11.7	
Property, plant and equipment	110.3	120.3	-9.9	Buildings & structures -7.0 Machinery, equipment & vehicles -3.4
Investments and other assets	24.8	26.3	-1.5	Provision for exploration & Development investment -4.0 Deferred tax assets 3.7
<b>Total assets</b>	357.4	409.9	-52.5	
<b>Current liabilities</b>	213.5	249.6	-36.1	Accounts payable-trade -29.9 Accounts payable-other -6.9 Accrued gasoline tax 7.3
<b>Noncurrent liabilities</b>	64.5	65.5	-0.9	
<b>Total liabilities</b>	278.1	315.1	-37.0	
<b>Total net assets</b>	79.3	94.7	-15.4	Retained earnings -16.6
<b>Total liabilities and net assets</b>	357.4	409.9	-52.5	

## Consolidated Statements of Cash Flows

(¥Billion)	1st Half FY2012	1st Half FY2011	Major Factors in 1st half FY2012	
Net cash provided by (used in) operating activities	5.2	-5.9	Profit before income taxes	-20.5
			Decr. in notes & accounts payable-trade	-29.9
			Decrease in inventories	21.5
			Decr. in notes & accounts receivable-trade	9.4
			Impairment losses	7.9
Net cash provided by (used in) investing activities	-3.1	-0.6	Purchase of fixed assets	-3.1
Net cash provided by (used in) financing activities	-5.3	7.2	Decrease in short-term loans payable	-1.5
			Decrease in long-term loans payable	-3.2
			Cash dividends paid	-0.4
Effect of exchange rate change on cash and cash equivalents	0.0	-0.0		
Net increase/decrease in cash and cash equivalents	-3.2	0.6		
Cash and cash equivalents at beginning of year	18.0	17.3		
Cash and cash equivalents at end of year	14.8	18.0		

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# **Forecast on Consolidated Financial Results for FY2012**

(April 1, 2012-March 31, 2013)



## Assumptions and Business Plan for FY2012

### Assumptions

- ◆ Dubai crude oil price: \$106/Bbl (2nd Half: \$105/Bbl)
- ◆ Heavy-Light Crude Oil Price Gaps: \$3.2/Bbl (2nd Half: \$3.5/Bbl)  
(Price differential between Arabian heavy and Arabian light crude oil)
- ◆ Exchange rate(yen/USD) ¥80/\$ (2nd Half: ¥80/\$)

### Business Plan

#### Upstream Operations

- Addressing the challenges of ongoing development projects
- Promotion of engineering and technical research business
- Crude oil sales plan : 39,700 Bbls/day

#### Downstream Operations

- Maintaining stable operations of Sodegaura Refinery
- Flexible utilization of facilities in response to demand fluctuation of Fuel oil C for electric power
- Petroleum products sales plan: 8,486,000 kls

## Forecast on Sales of Crude Oils and Petroleum Products for FY2012

Crude Oil		FY2012 (Plan)	FY2011 (Actual)	Change
(Thousand Barrels/day)				
	Khafji crude oil*	39.6	40.7	-3%
	Ekofisk crude oil (Norwegian North Sea)	0.1	0.2	-50%
	<b>Total</b>	<b>39.7</b>	<b>40.9</b>	<b>-3%</b>
Petroleum Products				
(Thousand Kiloliters)				
	Gasoline	1,979	1,808	9%
	Naphtha	364	325	12%
	Middle distillate	2,586	2,818	-8%
	Heavy fuel oil C (incl. for electric power )	1,424 (1,348)	1,172 (1,066)	22% (26%)
	Benzene and Xylene	536	474	13%
	Others	1,220	844	45%
	Sub-total	8,115	7,447	9%
	Barter deals	370	354	5%
	<b>Total</b>	<b>8,486</b>	<b>7,801</b>	<b>9%</b>
	Crude refining volume	8,239	7,609	8%

\* Crude oil under Crude Oil Sales and Purchase Agreement with Kuwait

## Forecast on Consolidated Profit and Loss for FY2012

(¥Billion)	FY2012 (Plan) \$106.0/Bbl ¥80/\$			FY2011(Actual) \$110.1/Bbl ¥79/\$			Change \$ -4.1/Bbl ¥1/\$			
	Upstream	Down-stream	Total	Upstream	Down-stream	Total	Upstream	Down-stream	Total	(%)
Net Sales	120.5	624.4	745.0	129.3	572.3	701.6	-8.8	52.1	434	(6)
Operating Income	-2.0	5.0	3.0	- 2.2	7.5	5.2	0.2	-2.5	-2.2	(-43)
Excl. inventory valuation		9.4	7.3		6.5	4.3		2.9	3.0	(70)
Ordinary Income	-2.0	2.0	0	-2.9	4.2	1.3	0.9	-2.2	-1.3	(-100)
Net Income	-10.3	2.8	-7.4	- 0.9	4.3	3.3	-9.3	-1.4	-10.7	(-)

### Increase / Decrease Factors of Operating Income

(¥Billion)	Increase Factors	Decrease Factors
Upstream		
Downstream	Improvement of margins for; - Petroleum products 4.0 - Petrochemical products 2.6	Effect of inventory -5.3 Deterioration of margin for Petroleum pitch -4.1

■ Cautions with respect to Forward-Looking Statement ■

The financial forecasts, management targets, and any other estimates and projections of the Company presented in this report are based on information available to management as of the date set forth within.

Please note that actual results may vary significantly from projected forecasts due to various uncertain factors, and as such, readers should take care when making investment decisions based solely on the forecasts herein.

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