

AOC Holdings, Inc. (TSE:5017)

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# Report on Performance in FY2011

(April 1, 2011 - March 31, 2012)

May 16, 2012  
AOC Holdings, Inc.

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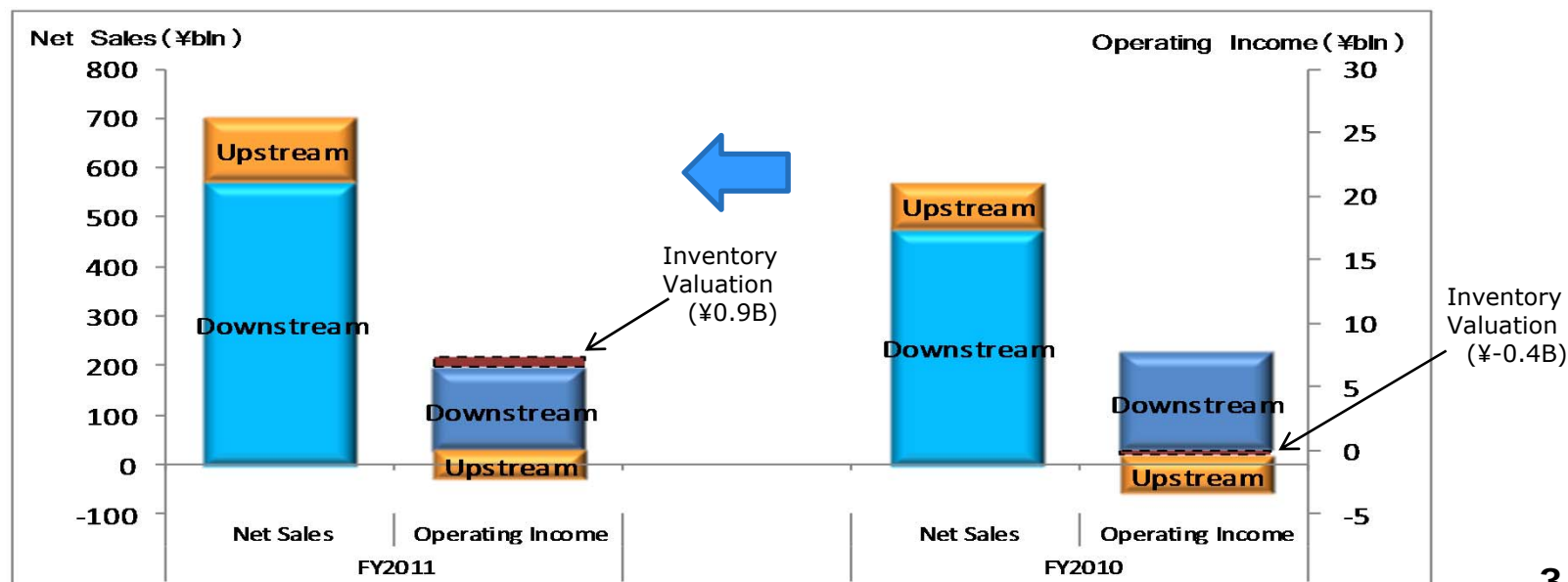


## Consolidated Financial Results for FY2011

## Consolidated Financial Results for FY2011 - Changes from FY2010 -

(¥Billion)

	FY2011 \$110.1/Bbl    ¥79/\$			FY2010 \$84.2/Bbl    ¥86/\$			Change \$ 25.9/Bbl    ¥-7/\$			
	Upstream	Down-stream	Total	Upstream	Down-stream	Total	Upstream	Down-stream	Total (%)	
Net Sales	129.3	572.3	701.6	93.1	477.9	571.1	36.1	94.3	130.5 (23)	
Operating Income	-2.2	7.5	5.2	-3.0	7.3	4.3	0.7	0.1	0.9 (21)	
Excl. Inventory Valuation		6.5	4.3		7.8	4.8		-1.2	-0.5 (-10)	
Ordinary Income	-2.9	4.2	1.3	-4.5	6.0	1.5	1.6	-1.8	-0.2 (-14)	
Net Income	-0.9	4.3	3.3	-1.2	5.2	4.0	0.2	-0.9	-0.6 (-16)	



## Sales Volume and Prices of Crude Oils

	Sales Volume (Thousand Bbls/day)			Sales Prices (\$/Bbl)	
	FY2011	FY2010	Change (%)	FY2011	FY2010
Crude Oil under Crude Oil Sales and Purchase Agreement with Kuwait (Khafji crude oil)	40.7	36.9	10%	109.20	79.71
Interests oil (Ekofisk crude oil*)	0.2	0.2	0%	112.98	81.44
Total	40.9	37.2	10%	—	—

\* January-December

## Sales Volume of Petroleum Products

(Thousand Kiloliters)	FY2011	FY2010	Change (%)
Gasoline	1,808	1,982	-8.8%
Naphtha	325	352	-7.7%
Jet fuel	901	1,186	-24.0%
Kerosene	471	252	86.9%
Diesel fuel (Gas oil)	1,390	1,642	-15.3%
Heavy fuel oil A	56	91	-38.5%
Heavy fuel oil C (incl. for electric power)	1,172 (1,066)	734 (624)	59.7% (70.8%)
Benzene	168	181	-7.2%
Xylene	306	340	-10.0%
Propane and Propylene	143	197	-27.4%
Petroleum Pitch	357	366	-2.5%
Others	344	240	43.3%
Sub-total	7,447	7,571	-1.6%
Barter deals	354	361	-1.9%
Total	7,801	7,932	-1.7%
Crude refining volume	7,609	7,818	-2.7%

## Net Sales by Segment and Segment Income

	FY2011		FY2010		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
(¥Billion)						
Net Sales	129.3	572.3	93.1	477.9	36.1	94.3
Segment Income	-2.9	4.2	-4.5	6.0	1.6	-1.8

(Internal transactions are eliminated.)

		Factors of Increase		Factors of Decrease	
Net Sales	Oil/Gas Development and Sales	Rise of sales prices	37%		
		Increase of sales volume	10%		
	Oil Refinery and Sales	Rise of sales prices	22%	Decrease of sales volume	-2%
Segment Income	Oil/Gas Development and Sales	Decrease of exchange loss	+1.2bil	Decrease of profits from affiliates	-0.4bil
		Decrease of exploration cost	+0.8bil		
	Oil Refinery and Sales	Effects of opening inventories	+1.4bil	Deterioration of margin for petroleum pitch	-1.9Bil
		Improvement of margins for Petroleum products	+1.4bil	Decrease of profits from affiliates	-1.2Bil
			Loss of the subsidiary in Singapore	-0.6Bil	

## Increase and Decrease in Consolidated Balance Sheet

(¥Billion)

	Mar. 31, 2012	Mar. 31, 2011	Change	Major Factors of Increase / Decrease
<b>Current assets</b>	261.7	206.8	54.8	Inventories +19.9 Accounts receivable-trade +31.0
<b>Noncurrent assets</b>	148.2	163.7	-15.4	
Property, plant and equipment	120.3	127.2	-6.9	Depreciation, etc. -6.9
Investments and other assets	26.3	34.7	-8.3	Loans to KGOC*,etc. -8.1
<b>Total assets</b>	<b>409.9</b>	<b>370.5</b>	<b>39.4</b>	
<b>Current liabilities</b>	249.6	198.7	50.9	Accounts payable-trade +23.7 Accounts payable-other +12.8 Accounts payable-gasoline tax +9.6 Short-term loans payable +2.3
<b>Noncurrent liabilities</b>	65.5	78.7	-13.1	Long-term loans payable -11.4 ( for KGOC* -8.1) Deferred tax liabilities -1.5
<b>Total liabilities</b>	<b>315.1</b>	<b>277.4</b>	<b>37.7</b>	
<b>Total net assets</b>	94.7	93.0	1.6	
<b>Total liabilities and net assets</b>	<b>409.9</b>	<b>370.5</b>	<b>39.4</b>	

\*KGOC (Kuwait Gulf Oil Company):The other party of Loan Agreement

## Consolidated Statements of Cash Flows

(¥Billion)	FY2011	FY2010	Major Factors in FY2011	
Net cash provided by (used in) operating activities	-0.8	28.1	Profit before income taxes	1.0
			Depreciation	11.6
			Increase in accounts payable-trade	23.7
			Increase in accounts receivable-trade	-31.0
			Increase in inventories	-19.9
Net cash provided by (used in) investing activities	8.4	3.1	Collection of loans receivable	8.5
			Purchase of fixed assets	-5.0
Net cash provided by (used in) financing activities	-6.6	-30.0	Increase in short-term loans payable	2.2
			Decrease in long-term loans payable	-8.3
Effect of exchange rate change	-0.3	-1.5		
Cash and cash equivalents at beginning of year	17.3	17.6		
Cash and cash equivalents at end of year	18.0	17.3		



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## Forecast on Consolidated Financial Results for FY2012

## Assumptions and Business Plan for FY2012

### Assumptions

- ◆ Dubai crude oil price: \$115/Bbl
- ◆ Heavy-Light Crude Oil Price Gaps: \$3.50/Bbl  
(Price differential between Arabian heavy and Arabian light crude oil)
- ◆ Exchange rate(yen/USD) ¥80/\$

### Business Plan

#### Upstream Operations

- Early implementation of ongoing development projects
- Promotion of engineering and technical research business
- Crude oil sales plan : 40,000 Bbls/day

#### Downstream Operations

- Maintaining full operations of Sodegaura Refinery
- Flexible utilization of facilities in response to demand of Fuel oil C for electric power
- Petroleum products sales plan: 8,419,000 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*	40.0	40.7	-2%
	Ekofisk crude oil (Norwegian North Sea)	0.2	0.2	0%
	Total	40.2	40.9	-2%
Petroleum Products				
(Thousand Kiloliters)	Gasoline	2,222	1,808	23%
	Naphtha	383	325	18%
	Middle distillate	2,693	2,818	-4%
	Heavy fuel oil C (incl. for electric power )	1,299 (1,214)	1,172 (1,066)	11% (14%)
	Benzene and Xylene	491	474	4%
	Others	1,084	844	28%
	Sub-total	8,175	7,447	10%
	Barter deals	243	354	-31%
	Total	8,419	7,801	8%
	Crude refining volume	8,228	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) \$115.0/Bbl ¥80/\$			FY2011 (Actual) \$110.1/Bbl ¥79/\$			Change \$ 4.9/Bbl ¥1/\$			
	Upstream	Down-stream	Total	Upstream	Down-stream	Total	Upstream	Down-stream	Total	(%)
Net Sales	134.0	656.0	790.0	129.3	572.3	701.6	4.7	83.7	88.4	(13)
Operating Income	-2.3	6.5	4.2	-2.2	7.5	5.2	-0.1	-1.0	-1.0	(-19)
Excl. inventory valuation		5.0	2.6		6.5	4.3		-1.5	-1.6	(-37)
Ordinary Income	-2.2	3.7	1.5	-2.9	4.2	1.3	0.7	-0.5	0.2	(15)
Net Income	-0.8	3.0	2.2	-0.9	4.3	3.3	0.1	-1.3	-1.1	(-33)

### Increase / Decrease Factors of Operating Income

(¥Billion)	Increase Factors	Decrease Factors
Upstream		
Downstream	Effects of inventories Improvement of margin for Petrochemical products	Deterioration of margin for Petroleum pitch -5.1

■ 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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