

AOC Holdings, Inc. (TSE:5017)



Report on Performance in First Half of FY2011

(April 1, 2011 – September 30, 2011)

November 11, 2011
AOC Holdings, Inc.

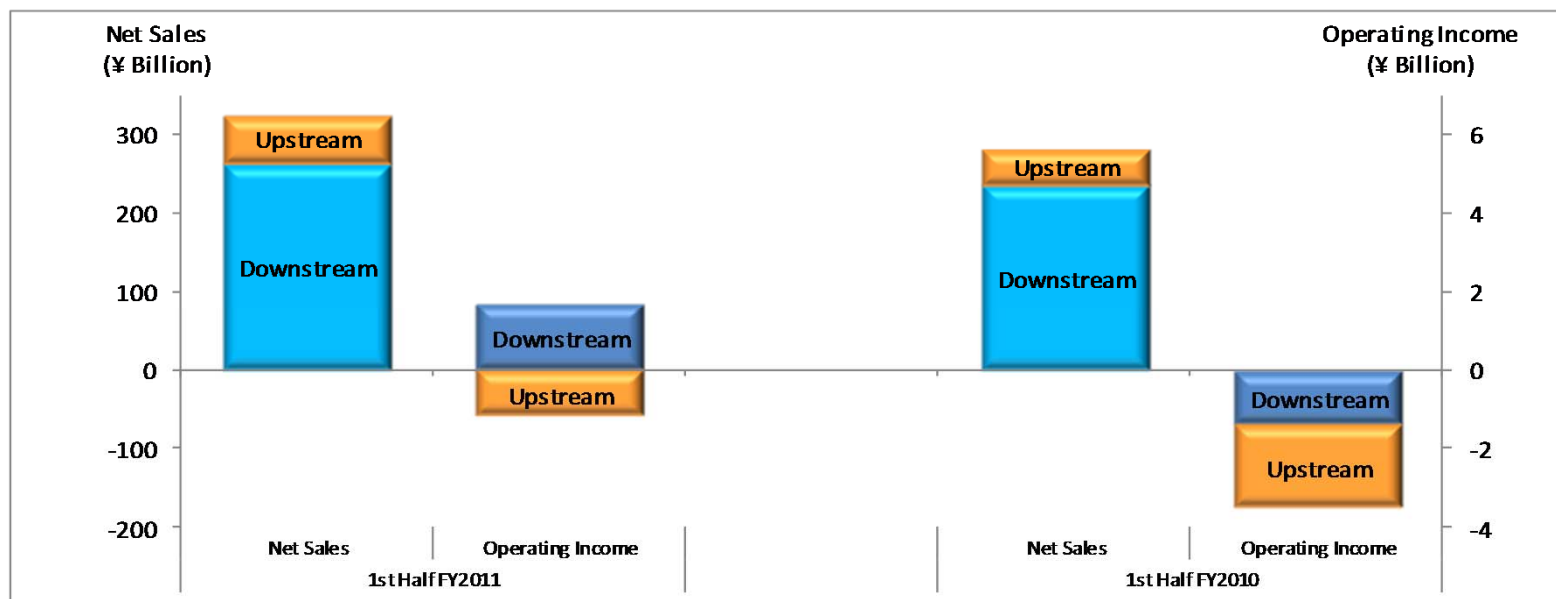
www.aochd.co.jp



Highlights of the Interim Period ended September 30, 2011

(¥Billion)

	1st Half FY2011 \$108.9/Bbl ¥80/\$			1st Half FY2010 \$76.0/Bbl ¥89/\$			Change \$ 32.9/Bbl - ¥9/\$		
	Upstream	Down-stream	Total	Upstream	Down-stream	Total	Upstream	Down-stream	Total (%)
Net Sales	61.1	265.1	326.2	45.7	237.3	283.0	15.4	27.8	43.2 (15)
Operating Income	-1.2	1.7	0.4	-2.1	-1.4	-3.6	0.9	3.1	4.0 (-)
Excl. Inventory Valuation		3.2	1.9		3.4	1.2		-0.1	0.7 (58)
Ordinary Income	- 1.5	0	-1.4	-5.3	-1.7	-7.0	3.7	1.7	5.5 (-)
Net Income	-1.3	0	-1.3	-3.0	-1.5	-4.5	1.6	1.5	3.2 (-)



Sales Volume and Prices of Crude Oils

	Sales Volume (Thousand Bbls/day)			Sales Prices (\$/Bbl)	
	1st Half FY2011	1st Half FY2010	Change (%)	1st Half FY2011	1st Half FY2010
Crude Oil under Crude Oil Sales and Purchase Agreement with Kuwait (Khafji crude oil)	38.9	38.3	2%	106.5	72.7
Interests oil (Ekofisk crude oil*)	0.2	0.2	0%	112.2	78.5
Total	39.1	38.5	2%	—	—

* January-June

Sales Volume of Petroleum Products

(Thousand Kiloliters)	1st Half FY2011	1st Half FY2010	Change (%)
Gasoline	885	1,047	-15.5%
Naphtha	112	160	-30.0%
Jet fuel	541	606	-10.7%
Kerosene	57	74	-23.0%
Diesel fuel (Gas oil)	723	810	-10.7%
Heavy fuel oil A	43	38	13.2%
Heavy fuel oil C (incl. for electric power)	433 (388)	391 (342)	10.7% (13.5%)
Benzene	75	92	-18.5%
Xylene	139	169	-17.8%
Propane and Propylene	68	93	-26.9%
Petroleum Pitch	159	182	-12.6%
Others	103	123	-16.3%
Sub-total	3,342	3,790	-11.8%
Barter deals	191	173	10.4%
Total	3,533	3,963	-10.9%
Crude refining volume	3,494	3,867	-9.6%

Net Sales by Segment and Segment Income

(¥Billion)	1st Half FY2011		1st Half 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
Net Sales	61.1	265.1	45.7	237.3	15.4	27.8
Segment Income	-1.5	0.0	-5.3	-1.7	3.7	1.8

(Internal transactions are eliminated.)

		Factors of Increase		Factors of Decrease	
Net Sales	Oil/Gas Development and Sales	Rise of sales prices	48%		
	Oil Refinery and Sales	Rise of sales prices	26%	Decrease of sales volume	-11%
Segment Income	Oil/Gas Development and Sales	Decrease of exchange loss Decrease of exploration cost	2.8bil 0.8bil		
	Oil Refinery and Sales	Effects of inventories Improvement of margin for petrochemical products	3.3bil 0.4bil	Deterioration of margin for petroleum pitch Non-operating loss	-0.2bil -0.3bil

Increase and Decrease in Consolidated Balance Sheet

(¥Billion)

	Sep. 30, 2011	Mar. 31, 2011	Change	Major Factors of Increase / Decrease
Current assets	207.7	206.8	0.8	Inventories -7.1 Accounts receivable-trade +9.4
Noncurrent assets	159.6	163.7	-4.0	
Property, plant and equipment	125.8	127.2	-1.4	Depreciation
Investments and other assets	32.1	34.7	-2.5	Loans to KGOC* -0.9
Total assets	367.3	370.5	-3.2	
Current liabilities	203.1	198.7	4.3	Accounts payable-trade -17.2 Short-term loans payable +8.8
Noncurrent liabilities	72.3	78.7	-6.3	Long-term loans payable -5.7 (for KGOC* -0.9) Provision for repairs -0.6
Total liabilities	275.4	277.4	-2.0	
Total net assets	91.8	93.0	-1.1	Retained earnings -1.3
Total liabilities and net assets	367.3	370.5	-3.2	

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

Consolidated Statements of Cash Flows

(¥Billion)	1st Half FY2011	1st Half FY2010	Major Factors in 1st half FY2011	
Net cash provided by (used in) operating activities	-5.9	28.9	Profit before income taxes	-1.7
			Depreciation	5.7
			Increase in accounts receivable-trade	-9.4
			Decrease in accounts payable-trade	-17.2
			Decrease in inventories	7.1
Net cash provided by (used in) investing activities	-0.6	-4.6	Proceeds from withdrawal of time deposits, net	1.1
			Purchase of fixed assets	-1.7
Net cash provided by (used in) financing activities	7.2	-23.2	Increase in short-term loans payable	8.9
			Decrease in long-term loans payable	-1.1
			Cash dividends paid	-0.4
Effect of exchange rate change on cash and cash equivalents	-0.0	-0.8		
Net increase/decrease in cash and cash equivalents	0.6	0.2		
Cash and cash equivalents at beginning of year	17.3	17.6		
Cash and cash equivalents at end of year	18.0	17.9		

AOC Holdings, Inc. (TSE:5017)



Forecast on Consolidated Financial Results for FY2011

(April 1, 2011-March 31, 2012)

Assumptions and Business Plan for FY2011

Assumptions

- ◆ Dubai crude oil price: \$109/Bbl (2nd Half: \$108/Bbl)
- ◆ Heavy-Light Crude Oil Price Gaps: \$4.5/Bbl (2nd Half: \$4.5/Bbl)
(Price differential between Arabian heavy and Arabian light crude oil)
- ◆ Exchange rate(yen/USD) ¥80/\$ (2nd Half: ¥80/\$)

Business Plan

Upstream Operations

- Early implementation of ongoing development projects
- Promotion of engineering and technical research business
- Crude oil sales plan : 41,000 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: 7,657,000 kls

Forecast on Sales of Crude Oils and Petroleum Products for FY2011

		FY2011 (Plan)	FY2010 (Actual)	Change
Crude Oil (Thousand Barrels/day)	Khafji crude oil*	40.7	36.9	10%
	Ekofisk crude oil (Norwegian North Sea)	0.2	0.2	0%
	Total	40.9	37.2	10%
Petroleum Products (Thousand Kiloliters)	Gasoline	1,788	1,982	-10%
	Naphtha	303	352	-14%
	Middle distillate	2,755	3,171	-13%
	Heavy fuel oil C (incl. for electric power)	1,230 (1,149)	734 (624)	68% (84%)
	Benzene and Xylene	481	522	-8%
	Others	822	810	1%
	Sub-total	7,381	7,571	-3%
	Barter deals	275	361	-24%
	Total	7,657	7,932	-3%
	Crude refining volume	7,613	7,818	-3%

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

Forecast on Consolidated Profit and Loss for FY2011

(¥Billion)	FY2011 (Plan) \$109.0/Bbl ¥80/\$			FY2010 (Actual) \$84.2/Bbl ¥86/\$			Change \$ 24.8/Bbl - ¥6/\$			
	Upstream	Down-stream	Total	Upstream	Down-stream	Total	Upstream	Down-stream	Total	(%)
Net Sales	127.0	557.0	684.0	93.1	477.9	571.1	34.0	79.1	113.0	(20)
Operating Income	-2.4	8.4	6.0	- 3.0	7.3	4.3	0.7	1.1	1.7	(40)
Excl. inventory valuation		7.7	5.3		7.8	4.8		-0.1	0.5	(10)
Ordinary Income	-2.3	5.0	2.7	-4.5	6.0	1.5	2.3	-1.1	1.2	(80)
Net Income	-1.7	4.6	2.9	- 1.2	5.2	4.0	-0.5	-0.6	-1.2	(-30)

Increase / Decrease Factors of Operating Income

(¥Billion)	Increase Factors	Decrease Factors
Upstream	Decrease of exploration cost	0.8
Downstream	Effects of inventories:	1.2
	Improvement of margins for;	
	- Petroleum products	1.2
	- Petrochemical products	0.7
		Deterioration of margin for Petroleum pitch
		-1.8

■ 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.

Tel: +81-3-5463-5065

Fax: +81-3-5463-5046

URL: <http://www.aochd.co.jp/>