

AOC Holdings, Inc. (TSE:5017)

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# Report on Performance in FY2010

(April 1, 2010 - March 31, 2011)

May 17, 2011  
AOC Holdings, Inc.

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[www.aochd.co.jp](http://www.aochd.co.jp)

# The Effects of the Great East Japan Earthquake and the Company's Response

## Effects caused by the Earthquake

### No Shutdown of Refining Facilities

Continued normal operation after safety inspection

### No Damage to the Refinery

No damage to refining facilities, tanks and shipping facilities

### No Effects on Operations

No effects on production and shipment

## Measures taken in response to the Earthquake

### Cancelled petroleum products export

Allocated products scheduled for export to domestic supply to cover shortage of the products in the domestic market.

Shipped petroleum products by drum to the quake-stricken areas and stepped up shipment of heavy fuel oil C for electric power

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## Consolidated Financial Results for FY2010

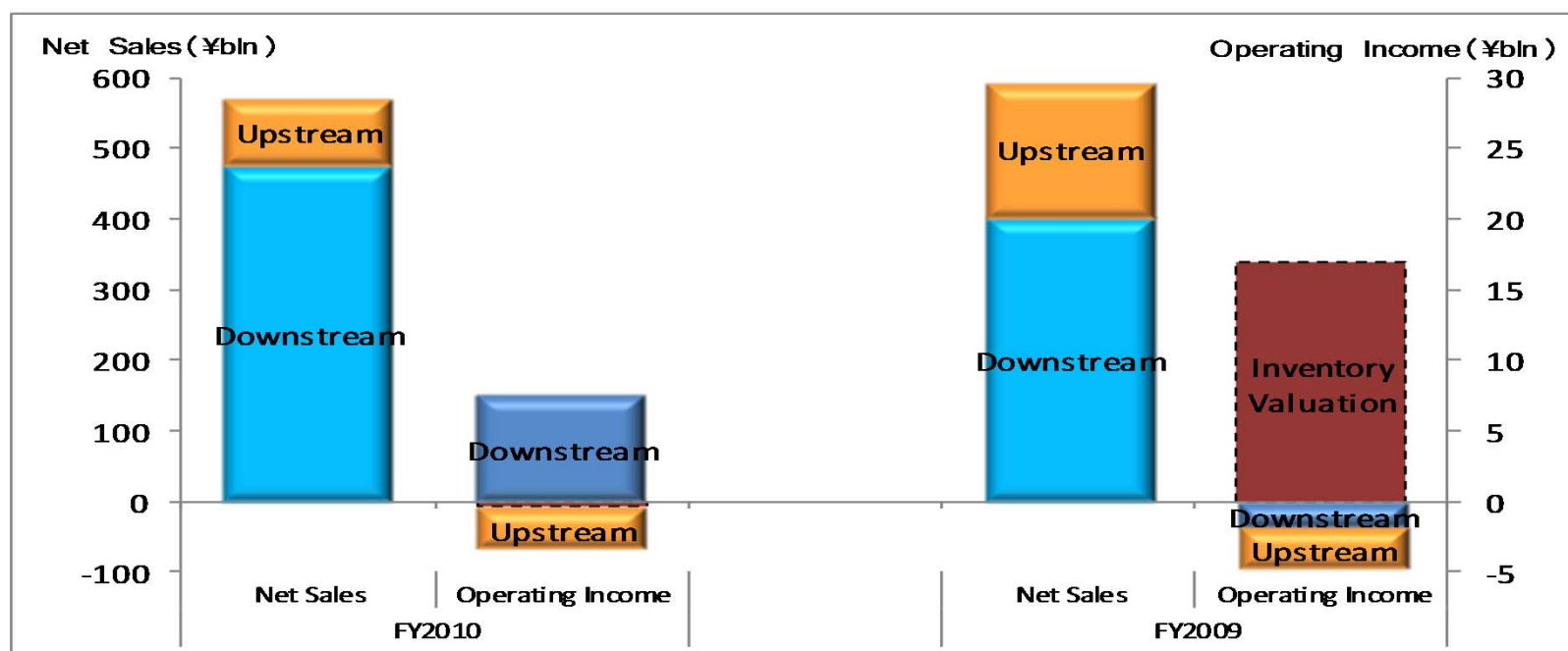


# Consolidated Financial Results for FY2010

- Changes from FY2009 -

(¥Billion)

	FY2010 \$84.2/Bbl    ¥86/\$			FY2009 \$69.6/Bbl    ¥93/\$			Change \$ 14.6/Bbl    -¥7/\$		
	Upstream	Down-stream	Total	Upstream	Down-stream	Total	Upstream	Down-stream	Total (%)
Net Sales	93.1	477.9	571.1	189.8	404.9	594.7	- 96.6	72.9	-23.6 (-4)
Operating Income	-3.0	7.3	4.3	-3.1	-1.8	-4.9	0	9.2	9.3 (-)
Excl. Inventory Valuation		7.8	4.8		-18.8	-21.9		26.6	26.7 (-)
Ordinary Income	- 4.5	6.0	1.5	-3.3	-3.9	-7.2	- 1.2	10.0	8.8 (-)
Net Income	-1.2	5.2	4.0	-2.7	-13.4	-16.1	1.4	18.7	20.1 (-)



## Sales Volume and Prices of Crude Oils

	Sales Volume (Thousand Bbls/day)			Sales Prices (\$/Bbl)	
	FY2010	FY2009	Change	FY2010	FY2009
Crude Oil under Crude Oil Sales and Purchase Agreement with Kuwait	36.9	81.4	-55%	79.71	68.15
Khafji crude oil	36.9	77.6	-52%	79.71	68.17
Hout crude oil	0	3.8	-		67.82
Interests oil	0.2	0.7	-71%		
Ekofisk crude oil * (Norwegian North Sea)	0.2	0.3	-33%	81.44	61.29
Nanhai Medium crude oil*	0	0.4	-		42.67
Total	37.2	82.1	-55%		

\* January-December

## Sales Volume of Petroleum Products

(Thousand Kiloliters)	FY2010	FY2009	Change
Gasoline	1,982	1,907	4%
Naphtha	352	356	-1%
Jet fuel	1,186	1,137	4%
Kerosene	252	186	35%
Diesel fuel (Gas oil)	1,642	1,310	25%
Heavy fuel oil A	91	154	-41%
Heavy fuel oil C (incl. for electric power)	734 (624)	640 (455)	15% (37%)
Benzene	181	142	27%
Xylene	340	286	19%
Propane and Propylene	197	166	19%
Pitch	366	289	27%
Others	240	217	11%
Sub-total	7,571	6,794	11%
Barter deals	361	498	-28%
Total	7,932	7,293	9%
incl. for export (excl. bunker fuel)	685	431	59%
Crude refining volume	7,818	6,496	20%

## Net Sales by Segment and Segment Income

	FY2010		FY2009		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	93.1	477.9	189.8	404.9	-96.6	72.9
Segment Income	-4.5	6.0	-3.3	-3.9	-1.2	10.0

(Internal transactions are eliminated.)

		Factors of Increase		Factors of Decrease	
Net Sales	Oil/Gas Development and Sales	Rise of sales prices	17%	Decrease of sales volume	-55%
	Oil Refinery and Sales	Increase of sales volume	9%		
		Rise of sales prices	13%		
Segment Income	Oil/Gas Development and Sales			Increase of exchange loss	-1.5bil
	Oil Refinery and Sales	Effects of opening inventories	+9.0bil	Valuation of closing inventories	-26.4bil
		Improvement of margins for;			
		- Petroleum products	+24.4bil		
		- Petrochemical products	+2.4bil		

## Increase and Decrease in Consolidated Balance Sheet

(¥Billion)

	Mar. 31, 2011	Mar. 31, 2010	Change	Major Factors of Increase / Decrease
<b>Current assets</b>	206.8	188.1	18.6	Inventories +32.9 Accounts receivable-trade -15.7
<b>Noncurrent assets</b>	163.7	188.0	-24.3	
Property, plant and equipment	127.2	135.7	-8.4	Purchase of assets +7.5 Depreciation -13.4
Investments and other assets	34.7	50.2	-15.5	Loans to KGOC*, etc. -11.5
<b>Total assets</b>	<b>370.5</b>	<b>376.2</b>	<b>-5.6</b>	
<b>Current liabilities</b>	198.7	198.9	-0.2	Accounts payable-trade +26.7 Short-term loans payable -22.8
<b>Noncurrent liabilities</b>	78.7	85.9	-7.1	Long-term loans payable -8.4 ( for KGOC* -11.5)
<b>Total liabilities</b>	<b>277.4</b>	<b>284.8</b>	<b>-7.4</b>	
<b>Total net assets</b>	<b>93.0</b>	<b>91.3</b>	<b>1.7</b>	
<b>Total liabilities and net assets</b>	<b>370.5</b>	<b>376.2</b>	<b>-5.6</b>	

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



## Consolidated Statements of Cash Flows

(¥Billion)	FY2010	FY2009	Major Factors in FY2010	
Net cash provided by (used in) operating activities	28.1	-41.0	Profit before income taxes	1.3
			Depreciation	13.4
			Decrease in accounts receivable-trade	13.5
			Increase in accounts payable-trade:	26.7
			Increase in inventories	-32.9
Net cash provided by (used in) investing activities	3.1	-13.7	Collection of loans receivable	10.9
			Purchase of fixed assets	-6.5
Net cash provided by (used in) financing activities	-30.0	43.7	Decrease in short-term loans payable:	-22.8
			Decrease in long-term loans payable:	-7.0
Effect of exchange rate change on cash and cash equivalents	-1.4	-0		
Net increase/decrease in cash and cash equivalents	-0.2	-11.1		
Cash and cash equivalents at beginning of year	17.6	28.7		
Cash and cash equivalents at end of year	17.3	17.6		

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# Forecast on Consolidated Financial Results for FY2011

# Assumptions and Business Plan for FY2011

## Assumptions

- ◆ Dubai crude oil price: \$105/Bbl
- ◆ Heavy-Light Crude Oil Price Gaps: \$4.50/Bbl  
(Price differential between Arabian heavy and Arabian light crude oil)
- ◆ Exchange rate(yen/USD) ¥83/\$

## Business Plan

### Upstream Operations

- Early implementation of ongoing development projects in Norway & Egypt
- 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: 7,475,000 kls

## Forecast on Sales of Crude Oils and Petroleum Products for FY2011

Crude Oil		FY2011 (Plan)	FY2010 (Actual)	Change
(Thousand Barrels/day)				
	Khafji crude oil*	40.0	36.9	8%
	Ekofisk crude oil (Norwegian North Sea)	1.2	0.2	600%
	Total	41.2	37.2	11%
Petroleum Products				
(Thousand Kiloliters)				
	Gasoline	1,840	1,982	-7%
	Naphtha	334	352	-5%
	Middle distillate	2,976	3,171	-6%
	Heavy fuel oil C (incl. for electric power )	957 (868)	734 (624)	30% (39%)
	Benzene and Xylene	499	522	-4%
	Others	716	810	-11%
	Sub-total	7,325	7,571	-3%
	Barter deals	150	361	-58%
	Total	7,475	7,932	-6%
	Incl. for export (excl. bunker fuel)	0	685	-100%
	Crude refining volume	7,660	7,818	-2%

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

## Forecast on Consolidated Profit and Loss for FY2011

	FY2011 \$105.0/Bbl ¥83/\$			FY2010 \$84.2/Bbl ¥86/\$			Change \$ 20.8/Bbl -¥3/\$				
	(¥Billion)	Upstream	Down-stream	Total	Upstream	Down-stream	Total	Upstream	Down-stream	Total	(%)
Net Sales		128.0	546.0	674.0	93.1	477.9	571.1	34.8	68.0	102.8	(18)
Operating Income		0	7.4	7.4	- 3.0	7.3	4.3	3.0	0	3.0	(70)
Excl. inventory valuation			5.8	5.8		7.8	4.8		-2.0	0.9	(-)
Ordinary Income		0.1	4.4	4.5	- 4.5	6.0	1.5	4.6	-1.6	2.9	(196)
Net Income		0	3.8	3.8	- 1.2	5.2	4.0	1.2	-1.4	-0.2	(-5)

### Increase / Decrease Factors of Operating Income

(¥Billion)	Increase Factors	Decrease Factors
Upstream	Increase of oil production in Norway: +2.0 Decrease of exploration cost in Norway: +0.8	
Downstream	Effects of inventories: +2.0	Deterioration of margin for Petroleum pitch: -2.2

■ 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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