

AOC Holdings, Inc. (TSE:5017)



Report on Performance in First Half of FY2010

(April 1, 2010-September 30, 2010)

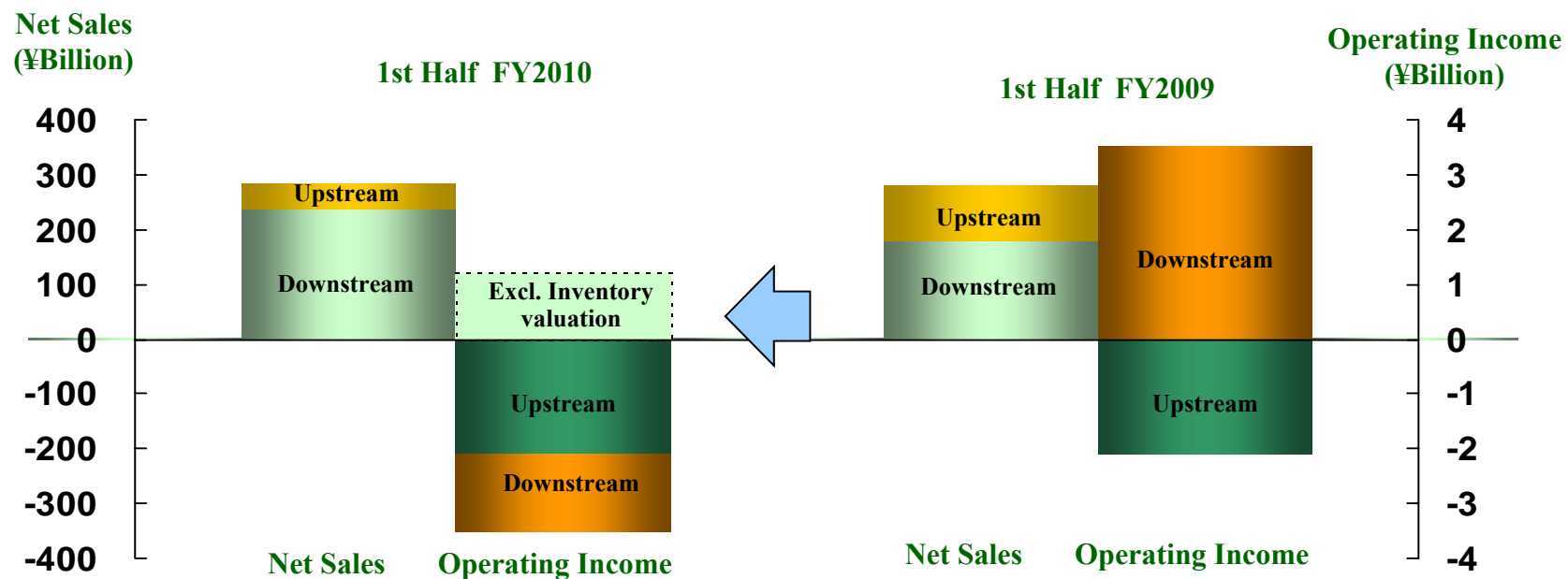
November 11, 2010

AOC Holdings, Inc.

Highlights of the Interim Period ended September 30, 2010

(¥Billion)	1st Half FY2010 \$76.0/Bbl ¥89/\$			1st Half FY2009 \$63.5/Bbl ¥96/\$			Change \$12.5/Bbl -¥7/\$		
	Upstream	Down- stream	Total	Upstream	Down- stream	Total	Upstream	Down- stream	Total(%)
Net Sales	45.7	237.3	283.0	99.0	180.2	279.3	- 53.3	57.1	37(1%)
Operating Income (Excl. inventory val.)	- 2.1	-1.4 3.4	-3.6 1.2	- 2.1	3.5 - 10.0	1.3 - 12.2	- 0.0	-4.9 13.4	-49 (-%) 134(-%)
Ordinary Income	- 5.3	-1.7	-7.0	- 2.9	2.9	0.0	- 2.3	-4.7	-70 (-%)
Net Income	-3.0	- 1.5	- 4.5	-2.7	- 1.0	- 3.7	-0.3	-0.5	-8 (-%)

(Notes) Crude oil price quoted above is that of Dubai.



Sales Volume & Prices of Crude Oils

	Sales Volume (1,000Bbls/day)			Sales Price (\$/Bbl)	
	1st Half FY2010	1st Half FY2009	Change (%)	1st Half FY2010	1st Half FY2009
Crude Oil Sales and Purchase Agreement	38.3	88.6	-57		
Khafji crude oil	38.3	83.6	-54	72.7	62.9
Hout crude oil	-	5.0	-	-	-
Interests Oil	0.2	1.1	-82		
Nanhai Medium crude oil *	-	0.7	-	-	42.7
Ekofisk crude oil *	0.2	0.4	-50	78.5	52.9
Total	38.5	89.7	-57	—	—

(* January – June)

Crude Refining Volume and Sales Volume of Petroleum Products

(Thousand Kiloliters)

	1st Half FY2010	1st Half FY2009	Change (%)
Gasoline	1,047	914	15
Naphtha	160	142	13
Jet fuel	606	481	26
Kerosene	74	40	85
Diesel fuel (Gas oil)	810	502	61
Heavy fuel oil A	38	77	-51
Heavy fuel oil C (incl. electric power company)	391 (342)	395 (297)	-1 (15)
Benzene	92	64	44
Xylene	169	111	52
Others	398	279	44
Subtotal	3,790	3,011	26
Barter deals	173	277	-38
Total	3,963	3,288	21
incl. export (excl. bunker fuel)	345	101	242
Crude Refining Volume	3,867	2,656	46

Net Sales & Operating Income by Segment

(¥Billion)	1st Half FY2010		1st Half FY2009		Change	
	Oil/Gas Development and Sales	Oil Refinery/Sales	Oil/Gas Development and Sales	Oil Refinery/Sales	Oil/Gas Development and Sales	Oil Refinery/Sales
Net Sales	45.7	237.3	99.0	180.2	- 53.3	57.1
Operating Income	- 2.1	-1.4	- 2.1	3.5	- 0.0	-4.9

Factors of Increase / Decrease

Factors of Increase / Decrease		Increase Factors	Decrease Factors
Net Sales	Oil/Gas Development & Sales	Rise of sales prices 15%	Decrease of sales volume -57%
	Oil Refinery/Sales	Increase of sales volume 21% Rise of sales prices 17%	
Operating Income	Oil/Gas Development & Sales	Improvement of margins for; - Petroleum products ¥12.8 bil - Petrochemical products ¥1.2 bil	Expiry of the contract of NHODC* -¥0.1 bil
	Oil Refinery/Sales		Effects of inventories -¥18.4 bil Deterioration of margin for Petroleum pitch -¥1.2 bil

*NHODC: New Huanan Oil Development Company, Ltd.

Breakdown of Non-operating Income/Expenses & Extraordinary Income / Loss

Non-operating Income / Expenses

(¥Million)	1st Half FY2010	1st Half FY2009	Change
Non-operating Income	1,713	863	850
Interest & Dividends	646	442	204
Equity in earnings of affiliates	741	110	631
Others	325	310	14
Non-operating Expenses	5,101	2,175	2,926
Interest	1,354	1,268	85
Foreign exchange loss	3,437	701	2,736
Others	308	205	103
Net Non-operating Income/Expenses	-3,387	-1,312	-2,075

Extraordinary Income / Loss

(¥Million)	1st Half FY2010	1st Half FY2009	Change
Extraordinary Income	1	-	1
Extraordinary Loss	66	550	- 484
Loss on retirement of noncurrent assets	66	550	- 484

Main Factors of Increase / Decrease in Consolidated Balance Sheet

(¥Billion)	Sep. 30 2010	Mar. 31 2010	Change	Factors of Increase / Decrease
Current assets	159.1	188.1	-29.0	Accounts receivable trade: -19.5 Inventories -7.4
Fixed assets	181.0	188.0	-6.9	
Tangible fixed assets	130.4	135.7	-5.3	Machinery and equipment -5.4
Investments and other assets	48.7	50.2	-1.4	Decrease by revaluation of loans to KGOC* -2.3
Total assets	340.2	376.2	-36.0	
Current liabilities	172.9	198.9	-26.0	Short-term loans payable -19.4 Accounts payable trade -4.9
Noncurrent liabilities	80.9	85.9	-4.9	Long-term loans payable (for KGOC*) -5.9 -2.3
Total liabilities	253.9	284.8	-30.9	
Total net assets	86.2	91.3	-5.0	Retained earnings -4.5
Total liabilities and net assets	340.2	376.2	-36.0	

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

Consolidated Statements of Cash Flows

(¥ Billion)

	1st Half FY2010	1st Half FY2009	Major items incurred in 1st half FY2010
Net cash provided by (used in) operating activities	28.9	-12.0	Loss before income taxes: -7.0 Depreciation: +7.1 Decrease in accounts receivable-trade: +19.5 Decrease in inventories: +7.4 Decrease in accounts payable-trade: -4.9
Net cash used in investing activities	-4.6	-6.7	Purchase of fixed assets: -3.4 Investment for exploration and development: -1.1
Net cash provided by(used in) financing activities	-23.2	18.9	Net decrease in short-term loans payable: -19.5 Net decrease in long-term loans payable: -3.5
Effect of exchange rate change on cash and cash equivalents	-0.8	0.0	
Net increase in cash and cash equivalents	0.2	0.1	
Cash and cash equivalents at beginning of year	17.6	28.7	
Cash and cash equivalents at end of 1st half	17.9	28.8	

AOC Holdings, Inc. (TSE:5017)



Forecast on Consolidated Financial Results for FY2010
(April 1, 2010-March 31, 2011)

Outlook of Business Environment and Business Plan for 2nd Half

▶ Assumptions:

- ◆ Dubai Crude price: \$78/Bbl (2nd Half: \$80.0/Bbl)
- ◆ Price differential : \$2.9/Bbl (2nd Half: \$3.0/Bbl)
(Arab light – Arab heavy)
- ◆ Exchange rate: ¥87/\$ (2nd Half: ¥85/\$)

▶ Business Plan

Upstream Operations

- Identifying new development and production projects
- Early implementation of ongoing development projects in Norway & Egypt
- Promotion of engineering and technical research business
- Crude oil sales plan : 40,000 Bbls/day

Downstream Operations

- Maintaining stable operations of Sodegaura Refinery
- Flexible and agile utilization of state-of-the-art facilities
- Petroleum products sales plan : 7,844,000 kls

Sales Forecast of Crude Oils & Petroleum Products for FY2010

Crude Oil (Thousand Barrels/day)

	FY 2010 (Plan)	FY 2009 (Actual)	Change (%)
Khafji crude oil	40.1	77.6	- 48
Hout crude oil	-	3.8	-
Nanhai Medium crude oil *	-	0.4	-
Ekofisk crude oil *	0.3	0.3	- 0
Total	40.4	82.1	- 51

(* January – December)

Petroleum Products (Thousand Kiloliters)

Gasoline	2,016	1,907	6
Naphtha	385	356	8
Middle distillate	3,185	2,788	14
Heavy fuel oil C (incl. for electric power Company)	673 (582)	640 (455)	5 (28)
Benzene / Xylene	519	428	21
Others	813	672	21
Subtotal	7,593	6,794	12
Barter deals	291	498	-42
Total	7,884	7,293	8
Incl. for export (excl. bunker fuel)	815	431	89
Crude refining volume	7,828	6,496	20

Forecast on Consolidated Profit & Loss for FY2010

(¥Billion)	FY2010 (Plan) \$78.0/Bbl ¥87/\$			FY2009 (Actual) \$69.6/Bbl ¥93/\$			Change \$8.4/Bbl - ¥6/\$		
	Upstream	Down-stream	Total	Upstream	Down-stream	Total	Upstream	Down-stream	Total (%)
Net Sales	96.5	448.5	545.0	189.8	404.9	594.7	-93.3	43.5	-49.7(-8%)
Operating Income (Excl. inventory val.)	-3.4	2.7 (7.0)	-0.7 (3.6)	-3.1	-1.8 (- 18.8)	-4.9 (-21.9)	-0.2	4.5 (25.8)	4.2(-%) (25.5)(-%)
Ordinary Income	-3.0	1.2	- 1.8	-3.3	-3.9	-7.2	0.3	5.1	5.4 (-%)
Net Income	- 1.6	1.7	0.1	-2.7	-13.4	-16.1	1.1	15.1	16.2 (-%)

(Notes) Crude oil price quoted above is that of Dubai.

Increase / Decrease Factors of Operating Income	Increase Factors	Decrease Factors
Upstream	Decrease of exploration cost ¥0.2 bil	Expiry of the contract of NHODC*: -¥0.1 bil Decrease of interest oil sales volume : -¥0.3 bil
Downstream	Improvement of margins for; - Petroleum products: ¥23.6 bil - Petrochemical products: ¥1.8 bil	Effects of inventories: -¥21.2 bil Deterioration of margin for Petroleum pitch : -¥0.1 bil

*NHODC: New Huanan Oil Development Company, Ltd.

■ **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/>