

CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD

Third Quarter 2003 Financial Statement Announcement

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the
corresponding period of the immediately preceding financial year

Group	3Q 2003	3Q 2002	inc/(decr)	Jan-Sep 2003	Jan-Sep 2002	inc/(decr)
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	511,837	501,769	10,068	1,513,789	1,117,511	396,278
Cost of Revenue	(498,477)	(495,136)	3,341	(1,480,339)	(1,086,174)	394,165
Gross Profit	13,360	6,633	6,727	33,450	31,337	2,113
Other Income	361	759	(398)	7,787	2,303	5,484
Distribution costs	(140)	(93)	47	(276)	(152)	124
Administration costs	(103)	(99)	4	(476)	(337)	139
Other operating costs	(5,431)	(5,955)	(524)	(14,472)	(11,855)	2,617
Profit from operating activities	8,047	1,245	6,802	26,013	21,296	4,717
Finance costs	(3,204)	(457)	2,747	(4,216)	(1,172)	3,044
Share of result of associated company	6,610	9,141	(2,531)	24,663	9,141	15,522
Profit Before Taxation	11,453	9,929	1,524	46,460	29,265	17,195
Taxation	(1,060)	(1,886)	(826)	(6,674)	(3,690)	2,984
Net Profit After Tax	10,393	8,043	2,350	39,786	25,575	14,211
Note 1:						
Profit from operating activities is derived after charging the following items:-						
Interest on borrowing	149	248	(99)	652	549	103
Depreciation and amortization	802	799	3	2,399	1,087	1,312
FX loss	342	375	(33)	429	3,368	(2,939)

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement
as at the end of the immediately preceding financial year

Balance Sheets	Group			Company		
	As at	As at		As at	As at	
	30-Sep-03	31-Dec-02	incr/(decr)	30-Sep-03	31-Dec-02	incr/(decr)
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Non-Current Assets						
Fixed Assets	17,657	17,758	(101)	17,507	17,597	(90)
Subsidiary company	0	0	0	542	385	157
Associated company	83,902	95,332	(11,430)	60,827	79,248	(18,421)
Investment	109,476	109,328	148	109,476	109,328	148
	211,035	222,418	(11,383)	188,352	206,558	(18,206)
Current Assets						
Inventory	12	10,548	(10,536)	0	10,548	(10,548)
Trade Debtors	117,124	107,118	10,006	117,038	107,097	9,941
Other Debtors, deposits and prepayment	43,133	43,711	(578)	43,001	43,686	(685)
Amount due from Holding Company	809	0	809	809	0	809
Amount due from Related Company	300	292	8	300	200	100
Fixed deposits	100,989	46,724	54,265	100,959	46,694	54,265
Cash and bank balances	6,984	6,183	801	6,659	5,858	801
	269,351	214,576	54,775	268,766	214,083	54,683
Current Liabilities						
Trade Creditors	126,440	86,411	40,029	126,460	86,372	40,088
Accrued staff costs	3,492	6,336	(2,844)	3,466	6,270	(2,804)
Other creditors and accruals	33,733	44,505	(10,772)	33,721	44,485	(10,764)
Amount due to Related Company	69,961	0	69,961	69,961	0	69,961
Amount due to Holding Company	0	78,246	(78,246)	0	78,246	(78,246)
Amount due to Subsidiary Company	0	0	0	0	173	(173)
Trust receipt payables	34,156	41,675	(7,519)	34,156	41,675	(7,519)
Provision for taxation	1,764	3,007	(1,243)	1,764	2,996	(1,232)
	269,546	260,180	9,366	269,528	260,217	9,311
Net Current Liability	(195)	(45,604)	45,409	(762)	(46,134)	45,372
Deferred tax	(82)	(82)	0	(82)	(82)	0
	210,758	176,732	34,026	187,508	160,342	27,166
Capital and reserves						
Share capital	34,560	28,800	5,760	34,560	28,800	5,760
Share premium	63,977	69,737	(5,760)	63,977	69,737	(5,760)
Accumulated profits	112,221	72,435	39,786	88,971	56,045	32,926
Dividend reserve	0	5,760	(5,760)	0	5,760	(5,760)
	210,758	176,732	34,026	187,508	160,342	27,166

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30/09/2003		As at 31/12/2002	
Secured	Unsecured	Secured	Unsecured
0	34,156 K	0	41,675 K

Amount repayable after one year

As at 30/09/2003		As at 31/12/2002	
Secured	Unsecured	Secured	Unsecured
0	0	0	0

Details of any collateral

Not Applicable

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Cash flow statement	Group		Group	
	Jul to Sep 03	Jul to Sep 02	Jan to Sep 03	Jan to Sep02
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flow from operating activities				
Profit before taxation	11,453	9,929	46,460	29,265
Adjustments for:				
Depreciation of fixed assets	182	179	539	467
Amortization of Goodwill	620	620	1,860	620
Gain on sale of fixed assets	0	0	0	(490)
Interest expenses	149	248	652	549
Interest income	(344)	(712)	(771)	(1,721)
Dividend Income- CLH	0	0	(6,977)	0
Share of profit of associated company	(6,610)	(9,141)	(24,663)	(9,141)
Operating profit before reinvestment in working capital	5,450	1,123	17,100	19,549
(Increase)/decrease in Inventory	7,665	0	10,536	0
(Increase)/decrease in trade debtors	(35,751)	(65,446)	(10,006)	(4,392)
(Increase)/decrease in other debtors, deposits and prepayments	3,863	8,999	578	6,317
(Increase)/decrease in amount due from related company	0	(968)	(8)	(968)
(Increase)/decrease in amount due from Holding Company	(809)	0	(809)	0
Increase/(decrease) in amount due to Holding Company	809	(188)	(78,246)	(518)
Increase/(decrease) in amount due to Related Company	(8,285)	0	69,961	0
Increase/(decrease) in trade creditors	32,974	76,726	40,029	64,323
Increase/(decrease) in other creditors and accruals	(1,108)	(11,592)	(10,772)	(9,847)
Increase/(decrease) in accrued staff costs	(4,737)	1,547	(2,844)	1,547
Increase/(decrease) in trust receipt payables	18,238	(14,245)	(7,519)	(41,902)
Cash generated from operations	18,309	(4,044)	28,000	34,109
Income tax paid	(1,286)	(606)	(4,365)	(3,152)
Interest received	344	712	771	1,721
Interest paid	(149)	(248)	(652)	(549)
Net cash from operating activities	17,218	(4,186)	23,754	32,129
Cash flow from investing activities				
Proceeds from sale of fixed assets	0	0	0	3,738
Purchase of fixed assets	(274)	(124)	(440)	(7,489)
Expenses incurred in investment in SPIA	0	(386)	(63)	(386)
Purchase of investment in CLH and club membership	0	(106,544)	(148)	(106,544)
Dividend Received-SPIA	30,746	0	30,746	0
Dividend Received-CLH	0	0	6,977	0
Net cash used in investing activities	30,472	(107,054)	37,072	(110,681)
Cash flow from financing activities				
IPO Expenses	0	0	0	(170)
Dividend paid on ordinary shares	(4,320)	(18,000)	(5,760)	(18,000)
Net cash generated from financing activities	(4,320)	(18,000)	(5,760)	(18,170)
Net increase in cash and cash equivalents	43,370	(129,240)	55,066	(96,722)
Cash and cash equivalents at beginning of period	64,603	172,488	52,907	139,970
Cash and cash equivalent at end of period	107,973	43,248	107,973	43,248

- 1(d)(i) **A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

Changes in equity	Group		Group		Company		Company	
	Jul-Sep 03	Jul-Sep 02	Jan to Sep 03	Jan to Sep 02	Jul to Sep 03	Jul to Sep 02	Jan to Sep 03	Jan to Sep 02
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Issued Share Capital								
Balance at beginning of period	34,560	28,800	28,800	28,800	34,560	28,800	28,800	28,800
Bonus issue of ordinary shares	0	0	5,760	0	0	0	5,760	0
Balance at end of period	34,560	28,800	34,560	28,800	34,560	28,800	34,560	28,800
Share Premium								
Balance at beginning of period	63,977	69,757	69,737	69,927	63,977	69,757	69,737	69,927
Amount capitalised for issue of bonus shares	0	0	(5,760)	0	0	0	(5,760)	0
Expenses on issuance of ordinary shares	0	0	0	(170)	0	0	0	(170)
Balance at end of period	63,977	69,757	63,977	69,757	63,977	69,757	63,977	69,757
Accumulated Profits								
Balance at beginning of period	101,828	47,503	72,435	29,971	71,346	47,649	56,045	30,300
Profit for the period	10,393	8,043	39,786	25,575	17,625	649	32,926	17,998
Balance at end of period	112,221	55,546	112,221	55,546	88,971	48,298	88,971	48,298
Dividend Reserve								
Balance at beginning of period	0	18,000	5,760	18,000	0	18,000	5,760	18,000
Final dividends paid	0	(18,000)	(5,760)	(18,000)	0	(18,000)	(5,760)	(18,000)
Balance at end of period	0	0	0	0	0	0	0	0

- 1(d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

Nil

2. **Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

No

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not Applicable

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

Yes

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

None

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

Earnings per ordinary share for the period after deducting any provision for preference dividends:	3Q 2003	3Q 2002
(i) Based on the weighted average number of ordinary shares in issue; and	1.5 cents	1.4 cents
(ii) On a fully diluted basis	1.5 cents	1.4 cents
(To disclose the basis used in arriving at the weighted average number of shares ('000) for the purposes of (c)(i) above and to provide details of any adjustments made for the purpose of (ii) above)	691,200	576,000

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	Group		Company	
	30/9/2003	31/12/2003	30/09/2003	31/12/2002
Net asset value per ordinary share based on issued share capital as at the end of the period reported on	30.5 cents	30.7 cents	27.1 cents	27.8 cents
Number of Ordinary shares issued ('000)	691,200	576,000	691,200	576,000

- 8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

The Group achieved net profit after tax of S\$10.4 million for the third quarter of 2003 compared to S\$8.0 million for the corresponding period of 2002, an increase of 29.2%. Turnover increased by S\$10.0 million or 2.0% to S\$511.8 million from S\$501.8 million in third quarter of 2002.

Gross profit increased to S\$13.4 million compared to S\$6.6 million, an increase of 101.4%. Record sales of jet fuel procurement volume posted in the third quarter of 2003 coupled with healthy international oil trading profitability contributed to the strong growth in the gross profit.

Operating expenses increase by S\$3.4 million due to the increased number of staff that the Group employed for its expansion in international oil trading, including traders and the necessary support staff. In addition, the Group incurred S\$2.8 million arrangement fee for its syndicated loans, which were expensed in 3Q 2003.

The Group's share of profits before tax from associated companies decreased from S\$9.1 million in 3Q 2002 to S\$6.6 million in 3Q 2003, a decrease of 27.7%. The decrease was due to an increase in international oil prices without any corresponding increase in selling price, which is set by the Chinese Government, and the mix between imports and domestic supply that the Pudong associate provided.

In 3Q 2003, the Company received from Pudong a distribution of retained earnings of RMB 39.6 million (S\$8.3 million) accrued in years prior to 2002. This was offset against the purchase price for Pudong. In addition, the company received from Pudong a dividend of RMB 105.6 million (S\$22.4 million), which was paid out of the financial year 2002 profit. The distribution of the retained earnings and the dividend from financial year 2002 profit have no effect on the results of the Group.

In July 2003, the Group signed a syndicated loan agreement with 10 banks for a transferable term credit facility of US\$160 million. The proceeds of the loan would be used for working capital and to finance any investment opportunities that are successfully negotiated by the Group. As of the date of this announcement, the loan facility has not been drawn down.

- 9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

No variance from previous statement.

- 10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

There has been a steady increase in jet fuel procurement volume for China since the ending of the SARS epidemic. The 3rd quarter jet fuel procurement volume was the highest to-date, and the Group expects the 4th quarter procurement volume to be the highest for the year 2003.

The Group is currently engaged in negotiations to invest in assets in China, USA and ASEAN. The conclusion of any deal depends on the Group being satisfied that the investments meet or exceed the investment criteria laid down by the Group – must be oil related; may involve infrastructure; must offer opportunity for synergy with our existing business lines, and more broadly with the Group three-pronged strategy; and must be available at a fair price.

The Group expects that the current soft interest rate environment may change in the near term. The US economy is expected to grow, and though pronouncements have been made to the effect that the US Federal Reserve is not expected to adjust rates in the near term, the Group has had discussions with banks on the possibility of hedging interest rate exposure on the syndicated loan in the event that the syndicated loan is drawn down.

The reduction in Shanghai Pudong's gross margin is expected to carry forward to the 4th quarter of 2003.

As in the 3rd quarter, the effect will carry through to the net profit of Shanghai Pudong and ultimately the Group's share of Pudong's net profit. However, the effect on the Group's performance may be offset by contributions from the volume increase in jet fuel procurement.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
None

(c) Date payable

Not Applicable

(d) Books closure date

Not Applicable

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared / recommended

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

Not Applicable

- 14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Not Applicable

- 15. A breakdown of sales**

Not Applicable

- 16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year ()	Previous Full Year ()
Ordinary		
Preference		
Total:		

BY ORDER OF THE BOARD

Adrian Chang
Company Secretary
13/11/2003
Singapore
Adrian Chang
Company Secretary

13/11/2003