



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
(Company Registration No. 199303293Z)
Third Quarter Financial Statement For The Period Ended 30 September 2013

PART I - INFORMATION REQUIRED FOR 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.

These figures have not been audited:

	Group			Group		
	3Q 2013	3Q 2012	Variance	YTD 3Q 2013	YTD 3Q 2012	Variance
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Revenue (Note 1)	3,667,547	3,784,506	-3.09%	11,218,577	10,401,071	7.86%
Cost of sales	(3,660,428)	(3,774,016)	-3.01%	(11,177,645)	(10,366,900)	7.82%
Gross Profit	7,119	10,490	-32.14%	40,932	34,171	19.79%
Other operating income (Note 2)	2	109	-98.17%	188	169	11.24%
Administrative expenses	(6,887)	(3,399)	102.62%	(14,313)	(9,450)	51.46%
Other operating expenses	(695)	(1,570)	-55.73%	(1,896)	(1,899)	-0.16%
Finance costs	(1,066)	(1,637)	-34.88%	(3,623)	(3,876)	-6.53%
Operating Profit	(1,527)	3,993	-138.24%	21,288	19,115	11.37%
Share of results of associates (net of tax) (Note 3)	23,994	7,200	233.25%	37,133	27,951	32.85%
Profit before income tax	22,467	11,193	100.72%	58,421	47,066	24.13%
Tax expense (Note 4)	(640)	2,034	NM	(1,698)	970	NM
PROFIT FOR THE PERIOD	21,827	13,227	65.02%	56,723	48,036	18.08%
Attributable to:						
Equity holders of the Company	21,827	13,227	65.02%	56,723	48,036	18.08%

Consolidated statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Comprehensive Income

	Group			Group		
	3Q 2013	3Q 2012	Variance	YTD 3Q 2013	YTD 3Q 2012	Variance
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
PROFIT FOR THE PERIOD	21,827	13,227	65.02%	56,723	48,036	18.08%
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of the financial statements of foreign associates ⁽¹⁾	2,854	2,774	2.88%	2,488	507	390.73%
Other comprehensive income for the period, net of tax	2,854	2,774	2.88%	2,488	507	390.73%
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	24,681	16,001	54.25%	59,211	48,543	21.98%
Total comprehensive income attributable to:						
Owners of the parent	24,681	16,001	54.25%	59,211	48,543	21.98%

(1) Exchange differences on translation of the financial statements of foreign associates will be reclassified to profit and loss in the event of a disposal of the investments in foreign associates.

Profit before income tax is derived at after crediting / (charging):

	Group			Group		
	3Q 2013 US\$'000	3Q 2012 US\$'000	Var + / - %	YTD 3Q 2013 US\$'000	YTD 3Q 2012 US\$'000	Var + / - %
Depreciation of property, plant and equipment	(199)	(195)	2.05%	(596)	(579)	2.94%
Amortisation of intangible assets	(107)	(26)	311.54%	(874)	(78)	NM
Interest expense	(354)	(476)	-25.63%	(1,189)	(944)	25.95%
Bank interest income	73	55	32.73%	166	152	9.21%
Foreign exchange (loss)/gain	(71)	54	NM	22	(31)	NM
Write back/(provision) for doubtful debts	55	(787)	NM	55	(773)	NM

Note 1: Revenue

	Group			Group		
	3Q 2013 US\$'000	3Q 2012 US\$'000	Var + / - %	YTD 3Q 2013 US\$'000	YTD 3Q 2012 US\$'000	Var + / - %
Revenue from middle distillates	2,999,715	3,305,364	-9.25%	9,237,529	9,148,532	0.97%
Revenue from other oil products	667,832	479,142	39.38%	1,981,048	1,252,539	58.16%
	3,667,547	3,784,506	-3.09%	11,218,577	10,401,071	7.86%

Note 2: Other operating income

	Group			Group		
	3Q 2013 US\$'000	3Q 2012 US\$'000	Var + / - %	YTD 3Q 2013 US\$'000	YTD 3Q 2012 US\$'000	Var + / - %
Bank interest income	73	55	32.73%	166	152	9.21%
Foreign exchange (loss)/gain	(71)	54	NM	22	(31)	NM
Other income	-	-	NM	-	48	NM
	2	109	-98.17%	188	169	11.24%

Note 3: Share of results of associates

	Group			Group		
	3Q 2013 US\$'000	3Q 2012 US\$'000	Var + / - %	YTD 3Q 2013 US\$'000	YTD 3Q 2012 US\$'000	Var + / - %
Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong") (Note (i))	20,822	6,624	214.34%	36,565	26,249	39.30%
China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL")	577	628	-8.12%	1,524	1,466	3.96%
China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan")	63	173	-63.58%	300	437	-31.35%
Oilhub Korea Yeosu Co., Ltd ("OKYC")	2,532	(225)	NM	(1,256)	(201)	NM
	23,994	7,200	233.25%	37,133	27,951	32.85%

Note (i): The increase is mainly due to a one-off credit of US\$11.92 million resulting from the reversal of provision for past claims relating to customs duties and value added tax.

Note 4: Tax expense

The tax expense was mainly attributable to the recognition of deferred tax liabilities on the Company's share of undistributed retained earnings from associates and provision of tax for income earned by a subsidiary during the period. The undistributed retained earnings from associates in China is subject to withholding tax. Deferred tax asset arises from the recognition of timing differences attributable to unrelieved tax losses. An additional deferred tax assets of approximately US\$2.44 million was recognised in the period ended 30 September 2012.

NM denotes "not meaningful"

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

Statement of Financial Position

	Group		Company	
	As at 30 Sep 13 US\$'000	As at 31 Dec 12 US\$'000	As at 30 Sep 13 US\$'000	As at 31 Dec 12 US\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	7,517	8,046	7,473	7,992
Intangible assets	2,172	1,975	991	160
Subsidiaries	-	-	25,114	25,329
Associates (Note 1)	250,599	248,874	81,236	111,526
Deferred tax assets	7,087	7,093	7,083	7,083
	267,375	265,988	121,897	152,090
Current assets				
Inventories	73,537	18,572	70,573	15,568
Trade and other receivables	1,061,059	1,284,636	1,007,546	1,218,242
Cash and cash equivalents	65,328	81,144	52,598	75,290
	1,199,924	1,384,352	1,130,717	1,309,100
Total assets	1,467,299	1,650,340	1,252,614	1,461,190
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	215,573	215,573	215,573	215,573
Retained earnings	259,140	213,989	162,509	117,253
Other components of equity	32,591	30,371	(5,482)	(5,211)
Total equity	507,304	459,933	372,600	327,615
Non-current liabilities				
Deferred tax liabilities	5,709	6,194	-	-
Current liabilities				
Trade and other payables	924,912	1,182,184	871,974	1,132,771
Loans and borrowings	28,681	1,666	8,040	804
Current tax liabilities	693	363	-	-
	954,286	1,184,213	880,014	1,133,575
Total liabilities	959,995	1,190,407	880,014	1,133,575
Total equity and liabilities	1,467,299	1,650,340	1,252,614	1,461,190

Note 1: Associates, Pudong and TSN-PEKCL had declared a total dividend of US\$37.95 million in 2Q 2013 of which US\$36.05 million, net of withholding tax, is expected to be received at the end of 2013. The amount of dividend receivable was recorded as a reduction in Associates with the corresponding entry in trade and other receivables. The share of results from associates for YTD 3Q 2013 was US\$37.13 million and the impact on foreign currency translation reserve was US\$2.49 million.

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 Sep 2013		As at 31 Dec 2012	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	28,681	0	1,666

Amount repayable after one year

As at 30 Sep 2013		As at 31 Dec 2012	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	0	0	0

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

Consolidated Statement of Cash Flows

	3Q 2013	3Q 2012	YTD 3Q 2013	YTD 3Q 2012
	US\$'000	US\$'000	US\$'000	US\$'000
Operating activities				
Profit for the period	21,827	13,227	56,723	48,036
Adjustments for items not involving outlay of funds:-				
Depreciation of property, plant and equipment	199	195	596	579
Amortisation of intangible assets	107	26	874	78
(Write back)/provision for doubtful debts	(55)	787	(55)	773
Share of results of associates (net of tax)	(23,994)	(7,200)	(37,133)	(27,951)
Interest income	(73)	(55)	(166)	(152)
Interest expense	354	476	1,189	944
Tax expense/(credit)	641	(2,034)	1,698	(970)
Share-based payment	-	107	(271)	294
Unrealised exchange differences	(4)	(21)	(123)	(158)
	<u>(998)</u>	<u>5,508</u>	<u>23,332</u>	<u>21,473</u>
Changes in working capital				
Inventories	(49,146)	1,965	(54,965)	21,221
Trade and other receivables	2,667	(42,171)	259,503	(246,810)
Trade and other payables	(2,853)	96,962	(257,245)	304,589
	<u>(50,330)</u>	<u>62,264</u>	<u>(29,375)</u>	<u>100,473</u>
Tax paid	(3)	(7)	(3)	(16)
Cash flows (used in)/from operating activities	<u>(50,333)</u>	<u>62,257</u>	<u>(29,378)</u>	<u>100,457</u>
Investing activities				
Interest received	78	55	166	162
Purchase of property, plant and equipment	(22)	(123)	(96)	(209)
Purchase of intangible assets	(66)	-	(1,071)	-
Acquisition of subsidiaries, net of cash acquired	-	-	-	(8,725)
Acquisition of associate	-	-	-	(28,785)
Dividends received from associate	181	-	181	2,260
Cash flows from/(used in) investing activities	<u>171</u>	<u>(68)</u>	<u>(820)</u>	<u>(35,297)</u>
Financing activities				
Interest paid	(352)	(508)	(1,187)	(927)
Proceeds from loans and bank borrowings	57,522	119,641	192,364	230,915
Repayment of loans and bank borrowings	(91,621)	(134,212)	(165,349)	(228,923)
Dividend paid	-	-	(11,569)	(11,555)
Cash flows (used in)/from financing activities	<u>(34,451)</u>	<u>(15,079)</u>	<u>14,259</u>	<u>(10,490)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(84,613)</u>	<u>47,110</u>	<u>(15,939)</u>	<u>54,670</u>
Cash and cash equivalents at beginning of the period	149,937	95,762	81,144	88,065
Net effect of exchange rate fluctuations on cash held	4	21	123	158
Cash and cash equivalents at end of the period	<u>65,328</u>	<u>142,893</u>	<u>65,328</u>	<u>142,893</u>

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Changes in Equity

	Share capital US\$'000	Retained earnings US\$'000	Treasury shares US\$'000	Share option reserve US\$'000	Foreign currency translation reserve US\$'000	Statutory reserve US\$'000	Total equity US\$'000
THE GROUP							
As at 1 January 2012	215,573	159,884	(5,482)	54	23,140	8,166	401,335
Total comprehensive income for the period	-	48,036	-	-	507	-	48,543
Dividend paid in respect of 2011	-	(11,555)	-	-	-	-	(11,555)
Share-based payment transaction	-	-	-	294	-	-	294
As at 30 September 2012	215,573	196,365	(5,482)	348	23,647	8,166	438,617
As at 1 January 2013	215,573	213,989	(5,482)	271	26,888	8,694	459,933
Total comprehensive income for the period	-	56,723	-	-	2,488	-	59,211
Dividend paid in respect of 2012	-	(11,569)	-	-	-	-	(11,569)
Transfer from retained earnings to statutory reserve	-	(3)	-	-	-	3	-
Share-based payment transaction	-	-	-	(271)	-	-	(271)
As at 30 September 2013	215,573	259,140	(5,482)	-	29,376	8,697	507,304

Statement of Changes in Equity

	Share capital US\$'000	Retained earnings US\$'000	Share option reserve US\$'000	Treasury shares US\$'000	Total equity US\$'000
THE COMPANY					
As at 1 January 2012	215,573	62,025	54	(5,482)	272,170
Total comprehensive income for the period	-	62,838	-	-	62,838
Dividend paid in respect of 2011	-	(11,555)	-	-	(11,555)
Share-based payment transaction	-	-	294	-	294
As at 30 September 2012	215,573	113,308	348	(5,482)	323,747
As at 1 January 2013	215,573	117,253	271	(5,482)	327,615
Total comprehensive income for the period	-	56,825	-	-	56,825
Dividend paid in respect of 2012	-	(11,569)	-	-	(11,569)
Share-based payment transaction	-	-	(271)	-	(271)
As at 30 September 2013	215,573	162,509	-	(5,482)	372,600

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.

Share Capital

There were no movements in the Company's share capital for the period ended 30 September 2013.

Employee share option plans

As at 30 September 2013, there were 3,562,600 outstanding share options (31 December 2012: 5,262,000 share options) which, when exercisable, would entitle the holders to subscribe for a total of 3,562,600 ordinary shares (31 December 2012: 5,262,000 ordinary shares) of the Company at an exercise price of S\$0.91 per share (“**Outstanding Share Options**”).

The Outstanding Share Options as at 30 September 2013 constitute approximately 0.49% of the total issued shares of the Company (including treasury shares held by the Company).

Treasury shares

During the quarter ended 30 September 2013, the Company did not make any purchase of its own ordinary shares pursuant to the Share Purchase Mandate renewed at the Extraordinary General Meeting of the Company held on 25 April 2013.

As at 30 September 2013, a total of 6,000,000 ordinary shares (31 December 2012: 6,000,000 ordinary shares) were held by the Company as treasury shares.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Number of Shares	3Q 2013	3Q 2012	YTD 3Q 2013	YTD 3Q 2012
Issued ordinary shares				
Balance at beginning/end of period	722,820,537	722,820,537	722,820,537	722,820,537
Treasury shares				
Balance at beginning of period	(6,000,000)	(6,000,000)	(6,000,000)	(6,000,000)
Additions during the period	-	-	-	-
Balance at end of period	(6,000,000)	(6,000,000)	(6,000,000)	(6,000,000)
Total	716,820,537	716,820,537	716,820,537	716,820,537

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

These figures have not been audited or reviewed.

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.

Except as disclosed in item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those adopted for the audited consolidated financial statements for the year ended 31 December 2012.

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.

The Group has adopted all new and revised Financial Reporting Standards (FRS) and Interpretations to FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning after 1 January 2013. The adoption of the new and revised FRS had no significant impact on the financial statements of the Group.

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

	3Q 2013	3Q 2012	YTD 3Q 2013	YTD 3Q 2012
Earnings per ordinary share for the period based on net profit attributable to owners of the Company:-				
(a) Based on weighted average number of ordinary share on issue	3.04 US cents	1.85 US cents	7.91 US cents	6.70 US cents
- Weighted average number of shares ('000)	716,821	716,862	716,821	716,821
(b) On a fully diluted basis	3.03 US cents	1.83 US cents	7.87 US cents	6.65 US cents
- Adjusted weighted average number of shares ('000)	720,383	722,681	720,993	722,681

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 financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	30 Sep 2013	31 Dec 2012	30 Sep 2013	31 Dec 2012
Net asset value per ordinary share based on issued share capital at the end of the period reported on (US cents)	70.77	64.16	51.98	45.70
Number of ordinary shares issued ('000)	716,821	716,821	716,821	716,821

Net asset value per ordinary share is determined based on net asset value attributable to owners of the Company and the number of shares in issue of the Company as at 30 September 2013 and 31 December 2012 (excluding treasury shares).

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) 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; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

PERFORMANCE REVIEW

BACKGROUND

The principal activities of the Group are jet fuel supply and trading, trading of other oil products and investments in oil-related assets. Consequently, income is derived from (i) supply and trading of jet fuel (ii) trading in other oil products and (iii) investments in oil related businesses.

We are the largest physical jet fuel trader in Asia Pacific and the sole importer of jet fuel into the People's Republic of China's ("PRC"). The Company has two wholly-owned subsidiaries located in Hong Kong and Los Angeles, USA; viz. China Aviation Oil (Hong Kong) Company Limited ("CAOHK") and North American Fuel Corporation ("NAFCO") respectively. In addition, we engage in international trading of jet fuel and other oil products and own investments in strategic oil-related businesses, which include Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong"), China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL"), China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan") and Oilhub Korea Yeosu Co., Ltd ("OKYC"). The oil storage terminal of OKYC has officially commenced operation on 1 April 2013.

Consolidated Statement of Comprehensive Income

3rd Qtr 2013 v 3rd Qtr 2012

The total supply and trading volume for jet fuel and other oil products decreased by 0.01 million tonnes (0.26%) to 3.87 million tonnes for the third quarter ended 30 September 2013 ("3Q 2013") compared to 3.88 million tonnes for the third quarter ended 30 September 2012 ("3Q 2012"). The volume of jet fuel supply and trading decreased by 0.26 million tonnes (9.25%) to 2.55 million tonnes for 3Q 2013 compared to 2.81 million tonnes for 3Q 2012, mainly due to lower trading volume. Trading volume of other oil products increased by 0.25 million tonnes (23.58%) to 1.31 million tonnes for 3Q 2013 compared to 1.06 million tonnes for 3Q 2012.

Total revenue decreased by US\$116.96 million (3.09%) to US\$3,667.55 million for 3Q 2013 from US\$3,784.51 million for 3Q 2012. This was mainly attributable to lower trading volume and product mix compared to the corresponding period.

Gross profit derived from jet fuel supply and trading and trading of other oil products was US\$7.12 million for 3Q 2013, a decrease of 32.14% compared to US\$10.49 million for 3Q 2012. This was mainly attributable to lower gain from jet fuel supply and trading and higher cost of sales while trading of other oil products generated higher profits.

Other operating income was US\$2,000 compared to US\$0.11 million in the corresponding period last year. Bank interest income of US\$0.07 million derived from deposits placed with banks in 3Q 2013 was substantially offset by the foreign exchange loss of US\$0.07 million which resulted from the revaluation differences on balances denominated in foreign currencies against the US Dollar. For 3Q 2012, other operating income of US\$0.11 million comprised bank interest income of US\$0.06 million and foreign exchange gain of US\$0.05 million.

Total expenses increased by US\$2.04 million (30.86%) to US\$8.65 million for 3Q 2013 compared to US\$6.61 million for 3Q 2012 mainly due to increase in administrative expenses partially offset by the decrease in finance cost. The increase in administrative expenses was mainly attributable to higher staff costs. Finance cost decreased by 34.88% for 3Q 2013 compared to 3Q 2012.

The share of profits from associates was US\$23.99 million for 3Q 2013 compared to US\$7.20 million for 3Q 2012, an increase of 233.25% mainly attributable to the increase of US\$14.20 million (214.34%) on the share of profits in Pudong of US\$20.82 million for 3Q 2013 compared to US\$6.62 million for 3Q 2012. The increase in share of results of Pudong was mainly attributable to a one-off credit of US\$11.92 million resulting from the reversal of provision for past claims relating to customs duties and value added tax. Taking into consideration the current status and the payment record of the customer, the management is of the view that the claim is invalid and the

provision was no longer necessary. Excluding the one-off credit, the share of results of associates was US\$12.07 million for 3Q 2013 compared to US\$7.20 million for 3Q 2012, an increase of US\$4.87 million (67.64%), attributable mainly to higher share of results from Pudong resulting from higher refueling volume and higher share of results of OKYC. Share of results from OKYC was US\$2.53 million for 3Q 2013 compared to share of loss of US\$0.23 million for 3Q 2012, mainly due to the recognition of mark-to-market (“MTM”) gain from its cross currency interest rate swap (“CRS”) contracts denominated in Korea Won against the US Dollar.

Share of profits from TSN-PEKCL for 3Q 2013 was US\$0.58 million compared to US\$0.63 million for 3Q 2012, a decrease of 8.12%, mainly due to higher operating expenses. The share of results from Xinyuan decreased US\$0.11 million (63.58%) to US\$0.06 million for 3Q 2013 compared to US\$0.17 million for 3Q 2012, mainly due to lower sales volume.

Tax expense of US\$0.64 million for 3Q 2013 comprised mainly the provision of income tax of a subsidiary in addition to the recognition of deferred tax liabilities on the Company’s share of undistributed retained earnings from associates. The undistributed retained earnings from associates in China is subject to withholding tax. The tax credit of US\$2.03 million for 3Q 2012 was mainly attributable to the recognition of deferred tax assets in relation to the Company’s tax losses carried forward, partially offset by the recognition of deferred tax liabilities on the Company’s share of undistributed retained earnings from associates.

The Group’s net profit for 3Q 2013 was US\$21.83 million compared to US\$13.23 million for 3Q 2012, an increase of US\$8.60 million (65.02%), due to higher share of results of associates. Earnings per share was 3.04 US cents for 3Q 2013 compared to 1.85 US cents for 3Q 2012.

3rd Qtr 2013 v 2nd Qtr 2013

The total supply and trading volume for jet fuel and other oil products decreased by 0.24 million tonnes (5.84%) to 3.87 million tonnes for 3Q 2013 compared to 4.11 million tonnes for the second quarter ended 30 June 2013 (“2Q 2013”) as trading activities decreased across the board.

Total revenue decreased by US\$102.20 million (2.71%) to US\$3,667.55 million for 3Q 2013 from US\$3,769.75 million for 2Q 2013, mainly attributable to lower trading volume in 3Q 2013.

Gross profit derived from jet fuel supply and trading and trading of other oil products was US\$7.12 million for 3Q 2013, a decrease of 50.38% compared to US\$14.35 million for 2Q 2013. This was mainly due to lower gain from supply and trading of jet fuel and lower trading profits from other oil products.

Total expenses was US\$8.65 million for 3Q 2013 compared to US\$5.60 million for 2Q 2013, an increase of US\$3.05 million (54.46%), mainly due to higher staff costs.

The share of profits from associates was US\$23.99 million for 3Q 2013 compared to US\$4.99 million for 2Q 2013, an increase of 380.76%. This was mainly due to higher share of results of US\$20.82 million from Pudong for 3Q 2013 compared to US\$5.28 million for 2Q 2013, an increase of US\$15.54 million (294.32%), attributable mainly to a one-off credit of US\$11.92 million resulting from the reversal of provision for past claims relating to customs duties and value added tax coupled with higher profits resulted from higher refueling volume in 3Q 2013.

The share of results in TSN-PEKCL was US\$0.58 million for 3Q 2013 compared to US\$0.47 million for 2Q 2013, an increase of US\$0.11 million (23.40%) attributable mainly to higher revenue from the increase in pipeline transportation volume.

The share of results in Xinyuan decreased by US\$0.04 million (40.00%) to US\$0.06 million for 3Q 2013 compared to US\$0.10 million for 2Q 2013 due mainly to lower sales volume.

Share of results from OKYC was US\$2.53 million for 3Q 2013 compared to a loss of US\$0.86 million for 2Q 2013, mainly due to the recognition of MTM gain and loss respectively from its CRS contracts denominated in Korea Won against the US Dollar.

The Group’s net profit for 3Q 2013 was US\$21.83 million compared to US\$13.40 million for 2Q 2013, an increase of US\$8.43 million (62.91%) due to higher share of results of associates. Earnings per share was 3.04 US cents for 3Q 2013 compared to 1.87 US cents for 2Q 2013.

YTD 3Q 2013 v YTD 3Q 2012

The total supply and trading volume for jet fuel and other oil products increased by 1.35 million tonnes (12.93%) to 11.79 million tonnes for the nine months ended 30 September 2013 (“YTD 3Q 2013”) compared to 10.44 million tonnes for the nine months ended 30 September 2012 (“YTD 3Q 2012”). The volume of jet fuel supply and trading decreased by 0.01 million tonnes (0.13%) to 7.85 million tonnes for YTD 3Q 2013 compared to 7.86 million tonnes for YTD 3Q 2012. The trading volume of other oil products increased by 1.36 million tonnes (52.71%) to 3.94 million tonnes for YTD 3Q 2013 compared to 2.58 million tonnes for YTD 3Q 2012 as a result of increase in demand for fuel oil, gasoil and petrochemical products.

Total revenue increased by US\$817.51 million (7.86%) to US\$11,218.58 million for YTD 3Q 2013 from US\$10,401.07 million for YTD 3Q 2012. This was mainly attributable to the increase in trading volumes and the strong demand in petrochemical products and fuel oil. Please see breakdown under note 1 on page 2.

Gross profit derived from jet fuel supply and trading and trading of other oil products was US\$40.93 million for YTD 3Q 2013, an increase of US\$6.76 million (19.79%) compared to US\$34.17 million for YTD 3Q 2012. This was mainly attributable to stable profits derived from supply and trading of jet fuel and increase in trading gains from other oil products.

Other operating income comprised bank interest income of US\$0.17 million and foreign exchange gain of US\$0.02 million, was US\$0.19 million for YTD 3Q 2013, an increase of US\$0.02 million (11.24%). Other operating income for YTD 3Q 2012 was US\$0.20 million from bank interest income and other income offset by the foreign exchange loss of US\$0.03 million resulting from the revaluation differences on balances denominated in foreign currencies against the US Dollar.

Total expenses were US\$19.83 million for YTD 3Q 2013, increased by US\$4.60 million (30.20%) compared to US\$15.23 million for YTD 3Q 2012. The increase in expenses was mainly attributable to i) higher staff costs; ii) higher professional fee incurred for evaluation of new projects; and iii) amortisation of US\$0.63 million following the Purchase Price Allocation (“PPA”) exercise undertaken in accordance to FRS 103 in relation to the acquisition of CAOHK.

The share of profits from associates was US\$37.13 million for YTD 3Q 2013 compared to US\$27.95 million for YTD 3Q 2012, an increase of US\$9.18 million or 32.85%, mainly attributable to higher share of profits from Pudong. The share of results in Pudong was US\$36.57 million for YTD 3Q 2013 compared to US\$26.25 million for YTD 3Q 2012, an increase of US\$10.32 million (39.30%) attributable mainly to a one-off credit of US\$11.92 million resulting from the reversal of provision for past claims relating to customs duties and value added tax. Excluding the one-off credit, the share of results of Pudong decreased by US\$1.60 million (6.09%) compared to last year, mainly due to higher operating expenses.

The share of loss from OKYC was US\$1.26 million for YTD 3Q 2013 compared to the loss of US\$0.20 million for YTD 3Q 2012, mainly due to the recognition of MTM loss from its CRS contracts denominated in Korea Won against the US Dollar.

Share of profits from TSN-PEKCL was US\$1.52 million for YTD 3Q 2013 compared to US\$1.47 million for YTD 3Q 2012, an increase of 3.96% attributable mainly to higher revenue from increase in pipeline transportation volume. The share of results in Xinyuan decreased by US\$0.14 million (31.35%) to US\$0.30 million for YTD 3Q 2013 compared to US\$0.44 million for YTD 3Q 2012, mainly due to reduction in sales volume.

Tax expense comprised mainly the provision of income tax of a subsidiary in addition to the recognition of deferred tax liabilities on the Company’s share of undistributed retained earnings from associates, was US\$1.69 million for YTD 3Q 2013. The undistributed retained earnings from associates in China is subject to withholding tax. The credit of US\$0.97 million in tax expenses for YTD 3Q 2012 was mainly attributable to the recognition of deferred tax assets in relation to the Company’s tax losses carried forward, partially offset by the recognition of deferred tax liabilities on the Company’s share of undistributed retained earnings from its associates.

The Group’s net profit for YTD 3Q 2013 was US\$56.72 million compared to US\$48.04 million for YTD 3Q 2012, an increase of US\$8.68 million (18.08%), mainly attributable to the increase in gross profit of US\$6.76 million and the increase in share of results of associates of US\$9.18 million, partially offset by the increase in operating expenses and tax expense. Earnings per share was 7.91 US cents for YTD 3Q 2013 compared to 6.70 US cents for YTD 3Q 2012.

Statement of Financial Position

The Group's current assets stood at US\$1,199.92 million as at 30 September 2013 compared to US\$1,384.35 million as at 31 December 2012. The decrease of US\$184.43 million in current assets resulted mainly from:

- (i) an increase of US\$54.97 million in inventories for trading;
- (ii) a decrease of US\$223.58 million in trade and other receivables to US\$1,061.06 million as at 30 September 2013 from US\$1,284.64 million as at 31 December 2012 due to lower sales revenue in September 2013 compared to December 2012; and
- (iii) a decrease of US\$15.82 million in cash and cash equivalents which was mainly attributable to the aggregate cash outflow of US\$30.20 million from operating and investing activities partially offset by US\$14.26 million cash inflow from financing activities.

Non-current assets stood at US\$267.38 million as at 30 September 2013, compared to US\$265.99 million as at 31 December 2012. The increase of US\$1.39 million was mainly attributable to the share of profits in associates of US\$37.13 million and the impact of foreign currency translation reserve of US\$2.49 million partially offset by the dividends of US\$37.95 million declared by associates for YTD 3Q 2013.

Current liabilities made up of trade and other payables, bank borrowings and tax payables, decreased by US\$229.92 million to US\$954.29 million as at 30 September 2013 compared to US\$1,184.21 million as at 31 December 2012. This was mainly due to lower trading activity of other oil products transacted in September 2013 compared to December 2012.

Non-current liabilities were attributable to the recognition of deferred tax liabilities on the Company's share of undistributed retained earnings from associates. The undistributed retained earnings from associates is subject to withholding tax.

The Group's net assets stood at US\$507.30 million as at 30 September 2013, or 70.77 US cents per share, compared to US\$459.93 million as at 31 December 2012 or 64.16 US cents per share. The increase in the Group's net assets per share was primarily due to an increase in retained earnings as a result of the net profits generated for YTD 3Q 2013 less the dividend payout in May 2013.

Consolidated Statement of Cash Flows

3Q 2013 v 3Q 2012

The net cash used in operating activities in 3Q 2013 was US\$50.33 million compared to net cash generated from operating activities of US\$62.26 million in 3Q 2012, attributable mainly to higher working capital requirement in 3Q 2013.

Cash flows generated from investing activities amounted to US\$0.17 million in 3Q 2013 compared to cash flows used in investing activities of US\$0.07 million in 3Q 2012 mainly due to dividend of US\$0.18 million received from an associate, higher interest received and lower purchase of office equipment partially offset by US\$0.07 million used in the purchase of IT software.

Cash flows used in financing activities of US\$34.45 million in 3Q 2013 was lower compared to US\$15.08 million used in 3Q 2012 mainly attributable to lower drawdown from bank borrowings.

YTD 3Q 2013 v YTD 3Q 2012

The net cash used in operating activities was US\$29.38 million in YTD 3Q 2013 compared to net cash generated from operating activities of US\$100.46 million in YTD 3Q 2012 mainly due to higher working capital requirement.

Cash flows used in investing activities amounted to US\$0.82 million in YTD 3Q 2013 compared to US\$35.30 million used in YTD 3Q 2012. The cash flows used in investing activities in YTD 3Q 2013 comprised the US\$1.17 million used for the purchase of intangible assets and property, plant and equipment partially offset by the dividend received from an associate of US\$0.18 million and interest received of US\$0.17 million from time deposits placed with banks. Cash used in investing activities for YTD 3Q 2012 comprised US\$28.79 million used for the acquisition of an associate, US\$8.72 million used for the acquisition of subsidiaries and US\$0.21 million used in the purchase of property, plant and equipment partially offset by dividend of US\$2.26 million received from associate and interest received of US\$0.16 million from time deposits placed with banks.

In YTD 3Q 2013, cash flows generated from financing activities of US\$14.26 million was attributable mainly to higher interest paid and lower drawdown from bank borrowings. The dividend payout of two Singapore cents per share remains unchanged for the two periods in comparison.

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

Not applicable.

- 10 A commentary at the date of the announcement of the significant trends and 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.

Whilst China's total jet fuel consumption volume continues to increase in tandem with the robust growth of China's civil aviation industry, the demand for import jet fuel is dependent on the volume of jet fuel produced domestically. The indirect tax regime for the transportation service industry has been extended on a nation-wide basis with effect from 1 August 2013. Also, the company is paying close attention to the impact of China's indirect tax regime on the import volume into China. The company will continue to focus on building on its jet fuel supply and trading business outside China, expanding its aviation fuel marketing business and expanding on other oil products trading activities, as well as proactively seeking opportunities to invest in or acquire strategic oil assets or synergetic businesses in line with its corporate strategy to diversify its income streams.

- 11 Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on? No

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Book closure date

Not applicable.

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

No interim dividend has been declared for the period ended 30 September 2013.

Pursuant to Rule 920(1)(a)(ii) of the Listing Manual

Aggregate value of interested person transactions entered from 1 January 2013 to 30 September 2013.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than US\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 92	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than US\$100,000)	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than US\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than US\$100,000)
	3Q 2013 US\$'000	3Q 2013 US\$'000	YTD 3Q 2013 US\$'000	YTD 3Q 2013 US\$'000
Sales revenue from related corporations	0	844,862	0	2,645,218
Sales revenue from related corporation of a corporate shareholder	0	128,920	0	451,974
Purchases from related corporations	0	51,894	0	150,165
Purchases from related corporation of a corporate shareholder	0	194,592	0	695,566
Services rendered from related corporation of a corporate shareholder ¹	0	134	0	408
Gain/(Loss) from trading of derivative financial instrument with related corporation of a corporate shareholder	0	125	0	(727)
Supply chain services rendered from related corporation	0	2,212	0	4,047
Transportation revenue earned by associate from related corporations	0	2,529	0	7,167
Loan granted by associate to related corporation ²	2,504	0	4,998	0
Principal deposited with interested person ³	4,693	0	4,693	0

Note:

- 1) On 18 April 2012, the services agreement in relation to services provided by a related corporation of a corporate shareholder was renewed for a period of 6 years from 1 April 2008. The fees for services rendered under the services agreement for the period from 1 April 2008 to 31 December 2012 amounted to about US\$2,047,000.
- 2) The aggregate amount of loan granted by an associate to a related corporation amounted to US\$5,699,000 for the nine months ended 30 September 2012.
- 3) The principal amount of US\$4,692,654 (which included compounded interests) represents the highest principal amount deposited with an interested person for the quarter under review and the period ended 30 September 2013. This amount is pro-rated base on CAO equity interest of 49%.

The amount of principal as at 30 September 2013 deposited with the Interested Party (including any interest which has been compounded) is US\$4,614,273 (49% of US\$9,416,884).

BY ORDER OF THE BOARD

Doreen Nah
Company Secretary
1 November 2013