



**CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD**  
**(Company Registration No. 199303293Z)**  
**Full Year Financial Statement For The Period Ended 31 December 2009**

**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			
	4Q 2009	4Q 2008	Variance		Jan-Dec 2009	Jan-Dec 2008	Variance	
	US\$'000	US\$'000	+/-	%	US\$'000	US\$'000	+/-	%
Revenue (Note 1)	1,177,115	911,378	29.2%		3,634,324	5,370,244	-32.3%	
Cost of sales	(1,172,099)	(906,624)	29.3%		(3,603,617)	(5,347,712)	-32.6%	
<b>Gross Profit</b>	5,016	4,754	5.5%		30,707	22,532	36.3%	
Other operating income (Note 2)	118	879	-86.6%		(657)	5,838	NM	
Administrative expenses	(2,279)	(759)	200.3%		(7,815)	(5,512)	41.8%	
Other operating expenses	(69)	1,718	NM		(444)	619	NM	
Finance costs	(274)	(128)	114.1%		(767)	(542)	41.5%	
<b>Operating Profit</b>	2,512	6,464	-61.1%		21,024	22,935	-8.3%	
Share of results of associates (net of tax) (Note 3)	8,056	(10,188)	NM		24,175	10,516	129.9%	
<b>Profit before income tax</b>	10,568	(3,724)	NM		45,199	33,451	35.1%	
Income tax credit	-	-	-		-	4,894	NM	
<b>PROFIT FOR THE PERIOD</b>	10,568	(3,724)	NM		45,199	38,345	17.9%	
<b>Attributable to:</b>								
Equity holders of the Company	10,568	(3,724)	NM		45,199	38,345	17.9%	

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			
	4Q 2009	4Q 2008	Variance		Jan-Dec 2009	Jan-Dec 2008	Variance	
	US\$'000	US\$'000	+/-	%	US\$'000	US\$'000	+/-	%
<b>PROFIT FOR THE PERIOD</b>	10,568	(3,724)		NM	45,199	38,345		17.9%
<b>Other comprehensive (loss)/income:</b>								
Exchange differences on translation of the financial statements of foreign associates	1	229	-99.6%		(569)	5,456		NM
<b>Other comprehensive (loss)/income for the period, net of tax</b>	1	229	-99.6%		(569)	5,456		NM
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	10,569	(3,495)		NM	44,630	43,801		1.9%
<b>Total comprehensive income attributable to:</b>								
Owners of the parent	10,569	(3,495)		NM	44,630	43,801		1.9%

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

	Group			Group		
	4Q 2009	4Q 2008	Var	Jan-Dec 2009	Jan-Dec 2008	Var
	US\$'000	US\$'000	+/- %	US\$'000	US\$'000	+/- %
Depreciation of property, plant and equipment	(87)	(306)	-71.6%	(343)	(556)	-38.3%
Amortisation of intangible assets	(29)	(27)	7.4%	(114)	(106)	7.5%
Bank interest income	76	863	-91.2%	772	5,073	-84.8%
Foreign exchange gain/(loss)	42	(61)	NM	(1,429)	635	NM
Impairment loss on property, plant and equipment reversed	-	1,992	NM	-	1,992	NM
Gain on disposal of property, plant and equipment	-	-	-	-	53	NM
Over provision of current taxation in respect of prior years	-	4,894	NM	-	4,894	NM

**Note 1: Revenue**

	Group			Group		
	4Q 2009 US\$'000	4Q 2008 US\$'000	Var + / - %	Jan-Dec 2009 US\$'000	Jan-Dec 2008 US\$'000	Var + / - %
Revenue from jet fuel	1,086,946	911,287	19.3%	3,470,452	5,370,153	-35.4%
Revenue from gas oil	26,353	-	NM	26,353	-	NM
Revenue from fuel oil	37,425	-	NM	43,773	-	NM
Revenue from petrochemical products	26,391	91	NM	93,746	91	NM
	1,177,115	911,378	29.2%	3,634,324	5,370,244	-32.3%

**Note 2: Other operating income**

	Group			Group		
	4Q 2009 US\$'000	4Q 2008 US\$'000	Var + / - %	Jan-Dec 2009 US\$'000	Jan-Dec 2008 US\$'000	Var + / - %
Bank interest income	76	863	-91.2%	772	5,073	-84.8%
Foreign exchange (loss)/gain	42	(61)	NM	(1,429)	635	NM
Gain on disposal of property, plant and equipment	-	-	-	-	53	NM
Others	-	77	NM	-	77	NM
	118	879	-86.6%	(657)	5,838	NM

**Note 3: Share of results of associates**

	Group			Group		
	4Q 2009 US\$'000	4Q 2008 US\$'000	Var + / - %	Jan-Dec 2009 US\$'000	Jan-Dec 2008 US\$'000	Var + / - %
Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong")	6,418	(10,212)	NM	20,947	10,409	101.2%
China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL")*	1,571	-	NM	2,945	-	NM
China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan")	67	24	179.2%	283	107	164.5%
	8,056	(10,188)	NM	24,175	10,516	129.9%

\* The Group completed its acquisition of 49% equity interest in TSN-PEKCL at end February 2009.

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.

**Statements of Financial Position**

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 Dec 09 US\$'000</b>	<b>As at 31 Dec 08 US\$'000</b>	<b>As at 31 Dec 09 US\$'000</b>	<b>As at 31 Dec 08 US\$'000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	8,061	8,296	8,061	8,296
Intangible assets	100	174	100	174
Associates	150,934	82,005	81,236	35,911
	<u>159,095</u>	<u>90,475</u>	<u>89,397</u>	<u>44,381</u>
<b>Current assets</b>				
Inventories	37,606	-	37,606	-
Trade and other receivables	379,833	251,522	379,833	251,522
Cash and cash equivalents	182,192	153,102	182,178	153,081
	<u>599,631</u>	<u>404,624</u>	<u>599,617</u>	<u>404,603</u>
<b>Total assets</b>	<u>758,726</u>	<u>495,099</u>	<u>689,014</u>	<u>448,984</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital	215,573	215,573	215,573	215,573
Retained earnings	75,331	40,350	25,175	14,016
Other components of equity	18,831	19,777	(721)	-
<b>Total equity</b>	<u>309,735</u>	<u>275,700</u>	<u>240,027</u>	<u>229,589</u>
<b>Current liabilities</b>				
Trade and other payables	448,991	219,399	448,987	219,395
<b>Total liabilities</b>	<u>448,991</u>	<u>219,399</u>	<u>448,987</u>	<u>219,395</u>
<b>Total equity and liabilities</b>	<u>758,726</u>	<u>495,099</u>	<u>689,014</u>	<u>448,984</u>

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

Amount repayable in one year or less, or on demand

<b>As at 31 Dec 2009</b>		<b>As at 31 Dec 2008</b>	
<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>	<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>
0	0	0	0

Amount repayable after one year

<b>As at 31 Dec 2009</b>		<b>As at 31 Dec 2008</b>	
<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>	<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>
0	0	0	0

The Company does not have any interest-bearing liabilities or obligations as at 31 December 2009 and as at 31 December 2008.

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**

	<b>4Q 2009</b>	<b>4Q 2008</b>	<b>Jan-Dec 2009</b>	<b>Jan-Dec 2008</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Operating activities</b>				
Profit/(loss) for the year	10,568	(3,724)	45,199	38,345
Adjustments for items not involving outlay of funds:-				
Depreciation of property, plant and equipment	87	306	343	556
Amortisation of intangible assets	29	27	114	106
Gain on disposal of property, plant and equipment	-	-	-	(53)
Share of results of associates (net of tax)	(8,056)	10,188	(24,175)	(10,516)
Impairment loss on property, plant and equipment reversed	-	(1,992)	-	(1,992)
Interest income	(76)	(863)	(772)	(5,073)
Income tax credit	-	-	-	(4,894)
Unrealised exchange differences	(12)	323	3	1,210
	<u>2,540</u>	<u>4,265</u>	<u>20,712</u>	<u>17,689</u>
Changes in working capital				
Inventories	(20,910)	-	(37,606)	-
Trade and other receivables	(74,706)	148,132	(159,564)	63,089
Trade and other payables	140,319	(290,479)	229,592	(194,341)
Cash generated from/(used in) operations	<u>47,243</u>	<u>(138,082)</u>	<u>53,134</u>	<u>(113,563)</u>
Income taxes refunded/(paid)	-	-	-	(1,115)
<b>Cash flows from operating activities</b>	<u>47,243</u>	<u>(138,082)</u>	<u>53,134</u>	<u>(114,678)</u>
<b>Investing activities</b>				
Interest received	116	960	937	5,211
Purchase of property, plant and equipment	(33)	(5)	(108)	(80)
Purchase of intangible assets	(17)	-	(40)	(11)
Proceeds from sale of property, plant and equipment	-	-	-	81
Acquisition of associate	-	-	(45,325)	-
Dividends received from associate	-	-	31,090	-
<b>Cash flows from investing activities</b>	<u>66</u>	<u>955</u>	<u>(13,446)</u>	<u>5,201</u>
<b>Financing activities</b>				
Purchase of treasury shares	(721)	-	(721)	-
Dividend paid	-	-	(9,874)	(36,683)
<b>Cash flows from financing activities</b>	<u>(721)</u>	<u>-</u>	<u>(10,595)</u>	<u>(36,683)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>46,588</u>	<u>(137,127)</u>	<u>29,093</u>	<u>(146,160)</u>
Cash and cash equivalents at beginning of the year	135,592	290,552	153,102	300,472
Net effect of exchange rate fluctuations on cash held	12	(323)	(3)	(1,210)
<b>Cash and cash equivalents at end of the year</b>	<u>182,192</u>	<u>153,102</u>	<u>182,192</u>	<u>153,102</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**

	<b>Share capital US\$'000</b>	<b>Retained earnings US\$'000</b>	<b>Treasury shares US\$'000</b>	<b>Foreign currency translation reserve US\$'000</b>	<b>Statutory reserve US\$'000</b>	<b>Total equity US\$'000</b>
<b>THE GROUP</b>						
<b>As at 1 January 2008</b>	215,573	38,688	-	7,288	7,033	268,582
Total comprehensive income for the period	-	38,345	-	5,456	-	43,801
Dividend paid in respect of 2007	-	(36,683)	-	-	-	(36,683)
<b>As at 31 December 2008</b>	<b>215,573</b>	<b>40,350</b>	<b>-</b>	<b>12,744</b>	<b>7,033</b>	<b>275,700</b>
<b>As at 1 January 2009</b>	215,573	40,350	-	12,744	7,033	275,700
Total comprehensive income/(loss) for the period	-	45,199	-	(569)	-	44,630
Dividend paid in respect of 2008	-	(9,874)	-	-	-	(9,874)
Transfer from retained earnings to statutory reserve	-	(344)	-	-	344	-
Purchase of treasury shares	-	-	(721)	-	-	(721)
<b>As at 31 December 2009</b>	<b>215,573</b>	<b>75,331</b>	<b>(721)</b>	<b>12,175</b>	<b>7,377</b>	<b>309,735</b>

	<b>Share capital US\$'000</b>	<b>Retained earnings US\$'000</b>	<b>Treasury shares US\$'000</b>	<b>Total equity US\$'000</b>
<b>THE COMPANY</b>				
<b>As at 1 January 2008</b>	215,573	(7,789)	-	207,784
Total comprehensive income for the period	-	58,488	-	58,488
Dividend paid in respect of 2007	-	(36,683)	-	(36,683)
<b>As at 31 December 2008</b>	<b>215,573</b>	<b>14,016</b>	<b>-</b>	<b>229,589</b>
<b>As at 1 January 2009</b>	215,573	14,016	-	229,589
Total comprehensive income for the period	-	21,033	-	21,033
Dividend paid in respect of 2008	-	(9,874)	-	(9,874)
Purchase of treasury shares	-	-	(721)	(721)
<b>As at 31 December 2009</b>	<b>215,573</b>	<b>25,175</b>	<b>(721)</b>	<b>240,027</b>

- 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**

As at 31 December 2009, the number of ordinary shares of the Company in issue was 721,899,537 excluding 921,000 which were held as treasury shares. The total issued and paid up share capital was US\$215.57 million. (31 December 2008: 722,820,537 ordinary shares. No shares were held as treasury shares.)

#### **Employee share option plans**

The Company has not granted any share options since the establishment of the China Aviation Oil Share Option Scheme in 2001.

#### **Treasury shares**

During the financial year under review, the Company bought back 921,000 ordinary shares at an average price of S\$1.08 per share and held them as treasury shares. As at 31 December 2009, 921,000 ordinary shares were held by the Company as treasury shares (31 December 2008: Nil).

- 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.

As at 31 December 2009, the total number of issued ordinary shares was 722,820,537 of which 921,000 were held by the Company as treasury shares. (31 December 2008: 722,820,537 ordinary shares. No shares were held as treasury shares.)

- 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 2008.



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.

On 1 January 2009, the Group adopted the new or Interpretations to FRS (“INT FRS”) that are mandatory for application from that date. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective INT FRS.

The following are the new or revised FRS that are relevant to the Group:

- FRS 1 (revised) Presentation of financial statements (effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is “non-owner changes in equity”) in the statement of changes in equity. All non-owner changes in equity are shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has chosen to adopt the later alternative. Where comparative information is restated or reclassified, a restated balance sheet is required to be presented as at the beginning comparative period. There is no restatement of the balance sheet as at 1 January 2008 in the current financial year. In addition, the “Balance sheets” and “Consolidated cash flow statement” have been re-titled to “Statements of Financial Position” and “Consolidated Statement of Cash Flows” respectively.
- FRS 108 Operating segments (effective from 1 January 2009) replaces FRS 14 Segment reporting, and requires a “management approach”, under which segment information is presented on the same basis as that used for internal reporting purposes. Segment revenue, segment profits and segment assets are also measured on a basis that is consistent with internal reporting. The adoption of the standard results in additional disclosures but does not have an impact on the accounting policies and measurement basis adopted by the Group.
- Amendment to FRS 107 Improving disclosures about financial statements (effective from 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the accounting policies and measurement bases adopted by the Group.
- Amendment to FRS 27 Consolidated and separate financial statements (effective from 1 January 2009). The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. In addition, dividends from a subsidiary, jointly controlled entity or associate are recognised as income and there is no longer a distinction between pre-acquisition and post-acquisition dividends. The adoption of the amendment does not have an impact to the Group.

Pursuant to FRS 39 - Financial Instruments: Recognition and Measurement, the Company had previously adopted cash flow hedge accounting where changes in the fair value of the derivative hedging instrument are recognized directly to equity for effective hedges. Thereafter, such fair value changes are transferred and recognised in income statement upon the delivery of the underlying physical cargo or when hedge is assessed to be ineffective. During the current financial period, the Group has reassessed and concluded that cash flow hedge does not appropriately reflect the trading activities of the Company and that economic hedges would best reflect the nature of the transactions undertaken by the Company. Accordingly, the Group recognised the fair value changes of the financial derivatives and the underlying physical cargoes in the income statement.

The change in hedging documentation has been accounted for by restating prior period’s comparatives and earnings per share, where material.

The impact of the change in hedging documentation was re-measured as at 31 December 2008 and management concluded that the effect of the change was immaterial and as a result, adjustments to the opening balances of retained earnings were not effected.

- 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.

	4Q 2009	4Q 2008	Jan-Dec 2009	Jan-Dec 2008
Earnings per ordinary share for the period after deducting any provision for				
(a) Based on weighted average number of ordinary share on issue; and	1.46 US cents	(0.52) US cents	6.25 US cents	5.30 US cents
(b) On a fully diluted basis	1.46 US cents	(0.52) US cents	6.25 US cents	5.30 US cents
Weighted average number of shares ('000)	722,519	722,821	722,744	722,821

Basic earnings per share and earnings per share on a fully diluted basis for the financial quarter ended and full year ended 31 December 2009 were computed based on net profit attributable to owners of the parent of US\$10,568,000 (2008: -US\$3,724,000) and US\$45,199,000 (2008: US\$38,345,000) and weighted average share capital of 722,744,425 (2008: 722,820,537) ordinary shares.

There were no dilutive potential ordinary shares for the current and previous periods.

- 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	
	31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
Net asset value per ordinary share based on issued share capital at the end of the period reported on (US cents)	42.91	38.14	33.25	31.76
Number of ordinary shares issued ('000)	721,900	722,821	721,900	722,821

Net asset value per ordinary share is determined based on net asset value attributable to owners of the parent and the number of shares in issue of the Company as at 31 December 2009 and 31 December 2008 (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 China Aviation Oil (Singapore) Corporation Ltd (the CAO Group) are those relating to the procurement and supply and trading of jet fuel, oil-trading activities and investment holding. Correspondingly, income is derived from (i) jet fuel procurement and supply and trading (ii) results from oil-trading activities and (iii) strategic investments in oil related businesses.

We are the largest purchaser of jet fuel in the Asia Pacific region and the key supplier of imported jet fuel to the People's Republic of China's ("PRC") civil aviation industry. 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") and China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan").

### **Consolidated Statement of Comprehensive Income**

#### ***4th Qtr 2009 v 4th Qtr 2008***

The volume of jet fuel procurement and trading increased by 0.50 million tonnes (42.02%) to 1.69 million tonnes for the fourth quarter ended 31 December 2009 ("4Q 2009") compared to 1.19 million tonnes for the fourth quarter ended 31 December 2008 ("4Q 2008"). The increase in volume was mainly attributable to an increase in trading activities. The volume for petrochemical trading activities ("Petrochem") which commenced in late December 2008, was 0.03 million tonnes for 4Q 2009.

Total revenue increased by US\$265.74 million (29.16%) to US\$1,177.12 million for 4Q 2009 from US\$911.38 million for 4Q 2008. This was mainly attributable to higher jet fuel procured and supplied in 4Q 2009. Increase in total revenue was also due to additional revenue generated from petrochem and trading of other oil related products such as gas oil and fuel oil.

Gross profit of US\$5.02 million for 4Q 2009 was derived from jet fuel procurement and oil trading activities, an increase of 5.68% compared to US\$4.75 million for 4Q 2008.

Bank interest income of US\$0.08 million for 4Q 2009, which was derived from time deposits placed with banks, was lower compared to US\$0.86 million for 4Q 2008. This was mainly due to the decline in interest rates globally.

Total expenses comprising administrative expenses, other operating expenses and finance costs, were US\$2.62 million for 4Q 2009 compared to net credit balance of US\$0.83 million for 4Q 2008.. The credit balance in 4Q 2008 was mainly due to a reversal of impairment loss on leasehold properties of the Group following an independent valuation carried out by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, an independent valuer, at open market value on an existing use basis. Without taking into consideration of the credit resulting from the reversal of impairment loss, total expenses increased by US\$1.46 million quarter-on-quarter. The increase in expenses was attributable to higher headcount of 48 in 4Q 2009 compared to the headcount of 44 in 4Q 2008 and higher information technology expenses due to the increase in business activities.

CAO's 33% share of profits in Pudong was US\$6.42 million for 4Q 2009 compared to a share of loss of US\$10.21 million for 4Q 2008. The high cost inventory, which affected Pudong's financial performance since September 2008, was fully consumed in April 2009. Thus, Pudong has returned to profitability since May 2009.

The share of profits in TSN-PEKCL, which the Group completed its acquisition of 49% equity interest at the end February 2009 and commenced equity accounting for its results in March 2009, was US\$1.57 million for 4Q 2009.

The Group's 39% share of profits in Xinyuan was US\$0.07 million for 4Q 2009 compared to US\$0.02 million for 4Q 2008.

The net profit for 4Q 2009 was US\$10.57 million compared to a net loss of US\$3.72 million for 4Q 2008. Earnings per share was 1.46 US cents for 4Q 2009 compared to loss per share of 0.52 US cents for 4Q 2008. The increase in earnings was mainly due to the increase in trading profits and share of results in associates.

#### ***4th Qtr 2009 v 3rd Qtr 2009***

For 4Q 2009, the volume of jet fuel procurement and trading increased by 0.13 million tonnes (8.33%) to 1.69 million tonnes from 1.56 million tonnes for the quarter ended 30 September 2009 ("3Q 2009"), mainly due to an increase in trading activities.

Total revenue for 4Q 2009 was US\$1,177.12 million compared to US\$991.62 million for 3Q 2009, an increase of 18.71%. This was mainly due to higher volume and increase in jet fuel prices, which averaged at US\$81.32 per bbl in 4Q 2009 compared to US\$77.27 per bbl in 3Q 2009. Additional revenue from gas oil and fuel oil has also contributed to the increase in revenue by US\$57.42 million.

Gross profit decreased by US\$3.83 million to US\$5.02 million for 4Q 2009 compared to US\$8.85 million for 3Q 2009. The decrease was mainly due to additional provision for direct costs and demurrage expenses.

Total expenses increased by US\$0.40 million (18.02%) to US\$2.62 million for 4Q 2009, compared to US\$2.22 million for 3Q 2009, mainly attributable to the increase in business activities.

Share of results in Pudong for 4Q 2009 was US\$6.42 million compared to US\$11.23 million for 3Q 2009, decreased by 42.83% mainly due to higher costs of sales, staff costs and repair and maintenance expenses.

Net profit decreased by US\$8.11 million to US\$10.57 million for 4Q 2009 compared to US\$18.68 million for 3Q 2009, mainly due to lower gross profit and lower share of results in Pudong. Earnings per share was 1.46 US cents for 4Q 2009 compared to 2.58 US cents for 3Q 2009, a decline of 43.41%.

#### ***FY 2009 v FY 2008***

Volume of jet fuel procurement and trading increased by 0.96 million tonnes or 18.50% to 6.15 million tonnes for the financial year ended 31 December 2009 ("FY 2009") compared to 5.19 million tonnes for the financial year ended 31 December 2008 ("FY 2008"), mainly due to an increase in trading activities.

Total revenue for FY 2009 reduced by 32.32% to US\$3,634.32 million compared to US\$5,370.24 million for FY 2008. This was mainly attributable to lower average jet fuel prices at US\$71.09 per bbl for FY 2009 compared to US\$130.16 per bbl for FY 2008.

The Group recorded higher gross profit of US\$30.71 million for FY 2009 compared to gross profit of US\$22.53 million for FY 2008, an increase of 36.31%. Gross profit was derived from jet fuel procurement and supply, and oil trading activities.

Other operating income was negative US\$0.66 million for FY 2009 compared to US\$5.84 million for FY 2008. The reduction in other operating income was mainly attributable to lower bank interest income resulting from the decline in interest rates globally and as well as translation losses from bank balances denominated in

Singapore dollars. Foreign exchange loss was US\$1.43 million for FY 2009 compared to foreign exchange gain of US\$0.64 million for FY 2008. Due to the weakening of the US dollar against Singapore dollars over the past two years, the revaluation of net liabilities denominated in Singapore dollars have resulted in foreign exchange loss for FY 2009 whereas the revaluation of net assets denominated in Singapore dollars had resulted in foreign exchange gain in FY 2008.

Total expenses increased by US\$3.60 million (66.30%) to US\$9.03 million for FY 2009 compared to US\$5.43 million for FY 2008. This was mainly attributable to:

- (i) a non-recurring reversal of impairment loss of US\$1.99 million on the leasehold properties of the Group in FY 2008;
- (ii) higher average headcount of 45 for FY 2009 compared to 41 for FY 2008;
- (iii) higher information technology expenses; and
- (iv) higher travelling expenses as a result of increase in business activities.

The share of results of associates increased by US\$13.66 million or 129.85% to US\$24.18 million for FY 2009 compared to US\$10.52 million for FY 2008. Pudong's contribution was US\$20.95 million for FY 2009 compared to US\$10.41 million for FY 2008, increase by 101.25%. This was due to the higher cost of inventory vis-à-vis revenue that resulted in a loss incurred by Pudong in 4Q 2008 and 1Q 2009. Pudong has since returned to profitability in May 2009 and fully resumed normal operations in 3Q 2009. TSN-PEKCL met the profit guarantee of RMB 47.28 million and CAO's 49% share of profits in TSN-PEKCL was US\$2.95 million for the period from March to December 2009. Share of profits in Xinyuan for FY 2009 was US\$0.28 million compared to US\$0.11 million for FY 2008, increase of 154.55%.

For FY 2009, the Group recorded profit before income tax of US\$45.20 million. The Company did not provide for income tax expense for FY 2009 as there is adequate tax losses carried forward from prior years to offset against the Company's profits in the current year. The tax credit of US\$4.89 million in FY 2008 was due to a reversal of provision made in previous years' of assessment following the decision by IRAS to allow the losses incurred in 2004 to be deducted by the Company for tax purpose and to regard the waiver of debts under the Scheme of Arrangement in 2006 as non-taxable.

The Group's net profit of US\$45.20 million for FY 2009 was an increase of US\$6.85 million (17.86%) compared to US\$38.35 million for FY 2008. Earnings per share is 6.25 US cents for FY 2009 compared to 5.30 US cents for FY 2008.

#### **Statement of Financial Position**

The Group's current assets stood at US\$599.63 million as at 31 December 2009 compared to US\$404.62 million as at 31 December 2008. The increase of US\$195.01 million in current assets resulted mainly from:

- (i) an increase of US\$37.61 million in inventories as at the end of FY 2009;
- (ii) an increase of US\$128.31 million in trade and other receivables to US\$379.83 million as at the end of FY 2009 from US\$251.52 million as at the end of FY 2008 as sales volume was relatively higher in December 2009 compared to December 2008; and
- (iii) an increase of US\$29.09 million in cash and cash equivalents which was mainly attributable to timing difference in receipts from trade receivables and payments to suppliers of US\$38.02 million and a receipt of US\$31.09 million for dividends from Pudong, partially offset by the dividend payout of US\$9.87 million in May 2009 and payment of US\$45.33 million for the acquisition of 49% equity interest in TSN-PEKCL.

Non-current assets stood at US\$159.10 million as at the end of FY 2009, compared to US\$90.48 million as at the end of FY 2008. The increase of US\$68.62 million was mainly attributable to the cost of investment in TSN-PEKCL of US\$45.33 million and share of profits in associates of US\$24.18 million.

Current liabilities made up of trade and other payables, increased by US\$229.59 million to US\$448.99 million as at the end of FY 2009 compared to US\$219.40 million as at the end of FY 2008. This was due to an increase in the volume of trading activities.

The Company does not have any interest-bearing liabilities or obligations as at the end of FY 2009 and as at the end of FY 2008. The Company has accepted a revolving credit banking facility of US\$30 million with an international bank and will likely drawdown the facility in 2010.

The Group's net assets stood at US\$309.74 million as at the end of FY 2009, or an equivalent of 42.91 US cents per share, compared to US\$275.70 million as at the end of FY 2008 or an equivalent of 38.14 US cents per share. The increase of 4.77 US cents per share in the Group's net assets was primarily due to an increase in retained earnings as a result of net profits generated for FY 2009 which was partially offset by the dividend payout in May 2009.

#### **Consolidated Statement of Cash Flows**

##### ***4th Qtr 2009 v 4th Qtr 2008***

Cash flows generated from operating activities before changes in working capital, was US\$2.54 million in 4Q 2009 compared to US\$4.27 million generated in 4Q 2008 mainly due to higher operating expenses in 4Q 2009 as a result of increase in business activities and the reversal of impairment loss on property in 4Q 2008.

In 4Q 2009, changes in working capital items were as follows: (i) cash used in inventories of US\$20.91 million; (ii) cash used in trade and other receivables of US\$74.71 million; and (iii) cash generated from trade and other payables of US\$140.32 million. The net cash generated from operating activities was US\$47.24 million in 4Q 2009 compared to cash used in operating activities of US\$138.08 million in 4Q 2008. This was due to the larger amount of timing differences in receipts from trade receivables and payments to trade suppliers.

Cash flows generated from investing activities amounted to US\$0.07 million in 4Q 2009, compared to cash flows generated from investing activities of US\$0.96 million in 4Q 2008. The decrease was largely due to lower interest received of US\$0.12 million compared to US\$0.96 million in 4Q 2008, mainly due to the decline in interest rates globally.

Cash flows used in financing activities of US\$0.72 million in 4Q 2009 was due to share buyback pursuant to the approval given by the shareholders at the Company's Extraordinary General Meeting held on 18 September 2009.

##### ***FY 2009 v FY 2008***

Cash flows generated from operating activities before changes in working capital, was US\$20.71 million for FY 2009 compared to US\$17.69 million generated for FY 2008. This was largely due to profits generated from trading activities.

For FY 2009, changes in working capital items recorded were as follows: (i) cash used in inventories of US\$37.61 million; (ii) cash used in trade and other receivables of US\$159.56 million; and (iii) cash generated from trade and other payables of US\$229.59 million. The net cash generated from operating activities was US\$53.13 million compared to cash used in operating activities of US\$114.68 million for FY 2008, mainly attributable to the timing differences in receipts from trade receivables and payments to trade suppliers.

Cash flows used in investing activities amounted to US\$13.45 million for FY 2009, compared to cash flows generated from investing activities of US\$5.20 million for FY 2008. The decrease was largely due to the US\$45.33 million used in the acquisition of the 49% equity interest in TSN-PEKCL and lower interest received of US\$4.27 million, partially offset by dividends received from Pudong of US\$31.09 million.

Cash flows used in financing activities decreased to US\$10.60 million for FY 2009 compared to US\$36.68 million for FY 2008, mainly due to ordinary dividend payout of two Singapore cents per share for FY 2009 compared to special dividend of five Singapore cents and ordinary dividend of two Singapore cents per share for FY 2008.

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.

The rebound in PRC's civil aviation industry in 2009 was largely driven by an increase in domestic air passenger traffic. In 2010, the expected recovery of the world economy, coupled with major international events in the PRC, such as the Shanghai World Expo and the Guangzhou Asian Games, would likely continue to boost PRC's international air passenger traffic growth and demand for jet fuel. However, the import level is dependent on domestic production. Whilst the global economic prospects in 2010 appear to have improved, uncertainties remain. Consequently, CAO faces a challenging external environment.

The fundamentals of CAO's core businesses have remained strong. Barring unforeseen circumstances, CAO's business would remain stable.

11 Dividend

**(a) Current financial period reported on**

Any dividend declared for the current financial period reported on? Yes

The Directors proposed a final one-tier tax exempt ordinary dividend of Singapore two cents per share totalling S\$14.44 million (or US\$10.28 million) for the Group in respect of the financial year ended 31 December 2009 subject to shareholders' approval at the forthcoming Annual General Meeting.

	Proposed Final One-tier Tax Exempt Ordinary
Name of dividend	
Dividend Type	Cash
Net Dividend Amount (Singapore cents per share)	2

**(b) Corresponding period of the immediately preceding financial year**

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

	Proposed Final One-tier Tax Exempt Ordinary
Name of dividend	
Dividend Type	Cash
Net Dividend Amount (Singapore cents per share)	2

**(c) Date payable**

To be determined.

**(d) Book closure date**

To be determined.

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

No interim dividend has been declared for the period ended 31 December 2009.



PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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

	Middle distillates		Other oil products		Others		Total	
	2009 US\$'000	2008 US\$'000	2009 \$'000	2008 \$'000	2009 US\$'000	2008 US\$'000	2009 US\$'000	2008 US\$'000
Revenue	3,496,805	5,370,153	137,519	91	-	-	3,634,324	5,370,244
Gross profit	31,530	22,526	(823)	6	-	-	30,707	22,532
Operating expenses	(5,825)	(3,392)	(610)	(32)	(1,824)	(1,469)	(8,259)	(4,893)
Segment results	25,705	19,134	(1,433)	(26)	(1,824)	(1,469)	22,448	17,639
Other operating income	(657)	5,838	-	-	-	-	(657)	5,838
Finance costs	(701)	(542)	(66)	-	-	-	(767)	(542)
Share of results of associates (net of tax)	-	-	-	-	24,175	10,516	24,175	10,516
Profit before taxation	24,347	24,430	(1,499)	(26)	22,351	9,047	45,199	33,451
Income tax expense	-	4,894	-	-	-	-	-	4,894
Profit after taxation	24,347	29,324	(1,499)	(26)	22,351	9,047	45,199	38,345

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 as follows:

	Group		% Increase/ (Decrease)
	2009 US\$'000	2008 (Restated) US\$'000	
Sales reported for first half year	1,465,592	2,846,301	-48.5%
Operating profit after tax before deducting minority interests reported for first half year	15,952	27,609	-42.2%
Sales reported for second half year	2,168,732	2,523,943	-14.1%
Operating profit after tax before deducting minority interests reported for second half year	29,247	10,736	172.4%

16. A breakdown of the total annual dividend (in dollar value) for the issuer's most latest full year and its previous full year as follows: (a) ordinary, (b) preference and (c) total.

	Latest Full Year US\$'000 (Proposed)	Previous Full Year US\$'000
Ordinary	10,280	9,874
Preference	0	0
Total:	10,280	9,874

17 Interested Person Transactions.

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

Aggregate value of interested person transactions entered from 1 January 2009 to 31 December 2009.

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 920)	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than US\$100,000)
	US\$'000	US\$'000
Sales revenue from related corporations	0	1,364,342
Sales revenue from related corporation of a corporate shareholder	0	163,030
Purchases from related corporation of a corporate shareholder	0	750,656
Supply chain services rendered from related corporation	0	779
Supply chain services rendered from related corporation of a corporate shareholder	0	1,397
Transportation revenue earned by associate from related corporations	0	5,707
Other revenue earned by associate from related corporation	0	1,517

BY ORDER OF THE BOARD

Doreen Nah  
 Company Secretary  
 25 February 2010