



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
(Company Registration No. 199303293Z)
Third Quarter Financial Statement For The Period Ended 30 September 2011

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 2011	3Q 2010	Variance		YTD 3Q 2011	YTD 3Q 2010	Variance	
	US\$'000	US\$'000	+/-	%	US\$'000	US\$'000	+/-	%
Revenue (Note 1)	2,414,131	1,389,355	73.8%		6,867,652	3,819,739	79.8%	
Cost of sales	(2,401,912)	(1,381,422)	73.9%		(6,835,514)	(3,794,033)	80.2%	
Gross Profit	12,219	7,933	54.0%		32,138	25,706	25.0%	
Other operating income (Note 2)	464	(5)	NM		845	92	818.5%	
Administrative expenses	(1,926)	(2,287)	-15.8%		(5,085)	(6,406)	-20.6%	
Other operating expenses	(609)	(118)	416.1%		(975)	(244)	299.6%	
Finance costs	(872)	(275)	217.1%		(2,019)	(1,044)	93.4%	
Operating Profit	9,276	5,248	76.8%		24,904	18,104	37.6%	
Share of results of associates (net of tax) (Note 3)	8,288	8,518	-2.7%		34,787	26,613	30.7%	
Profit before income tax	17,564	13,766	27.6%		59,691	44,717	33.5%	
Income tax expense (Note 4)	(547)	-	-		(1,981)	-	-	
PROFIT FOR THE PERIOD	17,017	13,766	23.6%		57,710	44,717	29.1%	
Attributable to:								
Equity holders of the Company	17,017	13,766	23.6%		57,710	44,717	29.1%	

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 2011	3Q 2010	Variance		YTD 3Q 2011	YTD 3Q 2010	Variance	
	US\$'000	US\$'000	+ / -	%	US\$'000	US\$'000	+ / -	%
PROFIT FOR THE PERIOD	17,017	13,766		23.6%	57,710	44,717		29.1%
Other comprehensive income:								
Exchange differences on translation of the financial statements of foreign associates	1,865	1,639		13.8%	3,904	2,467		58.2%
Other comprehensive loss for the period, net of tax	1,865	1,639		13.8%	3,904	2,467		58.2%
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	18,882	15,405		22.6%	61,614	47,184		30.6%
Total comprehensive income attributable to:								
Owners of the parent	18,882	15,405		22.6%	61,614	47,184		30.6%

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

	Group			Group		
	3Q 2011	3Q 2010	Var	YTD 3Q 2011	YTD 3Q 2010	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Depreciation of property, plant and equipment	(139)	(90)	54.4%	(378)	(267)	41.6%
Amortisation of intangible assets	(11)	(16)	-31.3%	(35)	(77)	-54.5%
Interest expense	(450)	-	NM	(663)	-	NM
Bank interest income	76	217	-65.0%	171	423	-59.6%
Foreign exchange gain/(loss)	388	(222)	NM	674	(364)	NM
Write off of property, plant and equipment	-	-	NM	-	(3)	NM
Gain on disposal of property, plant and equipment	-	-	-	-	33	NM

Note 1: Revenue

	Group			Group		
	3Q 2011	3Q 2010	Var	YTD 3Q 2011	YTD 3Q 2010	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Revenue from middle distillates	2,289,690	1,349,097	69.7%	6,605,866	3,690,440	79.0%
Revenue from other oil products	124,441	40,258	209.1%	261,786	129,299	102.5%
	2,414,131	1,389,355	73.8%	6,867,652	3,819,739	79.8%

Note 2: Other operating income

	Group			Group		
	3Q 2011 US\$'000	3Q 2010 US\$'000	Var + / - %	YTD 3Q 2011 US\$'000	YTD 3Q 2010 US\$'000	Var + / - %
Bank interest income	76	217	-65.0%	171	423	-59.6%
Foreign exchange gain/(loss)	388	(222)	NM	674	(364)	NM
Gain on disposal of property, plant and equipment	-	-	-	-	33	NM
	464	(5)	NM	845	92	818.5%

Note 3: Share of results of associates

	Group			Group		
	3Q 2011 US\$'000	3Q 2010 US\$'000	Var + / - %	YTD 3Q 2011 US\$'000	YTD 3Q 2010 US\$'000	Var + / - %
Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd (“Pudong”)	7,689	7,899	-2.7%	32,898	25,111	31.0%
China Aviation Oil Xinyuan Petrochemicals Co. Ltd (“Xinyuan”)	182	362	-49.7%	816	584	39.7%
China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd (“TSN-PEKCL”)	417	257	62.3%	1,073	918	16.9%
	8,288	8,518	-2.7%	34,787	26,613	30.7%

Note 4: Income tax expense

The Company recorded tax expense of US\$1.98 million for YTD 3Q 2011 which was mainly 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 upon remittance to Singapore in the future.

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

	Group		Company	
	As at 30 Sep 11 US\$'000	As at 31 Dec 10 US\$'000	As at 30 Sep 11 US\$'000	As at 31 Dec 10 US\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	8,661	8,777	8,661	8,777
Intangible assets	69	104	69	104
Associates	209,306	191,175	81,236	81,236
Deferred tax assets	3,980	3,980	3,980	3,980
	<u>222,016</u>	<u>204,036</u>	<u>93,946</u>	<u>94,097</u>
Current assets				
Inventories (Note 1)	158,530	154,230	158,530	154,230
Trade and other receivables	772,437	529,584	772,437	529,584
Cash and cash equivalents	106,930	57,988	106,922	57,980
	<u>1,037,897</u>	<u>741,802</u>	<u>1,037,889</u>	<u>741,794</u>
Total assets	<u>1,259,913</u>	<u>945,838</u>	<u>1,131,835</u>	<u>835,891</u>
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	215,573	215,573	215,573	215,573
Retained earnings	154,586	108,435	61,294	28,480
Other components of equity	23,498	21,223	(5,482)	(3,906)
Total equity	<u>393,657</u>	<u>345,231</u>	<u>271,385</u>	<u>240,147</u>
Non-current liabilities				
Deferred tax liabilities	5,802	4,858	-	-
Current liabilities				
Trade and other payables	700,137	565,225	700,133	565,220
Loans and borrowings	160,317	30,524	160,317	30,524
	<u>860,454</u>	<u>595,749</u>	<u>860,450</u>	<u>595,744</u>
Total liabilities	<u>866,256</u>	<u>600,607</u>	<u>860,450</u>	<u>595,744</u>
Total equity and liabilities	<u>1,259,913</u>	<u>945,838</u>	<u>1,131,835</u>	<u>835,891</u>

Note 1: Inventories were valued at fair value as at 30 September 2011 and 31 December 2010 with the resulting changes in fair value being recognised in the Income Statement. Changes in fair value of financial derivatives contracted to hedge these inventories were recognised in the Income Statement in accordance with FRS 39.

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 2011		As at 31 Dec 2010	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	160,317	0	30,524

Amount repayable after one year

As at 30 Sep 2011		As at 31 Dec 2010	
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 2011	3Q 2010	YTD 3Q 2011	YTD 3Q 2010
	US\$'000	US\$'000	US\$'000	US\$'000
Operating activities				
Profit for the period	17,017	13,766	57,710	44,717
Adjustments for items not involving outlay of funds:-				
Depreciation of property, plant and equipment	139	90	378	267
Amortisation of intangible assets	11	16	35	77
Gain on disposal of property, plant and equipment	-	-	-	(33)
Write off of property, plant and equipment	-	-	-	3
Share of results of associates (net of tax)	(8,288)	(8,518)	(34,787)	(26,613)
Interest income	(76)	(217)	(171)	(423)
Interest expense	450	-	663	-
Tax expense	547	-	1,981	-
Unrealised exchange differences	21	6	(114)	33
	<u>9,821</u>	<u>5,143</u>	<u>25,695</u>	<u>18,028</u>
Changes in working capital				
Inventories	(79,306)	(18,497)	(4,300)	(7,282)
Trade and other receivables	111,341	21,867	(225,740)	(70,554)
Trade and other payables	(149,916)	92,547	134,839	109,793
	<u>(108,060)</u>	<u>101,060</u>	<u>(69,506)</u>	<u>49,985</u>
Tax paid	-	-	(117)	-
Cash flows (used in)/from operating activities	<u>(108,060)</u>	<u>101,060</u>	<u>(69,623)</u>	<u>49,985</u>
Investing activities				
Interest received	89	216	178	434
Purchase of property, plant and equipment	(193)	(39)	(318)	(293)
Purchase of intangible assets	-	(93)	-	(93)
Proceeds from sale of property, plant and equipment	-	-	-	85
Dividends received from associate	287	-	2,518	-
Cash flows from investing activities	<u>183</u>	<u>84</u>	<u>2,378</u>	<u>133</u>
Financing activities				
Purchase of treasury shares	-	-	(1,576)	(3,185)
Interest paid	(373)	-	(532)	-
Proceeds from loans and bank borrowings	201,029	-	397,184	-
Repayment of loans and bank borrowings	(161,223)	-	(267,391)	-
Dividend paid	-	-	(11,612)	(10,183)
Cash flows from/(used in) financing activities	<u>39,433</u>	<u>-</u>	<u>116,073</u>	<u>(13,368)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(68,444)</u>	<u>101,144</u>	<u>48,828</u>	<u>36,750</u>
Cash and cash equivalents at beginning of the period	175,395	117,771	57,988	182,192
Net effect of exchange rate fluctuations on cash held	(21)	(6)	114	(33)
Cash and cash equivalents at end of the period	<u><u>106,930</u></u>	<u><u>218,909</u></u>	<u><u>106,930</u></u>	<u><u>218,909</u></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	Foreign currency translation reserve US\$'000	Statutory reserve US\$'000	Total equity US\$'000
THE GROUP						
As at 1 January 2010	215,573	75,331	(721)	12,175	7,377	309,735
Total comprehensive income for the period	-	44,717	-	2,467	-	47,184
Dividend paid in respect of 2009	-	(10,183)	-	-	-	(10,183)
Purchase of treasury shares	-	-	(3,185)	-	-	(3,185)
As at 30 September 2010	215,573	109,865	(3,906)	14,642	7,377	343,551
As at 1 January 2011	215,573	108,435	(3,906)	17,303	7,826	345,231
Total comprehensive income for the period	-	57,710	-	3,904	-	61,614
Dividend paid in respect of 2010	-	(11,612)	-	-	-	(11,612)
Transfer from statutory reserve to retained earnings	-	53	-	-	(53)	-
Purchase of treasury shares	-	-	(1,576)	-	-	(1,576)
As at 30 September 2011	215,573	154,586	(5,482)	21,207	7,773	393,657

Statement of Changes in Equity

	Share capital US\$'000	Retained earnings US\$'000	Treasury shares US\$'000	Total equity US\$'000
THE COMPANY				
As at 1 January 2010	215,573	25,175	(721)	240,027
Total comprehensive income for the period	-	18,105	-	18,105
Dividend paid in respect of 2009	-	(10,183)	-	(10,183)
Purchase of treasury shares	-	-	(3,185)	(3,185)
As at 30 September 2010	215,573	33,097	(3,906)	244,764
As at 1 January 2011	215,573	28,480	(3,906)	240,147
Total comprehensive income for the period	-	44,426	-	44,426
Dividend paid in respect of 2010	-	(11,612)	-	(11,612)
Purchase of treasury shares	-	-	(1,576)	(1,576)
As at 30 September 2011	215,573	61,294	(5,482)	271,385

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 30 September 2011, the number of ordinary shares of the Company in issue was 716,820,537 (31 December 2010: 718,152,537) excluding 6,000,000 (31 December 2010: 4,668,000) which were held as treasury shares. The total issued and paid up share capital was US\$215.57 million (2010: US\$215.57 million).

Employee share option plans

Between the date of establishment of the China Aviation Oil Share Option Scheme in 2001 (“Scheme”) and 30 September 2011, the Company has not granted any share options under the Scheme.

Treasury shares

During the quarter ended 30 September 2011, 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 28 April 2011.

As at 30 September 2011, a total of 6,000,000 ordinary shares (31 December 2010: 4,668,000 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 2011	3Q 2010	YTD 3Q 2011	YTD 3Q 2010
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)	(4,668,000)	(4,668,000)	(921,000)
Additions during the period	-	-	(1,332,000)	(3,747,000)
Balance at end of period	(6,000,000)	(4,668,000)	(6,000,000)	(4,668,000)
Total	716,820,537	718,152,537	716,820,537	718,152,537

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 2010.

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 2010 and on 1 January 2011. 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 2011	3Q 2010	YTD 3Q 2011	YTD 3Q 2010
Earnings per ordinary share for the period after deducting any provision for				
(a) Based on weighted average number of ordinary share on issue; and	2.37 US cents	1.92 US cents	8.05 US cents	6.22 US cents
(b) On a fully diluted basis	2.37 US cents	1.92 US cents	8.05 US cents	6.22 US cents
Weighted average number of shares ('000)	716,821	718,153	716,977	718,683

Basic earnings per share and earnings per share on a fully diluted basis for the financial quarter ended and nine months ended 30 September 2011 were computed based on net profit attributable to owners of the Company of US\$17,017,000 (2010: US\$13,766,000) and US\$57,710,000 (2010: US\$44,717,000) and weighted average share capital of 716,820,537 (2010: 718,152,537) and 716,977,494 (2010: 718,683,129) 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:
- current financial period reported on; and
 - immediately preceding financial year.

	Group		Company	
	30 Sep 2011	31 Dec 2010	30 Sep 2011	31 Dec 2010
Net asset value per ordinary share based on issued share capital at the end of the period reported on (US cents)	54.92	48.07	37.86	33.44
Number of ordinary shares issued ('000)	716,821	718,153	716,821	718,153

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 2011 and 31 December 2010 (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:
- 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
 - 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 (“CAO” or “Group”) are jet fuel supply and trading, trading of other oil products and investments in oil-related assets. Consequently, income is derived from (i) jet fuel supply and trading (ii) trading in other oil products and (iii) investments in oil related businesses.

We are the largest physical jet fuel trader 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

3rd Qtr 2011 v 3rd Qtr 2010

The total supply and trading volume for jet fuel and other oil products increased by 0.38 million tonnes (18.72%) to 2.41 million tonnes for the third quarter ended 30 September 2011 (“3Q 2011”) compared to 2.03 million tonnes for the third quarter ended 30 September 2010 (“3Q 2010”). The volume of jet fuel supply and trading increased by 0.25 million tonnes (13.09%) to 2.16 million tonnes for 3Q 2011 compared to 1.91 million tonnes for 3Q 2010. The trading volume of other oil products increased by 0.13 million tonnes (108.33%) to 0.25 million tonnes for 3Q 2011 compared to 0.12 million tonnes for 3Q 2010.

Total revenue increased by US\$1,024.77 million (73.76%) to US\$2,414.13 million for 3Q 2011 from US\$1,389.36 million for 3Q 2010. This was mainly attributable to higher volume of jet fuel supply and trading coupled with higher jet fuel prices in 3Q 2011, which averaged US\$127.96 per barrel (bbl) compared to an average of US\$87.62 per bbl in 3Q 2010. The increase in total revenue was also due to the increase in trading volume of other oil products. 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\$12.22 million for 3Q 2011, an increase of 54.03% compared to US\$7.93 million for 3Q 2010. This was mainly due to higher gains from oil trading activities.

Other operating income was US\$0.46 million for 3Q 2011 compared to negative US\$0.01 million for 3Q 2010. This was mainly due to foreign exchange gain of US\$0.39 million in 3Q 2011 compared to foreign exchange loss of US\$0.22 million in 3Q 2010, which were due to revaluation differences resulting from the strengthening of the Singapore dollar against the US dollar.

Bank interest income of US\$0.08 million for 3Q 2011, which was derived from time deposits placed with banks, was lower by US\$0.14 million (64.98%) compared to US\$0.22 million for 3Q 2010 mainly due to less deposits placed with banks.

Total expenses comprising administrative expenses, other operating expenses and finance costs increased by US\$0.73 million (27.24%) to US\$3.41 million for 3Q 2011 compared to US\$2.68 million for 3Q 2010. This was mainly attributable to higher bank charges relating to issuance of Letters of Credit, higher interest expenses arising from bank borrowings to finance trading activities, higher travelling expenses as a result of increased business activities and higher professional fees incurred for evaluation of potential new business, etc.

The share of profits from associates was US\$8.29 million for 3Q 2011 compared to US\$8.52 million for 3Q 2010, a decrease of 2.70%. The share of profits from Pudong was US\$7.69 million for 3Q 2011 compared to US\$7.90 million for 3Q 2010, decrease by 2.66% mainly due to higher cost of sales and expenses although revenue has increased in line with higher refuelling volume.

Share of profits from TSN-PEKCL for 3Q 2011 was US\$0.42 million compared to US\$0.26 million for 3Q 2010, an increase of 62.26% owing to higher revenue from increase in sales volume. The share of results in Xinyuan decreased by US\$0.18 million (49.72%) to US\$0.18 million for 3Q 2011 compared to US\$0.36 million for 3Q 2010, due to lower revenue from rental of oil storage tanks.

Tax expense of US\$0.55 million for 3Q 2011 was 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 upon remittance to Singapore in the future.

The Group's net profit for 3Q 2011 was US\$17.02 million compared to US\$13.77 million for 3Q 2010, an increase of US\$3.25 million (23.62%), mainly due to higher gross profit resulting from higher gains from oil trading activities. Earnings per share was 2.37 US cents for 3Q 2011 compared to 1.92 US cents for 3Q 2010.

3rd Qtr 2011 v 2nd Qtr 2011

The total supply and trading volume for jet fuel and other oil products increased by 0.05 million tonnes (2.12%) to 2.41 million tonnes for 3Q 2011 compared to 2.36 million tonnes for the second quarter ended 30 June 2011 ("2Q 2011"), mainly due to higher trading volume of other oil products.

Total revenue decreased by US\$55.26 million (2.24%) to US\$2,414.13 million for 3Q 2011 from US\$2,469.39 million for 2Q 2011. This was mainly attributable to lower trading volume of jet fuel and lower jet fuel prices which averaged at US\$127.96 per bbl for 3Q 2011 compared to an average price of US\$133.35 per bbl for 2Q 2011. The decline in revenue from jet fuel was partially offset by the increase in trading revenue from other oil products.

Gross profit derived from jet fuel supply and trading and trading of other oil products was US\$12.22 million for 3Q 2011, an increase of 49.57% compared to US\$8.17 million for 2Q 2011. This was mainly due to higher gains from oil trading activities.

Other operating income was US\$0.46 million for 3Q 2011 compared to US\$0.14 million for 2Q 2011, an increase of 228.57% owing to higher foreign exchange gain from revaluation difference resulting from the strengthening of the Singapore dollar against the US dollar.

Total expenses increased by US\$0.96 million (39.18%) to US\$3.41 million for 3Q 2011, compared to US\$2.45 million for 2Q 2011. This was mainly attributable to higher interest expenses arising from bank borrowings to

finance trading activities, higher travelling expenses as a result of increased business activities and higher professional fees incurred for evaluation of potential new business, etc.

The share of profits from associates was US\$8.29 million for 3Q 2011 compared to US\$14.04 million for 2Q 2011, a decrease of 40.95%. This was mainly attributable to lower share of profits in Pudong of US\$7.69 million for 3Q 2011 compared to US\$13.29 million for 2Q 2011, mainly due to higher costs of sales and expenses although revenue has increased in line with higher refuelling volumes.

The share of results in TSN-PEKCL was US\$0.42 million for 3Q 2011 compared to US\$0.34 million for 2Q 2011, increase of US\$0.08 million. The share of results in Xinyuan decreased by US\$0.23 million (56.10%) to US\$0.18 million for 3Q 2011 compared to US\$0.41 million for 2Q 2011.

The Group's net profit for 3Q 2011 was US\$17.02 million compared to US\$19.23 million for 2Q 2011, a decrease of US\$2.21 million (11.49%), mainly due to lower share of profits from associates. Earnings per share was 2.37 US cents for 3Q 2011 compared to 2.69 US cents for 2Q 2011.

YTD 3Q 2011 v YTD 3Q 2010

The total supply and trading volume for jet fuel and other oil products increased by 1.46 million tonnes (26.55%) to 6.96 million tonnes for the nine months ended 30 September 2011 ("YTD 3Q 2011") compared to 5.50 million tonnes for the nine months ended 30 September 2010 ("YTD 3Q 2010"). The volume of jet fuel supply and trading increased by 1.28 million tonnes (24.85%) to 6.43 million tonnes for YTD 3Q 2011 compared to 5.15 million tonnes for YTD 3Q 2010. The trading volume of other oil products increased by 0.18 million tonnes (51.43%) to 0.53 million tonnes for YTD 3Q 2011 compared to 0.35 million tonnes for YTD 3Q 2010.

Total revenue increased by US\$3,047.91 million (79.79%) to US\$6,867.65 million for YTD 3Q 2011 from US\$3,819.74 million for YTD 3Q 2010. This was mainly attributable to higher volume of jet fuel supply and trading coupled with higher jet fuel prices which averaged at US\$125.34 per bbl for YTD 3Q 2011 compared to an average price of US\$88.57 per bbl for YTD 3Q 2010. The increase in total revenue was also partly due to revenue generated from petrochemical and trading of other oil products. 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\$32.14 million for YTD 3Q 2011, an increase of 25.01% compared to US\$25.71 million for YTD 3Q 2010. This was mainly due to higher gains from oil trading activities and higher import volume of jet fuel from the PRC.

Other operating income was US\$0.85 million for YTD 3Q 2010 compared to US\$0.09 million for YTD 3Q 2010. This was mainly due to foreign exchange gain of US\$0.67 million for YTD 3Q 2011 compared to foreign exchange loss of US\$0.36 million for YTD 3Q 2010, which were due to revaluation difference resulting from the strengthening of the Singapore dollar against the US dollar.

Bank interest income of US\$0.17 million for YTD 3Q 2011, which was derived from time deposits placed with banks, was lower by US\$0.25 million (59.57%) compared to US\$0.42 million for YTD 3Q 2010 mainly due to lower time deposits placed with banks.

Total expenses were US\$8.08 million for YTD 3Q 2011, increased by 5.07% compared to US\$7.69 million for YTD 3Q 2010. The increase in expenses was attributable to the increase in finance costs relating to bank charges for the issuance of Letter of Credits and interest expense on bank borrowings, increase in professional fees incurred for evaluation of potential new business and travelling expenses as a result of increased business activities, partially offset by the reversal of an over-provision in staff costs.

The share of profits from associates was US\$34.79 million for YTD 3Q 2011 compared to US\$26.61 million for YTD 3Q 2010, an increase of 30.71%. This was mainly attributable to the share of profits in Pudong of US\$32.90 million for YTD 3Q 2011 compared to US\$25.11 million for YTD 3Q 2010, mainly due to higher revenue resulting from higher refuelling volumes.

Share of profits from TSN-PEKCL was US\$1.07 million for YTD 3Q 2011 compared to US\$0.92 million for YTD 3Q 2010, an increase of 16.88% owing to higher revenue from increase in sales volume. The share of results in Xinyuan increased by US\$0.24 million (39.73%) to US\$0.82 million for YTD 3Q 2011 compared to US\$0.58 million for YTD 3Q 2010, mainly due to higher revenue from rental of oil storage tanks.

Tax expense of US\$1.98 million for YTD 3Q 2011 was attributable to the recognition of deferred tax liabilities on the Company's share of undistributed retained earnings from associates.

The Group's net profit for YTD 3Q 2011 was US\$57.71 million compared to US\$44.72 million for YTD 3Q 2010, an increase of US\$12.99 million (29.06%), mainly due to higher gross profit resulting from higher gains from oil trading activities and higher share of profits from associates. Earnings per share was 8.05 US cents for YTD 3Q 2011 compared to 6.22 US cents for YTD 3Q 2010.

Statement of Financial Position

The Group's current assets stood at US\$1,037.89 million as at 30 September 2011 compared to US\$741.80 million as at 31 December 2010. The increase of US\$296.09 million in current assets resulted mainly from:

- (i) an increase of US\$4.30 million in inventories, due to trading activities;
- (ii) an increase of US\$242.85 million in trade and other receivables to US\$772.44 million as at 30 September 2011 from US\$529.59 million as at 31 December 2010 due to higher sales revenue in September 2011 compared to December 2010 and dividend receivable amounting to US\$18.33 million; and
- (iii) an increase of US\$48.94 million in cash and cash equivalents which was mainly attributable cash inflow of US\$2.38 million from investing activities, cash inflow of US\$116.07 million from financing activities less the cash outflow of US\$69.62 million from operating activities.

Non-current assets stood at US\$222.02 million as at 30 September 2011, compared to US\$204.04 million as at 31 December 2010. The increase of US\$17.98 million was mainly attributable to the share of profits in associates of US\$34.79 million for YTD 3Q 2011 less the dividend of US\$20.56 million distributed out of associates' retained earnings and the impact of foreign exchange translation of the financial statements of foreign associates.

Current liabilities made up of trade and other payables and bank borrowings, increased by US\$264.70 million to US\$860.45 million as at 30 September 2011 compared to US\$595.75 million as at 31 December 2010. This was mainly due to the higher cost of procurement in September 2011 owing to increase in volume and oil prices compared to December 2010 and the increase in bank borrowings for working capital purposes.

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 upon remittance to Singapore in the future.

The Group's net assets stood at US\$393.66 million as at 30 September 2011, or 54.92 US cents per share, compared to US\$345.23 million as at 31 December 2010 or 48.07 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 2011 less the dividend paid in May 2011.

Consolidated Statement of Cash Flows

3Q 2011 v 3Q 2010

Cash flows generated from operating activities before changes in working capital, was US\$9.82 million in 3Q 2011 compared to US\$5.14 million generated in 3Q 2010 mainly due to higher operating profits in 3Q 2011 as a result of better performance from trading activities.

In 3Q 2011, changes in working capital items were as follows: (i) cash used in inventories of US\$79.31 million; (ii) cash generated from trade and other receivables of US\$111.92 million; and (iii) cash used in trade and other payables of US\$150.49 million. The net cash used in operating activities was US\$108.06 million in 3Q 2011 compared to cash generated from operating activities of US\$101.06 million in 3Q 2010. This was due to the lower amount of timing difference in receipts from trade receivables and payments to trade suppliers and higher working capital were utilised to support trading activities in the current quarter.

Cash flows generated from investing activities amounted to US\$0.18 million in 3Q 2011, compared to US\$0.08 million in 3Q 2010, mainly attributable to the dividend income received from associates.

Cash flows generated from financing activities of US\$39.43 million in 3Q 2011 was mainly attributable to the proceeds of US\$201.03 million from bank borrowings partially offset by US\$161.22 million used in repayment of bank borrowings and US\$0.37 million used for payment of bank interest.

YTD 3Q 2011 v YTD 3Q 2010

Cash flows generated from operating activities before changes in working capital, was US\$25.70 million in YTD 3Q 2011 compared to US\$18.03 million generated in YTD 3Q 2010 mainly due to higher operating profits in YTD 3Q 2011 as a result of higher trading activities.

In YTD 3Q 2010, changes in working capital items were as follows: (i) cash used in inventories of US\$4.30 million; (ii) cash used in trade and other receivables of US\$225.17 million; and (iii) cash generated from trade and other payables of US\$134.27 million. The net cash used in operating activities was US\$69.62 million in YTD 3Q 2011 compared to net cash generated from operating activities of US\$49.99 million in YTD 3Q 2010. This was due to the lower amount of timing difference in receipts from trade receivables and payments to trade suppliers and higher working capital were utilised to support trading activities in the current period.

Cash flows generated from investing activities amounted to US\$2.38 million in YTD 3Q 2011 compared to US\$0.13 million in YTD 3Q 2010. The cash generated from investing activities in YTD 3Q 2011 was due to dividend of US\$2.52 million received from associates and interest receipts of US\$0.18 million from time deposits placed with banks partially offset by the cash of US\$0.32 million used in the purchase of property, plant and equipment. The cash generated from investing activities in YTD 3Q 2010 was due to the interest receipts of US\$0.44 million and the proceeds of US\$0.08 million from disposal of property, plant and equipment partially offset by the cash of US\$0.39 million used in the purchase of property, plant and equipment.

Cash flows generated from financing activities of US\$116.07 million in YTD 3Q 2011 was mainly attributable to the proceeds of US\$397.18 million from bank borrowings partially offset by US\$267.39 million used in repayment of bank borrowings, US\$11.61 million used in dividend payout, US\$1.58 million used for the purchase of treasury shares and US\$0.53 million used for payment of bank interest. Cash flows used in financing activities of US\$13.37 million in YTD 3Q 2010 was due to the purchase of treasury shares of US\$3.19 million and dividend payout of US\$10.18 million.

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

There is no material change from the previous prospect statement.

- 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.

As the problems of the weakening United States economy and Europe's debt crises have yet to show signs of fundamental improvements, a period of uncertainty and sub-par growth both globally and in Asia is expected for the rest of the year and 2012. The volatility in oil prices and jet fuel demand in the Asia Pacific region will continue to bring both challenges and opportunities for our oil trading business. We are cautiously optimistic that total jet fuel demand in the PRC will remain robust and jet fuel import demand will remain stable.

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? Yes

Name of dividend	Interim
Dividend Type	Cash
Dividend per ordinary share (Singapore cents)	2
Tax rate	One-tier tax exempt

(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 2011.

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

Aggregate value of interested person transactions entered from 1 January 2011 to 30 September 2011.

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	1,992,578
Sales revenue from related corporation of a corporate shareholder	0	1,043,392
Purchases from related corporation of a corporate shareholder	0	1,509,694
Loss from trading of derivative financial instrument with related corporation of a corporate shareholder	0	3,894
Supply chain services rendered from related corporation	0	2,053
Supply chain services rendered from related corporation of a corporate shareholder	0	322
Transportation revenue earned by associate from related corporations	0	6,583

BY ORDER OF THE BOARD

Doreen Nah
Company Secretary
10 November 2011