CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
(Company Registration No. 199303293Z)
First Quarter Financial Statement For The Period Ended 31 March 2008

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		
	1Q 2008	**1Q 2007**	**Variance**
	US$'000	**US$'000**	**+ / - %**
Revenue (Note 1)	1,004,812	548,326	83.3%
Cost of sales	(1,001,440)	(545,639)	83.5%
Gross Profit (Note 2)	3,372	2,687	25.5%
Other operating income			
- Bank interest income	1,726	1,688	2.3%
- Others (Note 3)	1,540	(44)	NM
Administrative expenses	(1,661)	(1,980)	16.1%
Other operating expenses (Note 4)	(361)	26	NM
Finance costs (Note 5)	(65)	(2,432)	97.3%
Share of results of associate (net of tax)	4,877	5,673	-14.0%
Profit before taxation	9,428	5,618	67.8%
Income tax expense	(383)	-	NM
Profit after taxation	9,045	5,618	61.0%
Attributable to:			
Equity holders of the Company	9,045	5,652	60.0%
Minority interest	-	(34)	NM
Profit for the period	9,045	5,618	61.0%

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

	Group		
	1Q 2008 US$'000	**1Q 2007 US$'000**	**Var + / - %**
Depreciation of property, plant and equipment	(86)	(125)	-31.2%
Amortisation of intangible assets	(26)	-	NM
Foreign exchange gain/(loss) (Note 3)	1,540	(91)	NM
Interest expenses (Note 5)	-	(2,211)	NM

Note 1: The increase in the Group's revenue to US$1.0 billion for 1Q 2008 from US$0.5 billion for 1Q 2007 was mainly attributable to the higher volume of jet fuel procured and supplied as well as the result of higher oil prices. Jet Fuel price per barrel has increased by approximately 47% from an average of US$75 per barrel for 1Q 2007 to US$110 per barrel for 1Q 2008. The total volume procured and supplied was 1.14 million Metric Tonnes ("MT") in 1Q 2008 compared to 0.91 million MT in 1Q 2007, an increase of approximately 25%.

Note 2: Gross profit for both years was derived based mainly on fixed margin per barrel for supplies to major airports in China. The increase in the amount of gross profit year-on-year is in line with the increase in the volume procured and supplied.

Note 3: Others comprised net foreign exchange gain mainly attributable to the depreciation of the US$ against RMB and S$ for 1Q 2008. For 1Q 2007, this mainly comprised net foreign exchange loss.

Note 4: Other operating expenses consist mainly professional and legal fees related to investment activities and preparatory work in drafting circular for interested party transaction mandate.

Note 5: There is no interest expense in 1Q 2008 as the amounts due to the Scheme Creditors were fully repaid in May 2007.

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

	Group		Company	
	As at 31 Mar 08 US$'000	As at 31 Dec 07 US$'000	As at 31 Mar 08 US$'000	As at 31 Dec 07 US$'000
Non-current assets				
Property, plant and equipment	6,771	6,808	6,771	6,808
Intangible assets	243	269	243	269
Associates	105,357	97,108	35,911	35,911
	112,371	104,185	42,925	42,988
Current assets				
Trade and other receivables (Note 1)	279,850	283,460	279,850	283,460
Cash and cash equivalents	264,794	300,472	263,829	299,517
	544,644	583,932	543,679	582,977
Total assets	657,015	688,117	586,604	625,965
Equity attributable to equity holders of the Company				
Share capital	215,573	215,573	215,573	215,573
Reserves	17,478	14,321	(215)	-
Accumulated profits/(losses)	47,733	38,688	(4,228)	(7,789)
Total equity	280,784	268,582	211,130	207,784
Current liabilities				
Trade and other payables (Note 1)	372,024	413,232	372,007	413,215
Current tax payable	4,207	6,303	3,467	4,966
	376,231	419,535	375,474	418,181
Total liabilities	376,231	419,535	375,474	418,181
Total equity and liabilities	657,015	688,117	586,604	625,965

Note 1 – Trade and other receivables of US$279.9 million comprised trade receivables, intercompany receivables, prepayments, deposits and other receivables. Trade and other payables of US$372.0 million comprised trade payables, accrued operating expenses and other payables. Trade receivables of US$277.2 million represent less than one month's invoiced sales and trade payables of US$364.8 million represent cost of sales recognised within the month of March 2008. Due to timing differences in receipts from trade receivables and payments to trade suppliers, approximately US$89.5million of trade and other payables outstanding as at 31 March 2008, were due and paid in April 2008.

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

Amount repayable in one year or less, or on demand

As at 31 Mar 2008		**As at 31 Dec 2007**	
Secured US$'000	**Unsecured US$'000**	**Secured US$'000**	**Unsecured US$'000**
0	0	0	0

Amount repayable after one year

As at 31 Mar 2008		**As at 31 Dec 2007**	
Secured US$'000	**Unsecured US$'000**	**Secured US$'000**	**Unsecured US$'000**
0	0	0	0

The Company does not have any interest-bearing liabilities or obligations as at 31 March 2008 and as at 31 December 2007.

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

	Group	
	Jan-Mar 08 US$'000	Jan-Mar 07 US$'000
Operating Activities		
Profit before taxation	9,428	5,618
Adjustments for items not involving outlay of funds:-		
Depreciation of property, plant and equipment	86	125
Amortisation of intangible assets	26	-
Share of profits of associates	(4,877)	(5,673)
Interest income	(1,726)	(1,688)
Interest expenses	-	2,286
Unrealised exchange differences	(1,745)	91
	1,192	759
Changes in working capital		
Inventories	-	(387)
Trade and other receivables	3,599	82,348
Trade and other payables	(41,675)	(41,880)
Cash generated (used in)/from operations	(36,884)	40,840
Income tax paid	(2,437)	-
Cash flows from operating activities	(39,321)	40,840
Investing Activities		
Interest received	1,820	1,656
Purchase of property, plant and equipment	(2)	(53)
Cash flows from investing activities	1,818	1,603
Financing Activities		
Interest paid	-	(1,619)
Payment to scheme creditors	-	(59,985)
Increase in Escrow account balance	-	(52)
Cash flows from financing activities	-	(61,656)
Net decrease in cash and cash equivalents	(37,503)	(19,213)
Cash and cash equivalents at beginning of the period	300,472	85,376
Effect of exchange rate fluctuations on cash held (Note 1)	1,825	5
Cash and cash equivalents at end of the period (Note 2)	264,794	66,168

Note 1: This was mainly due to the effect of unrealised exchange gain relating to bank balances in Singapore dollar, which has resulted from the weakening of the US dollar.

Note 2 :

	2008 US$'000	2007 US$'000
Cash and cash equivalents in the balance sheet	264,794	70,339
Less: balance in Escrow account	-	(4,171)
Cash and cash equivalents in the cash flow statement	**264,794**	**66,168**

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$'000	Hedging reserve US$'000	Currency translation reserve US$'000	Statutory reserve US$'000	Accumulated (losses)/profits US$'000	Total attributable to equity holders of the Company US$'000	Minority interest US$'000	Total equity US$'000
Group								
At 1 January 2007	215,573	-	3,214	6,925	(120,009)	105,703	1,073	106,776
Translation differences relating to financial statements of foreign subsidiary and associate/Net gain recognised directly in equity	-	-	154	-	-	154	3	157
Profit/(loss) for the period	-	-	-	-	5,652	5,652	(34)	5,618
Total recognised income and expense for the period	-	-	154	-	5,652	5,806	(31)	5,775
At 31 March 2007	215,573	-	3,368	6,925	(114,357)	111,509	1,042	112,551
At 1 January 2008	215,573	-	7,288	7,033	38,688	268,582	-	268,582
Translation differences relating to financial statements of foreign subsidiary and associate	-	-	3,372	-	-	3,372	-	3,372
Effective portion of changes in fair value of cash flow hedge	-	(215)	-	-	-	(215)	-	(215)
Net gain/(loss) recognised directly in equity	-	(215)	3,372	-	-	3,157	-	3,157
Profit for the period	-	-	-	-	9,045	9,045	-	9,045
Total recognised income and expense for the period	-	(215)	3,372	-	9,045	12,202	-	12,202
At 31 March 2008	215,573	(215)	10,660	7,033	47,733	280,784	-	280,784

Statement of Changes in Equity

	Share capital US$'000	Hedging reserve US$'000	Accumulated losses US$'000	Total attributable to equity holders of the Company US$'000
Company				
At 1 January 2007	215,573	-	(153,677)	61,896
Loss for the period/Total recognised expense for the period	-	-	(73)	(73)
At 31 March 2007	215,573	-	(153,750)	61,823
At 1 January 2008	215,573	-	(7,789)	207,784
Effective portion of changes in fair value of cash flow hedge/Net loss recognised directly in equity	-	(215)	-	(215)
Profit for the period	-	-	3,561	3,561
Total recognised income and expense for the period	-	(215)	3,561	3,346
At 31 March 2008	215,573	(215)	(4,228)	211,130

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.

No shares were issued since 31 December 2007.

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 2007.

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 adopted the following new/revised Singapore Financial Reporting Statements ("FRS"):
INT FRS 111 FRS 102 Group and Treasury Share Transaction
INT FRS 112 Service Concession Arrangements

Other than the adoption of the above new/revised Financial Reporting Standards issued by the Council on Corporate Disclosure and Governance as at 31 March 2008, which took effect on 1 January 2008, there has been no change in the accounting policies and methods of computation adopted by the Group. The adoption of the new/revised Financial Reporting Standards did not have a significant impact on the financial statements of the Group.

6 Earning 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.

	As at 31 Mar 08	As at 31 Mar 07
Earnings per ordinary share for the period after deducting any provision for preference dividends:		
(a) Based on weighted average number of ordinary share on issue; and	1.25 cents	0.78 cents
(b) On a fully diluted basis	1.25 cents	0.78 cents
Weighted average number of shares ('000)	722,821	722,821

Basic earnings per share and earnings per share on a fully diluted basis for the financial period ended 31 March 2008 were computed based on net profit attributable to shareholders of US$9,045,000 (2007: US$5,652,000) and weighted average share capital in issue of 722,820,537 (2007: 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	
	Mar 08	Dec 07	Mar 08	Dec 07
Net asset value per ordinary share based on issued share capital at the end of the period reported on (US cents)	38.85	37.16	29.21	28.75
Number of ordinary shares issued ('000)	722,821	722,821	722,821	722,821

Net asset value per ordinary share is determined based on net asset value attributable to equity holders of the Company and the number of shares in issue of the Company as at 31 March 2008 and 31 December 2007.

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

The principal activities of the Group are the procurement of jet fuel, oil-trading activities for the purpose of hedging and investment holding. Revenue streams in 1Q2008 comprised (i) jet fuel procurement and (ii) strategic investments in oil related businesses.

1Q 2008 vs 1Q 2007

The Group's revenue for 1Q 2008 was US$1.0 billion compared to US$0.5 billion for 1Q 2007, an increase of 83.3%. This was mainly attributable to two factors namely higher volume of oil procured and higher oil prices. The total volume of oil procured and supplied was 1.14 million Metric Tonnes ("MT") in 1Q 2008 compared to 0.91 million MT in 1Q 2007, an increase of approximately 25% while average oil price increased from US$75 per barrel in 1Q 2007 to US$110 per barrel in 1Q 2008. The increase in total volume of jet fuel procured and supplied for the quarter under review was due to a rise in demand for jet fuel imports in China corresponding to a decline in China's domestic production and supply of jet fuel.

An exchange gain of US$1.5 million was recorded for 1Q 2008 against an exchange loss of US$0.09 million for 1Q 2007. This was mainly due to the acute depreciation of the US$ against S$ and RMB.

There was a reduction in administrative expenses. This was mainly due to better cost-control and a smaller number of staff of 40 in 1Q 2008 against 43 in 1Q 2007.

The increase in other operating expenses was mainly due to professional and legal fees incurred in respect of investment activities and work connected with the preparation of circular for interested party transaction general mandate. There was also a refund of approximately US$0.1 million in legal fees relating to the completion of restructuring in 1Q 2007.

Finance costs comprised mainly bank charges relating to the issuance of Letters of Credit. Interest expense relating to the amounts due to Scheme Creditors was US$2.2 million for 1Q 2007. There was no interest expense in 1Q 2008 as the amounts due to the Scheme Creditors were fully repaid in May 2007.

The Group's share of the results of its associate, Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong"), was US$4.9 million for 1Q 2008 compared to US$5.7 million for 1Q 2007, a reduction of 14%. This was mainly due to higher interest expense resulting from higher short-term loans, higher interest rates and exchange losses attributable to acute strengthening of Renminbi against the US dollar. In addition, as a result of the unification of China's corporate tax rate with effect from 1 January 2008, the Group has provided for taxation on its share of results of Pudong at the tax rate of 18% for the current quarter which prior to 1 January 2008, Pudong was subject to a concessionary corporate tax rate of 15%. The share of results of associate in 1Q 2008 also includes the Group's share of profit of its 39% stake in China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan") of US$0.03 million. The disposal of 41% interest in Xinyuan was completed in August 2007.

The current year tax provision was US$0.4 million on 1Q 2008 profits based on 10% concessionary tax rate under the Global Traders' Programme ("GTP") for 1Q 2008. No provision for tax expense was made in 1Q 2007.

The Group's profit after tax was US$9.0 million for 1Q 2008 compared to US$5.6 million for 1Q 2007. This was mainly attributable to the contribution by Pudong, as well as higher jet fuel procurement volume, exchange gain and lower operating expenses.

Financial position and Cash Flow review

The Group's net equity increased by 4.5% to US$280.8 million as at 31 March 2008 from US$268.6 million as at 31 December 2007. This was mainly attributable to the profit after tax in 1Q 2008 and the increase in currency translation reserve from its investment in Pudong. The Company commenced hedging activities in this quarter and entered into hedging contracts to hedge against oil price fluctuations on physical cargoes and to lock in profits. In accordance with the hedge accounting methodology pursuant to Financial Reporting Standards ("FRS") 39, the hedge contracts are subject to mark-to-market valuation that have resulted in a negative change in fair value of US$215,000 as at 31 March 2008 which was recognised in hedging reserve in equity. Had the physical cargoes been valued at the prevailing market price as at 31 March 2008, this would have resulted in a corresponding positive change in fair value of approximately the same amount for the Group. The physical cargoes have been contracted for deliveries by the suppliers to the customers in a few months' time, hence are not subject to mark-to-market valuation. The hedge contracts will mature at the same month when the physical cargoes are delivered. At that point, the profit or loss arising from the settlement of the hedging contracts will offset/negate the effect of the oil price fluctuation on the physical cargoes. As a result of these hedging contracts, the Group is not subject to the effect of oil price fluctuations on the procurement of physical jet fuel. The Group's accumulated retained earnings as at 31 March 2008 were US$47.7 million, an increase of 23.4% from US$38.7 million as at 31 December 2007.

As at 31 March 2008, the Group's cash and cash equivalents was US$264.8 million as compared to US$300.5 million as at 31 December 2007. This was mainly due to timing differences on the receipts from trade receivables and payments to trade payables. In 2007, cash was generated mainly from the balance of the net proceeds arising from the sale of the 5% investment in Compania Logistica de Hidrocarburos, S.A. ("CLH"), profits generated from the Company's operations and timing differences on the receipts from trade receivables and payments to trade payables.

The Company has placed US$299,000 as margin deposit which was recorded under trade and other receivables in the Balance Sheet, for the purpose of the hedge contracts entered into in 1Q 2008.

The Company does not have any interest-bearing liabilities or obligations as at 31 March 2008 and as at 31 December 2007.

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.

Jet Fuel demand in China is expected to grow with the significant increase in air travel due to the upcoming Beijing Olympics. We foresee this could potentially translate into import volume growth for the Company. However, China's jet fuel import demand is crucially dependent on the level of jet fuel production in China's domestic refineries.

The Group has undertaken oil-trading activities for hedging purposes in 1Q 2008. Going forward, the Group may gradually commence trading activities in other oil products which will also be undertaken for hedging purposes. The Group will not engage in speculative options trading. The commencement of these trading activities may result in volatility in earnings and cash flows to the Group.

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 31 March 2008.

13 Interested Person Transactions.

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

Aggregate value of interested person transactions entered from 1 January 2008 to 31 March 2008.

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	464,897
Jet fuel procurement from related corporation	0	35,132

BY ORDER OF THE BOARD

Doreen Nah
Company Secretary

9 May 2008

CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
Registration No. 199303293Z

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(4) OF THE LISTING MANUAL

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the first quarter ended 31 March 2008 to be false or misleading in any material respect.

ON BEHALF OF THE BOARD OF DIRECTORS

Lim Jit Poh
Director

Zhang Zhenqi
Director

9 May 2008