

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

## CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD

### Third Quarter Financial Statement Announcement for the Period Ended 30 September 2004

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

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

Group Profit and Loss Account	3 months ended		Increase/ (Decrease)	9 months ended		Increase/ (Decrease)
	30/09/2004	30/09/2003		30/09/2004	30/09/2003	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	879,059	563,987	315,072	2,204,923	1,772,303	432,620
Cost of Revenue	(877,921)	(550,627)	327,294	(2,178,692)	(1,738,853)	439,839
<b>Gross Profit</b>	<b>1,138</b>	<b>13,360</b>	<b>(12,222)</b>	<b>26,231</b>	<b>33,450</b>	<b>(7,219)</b>
Other Income	1,414	361	1,053	5,842	7,787	(1,945)
Distribution costs	(159)	(140)	19	(467)	(276)	191
Administration costs	(236)	(103)	133	(671)	(476)	195
Other operating costs	(4,701)	(5,431)	(730)	(16,946)	(14,472)	2,474
<b>Profit from operating activities</b>	<b>(2,544)</b>	<b>8,047</b>	<b>(10,591)</b>	<b>13,989</b>	<b>26,013</b>	<b>(12,024)</b>
Finance costs	(2,606)	(3,204)	(598)	(4,878)	(4,216)	662
Share of result of associated company	16,411	6,610	9,801	40,455	24,663	15,792
<b>Profit Before Taxation</b>	<b>11,261</b>	<b>11,453</b>	<b>(192)</b>	<b>49,566</b>	<b>46,460</b>	<b>3,106</b>
Taxation	(2,408)	(1,060)	1,348	(7,781)	(6,674)	1,107
Minority Interest	(64)	0	(64)	(63)	0	(63)
<b>Net Profit After Tax</b>	<b>8,789</b>	<b>10,393</b>	<b>(1,604)</b>	<b>41,722</b>	<b>39,786</b>	<b>1,936</b>

#### Notes 1:

Profit from operating activities is arrived at after charging the following items:-

	3 months ended		Increase/ (Decrease)	9 months ended		Increase/ (Decrease)
	30/09/2004	30/09/2003		30/09/2004	30/09/2003	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Interest on borrowing	1,400	149	1,251	2,007	652	1,355
Depreciation and amortization	(509)	802	(1,311)	696	2,399	(1,703)
FX loss/(gain)	(253)	342	595	(1,964)	429	2,393

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

	Group			Company		
	As at 30/09/2004 S\$'000	As at 31/12/2003 S\$'000	Increase/ (Decrease) S\$'000	As at 30/09/2004 S\$'000	As at 31/12/2003 S\$'000	Increase/ (Decrease) S\$'000
<b>Non-Current Assets</b>						
Fixed Assets	17,425	17,844	(419)	17,035	17,553	(518)
Subsidiary company	0	0	0	8,848	722	8,126
Associated company	96,662	91,206	5,456	60,920	60,827	93
Investment	110,654	110,251	403	110,638	110,251	387
	<u>224,741</u>	<u>219,301</u>	<u>5,440</u>	<u>197,441</u>	<u>189,353</u>	<u>8,088</u>
<b>Current Assets</b>						
Inventory	0	4,232	(4,232)	0	4,172	(4,172)
Trade Debtors	144,893	220,793	(75,900)	144,560	220,618	(76,058)
Other Debtors, deposits and prepayments	24,529	15,674	8,855	15,807	15,359	448
Amount due from Holding Company	78,262	31,051	47,211	78,262	31,051	47,211
Amount due from Related Company	124,208	37,740	86,468	124,208	37,682	86,526
Fixed deposits	173,663	57,764	115,899	173,502	57,733	115,769
Cash and bank balances	196,662	10,989	185,673	191,603	10,785	180,818
	<u>742,217</u>	<u>378,243</u>	<u>363,974</u>	<u>727,942</u>	<u>377,400</u>	<u>350,542</u>
<b>Current Liabilities</b>						
Trade Creditors	316,183	248,761	67,422	316,078	248,590	67,488
Accrued staff costs	7,086	7,154	(68)	7,053	7,127	(74)
Other creditors and accruals	6,899	3,659	3,240	4,414	3,427	987
Amount due to Related Company	78,246	78,246	0	78,246	78,246	0
Amount due to Subsidiary Company	0	0	0	0	340	(340)
Amount due to Holding Company	17,128	0	17,128	17,128	0	17,128
Bank Loan	54,848	0	54,848	54,848	0	54,848
Trust receipt payables	34,866	29,640	5,226	34,866	29,640	5,226
Provision for taxation	922	4,760	(3,838)	791	4,757	(3,966)
	<u>516,178</u>	<u>372,220</u>	<u>143,958</u>	<u>513,424</u>	<u>372,127</u>	<u>141,297</u>
<b>Net Current Assets</b>	226,039	6,023	220,016	214,518	5,273	209,245
<b>Non-Current Liabilities</b>						
Bank Loan	(205,680)	0	(205,680)	(205,680)	0	(205,680)
Deferred tax	(82)	(82)	0	(82)	(82)	0
	<u>(205,762)</u>	<u>(82)</u>	<u>(205,680)</u>	<u>(205,762)</u>	<u>(82)</u>	<u>(205,680)</u>
<b>Total Net Assets</b>	<u>245,018</u>	<u>225,242</u>	<u>19,776</u>	<u>206,197</u>	<u>194,544</u>	<u>11,653</u>
<b>Equity</b>						
Share capital	48,384	34,560	13,824	48,384	34,560	13,824
Share premium	50,153	63,977	(13,824)	50,153	63,977	(13,824)
Foreign Currency Translation Reserve	102	0	102	0	0	0
Accumulated profits	144,235	102,513	41,722	107,660	71,815	35,845
Dividend reserve	0	24,192	(24,192)	0	24,192	(24,192)
	<u>242,874</u>	<u>225,242</u>	<u>17,632</u>	<u>206,197</u>	<u>194,544</u>	<u>11,653</u>
Minority Interest	2,144	0	2,144	0	0	0
<b>Equity and Minority Interests</b>	<u>245,018</u>	<u>225,242</u>	<u>19,776</u>	<u>206,197</u>	<u>194,544</u>	<u>11,653</u>

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

**Amount repayable in one year or less, or on demand**

As at 30/09/2004		As at 31/12/2003	
\$'000		\$'000	
Secured	Unsecured	Secured	Unsecured
0	89,714	0	29,640

**Amount repayable after one year**

As at 30/09/2004		As at 31/12/2003	
\$'000		\$'000	
Secured	Unsecured	Secured	Unsecured
0	205,680	0	0

**Details of any collateral**

Mainly Trust Receipts.

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	3 months ended		9 months ended	
	30/09/2004	30/09/2003	30/09/2004	30/09/2003
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flow from operating activities</b>				
Profit before taxation	11,261	11,453	49,566	46,460
Adjustments for:				
Depreciation of fixed assets	228	182	696	539
Amortization of Goodwill	(737)	620	0	1,860
Interest expenses	1,400	149	2,007	652
Interest income	(985)	(344)	(1,473)	(771)
Dividend Income- CLH	0	0	(2,224)	(6,977)
Share of profit of associated company	(16,411)	(6,610)	(40,455)	(24,663)
<b>Operating profit before reinvestment in working capital</b>	<b>(5,244)</b>	<b>5,450</b>	<b>8,117</b>	<b>17,100</b>
(Increase)/decrease in Inventory	1	7,665	4,232	10,536
(Increase)/decrease in trade debtors	29,195	(35,751)	75,900	(10,006)
(Increase)/decrease in other debtors, deposits and prepayments	(6,378)	3,863	(8,855)	578
(Increase)/decrease in amount due from Related company	(55,944)	0	(86,468)	(8)
(Increase)/decrease in amount due from Holding Company	(1,368)	(809)	(47,211)	(809)
Increase/(decrease) in amount due to Holding Company	(1,016)	809	17,128	(78,246)
Increase/(decrease) in amount due to Related Company	2,311	(8,285)	0	69,961
Increase/(decrease) in trade creditors	72,934	32,974	67,422	40,029
Increase/(decrease) in other creditors and accruals	3,510	(1,108)	3,240	(10,772)
Increase/(decrease) in accrued staff costs	1,077	(4,737)	(68)	(2,844)
Increase/(decrease) in trust receipt payables	8,623	18,238	5,226	(7,519)
<b>Cash generated from operations</b>	<b>47,701</b>	<b>18,309</b>	<b>38,663</b>	<b>28,000</b>
Income tax paid	(1,672)	(1,286)	(5,506)	(4,365)
Interest received	985	344	1,473	771
Interest paid	(1,400)	(149)	(2,007)	(652)
<b>Net cash from operating activities</b>	<b>45,614</b>	<b>17,218</b>	<b>32,623</b>	<b>23,754</b>
<b>Cash flow from investing activities</b>				
Purchase of fixed assets	(137)	(274)	(277)	(440)
Net of cash acquired from Subsidiary	125	0	2,183	(63)
Additions in Investment	(109)	0	(496)	(148)
Dividend Received-CLH & SPIA	0	30,746	31,203	37,723
<b>Net cash used in investing activities</b>	<b>(121)</b>	<b>30,472</b>	<b>32,613</b>	<b>37,072</b>
<b>Cash flow from financing activities</b>				
Loan Receipts/(Payment)	(13,724)	0	258,036	0
Translation difference	2,492	0	2,492	0
Dividend paid on ordinary shares	0	(4,320)	(24,192)	(5,760)
Net cash generated from financing activities	(11,232)	(4,320)	236,336	(5,760)
<b>Net increase in cash and cash equivalents</b>	<b>34,261</b>	<b>43,370</b>	<b>301,572</b>	<b>55,066</b>
Cash and cash equivalents at beginning of period	336,064	64,603	68,753	52,907
<b>Cash and cash equivalent at end of period</b>	<b>370,325</b>	<b>107,973</b>	<b>370,325</b>	<b>107,973</b>

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

	Group				Company			
	Jul - Sep 04 S\$'000	Jul - Sep 03 S\$'000	Jan - Sep 04 S\$'000	Jan - Sep 03 S\$'000	Jul - Sep 04 S\$'000	Jul - Sep 03 S\$'000	Jan - Sep 04 S\$'000	Jan - Sep 03 S\$'000
<b>Issued Share Capital</b>								
Balance at beginning of period	48,384	34,560	34,560	28,800	48,384	34,560	34,560	28,800
Bonus issue of ordinary shares	0	0	13,824	5,760	0	0	13,824	5,760
Balance at end of period	48,384	34,560	48,384	34,560	48,384	34,560	48,384	34,560
<b>Share Premium</b>								
Balance at beginning of period	50,153	63,977	63,977	69,737	50,153	63,977	63,977	69,737
Amount capitalised for issue of bonus shares	0	0	(13,824)	(5,760)	0	0	(13,824)	(5,760)
Balance at end of period	50,153	63,977	50,153	63,977	50,153	63,977	50,153	63,977
<b>Foreign Currency Translation</b>								
Balance at beginning of period	0	0	0	0	0	0	0	0
Foreign Currency Translation	102	0	102	0	0	0	0	0
Balance at end of period	102	0	102	0	0	0	0	0
<b>Accumulated Profits</b>								
Balance at beginning of period	135,446	101,828	102,513	72,435	113,777	71,346	71,816	56,045
Profit for the period	8,789	10,393	41,722	39,786	(6,117)	17,625	35,844	32,926
Balance at end of period	144,235	112,221	144,235	112,221	107,660	88,971	107,660	88,971
<b>Dividend Reserve</b>								
Balance at beginning of period	0	0	24,192	5,760	0	0	24,192	5,760
Final dividends paid	0	0	(24,192)	(5,760)	0	0	(24,192)	(5,760)
Balance at end of period	0	0	0	0	0	0	0	0
<b>Total Equity</b>	242,874	210,758	242,874	210,758	206,197	187,508	206,197	187,508

- 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.**

	<b><u>Number of Shares</u></b>	<b><u>Amount (\$'000)</u></b>
Ordinary Shares as at 1 Jan 2004	691,199,999	34,560
Bonus Shares 2 for every 5	<u>276,479,993</u>	<u>13,824</u>
Balance as at 30 June 2004	<u>967,679,992</u>	<u>48,384</u>

During the financial period ended 30 June 2004, the Company issued 276,479,993 Bonus Shares on the basis of two (2) Bonus Shares for every five (5) existing Shares held as at Book Closure Date, 10 May 2004. The Bonus Issue was effected by capitalising S\$13,824K from the share premium account of the Company and applied it in making payment in full for the Bonus Shares which were allotted and issued to Shareholders.

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

The figures have not been audited or reviewed by the auditors.

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.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year compared with those of the audited statements as at 31 December 2003.

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.**

With the early adoption of FRS 103 Business Combinations by the Company, there was no amortization of goodwill for Financial Year 2004.

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.**

Earnings per ordinary share for the period based on net profit attributable to shareholders, based on:-

	<b>3Q 2004</b>	<b>3Q 2003</b>
(i) Based on the weighted average number of ordinary shares in issue; and	0.9 cents	1.1 cents
(ii) On a fully diluted basis	0.9 cents	1.1 cents
Weighted average number of shares ('000)	967,680	967,680

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	
	As at 30/09/2004	As at 31/12/2003	As at 30/09/2004	As at 31/12/2003
Net asset value per ordinary share based on issued share capital as at the end of the period reported on	25.3 cents	32.6 cents	21.3 cents	28.1 cents
Number of Ordinary shares issued ('000)	967,680	691,200	967,680	691,200

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.**

The Group achieved a decrease in net profit after tax of 15.4% to S\$8.8 million for the 3Q 2004 compared to the same period last year.

Turnover was S\$896.9 million, an improvement of 61.4% over 2003, partly due to increase in volume of products traded, and to a greater extent the significant increase in oil prices during the quarter.

Gross profit decreased by 91.5% to S\$1.1 million, down from S\$13.4 million in 2003. Gross trading margin decreased from 2.4% in 2003 to 0.1%. Whilst jet fuel procurement remained profitable, the international trading operations incurred losses during the period as a result of the unexpected rapid steep increase in oil prices during the period, thus eroding the profit margin.

At the operating level, the Group incurred a net loss of S\$5.2 million before tax, despite a decrease in operating expenses, due to the decrease in gross trading margin.

The operating expenses decrease is due to the lower bank charges, and with the early adoption of FRS 103 Business Combinations, no goodwill was amortized.

Contributions from investments were from the equity accounting of the unaudited results of Shanghai Pudong (SPIA), the profit before tax of which increased by 148.3% from S\$6.6 million in 2003 to S\$16.4 million.

#### Balance Sheet

The amount due from Related Company increased due to increased sales of jet fuel to a related company in China.

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

No variance from previous statement.

**10. A commentary at the date of the announcement of the 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 4<sup>th</sup> quarter 2004 initial bulk purchase contract was for 630,000 metric tonnes. This tender is 43.8% higher than the initial tender made for the October-December 2003 quarter, and in line with the 630,000 metric tonnes order placed for the July-September 2004 quarter. It is the fifth consecutive quarter in which volumes have exceeded 600,000 metric tonnes. In fact, the current fiscal year is the first in which volumes have exceeded 600,000 metric tonnes in all four quarters.

An Extraordinary General Meeting will be held on 24 November 2004 to seek shareholders approval, amongst other resolutions, for the acquisition of 88,000,000 ordinary shares in Singapore Petroleum Company Ltd.

**11. Dividend**

**(a) Current Financial Period Reported On**

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

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

**(c) Date payable**

Not Applicable.

**(d) Books closure date**

Not Applicable.

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

No dividend has been declared/recommended for the financial period ended 30 September 2004.

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

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

Not Applicable.

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

Not Applicable.

**15. A breakdown of sales.**

Not Applicable.

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

Not applicable for Q1, Q2 & Q3 results.

**BY ORDER OF THE BOARD**

Adrian Chang  
Company Secretary  
12 November 2004