



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
(Company Registration No. 199303293Z)
Third Quarter Financial Statement For The Period Ended 30 September 2012

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 2012	3Q 2011	Variance		YTD 3Q 2012	YTD 3Q 2011	Variance	
	US\$'000	US\$'000	+/-	%	US\$'000	US\$'000	+/-	%
Revenue (Note 1)	3,784,506	2,414,131	56.76%		10,401,071	6,867,652	51.45%	
Cost of sales	(3,774,016)	(2,401,912)	57.13%		(10,366,900)	(6,835,514)	51.66%	
Gross Profit	10,490	12,219	-14.15%		34,171	32,138	6.33%	
Other operating income (Note 2)	109	464	-76.51%		169	845	-80.00%	
Administrative expenses	(3,399)	(1,926)	76.48%		(9,450)	(5,085)	85.84%	
Other operating expenses	(1,570)	(609)	157.80%		(1,899)	(975)	94.77%	
Finance costs	(1,637)	(872)	87.73%		(3,876)	(2,019)	91.98%	
Operating Profit	3,993	9,276	-56.95%		19,115	24,904	-23.25%	
Share of results of associates (net of tax) (Note 3)	7,200	8,288	-13.13%		27,951	34,787	-19.65%	
Profit before income tax	11,193	17,564	-36.27%		47,066	59,691	-21.15%	
Tax expense (Note 4)	2,034	(547)	NM		970	(1,981)	NM	
PROFIT FOR THE PERIOD	13,227	17,017	-22.27%		48,036	57,710	-16.76%	
Attributable to:								
Equity holders of the Company	13,227	17,017	-22.27%		48,036	57,710	-16.76%	

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 2012	3Q 2011	Variance		YTD 3Q 2012	YTD 3Q 2011	Variance	
	US\$'000	US\$'000	+ / -	%	US\$'000	US\$'000	+ / -	%
PROFIT FOR THE PERIOD	13,227	17,017	-22.27%		48,036	57,710	-16.76%	
Other comprehensive income:								
Exchange differences on translation of the financial statements of foreign associates	2,774	1,865	48.74%		507	3,904	-87.01%	
Other comprehensive income for the period, net of tax	2,774	1,865	48.74%		507	3,904	-87.01%	
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	16,001	18,882	-15.26%		48,543	61,614	-21.21%	
Total comprehensive income attributable to:								
Owners of the parent	16,001	18,882	-15.26%		48,543	61,614	-21.21%	

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

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

	Group			Group		
	3Q 2012	3Q 2011	Var	YTD 3Q 2012	YTD 3Q 2011	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Depreciation of property, plant and equipment	(195)	(139)	40.29%	(579)	(378)	53.17%
Amortisation of intangible assets	(26)	(11)	136.36%	(78)	(35)	122.86%
Interest expense	(476)	(450)	5.78%	(944)	(663)	42.38%
Bank interest income	55	76	-27.63%	152	171	-11.11%
Foreign exchange gain/(loss)	54	388	-86.08%	(31)	674	NM
Bad debts written back	-	-	-	14	-	NM
Allowance for doubtful debts	(787)	-	NM	(787)	-	NM

Note 1: Revenue

	Group			Group		
	3Q 2012	3Q 2011	Var	YTD 3Q 2012	YTD 3Q 2011	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Revenue from middle distillates	3,305,364	2,289,690	44.36%	9,148,532	6,605,866	38.49%
Revenue from other oil products	479,142	124,441	285.04%	1,252,539	261,786	378.46%
	3,784,506	2,414,131	56.76%	10,401,071	6,867,652	51.45%

Note 2: Other operating income

	Group			Group		
	3Q 2012 US\$'000	3Q 2011 US\$'000	Var + / - %	YTD 3Q 2012 US\$'000	YTD 3Q 2011 US\$'000	Var + / - %
Bank interest income	55	76	-27.63%	152	171	-11.11%
Foreign exchange gain/(loss)	54	388	-86.08%	(31)	674	NM
Other income	-	-	-	48	-	NM
	109	464	-76.51%	169	845	-80.00%

Note 3: Share of results of associates

	Group			Group		
	3Q 2012 US\$'000	3Q 2011 US\$'000	Var + / - %	YTD 3Q 2012 US\$'000	YTD 3Q 2011 US\$'000	Var + / - %
Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong")	6,624	7,689	-13.85%	26,249	32,898	-20.21%
China National Aviation Fuel TSN- PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL")	628	417	50.60%	1,466	816	79.66%
China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan")	173	182	-4.95%	437	1,073	-59.27%
Oilhub Korea Yeosu Co., Ltd	(225)	-	NM	(201)	-	NM
	7,200	8,288	-13.13%	27,951	34,787	-19.65%

Note 4: Tax expense

Tax expense was mainly attributable to the recognition of deferred tax assets in relation to the Company's tax losses carried forward, partially offset by 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. In the current financial period, management assessed that there will be future taxable profits from its Singapore operations to utilise the tax losses, resulting in the recognition of additional deferred tax assets of approximately US\$2.44 million.

NM denotes "not meaningful"

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

Statement of Financial Position

	Group		Company	
	As at 30 Sep 12 US\$'000	As at 31 Dec 11 US\$'000	As at 30 Sep 12 US\$'000	As at 31 Dec 11 US\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	8,225	8,568	8,167	8,568
Intangible assets (Note 1)	1,980	243	165	243
Subsidiaries (Note 1)	-	-	24,114	-
Associates (Note 2)	230,536	216,686	111,526	81,236
Deferred tax assets	6,422	3,980	6,418	3,980
	<u>247,163</u>	<u>229,477</u>	<u>150,390</u>	<u>94,027</u>
Current assets				
Inventories	20,113	38,213	17,054	38,213
Trade and other receivables	1,181,079	838,506	1,101,676	838,506
Cash and cash equivalents	142,893	88,065	125,975	88,063
	<u>1,344,085</u>	<u>964,784</u>	<u>1,244,705</u>	<u>964,782</u>
Total assets	<u>1,591,248</u>	<u>1,194,261</u>	<u>1,395,095</u>	<u>1,058,809</u>
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	215,573	215,573	215,573	215,573
Retained earnings	196,365	159,884	113,308	62,025
Other components of equity	26,679	25,878	(5,134)	(5,428)
Total equity	<u>438,617</u>	<u>401,335</u>	<u>323,747</u>	<u>272,170</u>
Non-current liabilities				
Deferred tax liabilities	5,490	6,282	-	-
Current liabilities				
Trade and other payables	1,114,703	756,644	1,040,779	756,639
Loans and borrowings	31,992	30,000	30,569	30,000
Current tax liabilities	446	-	-	-
	<u>1,147,141</u>	<u>786,644</u>	<u>1,071,348</u>	<u>786,639</u>
Total liabilities	<u>1,152,631</u>	<u>792,926</u>	<u>1,071,348</u>	<u>786,639</u>
Total equity and liabilities	<u>1,591,248</u>	<u>1,194,261</u>	<u>1,395,095</u>	<u>1,058,809</u>

Note 1: On 1 March 2012, the Company completed the acquisition of 100% equity interests in China Aviation Oil (Hong Kong) Company Limited (“CAOHK”) and North American Fuel Corporation (“NAFCO”) for a total consideration of US\$15.73 million, giving rise to goodwill of US\$1.82 million above the book value of the net assets of the two subsidiaries. The Company has since injected US\$8.38 million in cash to increase the paid-up share capital of CAOHK on 12 March 2012.

Note 2: The movements since December 2011 were: 1) the Company acquired 26% equity stake in Oilhub Korea Yeosu Co., Ltd (“OKYC”) in April 2012 for a total consideration of US\$30.29 million; 2) Associates Pudong and TSN-PEKCL had declared a total dividend of US\$44.90 million in 2Q 2012 of which US\$2.26 million have been received and the balance of US\$42.64 million is expected to be received at the end of 2012; and 3) The share of results from associates for YTD 3Q 2012 was US\$27.95 million and the impact on foreign currency translation reserve was US\$0.51 million.

The Company is in the process of performing a Purchase Price Allocation (“PPA”) exercise for the new investments in subsidiaries and associate and the fair value of the net assets acquired from these investments will be revised according to the requirements of FRS 103. It is expected to be completed by the end of 2012.

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 2012		As at 31 Dec 2011	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	30,569	0	30,000

Amount repayable after one year

As at 30 Sep 2012		As at 31 Dec 2011	
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 2012	3Q 2011	YTD 3Q 2012	YTD 3Q 2011
	US\$'000	US\$'000	US\$'000	US\$'000
Operating activities				
Profit for the period	13,227	17,017	48,036	57,710
Adjustments for items not involving outlay of funds:-				
Depreciation of property, plant and equipment	195	139	579	378
Amortisation of intangible assets	26	11	78	35
Allowance for doubtful debts	787	-	787	-
Share of results of associates (net of tax)	(7,200)	(8,288)	(27,951)	(34,787)
Interest income	(55)	(76)	(152)	(171)
Interest expense	476	450	944	663
Tax (credit)/expense	(2,034)	547	(970)	1,981
Share-based payment	107	-	294	-
Unrealised exchange differences	(21)	21	(158)	(114)
	<u>5,508</u>	<u>9,821</u>	<u>21,487</u>	<u>25,695</u>
Changes in working capital				
Inventories	1,965	(79,306)	21,221	(4,300)
Trade and other receivables	(42,171)	111,341	(246,824)	(225,740)
Trade and other payables	96,962	(149,916)	304,589	134,839
	<u>62,264</u>	<u>(108,060)</u>	<u>100,473</u>	<u>(69,506)</u>
Tax paid	(7)	-	(16)	(117)
Cash flows from/(used in) operating activities	<u>62,257</u>	<u>(108,060)</u>	<u>100,457</u>	<u>(69,623)</u>
Investing activities				
Interest received	55	89	162	178
Purchase of property, plant and equipment	(123)	(193)	(209)	(318)
Acquisition of subsidiaries, net of cash acquired (note 1)	-	-	(8,725)	-
Acquisition of associate (note 2)	-	-	(28,785)	-
Dividends received from associate	-	287	2,260	2,518
Cash flows (used in)/from investing activities	<u>(68)</u>	<u>183</u>	<u>(35,297)</u>	<u>2,378</u>
Financing activities				
Purchase of treasury shares	-	-	-	(1,576)
Interest paid	(508)	(373)	(927)	(532)
Proceeds from loans and bank borrowings	119,641	201,029	230,915	397,184
Repayment of loans and bank borrowings	(134,212)	(161,223)	(228,923)	(267,391)
Dividend paid	-	-	(11,555)	(11,612)
Cash flows (used in)/from financing activities	<u>(15,079)</u>	<u>39,433</u>	<u>(10,490)</u>	<u>116,073</u>
Net increase/(decrease) in cash and cash equivalents	47,110	(68,444)	54,670	48,828
Cash and cash equivalents at beginning of the period	95,762	175,395	88,065	57,988
Net effect of exchange rate fluctuations on cash held	21	(21)	158	114
Cash and cash equivalents at end of the period	<u>142,893</u>	<u>106,930</u>	<u>142,893</u>	<u>106,930</u>

Note 1: The net cash paid in respect of the acquisition of CAOHK and NAFCO comprised consideration of US\$15.73 million less bank balances of US\$7.01 million in the subsidiaries.

Note 2: Total consideration for the investment in OKYC was US\$30.29 million of which the Company paid a deposit of US\$1.50 million in 2011.

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

Consolidated Statement of Changes in Equity

	Share capital US\$'000	Retained earnings US\$'000	Treasury shares US\$'000	Share option reserve US\$'000	Foreign currency translation reserve US\$'000	Statutory reserve US\$'000	Total equity US\$'000
THE GROUP							
As at 1 January 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
As at 1 January 2012	215,573	159,884	(5,482)	54	23,140	8,166	401,335
Total comprehensive income for the period	-	48,036	-	-	507	-	48,543
Dividend paid in respect of 2011	-	(11,555)	-	-	-	-	(11,555)
Share-based payment transaction	-	-	-	294	-	-	294
As at 30 September 2012	215,573	196,365	(5,482)	348	23,647	8,166	438,617

Statement of Changes in Equity

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

- 1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share Capital

There were no movements in the Company's share capital for the period ended 30 September 2012.

Employee share option plans

China Aviation Oil Share Option Scheme of the Company ("**CAO Share Option Scheme**") which was approved by shareholders at an extraordinary general meeting of the Company held on 9 November 2001, expired on 9 November 2011. However, share options granted and outstanding prior to such expiry will continue to be valid and be subject to the terms of the CAO Share Option Scheme (and as amended pursuant to the terms of the CAO Share Option Scheme).

As at 30 September 2012, there were 5,860,000 outstanding share options which, when exercisable, would entitle the holders to subscribe for a total of 5,860,000 ordinary shares of the Company at a weighted average exercise price of S\$0.91 per share ("**Outstanding Share Options**").

The Outstanding Share Options as at 30 September 2012 constitute approximately 0.82% of the total issued shares of the Company (including treasury shares held by the Company).

Treasury shares

During the quarter ended 30 September 2012, 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 26 April 2012.

As at 30 September 2012, a total of 6,000,000 ordinary shares (31 December 2011: 6,000,000 ordinary shares) were held by the Company as treasury shares.

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

Number of Shares	3Q 2012	3Q 2011	YTD 3Q 2012	YTD 3Q 2011
Issued ordinary shares				
Balance at beginning/end of period	722,820,537	722,820,537	722,820,537	722,820,537
Treasury shares				
Balance at beginning of period	(6,000,000)	(6,000,000)	(6,000,000)	(4,668,000)
Additions during the period	-	-	-	(1,332,000)
Balance at end of period	(6,000,000)	(6,000,000)	(6,000,000)	(6,000,000)
Total	716,820,537	716,820,537	716,820,537	716,820,537

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

These figures have not been audited or reviewed.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those adopted for the audited consolidated financial statements for the year ended 31 December 2011.

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 2012. 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 2012	3Q 2011	YTD 3Q 2012	YTD 3Q 2011
Earnings per ordinary share for the period based on net profit attributable to owners of the Company:-				
(a) Based on weighted average number of ordinary share on issue	1.85 US cents	2.37 US cents	6.70 US cents	8.05 US cents
- Weighted average number of shares ('000)	716,821	716,821	716,821	716,977
(b) On a fully diluted basis	1.83 US cents	2.37 US cents	6.65 US cents	8.05 US cents
- Adjusted weighted average number of shares ('000)	722,681	716,821	722,681	716,977

- 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 2012	31 Dec 2011	30 Sep 2012	31 Dec 2011
Net asset value per ordinary share based on issued share capital at the end of the period reported on (US cents)	61.19	55.99	45.16	37.97
Number of ordinary shares issued ('000)	716,821	716,821	716,821	716,821

Net asset value per ordinary share is determined based on net asset value attributable to owners of the Company and the number of shares in issue of the Company as at 30 September 2012 and 31 December 2011 (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 the “Company”) are jet fuel supply and trading, trading of other oil products and investments in oil-related assets. Consequently, income is derived from (i) supply and trading of jet fuel (ii) trading in other oil products and (iii) investments in oil related businesses.

We are the largest physical jet fuel trader in Asia Pacific and the sole importer of jet fuel into the People’s Republic of China’s (“PRC”). 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”).

On 1 March 2012, the Company completed the acquisition of 100% equity interests in China Aviation Oil (Hong Kong) Company Limited (“CAOHK”) and North American Fuel Corporation (“NAFCO”) for a total consideration of US\$15.73 million. CAO and its wholly-owned subsidiaries supply jet fuel to airports outside the PRC, including Singapore, Dubai, Bangkok, Hanoi, Los Angeles, Anchorage, Amsterdam, Frankfurt, London and Auckland, as well as Hong Kong and Taiwan.

In April 2012, the Company also completed the acquisition of 26% equity stake in Oilhub Korea Yeosu Co., Ltd (“OKYC”) for a total consideration of US\$30.29 million. OKYC is currently constructing an oil storage terminal with a capacity of 1.3 million m³ and it is expected to be completed by early 2013 and in full operation in the first quarter of 2013.

Consolidated Statement of Comprehensive Income

3rd Qtr 2012 v 3rd Qtr 2011

The total supply and trading volume for jet fuel and other oil products increased by 1.47 million tonnes (61.00%) to 3.88 million tonnes for the third quarter ended 30 September 2012 (“3Q 2012”) compared to 2.41 million tonnes for the third quarter ended 30 September 2011 (“3Q 2011”). The volume of jet fuel supply and trading increased by 0.66 million tonnes (30.70%) to 2.81 million tonnes for 3Q 2012 compared to 2.15 million tonnes for

3Q 2011. The increase of 0.66 million tonnes was with the consolidation of 0.75 million tonnes from CAOHK and NAFCO offset by a reduction of 0.09 million tonnes from the Company. The trading volume of other oil products increased by 0.81 million tonnes (324.00%) to 1.06 million tonnes for 3Q 2012 compared to 0.25 million tonnes for 3Q 2011, mainly due to higher trading activities.

Total revenue increased by US\$1,370.38 million (56.76%) to US\$3,784.51 million for 3Q 2012 compared to US\$2,414.13 million for 3Q 2011. This was mainly attributable to higher trading activities in other oil products as well as the consolidation of sales revenue of CAOHK and NAFCO.

Gross profit derived from jet fuel supply and trading and trading of other oil products was US\$10.49 million for 3Q 2012, decrease of 14.15% compared to US\$12.22 million for 3Q 2011, mainly due to lower gains from oil trading activities as a result of increase in freight costs and storage fees.

Other operating income was US\$0.11 million for 3Q 2012 compared to US\$0.46 million for 3Q 2011, mainly due to lower foreign exchange gain of US\$0.05 million in 3Q 2012 compared to foreign exchange gain of US\$0.39 million in 3Q 2011, which were due to revaluation differences resulting from the strengthening of the Singapore dollar against the US dollar. Bank interest income which was derived from time deposits placed with banks was slightly lower at US\$0.06 million for 3Q 2012 compared to US\$0.07 million for 3Q 2011.

Total expenses comprising administrative expenses, other operating expenses and finance costs increased by US\$3.20 million (93.84%) to US\$6.61 million for 3Q 2012 compared to US\$3.41 million for 3Q 2011. The increase in expenses was mainly attributable to higher staff costs due to increase in headcount averaging 83 in 3Q 2012 which includes the headcounts from CAOHK and NAFCO, compared to average headcount of 56 in 3Q 2011, increase in finance costs mainly relating to the issuance of Letter of Credits, increase in interest expense on bank borrowings as a result of increased business activities and provision of doubtful debts. Lower expenses in the same period last year was also partly due to the reversal of an over-provision in staff costs.

The share of profits from associates was US\$7.20 million for 3Q 2012 compared to US\$8.29 million for 3Q 2011, a decrease of 13.13%. This was mainly attributable to the share of profits in Pudong of US\$6.62 million for 3Q 2012 compared to US\$7.69 million for 3Q 2011, a decrease of US\$1.07 million due mainly to decline in gross profit, which was attributable to a decline in sales revenue as oil prices trended lower during the quarter, but the extent of decline in cost of sales was smaller.

Share of profits from TSN-PEKCL for 3Q 2012 was US\$0.63 million compared to US\$0.42 million for 3Q 2011, an increase of 50.60%, attributable to higher revenue from increase in jet fuel transportation volume and pipeline transportation service fee. The share of results in Xinyuan decreased by US\$0.01 million (4.95%) to US\$0.17 million for 3Q 2012 compared to US\$0.18 million for 3Q 2011, mainly due to lower sales volume and lower rental income of its oil storage tanks. Share of loss from OKYC which the Group commenced equity accounting on 1 May 2012 was US\$0.23 million for 3Q 2012. This is mainly due to the share of administrative expenses and professional fees as the OKYC terminal is still under construction.

The credit of US\$2.03 million in tax expense was mainly attributable to the recognition of deferred tax assets in relation to the Company's tax losses carried forward, partially offset by the recognition of deferred tax liabilities on the Company's share of undistributed retained earnings from associates. The undistributed retained earnings from associates is subject to withholding tax upon remittance to Singapore in the future. In the current financial period, management assessed that there will be future taxable profits from its Singapore operations to utilise the tax losses, resulting in the recognition of additional deferred tax assets of approximately US\$2.44 million.

The Group's net profit for 3Q 2012 declined by US\$3.79 million (22.27%) to US\$13.23 million compared to US\$17.02 million for 3Q 2011, mainly due to lower gross profits, lower contribution from the share of results of associates and higher operating expenses. Earnings per share was 1.85 US cents for 3Q 2012 compared to 2.37 US cents for 3Q 2011.

3rd Qtr 2012 v 2nd Qtr 2012

The total supply and trading volume for jet fuel and other oil products increased by 0.14 million tonnes (3.74%) to 3.88 million tonnes for 3Q 2012 compared to 3.74 million tonnes for the second quarter ended 30 June 2012 ("2Q 2012"), mainly due to higher trading volume of other oil products.

Total revenue increased by US\$71.97 million (1.94%) to US\$3,784.51 million for 3Q 2012 from US\$3,712.54 million for 2Q 2012, mainly attributable to higher volume of trading in other oil products.

Gross profit derived from jet fuel supply and trading and trading of other oil products was US\$10.49 million for 3Q 2012, an increase of 3.66% compared to US\$10.12 million for 2Q 2012, mainly attributable to higher trading profits from other oil products.

Other operating income was US\$0.11 million for 3Q 2012 compared to US\$0.05 million for 2Q 2012, mainly due to the higher foreign exchange gain in 3Q 2012.

Total expenses increased by US\$1.71 million (34.90%) to US\$6.61 million for 3Q 2012, compared to US\$4.90 million for 2Q 2012. This is mainly attributable to higher interest expense arising from drawdown of bank borrowings for working capital to support trading activities, higher professional fees incurred for evaluation of potential new business for business expansion and provision of doubtful debts.

The share of profits from associates was US\$7.20 million for 3Q 2012 compared to US\$9.60 million for 2Q 2012, decrease of 25.00%. This was mainly attributable to a reduction in the share of profits in Pudong from US\$9.15 million for 2Q 2012 to US\$6.62 million for 3Q 2012, a decrease of US\$2.53 million (27.65%) due to a decline in gross profit, which was attributable to a decline in sales revenue as oil prices trended lower during the quarter, but the extent of decline in cost of sales was smaller.

The share of results in TSN-PEKCL was US\$0.63 million for 3Q 2012 compared to US\$0.37 million for 2Q 2012, an increase of US\$0.26 million attributable to higher revenue from increase in jet fuel transportation volume. The share of results in Xinyuan increased by US\$0.11 million (183.33%) to US\$0.17 million for 3Q 2012 compared to US\$0.06 million for 2Q 2012 owing to higher revenue from increased sales volume.

Income tax expense was a credit of US\$2.03 million for 3Q 2012 compared to income tax expense of US\$0.49 million for 2Q 2012, mainly attributable to the recognition of deferred tax assets in 3Q 2012 in relation to the Company's tax losses carried forward, partially offset by the recognition of deferred tax liabilities on the Company's share of undistributed retained earnings from associates.

The Group's net profit for 3Q 2012 was US\$13.23 million compared to US\$14.39 million for 2Q 2012, a decrease of US\$1.16 million (8.06%) due to lower contribution from the share of results of associates and higher operating expenses. Earnings per share was 1.85 US cents for 3Q 2012 compared to 2.01 US cents for 2Q 2012.

YTD 3Q 2012 v YTD 3Q 2011

The total supply and trading volume for jet fuel and other oil products increased by 3.48 million tonnes (50.00%) to 10.44 million tonnes for the nine months ended 30 September 2012 ("YTD 3Q 2012") compared to 6.96 million tonnes for the nine months ended 30 September 2011 ("YTD 3Q 2011"). The volume of jet fuel supply and trading increased by 1.43 million tonnes (22.24%) to 7.86 million tonnes for YTD 3Q 2012 compared to 6.43 million tonnes for YTD 3Q 2011. The increase of 1.43 million tonnes was with the consolidation of 1.64 million tonnes from CAOHK and NAFCO offset by a reduction of 0.21 million tonnes from the Company. The trading volume of other oil products increased by 2.05 million tonnes (386.79%) to 2.58 million tonnes for YTD 3Q 2012 compared to 0.53 million tonnes for YTD 3Q 2011.

Total revenue increased by US\$3,533.42 million (51.45%) to US\$10,401.07 million for YTD 3Q 2012 from US\$6,867.65 million for YTD 3Q 2011. This was mainly attributable to higher volume of jet fuel supply and trading 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\$34.17 million for YTD 3Q 2012, an increase of 6.33% compared to US\$32.14 million for YTD 3Q 2011. This was mainly due to higher gains from oil trading activities and the consolidation of contribution from CAOHK.

Other operating income was US\$0.17 million for YTD 3Q 2012 compared to US\$0.85 million for YTD 3Q 2011. Other operating income for YTD 3Q 2012 was the aggregate of US\$0.20 million from bank interest income and other income offset by the foreign exchange loss of US\$0.03 million resulting from the strengthening of the Singapore dollar against the US dollar. Other operating income of US\$0.85 million for YTD 3Q 2011 comprised of bank interest income of US\$0.17 million and foreign exchange gain of US\$0.68 million.

Total expenses were US\$15.23 million for YTD 3Q 2012, increased by 88.49% compared to US\$8.08 million for YTD 3Q 2011. The increase in expenses was mainly attributable to higher staff costs due to increase in headcount which averaged 77 in YTD 3Q 2012 and includes the headcounts from CAOHK and NAFCO, compared to average headcount of 54 in YTD 3Q 2011, increase in finance cost relating to the issuance of Letters of Credit and interest expense on bank borrowings as a result of increased business activities and provision of doubtful debts. Lower expenses in YTD 3Q 2011 were also partly due to the reversal of an over-provision in staff costs.

The share of profits from associates was US\$27.95 million for YTD 3Q 2012 compared to US\$34.79 million for YTD 3Q 2011, decrease of 19.65%. This was mainly attributable to the reduction in share of profits in Pudong to US\$26.25 million for YTD 3Q 2012 compared to US\$32.90 million for YTD 3Q 2011, a decrease of US\$6.65 million (20.21%) due to a decline in gross profit, which was attributable to a decline in sales revenue as oil prices trended lower during the period, but the extent of decline in cost of sales was smaller.

Share of profits from TSN-PEKCL was US\$1.47 million for YTD 3Q 2012 compared to US\$0.82 million for YTD 3Q 2011, an increase of 79.66% attributable to higher revenue from increase in jet fuel transportation volume and pipeline transportation service fee. The share of results in Xinyuan decreased by US\$0.63 million (59.27%) to US\$0.44 million for YTD 3Q 2012 compared to US\$1.07 million for YTD 3Q 2011, mainly due to lower sales volume and lower rental income of oil storage tanks. Share of loss from OKYC which the Group commenced equity accounting with effect from 1 May 2012 was US\$0.20 million for YTD 3Q 2012, mainly due to the share of administrative expenses and professional fees as the oil terminal is still under construction.

The credit of US\$0.97 million in tax expenses was mainly attributable to the recognition of deferred tax assets in relation to the Company's tax losses carried forward, partially offset by the recognition of deferred tax liabilities on the Company's share of undistributed retained earnings from its associates. The undistributed retained earnings from associates is subject to withholding tax upon remittance to Singapore in the future. Income tax expense of US\$1.98 million for YTD 3Q 2011 comprised mainly 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 2012 was US\$48.04 million compared to US\$57.71 million for YTD 3Q 2011, a decrease of US\$9.67 million (16.76%) due to lower contribution from share of results of associates and higher operating expenses. Earnings per share was 6.70 US cents for YTD 3Q 2012 compared to 8.05 US cents for YTD 3Q 2011.

Statement of Financial Position

The Group's current assets stood at US\$1,344.08 million as at 30 September 2012 compared to US\$964.78 million as at 31 December 2011. The increase of US\$379.30 million in current assets resulted mainly from:

- (i) a decrease of US\$18.10 million in inventories, due to trading activities;
- (ii) an increase of US\$342.57 million in trade and other receivables to US\$1,181.08 million as at 30 September 2012 from US\$838.51 million as at 31 December 2011 due to higher sales revenue in September 2012 compared to December 2011, the trade receivables in CAOHK and NAFCO and dividend receivable from an associate; and
- (iii) an increase of US\$54.83 million in cash and cash equivalents which was mainly attributable to the cash inflow of US\$100.46 million from operating activities, partially offset by the aggregate of US\$45.79 million used in investing activities and financing activities.

Non-current assets stood at US\$247.16 million as at 30 September 2012, compared to US\$229.48 million as at 31 December 2011. The increase of US\$17.68 million was mainly attributable to the acquisition of associate of US\$30.29 million, share of profits in associates of US\$27.95 million for YTD 3Q 2012, the goodwill of US\$1.82 million arising from the acquisition of CAOHK and NAFCO on 1 March 2012 and the recognition of additional deferred tax asset of US\$2.44 million offset by the dividends of US\$44.90 million declared by associates.

Current liabilities made up of trade and other payables, bank borrowings and tax payables, increased by US\$360.50 million to US\$1,147.14 million as at 30 September 2012 compared to US\$786.64 million as at 31 December 2011. This was mainly due to the higher cost of procurement in September 2012 owing to increase in volume compared to December 2011 and the trade payables in CAOHK and NAFCO arising from group consolidation.

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\$438.62 million as at 30 September 2012, or 61.19 US cents per share, compared to US\$401.34 million as at 31 December 2011 or 55.99 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 2012 less the dividend payout in May 2012.

Consolidated Statement of Cash Flows

3Q 2012 v 3Q 2011

Cash flows generated from operating activities before changes in working capital, was US\$5.51 million in 3Q 2012 compared to US\$9.82 million generated in 3Q 2011 mainly due to lower operating profits in 3Q 2012 as a result of increase in freight costs and storage fees associated with trading activities.

In 3Q 2012, changes in working capital items were as follows: (i) cash generated from inventories of US\$1.97 million; (ii) cash used in trade and other receivables of US\$42.17 million; and (iii) cash generated from trade and other payables of US\$96.96 million. The net cash generated from operating activities was US\$62.26 million in 3Q 2012 compared to cash used in operating activities of US\$108.06 million in 3Q 2011. This was mainly due to larger amount of fund utilized for inventories in 3Q 2011 and larger amount of timing difference in receipts from trade receivables and payments to trade suppliers in 3Q 2012.

Cash flows used in investing activities amounted to US\$0.07 million in 3Q 2012, compared to US\$0.18 million generated from investing activities in 3Q 2011. Cash flow used in investing activities in 3Q 2012 comprised the US\$0.12 million used in the purchase of property, plant and equipment partially offset by interest receipts of US\$0.05 million. The cash flows generated from investing activities in 3Q 2011 was attributable to the dividend of US\$0.28 million received from associate and interest receipts of US\$0.09 million partially offset by the cash of US\$0.19 million used in the purchase of property, plant and equipment.

Cash flows used in financing activities in 3Q 2012 was US\$15.08 million, compared to US\$39.43 million generated from financing activities in 3Q 2011, mainly due to fewer drawdowns on bank borrowings in 3Q 2012 for working capital needs.

YTD 3Q 2012 v YTD 3Q 2011

Cash flows generated from operating activities before changes in working capital, was US\$21.49 million in YTD 3Q 2012 compared to US\$25.70 million generated in YTD 3Q 2011 mainly due to lower operating profits in YTD 3Q 2012 as a result of higher operating expenses.

In YTD 3Q 2012, changes in working capital items were as follows: (i) cash generated from inventories of US\$21.22 million; (ii) cash used in trade and other receivables of US\$246.82 million; and (iii) cash generated from trade and other payables of US\$304.59 million. The net cash generated from operating activities was US\$100.46 million in YTD 3Q 2012 compared to net cash used in operating activities of US\$69.62 million in YTD 3Q 2011. This was due to the higher amount of timing difference in receipts from trade receivables and payments to trade suppliers.

Cash flows used in investing activities amounted to US\$35.30 million in YTD 3Q 2012 compared to cash flows generated from investing activities of US\$2.38 million in YTD 3Q 2011. Cash flows used in investing activities for YTD 3Q 2012 comprised US\$28.79 million used in acquisition of associate, US\$8.72 million used in acquisition of subsidiaries and US\$0.21 million used in the purchase of property, plant and equipment partially offset by dividend of US\$2.26 million received from associate and interest receipts of US\$0.16 million from time deposits placed with banks. The cash flows generated from investing activities in YTD 3Q 2011 was due to the dividend of US\$2.52 million received from associate and interest receipts of US\$0.18 million partially offset by the cash of US\$0.32 million used in the purchase of property, plant and equipment.

Cash flows used in financing activities of US\$10.49 million in YTD 3Q 2012 was attributable to the aggregate of US\$228.92 million used in repayment of bank borrowings, US\$11.56 million used in dividend payout of two Singapore cents per share and US\$0.93 million used in payment of bank interest partially offset by the proceeds of

US\$230.92 million from bank borrowings. In YTD 3Q 2011, cash flows generated from financing activities of US\$116.07 million was attributable to the proceeds of US\$397.18 million from bank borrowings partially offset by the US\$267.39 million used in repayment of bank borrowings as these were revolving draw downs for working capital needs, US\$11.61 million used in dividend payout, US\$1.58 million used in purchase of treasury shares and US\$0.53 million used in payment of bank interest.

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

In the quarterly results announcement for 2Q 2012, the Company stated the following: “Barring unforeseen circumstances, we are cautiously optimistic that the Group will remain comparably profitable this year.”

In 3Q 2012, Revenue grew by 56.76% whereas Gross Profit declined by 14.15% to US\$10.49 million compared to the 3Q 2011, mainly due to the challenging market environment as a result of continuing uncertainties surrounding the global economy and high volatility in oil markets in 3Q 2012, which resulted in limited trading opportunities. Gross profit from the core business of the Company which is the jet fuel supply to the PRC customers was affected by higher procurement costs in leasing storage facilities in Singapore and shipping costs, as typhoons hit North Asia in the month of August and September 2012. Operating Profit declined 56.95% over the corresponding period mainly due to the significant decline in trading profits, higher Administrative Expenses and higher Finance Costs as the Company further integrated CAOHK and NAFCO into the Group’s operations and incurred costs related to business expansion.

Profit contribution from the Group’s key associated company, Pudong, declined 13.85% in 3Q 2012 as compared to the corresponding period last year, due to lower profitability attributable to higher average procurement costs of jet fuel inventory vis-à-vis sales revenue.

Compared to 2Q 2012, whilst average procurement costs of jet fuel inventory declined in 3Q 2012, Pudong’s sales revenue was lower in line with lower average jet fuel prices for the quarter. As a result, profit contribution from Pudong declined 27.65% quarter-on-quarter. We anticipate Pudong’s performance to improve in 4Q 2012 if oil prices remain stable.

Comparing results for the three quarters ended 30 September 2012 versus the same period last year, whilst Gross Profit increased by 6.33%, Operating Profit declined by 23.25% as higher costs were incurred as the Group actively pursued growth opportunities. Net profit was 16.76% lower due to lower operating profit and lower profit contribution from associated companies.

- 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.

With the global economy facing further brakes on expansion as emerging markets show signs of slowdown, and prices of oil products expected to remain volatile, the Group expects the external operating environment to remain challenging in 4Q 2012. Despite a slowdown in China’s economic growth, the Group expects jet fuel import demand from China to remain stable, which will provide a sound foundation for the Group’s jet fuel supply and trading activities. The Group is also seeing more opportunities to grow its existing business and expand into new markets. As the Group pursues growth opportunities, we will continue to control risks and exercise financial prudence.

In reviewing the performance for 4Q 2012, contributions from the trading activities of the Company and the share of results of associates are expected to return to normalcy. Barring unforeseen circumstances, we are cautiously optimistic that the Group’s profitability will be comparable with last year’s.

11 Dividend

(a) Current financial period reported on

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

(b) Corresponding period of the immediately preceding financial year

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

(c) Date payable

Not applicable.

(d) Book closure date

Not applicable.

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

No interim dividend has been declared for the period ended 30 September 2012.

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

Aggregate value of interested person transactions entered from 1 January 2012 to 30 September 2012.

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	2,416,098
Sales revenue from related corporation of a corporate shareholder	0	925,153
Purchases from related corporations	0	101,939
Purchases from related corporation of a corporate shareholder	0	910,452
Loss from trading of derivative financial instrument with related corporation of a corporate shareholder	0	2,604
Supply chain services rendered from related corporation	0	2,372
Supply chain services rendered from related corporation of a corporation shareholder	0	249
Transportation revenue earned by associate from related corporations	0	7,409

BY ORDER OF THE BOARD

Doreen Nah
Company Secretary
8 November 2012