



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
(Company Registration No. 199303293Z)
Third Quarter Financial Statement For The Period Ended 30 September 2009

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

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

These figures have not been audited:

	Group				Group			
	3Q 2009	3Q 2008	Variance		YTD 3Q 2009	YTD 3Q 2008	Variance	
	US\$'000	US\$'000	+ / -	%	US\$'000	US\$'000	+ / -	%
Revenue (Note 1)	991,617	1,612,565	-38.5%		2,457,209	4,458,866	-44.9%	
Cost of sales	(982,763)	(1,607,274)	-38.9%		(2,431,518)	(4,441,088)	-45.2%	
Gross Profit	8,854	5,291	67.3%		25,691	17,778	44.5%	
Other operating income (Note 2)	125	58	115.5%		(775)	4,959	NM	
Administrative expenses	(1,904)	(1,673)	13.8%		(5,536)	(4,753)	16.5%	
Other operating expenses	(114)	(464)	-75.4%		(375)	(1,099)	-65.9%	
Finance costs	(198)	(202)	-2.0%		(493)	(414)	19.1%	
Operating Profit	6,763	3,010	124.7%		18,512	16,471	12.4%	
Share of results of associates (net of tax) (Note 3)	11,916	5,307	124.5%		16,119	20,704	-22.1%	
Profit before income tax	18,679	8,317	124.6%		34,631	37,175	-6.8%	
Income tax credit	-	6,143	NM		-	4,894	NM	
PROFIT FOR THE PERIOD	18,679	14,460	29.2%		34,631	42,069	-17.7%	
Attributable to:								
Equity holders of the Company	18,679	14,460	29.2%		34,631	42,069	-17.7%	

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 2009	3Q 2008 (Restated)	Variance	YTD 3Q 2009	YTD 3Q 2008 (Restated)	Variance
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
PROFIT FOR THE PERIOD	18,679	14,460	29.2%	34,631	42,069	-17.7%
Other comprehensive (loss)/income:						
Exchange differences on translation of the financial statements of foreign associates	(5)	(2,002)	-99.8%	(570)	5,227	-110.9%
Other comprehensive (loss)/income for the period, net of tax	(5)	(2,002)	-99.8%	(570)	5,227	-110.9%
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	18,674	12,458	49.9%	34,061	47,296	-28.0%
Total comprehensive income attributable to:						
Owners of the parent	18,674	12,458	49.9%	34,061	47,296	-28.0%

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

	Group			Group		
	3Q 2009 US\$'000	3Q 2008 US\$'000	Var + / - %	YTD 3Q 2009 US\$'000	YTD 3Q 2008 US\$'000	Var + / - %
Depreciation of property, plant and equipment	(86)	(80)	7.5%	(256)	(250)	2.4%
Amortisation of intangible assets	(29)	(27)	7.4%	(85)	(79)	7.6%
Bank interest income	173	1,281	-86.5%	696	4,210	-83.5%
Foreign exchange (loss)/gain	(48)	(1,223)	-96.1%	(1,471)	696	NM
Gain on disposal of property, plant and equipment	-	-	-	-	53	-100.0%
Over provision of current taxation in respect of prior years	-	4,894	NM	-	4,894	NM

Note 1: Revenue

	Group			Group		
	3Q 2009	3Q 2008 (Restated)	Var	YTD 3Q 2009	YTD 3Q 2008 (Restated)	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Revenue from jet fuel	959,343	1,612,565	-40.5%	2,383,506	4,458,866	-46.5%
Revenue from fuel oil	6,348	-	NM	6,348	-	NM
Revenue from petrochemical products	25,926	-	NM	67,355	-	NM
	991,617	1,612,565	-38.5%	2,457,209	4,458,866	-44.9%

Note 2: Other operating income

	Group			Group		
	3Q 2009	3Q 2008 (Restated)	Var	YTD 3Q 2009	YTD 3Q 2008 (Restated)	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Bank interest income	173	1,281	-86.5%	696	4,210	-83.5%
Foreign exchange (loss)/gain	(48)	(1,223)	-96.1%	(1,471)	696	NM
Others	-	-	NM	-	53	NM
	125	58	115.5%	(775)	4,959	-115.6%

Note 3: Share of results of associates

	Group			Group		
	3Q 2009	3Q 2008 (Restated)	Var	YTD 3Q 2009	YTD 3Q 2008 (Restated)	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd (“ Pudong”)	11,226	5,236	114.4%	14,530	20,621	-29.5%
China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd (“ TSN-PEKCL”)*	560	-	NM	1,374	-	NM
China Aviation Oil Xinyuan Petrochemicals Co. Ltd (“Xinyuan”)	130	71	83.1%	215	83	159.0%
	11,916	5,307	124.5%	16,119	20,704	-22.1%

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

NM denotes “not meaningful”

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

Statements of Financial Position

	Group		Company	
	As at 30 Sep 09 US\$'000	As at 31 Dec 08 US\$'000	As at 30 Sep 09 US\$'000	As at 31 Dec 08 US\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	8,115	8,296	8,115	8,296
Intangible assets	112	174	112	174
Associates	142,879	82,005	81,236	35,911
	<u>151,106</u>	<u>90,475</u>	<u>89,463</u>	<u>44,381</u>
Current assets				
Inventories	16,696	-	16,696	-
Trade and other receivables	305,059	251,522	305,059	251,522
Cash and cash equivalents	135,592	153,102	135,571	153,081
	<u>457,347</u>	<u>404,624</u>	<u>457,326</u>	<u>404,603</u>
Total assets	<u>608,453</u>	<u>495,099</u>	<u>546,789</u>	<u>448,984</u>
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	215,573	215,573	215,573	215,573
Retained earnings	65,107	40,350	22,653	14,016
Other components of equity	19,207	19,777	-	-
Total equity	<u>299,887</u>	<u>275,700</u>	<u>238,226</u>	<u>229,589</u>
Current liabilities				
Trade and other payables	308,566	219,399	308,563	219,395
Total liabilities	<u>308,566</u>	<u>219,399</u>	<u>308,563</u>	<u>219,395</u>
Total equity and liabilities	<u>608,453</u>	<u>495,099</u>	<u>546,789</u>	<u>448,984</u>

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

Amount repayable in one year or less, or on demand

As at 30 Sep 2009		As at 31 Dec 2008	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	0	0	0

Amount repayable after one year

As at 30 Sep 2009		As at 31 Dec 2008	
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 30 September 2009 and as at 31 December 2008.

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

Consolidated Statement of Cash Flows

	3Q 2009	3Q 2008	YTD 3Q 2009	YTD 3Q 2008
	US\$'000	(Restated) US\$'000	US\$'000	(Restated) US\$'000
Operating activities				
Profit for the period	18,679	14,460	34,631	42,069
Adjustments for items not involving outlay of funds:-				
Depreciation of property, plant and equipment	86	80	256	250
Amortisation of intangible assets	29	27	85	79
Gain on disposal of property, plant and equipment	-	-	-	(53)
Share of results of associates (net of tax)	(11,916)	(5,307)	(16,119)	(20,704)
Interest income	(173)	(1,281)	(696)	(4,210)
Income tax credit	-	(6,143)	-	(4,894)
Unrealised exchange differences	(58)	1,438	15	887
	<u>6,647</u>	<u>3,274</u>	<u>18,172</u>	<u>13,424</u>
Changes in working capital				
Inventories	(16,696)	-	(16,696)	-
Trade and other receivables	60,513	337,106	(84,858)	(85,043)
Trade and other payables	(41,811)	(244,274)	89,273	96,138
Cash generated from operations	<u>8,653</u>	<u>96,106</u>	<u>5,891</u>	<u>24,519</u>
Income taxes refunded/(paid)	-	1,341	-	(1,115)
Cash flows from operating activities	<u><u>8,653</u></u>	<u><u>97,447</u></u>	<u><u>5,891</u></u>	<u><u>23,404</u></u>
Investing activities				
Interest received	221	1,110	821	4,251
Purchase of property, plant and equipment	(6)	(18)	(75)	(75)
Purchase of intangible assets	-	(3)	(23)	(11)
Proceeds from sale of property, plant and equipment	-	-	-	81
Acquisition of associate	-	-	(45,325)	-
Dividends received from associate	-	-	31,090	-
Cash flows from investing activities	<u>215</u>	<u>1,089</u>	<u>(13,512)</u>	<u>4,246</u>
Financing activity				
Dividend paid	-	-	(9,874)	(36,683)
Cash flow from financing activity	<u>-</u>	<u>-</u>	<u>(9,874)</u>	<u>(36,683)</u>
Net increase/(decrease) in cash and cash equivalents	<u>8,868</u>	<u>98,536</u>	<u>(17,495)</u>	<u>(9,033)</u>
Cash and cash equivalents at beginning of the period	126,666	193,454	153,102	300,472
Net effect of exchange rate fluctuations on cash held	58	(1,438)	(15)	(887)
Cash and cash equivalents at end of the period	<u>135,592</u>	<u>290,552</u>	<u>135,592</u>	<u>290,552</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

THE GROUP	Share capital US\$'000	Retained earnings US\$'000	Foreign currency translation reserve US\$'000	Statutory reserve US\$'000	Total equity US\$'000
As at 1 January 2008	215,573	38,688	7,288	7,033	268,582
Total comprehensive income for the period, as previously reported	-	9,045	3,372	-	12,417
Effect of the changes in accounting policy	-	(215)	-	-	(215)
Total comprehensive income for the period, as restated	-	8,830	3,372	-	12,202
As at 31 March 2008	215,573	47,518	10,660	7,033	280,784
Total comprehensive income for the period, as previously reported	-	17,456	3,857	-	21,313
Effect of the changes in accounting policy	-	1,323	-	-	1,323
Total comprehensive income for the period, as restated	-	18,779	3,857	-	22,636
Dividend paid in respect of 2007	-	(36,683)	-	-	(36,683)
As at 30 June 2008	215,573	29,614	14,517	7,033	266,737
Total comprehensive income/(loss) for the period, as previously reported	-	15,313	(2,002)	-	13,311
Effect of the changes in accounting policy	-	(853)	-	-	(853)
Total comprehensive income/(loss) for the period, as restated	-	14,460	(2,002)	-	12,458
As at 30 September 2008	215,573	44,074	12,515	7,033	279,195
As at 1 January 2009	215,573	40,350	12,744	7,033	275,700
Total comprehensive income/(loss) for the period	-	4,110	(559)	-	3,551
As at 31 March 2009	215,573	44,460	12,185	7,033	279,251
Total comprehensive income/(loss) for the period	-	11,842	(6)	-	11,836
Dividend paid in respect of 2008	-	(9,874)	-	-	(9,874)
As at 30 June 2009	215,573	46,428	12,179	7,033	281,213
Total comprehensive income/(loss) for the period	-	18,679	(5)	-	18,674
As at 30 September 2009	215,573	65,107	12,174	7,033	299,887

Statement of Changes in Equity

THE COMPANY	Share capital US\$'000	Retained earnings US\$'000	Total equity US\$'000
As at 1 January 2008	215,573	(7,789)	207,784
Total comprehensive income for the period, as previously reported	-	3,561	3,561
Effect of the changes in accounting policy	-	(215)	(215)
Total comprehensive income for the period, as restated	-	3,346	3,346
As at 31 March 2008	215,573	(4,443)	211,130
Total comprehensive income for the period, as previously reported	-	6,934	6,934
Effect of the changes in accounting policy	-	1,323	1,323
Total comprehensive income for the period, as restated	-	8,257	8,257
Dividend paid in respect of 2007	-	(36,683)	(36,683)
As at 30 June 2008	215,573	(32,869)	182,704
Total comprehensive income for the period, as previously reported	-	10,195	10,195
Effect of the changes in accounting policy	-	(853)	(853)
Total comprehensive income for the period, as restated	-	9,342	9,342
As at 30 September 2008	215,573	(23,527)	192,046
As at 1 January 2009	215,573	14,016	229,589
Total comprehensive income for the period	-	6,716	6,716
As at 31 March 2009	215,573	20,732	236,305
Total comprehensive income for the period	-	5,033	5,033
Dividend paid in respect of 2008	-	(9,874)	(9,874)
As at 30 June 2009	215,573	15,891	231,464
Total comprehensive income for the period	-	6,762	6,762
As at 30 September 2009	215,573	22,653	238,226

- 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 2008.

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

These figures have not been audited or reviewed.

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

Not applicable.

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

Except as disclosed in item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those adopted for the audited consolidated financial statements for the year ended 31 December 2008.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

On 1 January 2009, the Group adopted the Singapore Financial Reporting Standards, FRS 1 (revised) - Presentation of Financial Statements ("FRS 1"), which is effective for annual period beginning on or after 1 January 2009. According to FRS 1, the Group separated the presentation of owner and non-owner changes in equity. The Statements of Changes in Equity include only details of transactions with owners, with all non-owner changes in equity presented as a single line as "Total comprehensive income/loss for the period".

In addition, the "Balance sheets" and "Consolidated cash flow statement" have been re-titled to "Statements of Financial Position" and "Consolidated Statement of Cash Flows" respectively.

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

The change in accounting policy has been accounted for by restating prior period's comparatives and earnings per share, where material.

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

- 6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	3Q 2009	3Q 2008 (Restated)	YTD 3Q 2009	YTD 3Q 2008 (Restated)
Earnings per ordinary share for the period after deducting any provision for				
(a) Based on weighted average number of ordinary share on issue; and	2.58 US cents	2.00 US cents	4.79 US cents	5.82 US cents
(b) On a fully diluted basis	2.58 US cents	2.00 US cents	4.79 US cents	5.82 US cents
Weighted average number of shares ('000)	722,821	722,821	722,821	722,821

Basic earnings per share and earnings per share on a fully diluted basis for the financial quarter ended and nine months ended 30 September 2009 were computed based on net profit attributable to owners of the parent of US\$18,679,000 (2008: US\$14,460,000) and US\$34,631,000 (2008: US\$42,069,000) and weighted average share capital of 722,820,537 (2008: 722,820,537) ordinary shares.

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

- 7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:
- (a) current financial period reported on; and
- (b) immediately preceding financial year.

	Group		Company	
	30 Sep 09	31 Dec 08	30 Sep 09	31 Dec 08
Net asset value per ordinary share based on issued share capital at the end of the period reported on (US cents)	41.49	38.14	32.96	31.76
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 owners of the parent and the number of shares in issue of the Company as at 30 September 2009 and 31 December 2008.

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

PERFORMANCE REVIEW

BACKGROUND

The principal activities of China Aviation Oil (Singapore) Corporation Ltd (the CAO Group) are those relating to the procurement and supply and trading of jet fuel, oil-trading activities and investment holding. Correspondingly, revenue streams comprised (i) jet fuel procurement and supply and trading (ii) results from oil-trading activities and (iii) strategic investments in oil related businesses.

We are the largest purchaser of jet fuel in the Asia Pacific region and the key supplier of imported jet fuel to the People's Republic of China's ("PRC") civil aviation industry. In addition, we engage in international trading of jet fuel and other oil products and own investments in strategic oil-related businesses, which include Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong"), China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL") and China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan").

Consolidated Statement of Comprehensive Income

3rd Qtr 2009 v 3rd Qtr 2008

The volume of jet fuel procured and supplied and trading increased by 0.27 million tonnes (20.93%) to 1.56 million tonnes for the third quarter ended 30 September 2009 ("3Q 2009") compared to 1.29 million tonnes for the third quarter ended 30 September 2008 ("3Q 2008"). The increase in volume was mainly attributable to increase in trading activities. The volume for petrochemical trading activities ("Petrochem") which commenced in late December 2008, was 0.04 million tonnes for 3Q 2009.

Total revenue decreased by US\$620.95 million (38.51%) to US\$991.62 million for 3Q 2009 from US\$1,612.57 million for 3Q 2008. This was mainly attributable to lower jet fuel prices in 3Q 2009, which averaged at US\$77.27 per barrel (bbl) compared to an average of US\$157.18 per bbl in 3Q 2008.

Gross profit of US\$8.85 million for 3Q 2009 was derived from jet fuel procurement and supply and oil trading activities, an increase of 67.30% compared to US\$5.29 million for 3Q 2008.

Bank interest income of US\$0.17 million for 3Q 2009, which was derived from time deposits placed with banks, was lower compared to US\$1.28 million for 3Q 2008. This was mainly due to the decline in interest rates globally and lower bank balances attributable mainly to the payment of US\$45.33 million (RMB 309,421,810) for the acquisition of 49% equity interest in TSN-PEKCL in February this year. Foreign exchange loss of US\$0.05 million for 3Q 2009 was mainly due to the revaluation of net liabilities denominated in Singapore dollars against the weaker US dollar. The stronger US dollar last year resulted in foreign exchange loss of US\$1.22 million for 3Q 2008 when net assets denominated in Singapore dollars were revalued to US dollars.

Administrative expenses increased by US\$0.23 million (13.77%) to US\$1.90 million for 3Q 2009, compared to US\$1.67 million for 3Q 2008. This was mainly attributable to higher headcount of 46 in 3Q 2009 with increased business activities compared to headcount of 39 in 3Q 2008. Other operating expenses comprised mainly professional fees, decreased by US\$0.35 million (75.43%) to US\$0.11 million for 3Q 2009 from US\$0.46 million for 3Q 2008. For 3Q 2008, higher professional and legal fees were incurred in respect of investment activities and work connected with the preparation of a shareholders' circular for the proposed new mandate for interested person transactions.

CAO's 33% share of profits in Pudong was US\$11.23 million for 3Q 2009, an increase of US\$5.99 million from its share of profits of US\$5.24 million for 3Q 2008. The high cost inventory, which affected Pudong's financial performance since September 2008, was fully consumed in April 2009. Thus, Pudong has returned to profitability since May 2009.

The share of profits in TSN-PEKCL, which the Group completed its acquisition of 49% equity interest at the end February 2009, was US\$0.56 million for 3Q 2009.

The Group's 39% share of profits in Xinyuan was US\$0.13 million for 3Q 2009 compared to US\$0.07 million for 3Q 2008.

For 3Q 2009, the Group recorded profit before income tax of US\$18.68 million. The Company did not provide for income tax expense for 3Q 2009 as there is adequate tax losses carried forward from prior years to offset against the Company's profits in the current period. The tax credit of US\$6.14 million in 3Q 2008 was due to the reversal of provisions made in the first half of 2008 and previous years' of assessment following the decision by IRAS to allow the Company tax deduction on the losses incurred in 2004 and to regard the waiver of debts under the Scheme of Arrangement in 2006 as non-taxable.

The net profit for 3Q 2009 of US\$18.68 million is an increase of 29.18% compared to the net profit of US\$14.46 million for 3Q 2008. Earnings per share was 2.58 US cents for 3Q 2009 compared to 2.00 US cents for 3Q 2008, increase of 29.18%. The increase in earnings was mainly due to the improvement in gross profit and the increase in profits derived from investments in associates.

3rd Qtr 2009 v 2nd Qtr 2009

For 3Q 2009, the volume of jet fuel procured and supplied and trading increased by 0.06 million tonnes (4.00%) to 1.56 million tonnes from 1.50 million tonnes for the quarter ended 30 June 2009 ("2Q 2009"), mainly due to increase in trading activities.

Total revenue for 3Q 2009 was US\$991.62 million compared to US\$809.99 million for 2Q 2009, an increase of 22.42%. This was mainly due to increase in volume and increase in jet fuel prices, which averaged at US\$77.27 per bbl in 3Q 2009 compared to US\$64.75 per bbl in 2Q 2009.

Gross profit increased by US\$2.17 million (32.49%) to US\$8.85 million for 3Q 2009 compared to US\$6.68 million for 2Q 2009. The increase was mainly due to higher gross profit generated from trading activities in 3Q 2009.

The Group posted a foreign exchange loss of US\$0.05 million for 3Q 2009 compared to a foreign exchange gain of US\$0.46 million for 2Q 2009. The foreign exchange loss in 3Q 2009 was due to the revaluation of net liabilities denominated in Singapore dollars against the weaker US dollar. The foreign exchange gain in 2Q 2009 was the result of the strengthening of the Singapore dollars against the US dollar on net assets denominated in Singapore dollars.

Total expenses comprising administrative expenses, other operating expenses and finance costs, decreased by US\$0.15 million (6.33%) to US\$2.22 million for 3Q 2009, compared to US\$2.37 million for 2Q 2009.

Share of profits in Pudong for 3Q 2009 was US\$11.23 million compared to US\$6.21 million for 2Q 2009, an increase of 80.84%, mainly as Pudong has returned to profitability from May in 2Q 2009 and has fully revert to normal operations in 3Q 2009.

Net profit improved by US\$6.84 million to US\$18.68 million for 3Q 2009 compared to US\$11.84 million for 2Q 2009. Earnings per share was 2.58 US cents for 3Q 2009 compared to 1.64 US cents for 2Q 2009, improvement of 57.32%.

YTD 3Q 2009 v YTD 3Q 2008

Volume of jet fuel procured and supplied and trading increased by 0.45 million tonnes or 11.25% to 4.45 million tonnes for the nine months ended 30 September 2009 (“YTD 3Q 2009”) compared to 4.00 million tonnes for the nine months ended 30 September 2008 (“YTD 3Q 2008”), mainly due to increase in trading activities.

Total revenue for YTD 3Q 2009 was US\$2,457.21 million compared to US\$4,458.87 million for YTD 3Q 2008, decline of 44.89%. This was mainly attributable to lower average jet fuel prices of US\$67.21 per bbl for YTD 3Q 2009 compared to US\$140.27 per bbl for YTD 3Q 2008.

The Group recorded higher gross profit of US\$25.69 million for YTD 3Q 2009 compared to gross profit of US\$17.78 million for YTD 3Q 2008, an increase of 44.49%. Gross profit was derived from jet fuel procurement and supply, and oil trading activities.

The Group reported negative other operating income of US\$0.78 million for YTD 3Q 2009 compared to US\$4.96 million for YTD 3Q 2008. The reduction in other operating income was mainly attributable to lower bank interest income, resulting from the decline in interest rates globally and lower bank balances, and translation losses from bank balances denominated in Singapore dollars.

Total expenses comprising administrative expenses, other operating expenses and finance costs, increased by US\$0.13 million (2.07%) to US\$6.40 million for YTD 3Q 2009 compared to US\$6.27 million for YTD 3Q 2008. This was mainly attributable to:

- (i) higher average headcount of 44 for YTD 3Q 2009 compared to 39 for YTD 3Q 2008;
- (ii) higher information technology expenses; and
- (iii) higher travelling expenses as a result of increase in business activities.

Share of results of associates declined by US\$4.58 million or 22.13% for YTD 3Q 2009 to US\$16.12 million compared to US\$20.70 million for YTD 3Q 2008. The share of profits in Pudong of US\$14.53 million for YTD 3Q 2009 compared to US\$20.62 million for YTD 3Q 2008 was lower by 29.53%, mainly due to a reduction in the share of profits in Pudong. TSN-PEKCL contributed US\$1.37 million for YTD 3Q 2009. Share of profits in Xinyuan for YTD 3Q 2009 was US\$0.22 million compared to US\$0.08 million for YTD 3Q 2008, increase of 175%.

The Group’s net profit was US\$34.63 million for YTD 3Q 2009 compared to US\$42.07 million for YTD 3Q 2008, decrease of 17.68%. Earnings per share is 4.79 US cents for YTD 3Q 2009 compared to 5.82 US cents for YTD 3Q 2008, decrease of 17.68%.

Statement of Financial Position

The Group’s current assets stood at US\$457.35 million as at 30 September 2009 compared to US\$404.62 million as at 31 December 2008 (“FY 2008”). The increase of US\$52.73 million in current assets resulted mainly from:

- (i) increase of US\$16.70 million in inventories as at the end of 3Q 2009;
- (ii) increase of US\$53.54 million in trade and other receivables from US\$251.52 million as at the end of FY 2008 to US\$305.06 million as at the end of 3Q 2009 which was mainly due to relatively higher sales volume in September 2009 compared to December 2008; and
- (iii) decrease of US\$17.51 million in cash reserves which was mainly attributable to the dividend payout of US\$9.87 million in May 2009 and payment of US\$45.33 million for the acquisition of 49% equity interest in TSN-PEKCL partially offset by the receipt of US\$31.09 million of dividends from Pudong.

Non-current assets stood at US\$151.11 million as at the end of 3Q 2009, compared to US\$90.48 million as at the end of FY 2008. The increase of US\$60.63 million was mainly attributable to the cost of investment in TSN-PEKCL of US\$45.33 million and share of profits in associates of US\$16.12 million.

Current liabilities made up of trade and other payables, increased by US\$89.17 million to US\$308.57 million as at the end of 3Q 2009 compared to US\$219.40 million as at the end of FY 2008. This was due to an increase in the volume of trading activities.

The Company does not have any interest-bearing liabilities or obligations as at the end of 3Q 2009 and as at the end of FY 2008.

The Group's net assets stood at US\$299.89 million as at the end of 3Q 2009, or an equivalent of 41.49 US cents per share, compared to US\$275.70 million as at the end of FY 2008 or an equivalent of 38.14 US cents per share. The increase of 3.35 US cents per share in the Group's net assets was primarily due to an increase in retained earnings as a result of net profits generated for YTD 3Q 2009 which was partially offset by the dividend payout in May 2009.

Consolidated Statement of Cash Flows

3rd Qtr 2009 v 3rd Qtr 2008

Cash flows generated from operating activities before changes in working capital, was US\$6.65 million in 3Q 2009 compared to US\$3.27 million generated in 3Q 2008. These were cash generated from operating activities after deducting non-cash items mainly the share of profits in associates and unrealised translation gain and losses relating to bank balances of US\$0.06 million in 3Q 2009 and US\$1.44 million in 3Q 2008 respectively.

In 3Q 2009, changes in working capital items were as follows: (i) cash used in inventories of US\$16.70 million; (ii) cash generated from trade and other receivables of US\$60.51 million; and (iii) cash used in trade and other payables of US\$41.81 million. The net cash generated from operating activities was US\$8.65 million in 3Q 2009 compared to US\$97.45 million in 3Q 2008. This was due to the larger amount of timing differences in receipts from trade receivables vis-à-vis payments to trade suppliers mainly due to higher oil prices in 3Q 2008.

Cash flows generated from investing activities amounted to US\$0.22 million in 3Q 2009, compared to cash flows generated from investing activities of US\$1.09 million in 3Q 2008. The decrease was largely due to lower interest received of US\$0.22 million compared to US\$1.11 million in 3Q 2008, mainly due to the decline in interest rates globally.

YTD 3Q 2009 v YTD 3Q 2008

Cash flows generated from operating activities before changes in working capital, was US\$18.17 million for YTD 3Q 2009 compared to US\$13.42 million generated for YTD 3Q 2008. This was largely due to the profits generated from trading activities.

For YTD 3Q 2009, changes in working capital items recorded were as follows: (i) cash used in inventories of US\$16.70 million; (ii) cash used in trade and other receivables of US\$84.86 million; and (iii) cash generated from trade and other payables of US\$89.27 million. The net cash generated from operating activities was US\$5.89 million compared to cash generated from operating activities of US\$23.40 million for YTD 3Q 2008, mainly attributable to the storage of inventories, an activity the Company commenced in 3Q 2009.

Cash flows used in investing activities amounted to US\$13.51 million for YTD 3Q 2009, compared to cash flows generated from investing activities of US\$4.25 million for YTD 3Q 2008. The decrease was largely due to the US\$45.33 million used in the acquisition of the 49% equity interest in TSN-PEKCL and lower interest received of US\$3.43 million, offset by dividends received from Pudong of US\$31.09 million.

Cash flows used in financing activities decreased to US\$9.87 million for YTD 3Q 2009 compared to US\$36.68 million for YTD 3Q 2008, mainly due to lower dividend payout of two Singapore cents per share for YTD 3Q 2009 compared to special dividend of five Singapore cents and ordinary dividend of two Singapore cents per share for YTD 3Q 2008.

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

Not Applicable.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Global economy appears to have stabilised but uncertainties remain. In view of this, we continue to firmly strengthen our trading activities and monitor the situation closely.

The fundamentals of CAO's core businesses have remained strong. Barring any unforeseen circumstances, we expect CAO's performance to remain stable in the fourth quarter of 2009 in line with China's steady economic growth. CAO continues to take proactive steps to further diversify its earnings base and actively seeking to invest in more synergetic oil-related assets.

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 2009.

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 2009 to 30 September 2009.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than US\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than US\$100,000)
	US\$'000	US\$'000
Sales revenue from related corporations	0	961,484
Sales revenue from related corporation of a corporate shareholder	0	72,964
Jet fuel procurement from related corporation of a corporate shareholder	0	524,203
Loss from trading of derivative financial instruments with related corporation of a corporate shareholder	0	95
Supply chain services rendered from related corporation	0	452
Supply chain services rendered from related corporation of a corporate shareholder	0	439
Transportation revenue of associate from related corporations	0	3,906

BY ORDER OF THE BOARD

Doreen Nah
 Company Secretary
 13 November 2009