



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
(Company Registration No. 199303293Z)
Full Year Financial Statement For The Period Ended 31 December 2010

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			
	4Q 2010	4Q 2009	Variance		Jan-Dec 2010	Jan-Dec 2009	Variance	
	US\$'000	US\$'000	+/-	%	US\$'000	US\$'000	+/-	%
Revenue (Note 1)	1,632,900	1,177,115	38.7%		5,452,639	3,634,324	50.0%	
Cost of sales	(1,628,872)	(1,172,099)	39.0%		(5,422,905)	(3,603,617)	50.5%	
Gross Profit	4,028	5,016	-19.7%		29,734	30,707	-3.2%	
Other operating income (Note 2)	93	118	-21.2%		185	(657)	NM	
Administrative expenses	(3,050)	(2,279)	33.8%		(9,456)	(7,815)	21.0%	
Other operating expenses	(778)	(69)	NM		(1,022)	(444)	NM	
Finance costs	(327)	(274)	19.3%		(1,371)	(767)	78.7%	
Operating (Loss)/Profit	(34)	2,512	NM		18,070	21,024	-14.1%	
Share of results of associates (net of tax) (Note 3)	11,030	8,056	36.9%		37,643	24,175	55.7%	
Profit before income tax	10,996	10,568	4.0%		55,713	45,199	23.3%	
Tax expense (Note 4)	(1,004)	-	NM		(1,004)	-	NM	
PROFIT FOR THE PERIOD	9,992	10,568	-5.5%		54,709	45,199	21.0%	
Attributable to:								
Equity holders of the Company	9,992	10,568	-5.5%		54,709	45,199	21.0%	

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			
	4Q 2010	4Q 2009	Variance		Jan-Dec 2010	Jan-Dec 2009	Variance	
	US\$'000	US\$'000	+ / -	%	US\$'000	US\$'000	+ / -	%
PROFIT FOR THE PERIOD	9,992	10,568	-5.5%		54,709	45,199	21.0%	
Other comprehensive income/(expense):								
Exchange differences on translation of the financial statements of foreign associates	2,661	1	NM		5,128	(569)	NM	
Other comprehensive income/(expense) for the period, net of tax	2,661	1	NM		5,128	(569)	NM	
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	12,653	10,569	19.7%		59,837	44,630	34.1%	
Total comprehensive income attributable to:								
Owners of the parent	12,653	10,569	19.7%		59,837	44,630	34.1%	

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

	Group			Group		
	4Q 2010	4Q 2009	Var	Jan-Dec 2010	Jan-Dec 2009	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Depreciation of property, plant and equipment	(92)	(87)	5.7%	(359)	(343)	4.7%
Amortisation of intangible assets	(12)	(29)	-58.6%	(89)	(114)	-21.9%
Bank interest income	182	76	139.5%	605	772	-21.6%
Foreign exchange (loss)/gain	(89)	42	NM	(453)	(1,429)	NM
Write off of property, plant and equipment	(21)	-	NM	(24)	-	NM
Gain on disposal of property, plant and equipment	-	-	-	33	-	NM

Note 1: Revenue

	Group			Group		
	4Q 2010 US\$'000	4Q 2009 US\$'000	Var + / - %	Jan-Dec 2010 US\$'000	Jan-Dec 2009 US\$'000	Var + / - %
Revenue from middle distillates	1,520,560	1,113,299	36.6%	5,211,001	3,496,805	49.0%
Revenue from other oil products	112,340	63,816	76.0%	241,638	137,519	75.7%
	1,632,900	1,177,115	38.7%	5,452,639	3,634,324	50.0%

Note 2: Other operating income

	Group			Group		
	4Q 2010 US\$'000	4Q 2009 US\$'000	Var + / - %	Jan-Dec 2010 US\$'000	Jan-Dec 2009 US\$'000	Var + / - %
Bank interest income	182	76	139.5%	605	772	-21.6%
Foreign exchange (loss)/gain	(89)	42	NM	(453)	(1,429)	-68.3%
Gain on disposal of property, plant and equipment	-	-	-	33	-	NM
	93	118	-21.2%	185	(657)	NM

Note 3: Share of results of associates

	Group			Group		
	4Q 2010 US\$'000	4Q 2009 US\$'000	Var + / - %	Jan-Dec 2010 US\$'000	Jan-Dec 2009 US\$'000	Var + / - %
Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd (“Pudong”)	10,706	6,418	66.8%	35,817	20,947	71.0%
China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd (“TSN-PEKCL”)	120	1,571	-92.4%	1,038	2,945	-64.8%
China Aviation Oil Xinyuan Petrochemicals Co. Ltd (“Xinyuan”)	204	67	204.5%	788	283	178.4%
	11,030	8,056	36.9%	37,643	24,175	55.7%

Note 4: Tax expense

Tax expenses of US\$1.0 million was mainly attributable to the recognition of deferred tax liabilities (approximately US\$4.86 million) on the Company’s share of undistributed retained earnings from associates, partially offset by a recognition of deferred tax assets in relation to the Company’s tax losses carried forward. The undistributed retained earnings from associates is subject to withholding tax upon remittance to Singapore in the future. In the current financial year, management assessed that there will be future taxable profits from its operations to utilise the Singapore tax losses, resulting in recognition of deferred tax assets of approximately US\$3.98 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.

Statements of Financial Position

	Group		Company	
	As at 31 Dec 10 US\$'000	As at 31 Dec 09 US\$'000	As at 31 Dec 10 US\$'000	As at 31 Dec 09 US\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	8,777	8,061	8,777	8,061
Intangible assets	104	100	104	100
Associates	191,175	150,934	81,236	81,236
Deferred tax assets	3,980	-	3,980	-
	204,036	159,095	94,097	89,397
Current assets				
Inventories (Note 1)	154,230	37,606	154,230	37,606
Trade and other receivables	529,584	379,833	529,584	379,833
Cash and cash equivalents	57,988	182,192	57,980	182,178
	741,802	599,631	741,794	599,617
Total assets	945,838	758,726	835,891	689,014
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	215,573	215,573	215,573	215,573
Retained earnings	108,435	75,331	28,480	25,175
Other components of equity	21,223	18,831	(3,906)	(721)
Total equity	345,231	309,735	240,147	240,027
Non-current liabilities				
Deferred tax liabilities	4,858	-	-	-
Current liabilities				
Trade and other payables	565,225	448,991	565,220	448,987
Loans and borrowings	30,524	-	30,524	-
	595,749	448,991	595,744	448,987
Total liabilities	600,607	448,991	595,744	448,987
Total equity and liabilities	945,838	758,726	835,891	689,014

Note 1: Inventories were valued at spot prices as at 31 December 2010 with the resulting changes in fair value being recognised in the Income Statement. Changes in fair value of financial derivatives entered into to hedge these inventories were recognised in the Income Statement in accordance with FRS 39.

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

Amount repayable in one year or less, or on demand

As at 31 Dec 2010		As at 31 Dec 2009	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	30,524	0	0

Amount repayable after one year

As at 31 Dec 2010		As at 31 Dec 2009	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	0	0	0

Loans and borrowings of the Company and Group as at 31 December 2010 relates to a bank trust receipt facility of US\$30.52 million. The bank trust receipt facility bears interest at 1.45% p.a and is unsecured. The Company does not have any interest-bearing liabilities or obligations as at 31 December 2009.

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

	4Q 2010	4Q 2009	Jan-Dec 2010	Jan-Dec 2009
	US\$'000	US\$'000	US\$'000	US\$'000
Operating activities				
Profit for the period	9,992	10,568	54,709	45,199
Adjustments for items not involving outlay of funds:-				
Depreciation of property, plant and equipment	92	87	359	343
Amortisation of intangible assets	12	29	89	114
Gain on disposal of property, plant and equipment	-	-	(33)	-
Write off of property, plant and equipment	21	-	24	-
Share of results of associates (net of tax)	(11,030)	(8,056)	(37,643)	(24,175)
Interest income	(182)	(76)	(605)	(772)
Income tax expense	1,004	-	1,004	-
Unrealised exchange differences	(71)	(12)	(38)	3
	(162)	2,540	17,866	20,712
Changes in working capital				
Inventories	(109,342)	(20,910)	(116,624)	(37,606)
Trade and other receivables	(78,948)	(74,706)	(149,502)	(159,564)
Trade and other payables	6,289	140,319	116,082	229,592
Cash flows (used in)/from operating activities	(182,163)	47,243	(132,178)	53,134
Investing activities				
Interest received	203	116	637	937
Purchase of property, plant and equipment	(707)	(33)	(1,000)	(108)
Purchase of intangible assets	-	(17)	(93)	(40)
Proceeds from sale of property, plant and equipment	-	-	85	-
Acquisition of associate	-	-	-	(45,325)
Dividends received from associate	2,124	-	2,124	31,090
Cash flows from/(used in) investing activities	1,620	66	1,753	(13,446)
Financing activities				
Purchase of treasury shares	-	(721)	(3,185)	(721)
Proceeds from loans and borrowing*	30,524	-	30,524	-
Dividend paid	(10,973)	-	(21,156)	(9,874)
Cash flows from/(used in) financing activities	19,551	(721)	6,183	(10,595)
Net (decrease)/increase in cash and cash equivalents	(160,992)	46,588	(124,242)	29,093
Cash and cash equivalents at beginning of the period	218,909	135,592	182,192	153,102
Net effect of exchange rate fluctuations on cash held	71	12	38	(3)
Cash and cash equivalents at end of the period	57,988	182,192	57,988	182,192

Note:

* Proceeds from loans and borrowing relates to the utilisation of bank trust receipt facility for the acquisition of inventories. The proceeds from the facility were paid directly to the supplier.

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	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Statutory reserve US\$'000	Total equity US\$'000
As at 1 January 2009	215,573	40,350	-	12,744	7,033	275,700
Total comprehensive income/(expense) for the period	-	45,199	-	(569)	-	44,630
Dividend paid	-	(9,874)	-	-	-	(9,874)
Transfer from retained earnings to statutory reserve	-	(344)	-	-	344	-
Purchase of treasury shares	-	-	(721)	-	-	(721)
As at 31 December 2009	215,573	75,331	(721)	12,175	7,377	309,735
As at 1 January 2010	215,573	75,331	(721)	12,175	7,377	309,735
Total comprehensive income for the period	-	54,709	-	5,128	-	59,837
Dividend paid	-	(21,156)	-	-	-	(21,156)
Transfer from retained earnings to statutory reserve	-	(449)	-	-	449	-
Purchase of treasury shares	-	-	(3,185)	-	-	(3,185)
As at 31 December 2010	215,573	108,435	(3,906)	17,303	7,826	345,231

Statement of Changes in Equity

THE COMPANY	Share capital US\$'000	Retained earnings US\$'000	Treasury shares US\$'000	Total equity US\$'000
As at 1 January 2009	215,573	14,016	-	229,589
Total comprehensive income for the period	-	21,033	-	21,033
Dividend paid	-	(9,874)	-	(9,874)
Purchase of treasury shares	-	-	(721)	(721)
As at 31 December 2009	215,573	25,175	(721)	240,027
As at 1 January 2010	215,573	25,175	(721)	240,027
Total comprehensive income for the period	-	24,461	-	24,461
Dividend paid	-	(21,156)	-	(21,156)
Purchase of treasury shares	-	-	(3,185)	(3,185)
As at 31 December 2010	215,573	28,480	(3,906)	240,147

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

Share Capital

As at 31 December 2010, the number of ordinary shares of the Company in issue was 718,152,537 (31 December 2009: 721,899,537) excluding 4,668,000 (31 December 2009: 921,000) which were held as treasury shares. The total issued and paid up share capital was US\$215.57 million (31 December 2009: US\$215.57 million).

Employee share option plans

The Company has not granted any share options since the establishment of the China Aviation Oil Share Option Scheme in 2001.

Treasury shares

During the quarter ended 31 December 2010, 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 23 April 2010.

As at 31 December 2010, a total of 4,668,000 ordinary shares (31 December 2009: 921,000 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	4Q 2010	4Q 2009	Jan-Dec 2010	Jan-Dec 2009
Issued ordinary shares				
Balance at beginning of period	718,152,537	722,820,537	721,899,537	722,820,537
Treasury shares				
Balance at beginning of period	-	-	(921,000)	-
Additions during the period	-	(921,000)	(3,747,000)	(921,000)
Balance at end of period	-	(921,000)	(4,668,000)	(921,000)
Total	718,152,537	721,899,537	718,152,537	721,899,537

- 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 2009.

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 the new and/or revised Financial Reporting Standards (FRS) and Interpretations to FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2010. The adoption of the new and revised FRS does not have a 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.

	4Q 2010	4Q 2009	Jan-Dec 2010	Jan-Dec 2009
Earnings per ordinary share for the period after deducting any provision for				
(a) Based on weighted average number of ordinary share on issue; and	1.39 US cents	1.46 US cents	7.61 US cents	6.25 US cents
(b) On a fully diluted basis	1.39 US cents	1.46 US cents	7.61 US cents	6.25 US cents
Weighted average number of shares ('000)	718,153	722,519	718,585	722,744

Basic earnings per share and earnings per share on a fully diluted basis for the financial quarter ended and full year ended 31 December 2010 were computed based on net profit attributable to owners of the parent of US\$9,992,000 (2009: US\$10,568,000) and US\$54,709,000 (2009: US\$45,199,000) and weighted average share capital of 718,152,537 (2009: 722,518,570) and 718,584,974 (2009: 722,744,425) 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	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Net asset value per ordinary share based on issued share capital at the end of the period reported on (US cents)	48.07	42.91	33.44	33.25
Number of ordinary shares issued ('000)	718,153	721,900	718,153	721,900

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 31 December 2010 and 31 December 2009 (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:
- (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 (“CAO” or “Group”) are those relating to the supply and trading of jet fuel, other oil-trading activities and investment holding. Correspondingly, income is derived from (i) jet fuel supply and trading (ii) trading in other oil products 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

4th Qtr 2010 v 4th Qtr 2009

The total supply and trading volume for jet fuel and other oil products increased by 0.37 million tonnes (20.22%) to 2.20 million tonnes for the fourth quarter ended 31 December 2010 (“4Q 2010”) compared to 1.83 million tonnes for the fourth quarter ended 31 December 2009 (“4Q 2009”). Of which, the volume of jet fuel supply and trading increased by 0.33 million tonnes (19.53%) to 2.02 million tonnes for 4Q 2010 compared to 1.69 million tonnes for 4Q 2009.

Total revenue for 4Q 2010 increased by US\$455.78 million (38.72%) to US\$1,632.90 million for 4Q 2010 from US\$1,177.12 million for 4Q 2009. This was mainly attributable to higher volume of jet fuel supply and trading coupled with higher jet fuel prices in 4Q 2010, which averaged US\$94.18 per barrel (bbl) compared to an

average of US\$81.32 per bbl in 4Q 2009. Increase in total revenue was also due to additional revenue generated from petrochemical trading activities (“Petrochem”) and trading of other oil related products such as fuel oil.

Gross profit derived from jet fuel supply and trading and trading of other oil products was US\$4.03 million for 4Q 2010, a decrease of 19.72% compared to US\$5.02 million for 4Q 2009. This was mainly due to less favourable conditions in the oil trading market and higher procurement and storage costs that resulted in lower gains derived from trading activities.

Other operating income was US\$0.09 million for 4Q 2010 compared to US\$0.12 million for 4Q 2009. This was mainly due to foreign exchange loss of US\$0.09 million incurred in 4Q 2010 compared to foreign exchange gain of US\$0.04 million in 4Q 2009. The foreign exchange loss in 4Q 2010 was due to the revaluation of net liabilities denominated in Singapore dollars against the weaker US Dollar. Bank interest income of US\$0.18 million for 4Q 2010, which was derived from time deposits placed with banks, was higher compared to US\$0.08 million for 4Q 2009 mainly due to the higher interest rates for deposits placed in non-resident accounts in China.

Total expenses comprising administrative expenses, other operating expenses and finance costs increased by US\$1.53 million (58.40%) to US\$4.15 million for 4Q 2010, compared to US\$2.62 million for 4Q 2009. This was mainly attributable to higher average headcount of 51 in 4Q 2010 compared to 48 in 4Q 2009, higher professional fees, higher information technology expenses, higher bank charges relating to issuance of Letters of Credit and additional office operating lease expense, etc due to increased business activities.

The share of profits of associates was US\$11.03 million for 4Q 2010 compared to US\$8.06 million for 4Q 2009, an increase of 36.92%. This was mainly attributable to higher share of profits of Pudong of US\$10.71 million for 4Q 2010 compared to US\$6.42 million for 4Q 2009, mainly due to gains from higher revenue vis-à-vis procurement costs as a result of gradual increases in oil prices during the year, higher refuelling volume and lower finance costs.

The Group’s net profit for 4Q 2010 was US\$9.99 million compared to US\$10.57 million for 4Q 2009, a decrease of US\$0.58 million (5.49%). Earnings per share was 1.39 US cents for 4Q 2010 compared to 1.46 US cents for 4Q 2009.

4th Qtr 2010 v 3rd Qtr 2010

The total supply and trading volume for jet fuel and other oil products increased by 0.17 million tonnes (8.37%) to 2.20 million tonnes for 4Q 2010 compared to 2.03 million tonnes for the third quarter ended 30 September 2010 (“3Q 2010”), mainly due to higher jet fuel and fuel oil trading volume.

Total revenue increased by US\$243.54 million (17.53%) to US\$1,632.90 million for 4Q 2010 from US\$1,389.36 million for 3Q 2010. This was mainly attributable to higher volume of jet fuel supply and trading coupled with higher jet fuel prices which averaged at US\$94.18 per bbl for 4Q 2010 compared to an average price of US\$87.62 per bbl for 3Q 2010. Additional revenue from fuel oil and petrochem has also contributed to the increase in revenue by US\$72.08 million.

Gross profit derived from jet fuel supply and trading, and trading of other oil products was US\$4.03 million for 4Q 2010, a decrease of 49.18% compared to US\$7.93 million for 3Q 2010. This was mainly due to less favourable conditions in the oil trading market and higher procurement and storage costs that resulted in lower gains from trading activities.

Total expenses increased by US\$1.48 million or 55.43% to US\$4.15 million for 4Q 2010, compared to US\$2.67 million for 3Q 2010. This was mainly attributable to higher professional fees, higher information technology expenses and higher travelling expenses due to increased business activities.

The share of profits from associates was US\$11.03 million for 4Q 2010 compared to US\$8.52 million for 3Q 2010, an increase of 29.46%. This increase was mainly attributable to the share of profits in Pudong of US\$10.71 million for 4Q 2010 compared to US\$7.90 million for 3Q 2010. The increase in share of profits in Pudong was

mainly due to gains from higher revenue vis-à-vis procurement costs as a result of gradual increases in oil prices during the year compared to the previous quarter.

The Group's net profit for 4Q 2010 was US\$9.99 million compared to US\$13.77 million for 3Q 2010, a decrease of US\$3.78 million (27.45%). Earnings per share was 1.39 US cents for 4Q 2010 compared to 1.92 US cents for 3Q 2010.

FY 2010 v FY 2009

The total supply and trading volume for jet fuel and other oil products increased by 1.30 million tonnes (20.31%) to 7.70 million tonnes for the financial year ended 31 December 2010 ("FY 2010") compared to 6.40 million tonnes for the financial year ended 31 December 2009 ("FY 2009"). The volume of jet fuel supply and trading increased by 1.02 million tonnes (16.59%) to 7.17 million tonnes for FY 2010 compared to 6.15 million tonnes for FY 2009.

Total revenue increased by US\$1,818.32 million or 50.03% to US\$5,452.64 million for FY 2010 compared to US\$3,634.32 million for FY 2009. This was mainly attributable to higher volume of jet fuel supply and trading coupled with higher jet fuel prices which averaged at US\$90.15 per bbl for FY 2010 compared to an average price of US\$71.09 per bbl for FY 2009. Revenue generated from petrochem and trading of other oil products also contributed to the increase in total revenue. 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\$29.73 million for FY 2010, a decrease of 3.19% compared to US\$30.71 million for FY 2009. This was mainly due to less favourable conditions in the oil trading market and higher procurement and storage costs that resulted in lower gains derived from trading activities.

Other operating income was US\$0.18 million for FY 2010 compared to a negative US\$0.66 million for FY 2009. The exchange loss for FY 2010 was US\$0.45 million resulted from the revaluation of net liabilities denominated in Singapore dollars against the weaker US dollar. The negative other income in FY 2009 was mainly due to foreign exchange loss of US\$1.43 million which resulted from the translation loss on bank balances denominated in Singapore dollars as a result of the strengthening of the US dollar. The Singapore dollars denominated bank balances have reduced significantly in FY 2010, as such, the impact from foreign exchange fluctuations would be immaterial.

Bank interest income of US\$0.61 million for FY 2010, which was derived from time deposits placed with banks, was lower by US\$0.16 million (21.60%) compared to US\$0.77 million for FY 2009 mainly due to the decline in interest rates.

Total expenses were US\$11.85 million for FY 2010, increased by 31.23% compared to US\$9.03 million for FY 2009. The increase in expenses was mainly attributable to increase in business activities that resulted in higher average headcount of 52 for FY 2010 compared to the average headcount of 45 for FY 2009, increase in information technology expenses, meeting expenses, professional fees, bank charges relating to issuance of Letters of Credit and additional office operating lease expense, etc.

The share of profits from associates was US\$37.64 million for FY 2010 compared to US\$24.18 million for FY 2009. This was mainly attributable to the share of profits in Pudong of US\$35.82 million for FY 2010 compared to US\$20.95 million for FY 2009, which was mainly due to gains from higher revenue vis-à-vis procurement costs as a result of gradual increases in oil prices during the year, higher refuelling volume and lower finance costs.

The actual share of profits of TSN-PEKCL, which the Group commenced equity accounting in March 2009, was US\$2.76 million. The amortisation charge on intangible assets and additional depreciation charge on property, plant and equipment of TSN-PEKCL for FY 2010, following a Purchase Price Allocation ("PPA") exercise undertaken in accordance with FRS 103 was US\$1.72 million. The share of results in TSN-PEKCL thus reduced to US\$1.04 million for FY 2010 compared to US\$2.94 million for FY 2009, decrease of US\$1.90 million.

The share of results in Xinyuan was US\$0.79 million for FY 2010 compared to US\$0.28 million for FY 2009, increase of US\$0.51 million.

Tax expenses of US\$1.00 million was mainly attributable to the recognition of deferred tax liabilities (approximately US\$4.86 million) on the Company's share of undistributed retained earnings from associates, partially offset by a recognition of deferred tax assets in relation to the Company's tax losses carried forward. The undistributed retained earnings from associates is subject to withholding tax upon remittance to Singapore in the future. In the current financial year, management assessed that there will be future taxable profits from its operations to utilise the Singapore tax losses, resulting in recognition of deferred tax assets of approximately US\$3.98 million.

The Group's net profit of US\$54.71 million for FY 2010 was an increase of US\$9.51 million (21.04%) compared to US\$45.20 million for FY 2009. Earnings per share was 7.61 US cents for FY 2010 compared to 6.25 US cents for FY 2009.

Statement of Financial Position

The Group's current assets stood at US\$741.80 million as at 31 December 2010 compared to US\$599.63 million as at 31 December 2009. The increase of US\$142.17 million in current assets resulted mainly from:

- (i) an increase of US\$116.62 million in inventories, due to trading activities;
- (ii) an increase of US\$149.75 million in trade and other receivables due to higher sales revenue in December 2010 compared to December 2009; and
- (iii) a decrease of US\$124.20 million in cash and cash equivalents which was mainly attributable to the cash outflow of US\$101.65 million in operating activities, dividend payout of US\$21.16 million, the purchase of treasury shares of US\$3.19 million partially offset by dividend receipt of US\$2.12 million from TSN-PEKCL.

Non-current assets stood at US\$204.04 million as at 31 December 2010, compared to US\$159.10 million as at 31 December 2009. The increase of US\$44.94 million was mainly attributable to the share of profits in associates of US\$37.64 million.

Current liabilities made up of trade and other payables and bank borrowings, increased by US\$146.76 million to US\$595.75 million as at 31 December 2010 compared to US\$448.99 million as at 31 December 2009. This was mainly due to the higher cost of procurement in December 2010 owing to increase in volume and oil prices compared to December 2009 coupled with bank borrowings to fund storage of jet fuel inventory. The Company does not have any interest-bearing liabilities or obligations as at 31 December 2009.

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\$345.23 million as at 31 December 2010, or 48.07 US cents per share, compared to US\$309.74 million as at 31 December 2009 or 42.91 US cents per share, increase by 12%. 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 FY 2010 which was partially offset by the payment of final dividend of two Singapore cents per share in respect of FY 2009 and interim dividend of two Singapore cents per share in respect of FY 2010.

Consolidated Statement of Cash Flows

4th Qtr 2010 v 4th Qtr 2009

Cash flows used in operating activities before changes in working capital, was US\$0.16 million in 4Q 2010 compared to US\$2.54 million generated in 4Q 2009 mainly due to higher cost resulting in lower gains derived from trading activities.

In 4Q 2010, changes in working capital items were as follows: (i) cash used in inventories of US\$109.34 million; (ii) cash used in trade and other receivables of US\$78.95 million; and (iii) cash generated from trade and other payables of US\$6.29 million. The net cash used in operating activities was US\$182.16 million in 4Q 2010 compared to cash generated from operating activities of US\$47.24 million in 4Q 2009. This was due to the larger amount of timing differences in receipts from trade receivables and payments to trade suppliers and the increased in jet fuel inventory.

Cash flows generated from investing activities amounted to US\$1.62 million in 4Q 2010, compared to cash flows generated from investing activities of US\$0.07 million in 4Q 2009. Cash generated from investing activities for 4Q 2010 comprised interest receipts of US\$0.21 million and dividend receipts of US\$2.12 million from TSN-PEKCL partially offset by US\$0.71 million used in the purchase of property, plant and equipment. For 4Q 2009, cash flows generated from investing activities arise from interest receipts of US\$0.12 million partially offset by cash amounting to US\$0.05 million used in purchase of property, plant and equipment and intangible assets.

Cash flows generated from financing activities in 4Q 2010 was due to proceeds from bank borrowings of US\$30.52 million partially offset by interim dividend payout of US\$10.97 million. Cash flows used in financing activities in 4Q 2009 was due to the purchase of treasury shares of US\$0.72 million in 4Q 2009.

FY 2010 v FY 2009

Cash flows generated from operating activities before changes in working capital, was US\$17.87 million for FY 2010 compared to US\$20.71 million generated for FY 2009 mainly due to higher cost resulting in lower gains derived from trading activities.

For FY 2010, changes in working capital items were as follows: (i) cash used in inventories of US\$116.62 million; (ii) cash used in trade and other receivables of US\$149.51 million; and (iii) cash generated from trade and other payables of US\$116.08 million. The net cash used in operating activities was US\$132.18 million for FY 2010 compared to cash generated from operating activities of US\$53.13 million for FY 2009. This was due to the higher amount of timing difference in receipts from trade receivables and payments to trade suppliers and the increased storage of jet fuel inventory.

Cash flows generated from investing activities amounted to US\$1.75 million for FY 2010, compared to cash flows used in investing activities of US\$13.45 million for FY 2009. Cash generated from investing activities for FY 2010 comprised interest receipts of US\$0.64 million, dividend receipts of US\$2.12 million from TSN-PEKCL and proceeds of US\$0.08 million from disposal of property, plant and equipment offset by cash amounting to US\$1.09 million used in the purchase of property, plant and equipment and intangible assets. For FY 2009, US\$45.33 million was used for the acquisition of the 49% equity interest in TSN-PEKCL and US\$0.15 million was used in purchase of property, plant and equipment and intangible assets. The cash outflow was partially offset by dividends amounting to US\$31.09 million received from Pudong and interest receipts of US\$0.94 million from time deposits placed with banks.

Cash flows generated from financing activities of US\$6.18 million for FY 2010 was due to proceeds from bank borrowings of US\$30.52 million partially offset by the purchase of treasury shares of US\$3.19 million and dividend payouts of US\$21.15 million. The cash flow used in financing activities of US\$10.59 million for FY 2009 was for dividend payout of US\$9.87 million and purchase of treasury shares of US\$0.72 million.

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

Not Applicable.

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

Jet fuel demand in the PRC is likely to increase steadily as the strong domestic demand in air passenger traffic is expected to continue to expand in tandem with China's economic growth. Whilst we expect that jet fuel import demand in the PRC will remain stable, it is dependent on the production in China's domestic refineries.

- 11 Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on? Yes

The Directors proposed a final one-tier tax exempt ordinary dividend of two Singapore cents per share totalling S\$14.36 million (or US\$11.17 million) for the Group in respect of the financial year ended 31 December 2010 subject to shareholders' approval at the forthcoming Annual General Meeting.

Together with the interim dividend of two Singapore cents per share tax exempt one-tier, total dividends paid and proposed in respect of the financial year ended 31 December 2010 will be four Singapore cents per share.

	Proposed Final One-tier Tax Exempt Ordinary
Name of dividend	
Dividend Type	Cash
Net Dividend Amount (Singapore cents per share)	2

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

	Proposed Final One-tier Tax Exempt Ordinary
Name of dividend	
Dividend Type	Cash
Net Dividend Amount (Singapore cents per share)	2

(c) Date payable

To be determined.

(d) Book closure date

To be determined.

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

Not Applicable.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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

	Middle distillates		Other oil products		Others		Total	
	2010 US\$'000	2009 US\$'000	2010 \$'000	2009 \$'000	2010 US\$'000	2009 US\$'000	2010 US\$'000	2009 US\$'000
Revenue	5,211,001	3,496,805	241,638	137,519	-	-	5,452,639	3,634,324
Gross profit	30,355	31,530	(621)	(823)	-	-	29,734	30,707
Operating expenses	(7,190)	(5,825)	(684)	(610)	(2,604)	(1,824)	(10,478)	(8,259)
Segment results	23,165	25,705	(1,305)	(1,433)	(2,604)	(1,824)	19,256	22,448
Other operating income	185	(657)	-	-	-	-	185	(657)
Finance costs	(1,264)	(701)	(107)	(66)	-	-	(1,371)	(767)
Share of results of associates (net of tax)	-	-	-	-	37,643	24,175	37,643	24,175
Profit before taxation	22,086	24,347	(1,412)	(1,499)	35,039	22,351	55,713	45,199
Income tax expense	3,980	-	-	-	(4,984)	-	(1,004)	-
Profit after taxation	26,066	24,347	(1,412)	(1,499)	30,055	22,351	54,709	45,199

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 as follows:

	Group		% Increase/ (Decrease)
	2010 US\$'000	2009 US\$'000	
Sales reported for first half year	2,430,384	1,465,592	65.8%
Profit after tax before deducting minority interests reported for first half year	30,951	15,952	94.0%
Sales reported for second half year	3,022,255	2,168,732	39.4%
Profit after tax before deducting minority interests reported for second half year	23,758	29,247	-18.8%

16. A breakdown of the total annual dividend (in dollar value) for the issuer's most latest full year and its previous full year as follows: (a) ordinary, (b) preference and (c) total.

Total distribution paid and proposed in respect of the financial year ended 31 December 2010 will be four Singapore cents per ordinary share (2009: Two Singapore cents per ordinary share).

	Latest Full Year US\$'000	Previous Full Year US\$'000
Ordinary – interim dividend	10,973	-
Ordinary – final dividend	11,174*	10,183
Total:	22,147	10,183

* Estimated based on share capital of 718,152,537 ordinary shares at the end of the financial year.

17 Interested Person Transactions.

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

Aggregate value of interested person transactions entered from 1 January 2010 to 31 December 2010.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than US\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than US\$100,000)
	US\$'000	US\$'000
Sales revenue from related corporations	0	1,844,527
Sales revenue from related corporation of a corporate shareholder	0	743,916
Purchases from related corporation of a corporate shareholder	0	1,190,338
Trading of derivative financial instrument with related corporation of a corporate shareholder	0	622
Supply chain services rendered from related corporation	0	2,364
Supply chain services rendered from related corporation of a corporate shareholder	0	578
Transportation revenue earned by associate from related corporations	0	7,853

BY ORDER OF THE BOARD

Doreen Nah
 Company Secretary
 24 February 2011