



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
(Company Registration No. 199303293Z)
First Quarter Financial Statement For The Period Ended 31 March 2011

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

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

These figures have not been audited:

	Group		
	1Q 2011	1Q 2010	Variance + / -
	US\$'000	US\$'000	%
Revenue (Note 1)	1,984,129	985,963	101.2%
Cost of sales	(1,972,381)	(978,492)	101.6%
Gross Profit	11,748	7,471	57.2%
Other operating income (Note 2)	238	86	176.7%
Administrative expenses	(1,488)	(2,043)	-27.2%
Other operating expenses	(248)	48	NM
Finance costs	(487)	(376)	29.5%
Operating Profit	9,763	5,186	88.3%
Share of results of associates (net of tax) (Note 3)	12,457	7,687	62.1%
Profit before income tax	22,220	12,873	72.6%
Tax expense (Note 4)	(760)	-	NM
Profit for the period	21,460	12,873	66.7%
Attributable to:			
Equity holders of the Company	21,460	12,873	66.7%

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		
	1Q 2011	1Q 2010	Variance
	US\$'000	US\$'000	+ / - %
PROFIT FOR THE PERIOD	21,460	12,873	66.7%
Other comprehensive income:			
Exchange differences on translation of the financial statements of foreign associates	927	802	15.6%
Other comprehensive income for the period, net of tax	927	802	15.6%
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	22,387	13,675	63.7%
Total comprehensive income attributable to:			
Owners of the parent	22,387	13,675	63.7%

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

	Group		
	1Q 2011	1Q 2010	Var
	US\$'000	US\$'000	+ / - %
Depreciation of property, plant and equipment	(119)	(88)	35.2%
Amortisation of intangible assets	(12)	(30)	-60.0%
Bank interest income	59	74	-20.3%
Foreign exchange gain/(loss)	179	(21)	NM
Gain on disposal of property, plant and equipment	-	33	NM

Note 1: Revenue

	Group		
	1Q 2011	1Q 2010	Var
	US\$'000	US\$'000	+ / - %
Revenue from middle distillates	1,947,439	937,416	107.7%
Revenue from other oil products	36,690	48,547	-24.4%
	1,984,129	985,963	101.2%

Note 2: Other operating income

Group			
1Q 2011	1Q 2010	Var	
US\$'000	US\$'000	+ / - %	
Bank interest income	59	74	-20.3%
Foreign exchange gain/(loss)	179	(21)	NM
Gain on disposal of property, plant and equipment	-	33	NM
	238	86	NM

Note 3: Share of results of associates

Group			
1Q 2011	1Q 2010	Var	
US\$'000	US\$'000	+ / - %	
Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd (“Pudong”)	11,916	7,467	59.6%
China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd (“TSN-PEKCL”)	316	113	179.6%
China Aviation Oil Xinyuan Petrochemicals Co. Ltd (“Xinyuan”)	225	107	110.3%
	12,457	7,687	62.1%

Note 4: Tax expense

The Company recorded tax expense of US\$0.76 million mainly 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.

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 Mar 11 US\$'000	As at 31 Dec 10 US\$'000	As at 31 Mar 11 US\$'000	As at 31 Dec 10 US\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	8,657	8,777	8,657	8,777
Intangible assets	92	104	92	104
Associates	204,559	191,175	81,236	81,236
Deferred tax assets	3,980	3,980	3,980	3,980
	<u>217,288</u>	<u>204,036</u>	<u>93,965</u>	<u>94,097</u>
Current assets				
Inventories (Note 1)	109,966	154,230	109,966	154,230
Trade and other receivables	731,257	529,584	731,257	529,584
Cash and cash equivalents	110,677	57,988	110,670	57,980
	<u>951,900</u>	<u>741,802</u>	<u>951,893</u>	<u>741,794</u>
Total assets	<u>1,169,188</u>	<u>945,838</u>	<u>1,045,858</u>	<u>835,891</u>
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	215,573	215,573	215,573	215,573
Retained earnings	129,895	108,435	38,243	28,480
Other components of equity	20,679	21,223	(5,377)	(3,906)
Total equity	<u>366,147</u>	<u>345,231</u>	<u>248,439</u>	<u>240,147</u>
Non-current liabilities				
Deferred tax liabilities	5,618	4,858	-	-
Current liabilities				
Trade and other payables	781,779	565,225	781,775	565,220
Loans and borrowings	15,644	30,524	15,644	30,524
	<u>797,423</u>	<u>595,749</u>	<u>797,419</u>	<u>595,744</u>
Total liabilities	<u>803,041</u>	<u>600,607</u>	<u>797,419</u>	<u>595,744</u>
Total equity and liabilities	<u>1,169,188</u>	<u>945,838</u>	<u>1,045,858</u>	<u>835,891</u>

Note 1: Inventories were valued at fair value as at 31 March 2011 with the resulting changes in fair value being recognised in the Income Statement. Changes in fair value of financial derivatives contracted 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 Mar 2011		As at 31 Dec 2010	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	15,644	0	30,524

Amount repayable after one year

As at 31 Mar 2011		As at 31 Dec 2010	
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

	1Q 2011	1Q 2010
	US\$'000	US\$'000
Operating activities		
Profit for the period	21,460	12,873
Adjustments for items not involving outlay of funds:-		
Depreciation of property, plant and equipment	119	88
Amortisation of intangible assets	12	30
Gain on disposal of property, plant and equipment	-	(33)
Share of results of associates (net of tax)	(12,457)	(7,687)
Interest income	(59)	(74)
Interest expense	12	-
Tax expense	760	-
Unrealised exchange differences	9	6
	<u>9,856</u>	<u>5,203</u>
Changes in working capital		
Inventories	44,264	23,465
Trade and other receivables	(201,682)	116,961
Trade and other payables	216,635	(132,834)
Cash flows from operating activities	<u>69,073</u>	<u>12,795</u>
Investing activities		
Interest received	68	85
Purchase of property, plant and equipment	(80)	(254)
Proceeds from sale of property, plant and equipment	-	85
Cash flows used in investing activities	<u>(12)</u>	<u>(84)</u>
Financing activities		
Purchase of treasury shares	(1,471)	(3,185)
Interest paid	(12)	-
Proceeds from loans and bank borrowings	15,644	-
Repayment of loans and bank borrowings	(30,524)	-
Cash flows used in financing activities	<u>(16,363)</u>	<u>(3,185)</u>
Net increase in cash and cash equivalents	52,698	9,526
Cash and cash equivalents at beginning of the period	57,988	182,192
Net effect of exchange rate fluctuations on cash held	(9)	(6)
Cash and cash equivalents at end of the period	<u>110,677</u>	<u>191,712</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

	Share capital	Retained earnings	Treasury shares	Foreign currency translation reserve	Statutory reserve	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
THE GROUP						
As at 1 January 2010	215,573	75,331	(721)	12,175	7,377	309,735
Total comprehensive income for the period	-	12,873	-	802	-	13,675
Purchase of treasury shares	-	-	(3,185)	-	-	(3,185)
As at 31 March 2010	215,573	88,204	(3,906)	12,977	7,377	320,225
As at 1 January 2011	215,573	108,435	(3,906)	17,303	7,826	345,231
Total comprehensive income for the period	-	21,460	-	927	-	22,387
Purchase of treasury shares	-	-	(1,471)	-	-	(1,471)
As at 31 March 2011	215,573	129,895	(5,377)	18,230	7,826	366,147

	Share capital	Retained earnings	Treasury shares	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000
THE COMPANY				
As at 1 January 2010	215,573	25,175	(721)	240,027
Total comprehensive income for the period	-	5,186	-	5,186
Purchase of treasury shares	-	-	(3,185)	(3,185)
As at 31 March 2010	215,573	30,361	(3,906)	242,028
As at 1 January 2011	215,573	28,480	(3,906)	240,147
Total comprehensive income for the period	-	9,763	-	9,763
Purchase of treasury shares	-	-	(1,471)	(1,471)
As at 31 March 2011	215,573	38,243	(5,377)	248,439

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 March 2011, the number of ordinary shares of the Company in issue was 716,913,537 (31 December 2010: 718,152,537) excluding 5,907,000 (31 December 2010: 4,668,000) which were held as treasury shares. The total issued and paid up share capital was US\$215.57 million (31 December 2010: 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 March 2011, the Company purchased a total of 1,239,000 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. The shares were purchased by way of market acquisitions at prices ranging from S\$1.24 to S\$1.56 per share. The share purchases were made out of the Company's capital and were held as treasury shares.

As at 31 March 2011, a total of 5,907,000 ordinary shares (31 December 2010: 4,668,000 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	1Q 2011	1Q 2010
Issued ordinary shares		
Balance at beginning/end of period	722,820,537	722,820,537
Treasury shares		
Balance at beginning of period	(4,668,000)	(921,000)
Additions during the period	(1,239,000)	(3,747,000)
Balance at end of period	(5,907,000)	(4,668,000)
Total	716,913,537	718,152,537

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 2010.

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 2010 and on 1 January 2011. 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.

	1Q 2011	1Q 2010
Earnings per ordinary share for the period after deducting any provision for		
(a) Based on weighted average number of ordinary share on issue; and	2.99 US cents	1.79 US cents
(b) On a fully diluted basis	2.99 US cents	1.79 US cents
Weighted average number of shares ('000)	717,286	719,762

Basic earnings per share and earnings per share on a fully diluted basis for the financial period ended 31 March 2011 were computed based on net profit attributable to equity holders of the Company of US\$21,460,000 (2010: US\$12,873,000) and weighted average share capital of 717,286,303 (2010: 719,762,004) 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:
- current financial period reported on; and
 - immediately preceding financial year.

	Group		Company	
	31 Mar 2011	31 Dec 2010	31 Mar 2011	31 Dec 2010
Net asset value per ordinary share based on issued share capital at the end of the period reported on (US cents)	51.07	48.07	34.65	33.44
Number of ordinary shares issued ('000)	716,914	718,153	716,914	718,153

Net asset value per ordinary share is determined based on net asset value attributable to equity holders of the Company and the number of shares in issue of the Company as at 31 March 2011 and 31 December 2010 (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 “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

1st Qtr 2011 v 1st Qtr 2010

The total supply and trading volume for jet fuel and other oil products increased by 0.73 million tonnes (50.00%) to 2.19 million tonnes for the first quarter ended 31 March 2011 (“1Q 2011”) compared to 1.46 million tonnes for the first quarter ended 31 March 2010 (“1Q 2010”). The volume of jet fuel supply and trading increased by 0.74 million tonnes (55.22%) to 2.08 million tonnes for 1Q 2011 compared to 1.34 million tonnes for 1Q 2010, mainly due to higher trading activities. The trading volume of other oil products decreased by 0.01 million tonnes (8.33%) to 0.11 million tonnes for 1Q 2011 compared to 0.12 million tonnes for 1Q 2010.

Total revenue increased by US\$998.17 million (101.24%) to US\$1,984.13 million for 1Q 2011 from US\$985.96 million for 1Q 2010. This was mainly attributable to higher volume of jet fuel supply and trading coupled with higher jet fuel prices in 1Q 2011, which averaged US\$114.19 per barrel (bbl) compared to an average of US\$85.91 per bbl in 1Q 2010. 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\$11.75 million for 1Q 2011, an increase of 57.25% compared to US\$7.47 million for 1Q 2010. This was due to higher trading gains from storage and freight optimisation activities and expansion into new geographical markets.

Other operating income was US\$0.24 million for 1Q 2011 compared to US\$0.09 million for 1Q 2010. This was mainly due to foreign exchange gain of US\$0.18 million in 1Q 2011 compared to foreign exchange loss of US\$0.02 million in 1Q 2010, which were due to revaluation differences resulting from the strengthening of the Singapore dollar against the US dollar.

Bank interest income of US\$0.06 million for 1Q 2011, which was derived from time deposits placed with banks, was lower by US\$0.01 million (20.27%) compared to US\$0.07 million for 1Q 2010 mainly due to the decline in interest rates.

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 1Q 2011 compared to US\$2.37 million for 1Q 2010. The decrease in expenses was attributable to stringent control over operating expenses resulting mainly in lower information technology expenses and the reversal of an over-provision in staff costs, partially offset by increase in finance cost relating to issuance of Letter of Credits and professional fees as a result of increased business activities.

The share of profits from associates was US\$12.46 million for 1Q 2011 compared to US\$7.69 million for 1Q 2010, an increase of 62.05%. This was mainly attributable to the share of profits in Pudong of US\$11.92 million for 1Q 2011 compared to US\$7.47 million for 1Q 2010, mainly due to higher gross profit and lower expenses.

Share of profits from TSN-PEKCL for 1Q 2011 was US\$0.32 million compared to US\$0.11 million for 1Q 2010, an increase of 179.65%. The share of results in Xinyuan increased by US\$0.11 million (110.28%) to US\$0.22 million for 1Q 2011 compared to US\$0.11 million for 1Q 2010.

Tax expense of US\$0.76 million for 1Q 2011 was 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 profit for 1Q 2011 was US\$21.46 million compared to US\$12.87 million for 1Q 2010, an increase of US\$8.59 million (66.74%). Earnings per share was 2.99 US cents for 1Q 2011 compared to 1.79 US cents for 1Q 2010.

1st Qtr 2011 v 4th Qtr 2010

The volume of jet fuel supply and trading increased by 0.06 million tonnes (2.97%) to 2.08 million tonnes for 1Q 2011 from 2.02 million tonnes for the fourth quarter ended 31 December 2010 ("4Q 2010"), mainly due to higher trading activities.

Total revenue increased by US\$351.23 million (21.51%) to US\$1,984.13 million for 1Q 2011 from US\$1,632.90 million for 4Q 2010. This was mainly attributable to higher jet fuel prices in 1Q 2011, which averaged US\$114.19 per bbl compared to an average of US\$94.18 per bbl in 4Q 2010.

Gross profit derived from jet fuel supply and trading and trading of other oil products was US\$11.75 million for 1Q 2011, an increase of 191.56% compared to US\$4.03 million for 4Q 2010. This was due to higher trading gains from storage and freight optimisation activities and expansion into new geographical markets in 1Q 2011 compared to higher procurement costs that resulted in lower gains derived from trading activities in 4Q 2010.

Total expenses decreased by US\$1.94 million (46.63%) to US\$2.22 million for 1Q 2011, compared to US\$4.16 million for 4Q 2010. This was mainly attributable to stringent control over operating expenses resulting in lower operating expenses and the reversal of an over-provision in staff costs for 1Q 2011 and relatively higher operating expenses in information technology and professional fees in 4Q 2010 compared to 1Q 2011.

The share of profits from associates for 1Q 2011 was US\$12.46 million compared to US\$11.03 million for 4Q 2010, an increase of US\$1.43 million (12.96%). The increase in share of profits from associates is mainly due to higher share of profits from Pudong. The share of profits from Pudong increased by US\$1.21 million (11.30%) to

US\$11.92 million for 1Q 2011 compared to US\$10.71 million for 4Q 2010, mainly due to higher gross profit and lower expenses. Share of profits from TSN-PEKCL and Xinyuan for 1Q 2011 increased by US\$0.20 million (166.67%) and US\$0.02 million (10.00%) respectively compared to 4Q 2010.

Tax expense of US\$0.76 million for 1Q 2011 was attributable to the recognition of deferred tax liabilities on the Company's share of profits from associates for 1Q 2011. Tax expenses of US\$1.00 million for 4Q 2010 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 (approximately US\$3.98 million) in relation to the Company's tax losses carried forward.

The Group's net profit increased by US\$11.47 million (114.81%) to US\$21.46 million for 1Q 2011 compared to US\$9.99 million for 4Q 2010. Earnings per share was 2.99 US cents for 1Q 2011 compared to 1.39 US cents for 4Q 2010, an increase of 115.11%.

Statement of Financial Position

The Group's current assets stood at US\$951.90 million as at 31 March 2011 compared to US\$741.80 million as at 31 December 2010. The increase of US\$210.10 million in current assets resulted mainly from:

- (i) a decrease of US\$44.26 million in inventories, due to trading activities;
- (ii) an increase of US\$201.67 million in trade and other receivables to US\$731.26 million as at 31 March 2011 from US\$529.59 million as at 31 December 2010 due to higher sales revenue in March 2011 compared to December 2010; and
- (iii) an increase of US\$52.69 million in cash and cash equivalents which was mainly attributable to the cash inflow of US\$69.07 million from operating activities, partially offset by US\$1.47 million used in the purchase of treasury shares and net cash outflow of US\$14.88 million in repayment of loans and bank borrowings.

Non-current assets stood at US\$217.29 million as at 31 March 2011, compared to US\$204.04 million as at 31 December 2010. The increase of US\$13.25 million was mainly attributable to the share of profits in associates of US\$12.46 million for 1Q 2011 and the impact of foreign exchange translation of the financial statements of foreign associates.

Current liabilities made up of trade and other payables and bank borrowings, increased by US\$201.67 million to US\$797.42 million as at 31 March 2011 compared to US\$595.75 million as at 31 December 2010. This was mainly due to the higher cost of procurement in March 2011 owing to increase in volume and oil prices compared to December 2010.

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\$366.15 million as at 31 March 2011, or 51.07 US cents per share, compared to US\$345.23 million as at 31 December 2010 or 48.07 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 1Q 2011.

Consolidated Statement of Cash Flows

1st Qtr 2011 v 1st Qtr 2010

Cash flows generated from operating activities before changes in working capital, was US\$9.86 million in 1Q 2011 compared to US\$5.20 million generated in 1Q 2010 mainly due to higher operating profits in 1Q 2011 as a result of higher trading activities.

In 1Q 2011, changes in working capital items were as follows: (i) cash generated from inventories of US\$44.26 million; (ii) cash used in trade and other receivables of US\$201.68 million; and (iii) cash generated from trade and other payables of US\$216.64 million. The net cash generated from operating activities was US\$69.07 million in 1Q 2011 compared to US\$12.80 million in 1Q 2010. 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\$0.01 million in 1Q 2011, compared to cash flows used in investing activities of US\$0.08 million in 1Q 2010. Cash used in investing activities for 1Q 2011 comprised US\$0.08 million used in the purchase of property, plant and equipment partially offset by interest receipts of

US\$0.07 million. Cash used in investing activities for 1Q 2010 comprised US\$0.25 million used in the purchase of property, plant and equipment partially offset by interest receipts of US\$0.09 million and proceeds of US\$0.08 million from disposal of property, plant and equipment.

Cash flows used in financing activities of US\$16.36 million in 1Q 2011 comprised US\$30.52 million used in repayment of loans and bank borrowings and US\$1.47 million used in purchase of treasury shares, partially offset by the proceeds of US\$15.64 million from loans and bank borrowings. Cash flows used in financing activities of US\$3.19 million in 1Q 2010 was due to the purchase of treasury shares.

- 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.

The unrest in North Africa, the Middle East and the earthquake, tsunami and nuclear crisis in Japan has stimulated the surge in oil prices. The management is closely monitoring the risk of volatility following the current high oil prices. Concerns about the global economic outlook coupled with airlines implementing fuel surcharges could have an impact on demand for air travel. However, 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? No

(b) Corresponding period of the immediately preceding financial year

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

(c) Date payable

Not applicable.

(d) Book closure date

Not applicable.

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

No interim dividend has been declared for the period ended 31 March 2011.

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

Aggregate value of interested person transactions entered from 1 January 2011 to 31 March 2011.

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	530,215
Sales revenue from related corporation of a corporate shareholder	0	329,483
Purchases from related corporation of a corporate shareholder	0	407,093
Trading of derivative financial instrument with related corporation of a corporate shareholder	0	(2,098)
Supply chain services rendered from related corporation	0	492
Transportation revenue earned by associate from related corporations	0	2,057

BY ORDER OF THE BOARD

Doreen Nah
 Company Secretary
 5 May 2011