



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
(Company Registration No. 199303293Z)
First Quarter Financial Statement For The Period Ended 31 March 2014

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 2014	1Q 2013	Variance
	US\$'000	US\$'000	+ / - %
Revenue (Note 1)	4,026,861	3,781,276	6.49%
Cost of sales	(4,012,374)	(3,761,814)	6.66%
Gross Profit (Note 2)	14,487	19,462	-25.56%
Other operating income (Note 3)	273	125	118.40%
Administrative expenses	(3,010)	(3,666)	-17.89%
Other operating expenses	(196)	(550)	-64.36%
Finance costs	(840)	(1,367)	-38.55%
Operating Profit	10,714	14,004	-23.49%
Share of results of associates (net of tax) (Note 4)	9,607	8,145	17.95%
Profit before income tax	20,321	22,149	-8.25%
Tax expense (Note 5)	(653)	(650)	0.46%
Profit for the period	19,668	21,499	-8.52%
Attributable to:			
Equity holders of the Company	19,668	21,499	-8.52%

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 2014	1Q 2013	Variance
	US\$'000	US\$'000	+ / - %
PROFIT FOR THE PERIOD	19,668	21,499	-8.52%
Other comprehensive expense			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of the financial statements of foreign associates	(4,702)	(1,381)	240.48%
Other comprehensive expense for the period, net of tax	(4,702)	(1,381)	240.48%
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	14,966	20,118	-25.61%
Total comprehensive income attributable to:			
Owners of the parent	14,966	20,118	-25.61%

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

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

	Group		
	1Q 2014	1Q 2013	Var
	US\$'000	US\$'000	+ / - %
Depreciation of property, plant and equipment	(202)	(198)	2.02%
Amortisation of intangible assets	(171)	(660)	-74.09%
Bank interest income	42	51	-17.65%
Interest expense	(246)	(371)	-33.69%
Foreign exchange gain	231	74	212.16%

Note 1: Revenue

	Group		
	1Q 2014	1Q 2013	Var
	US\$'000	US\$'000	+ / - %
Revenue from middle distillates	2,742,036	3,185,070	-13.91%
Revenue from other oil products	1,284,825	596,206	115.50%
	4,026,861	3,781,276	6.49%

Note 2: Gross Profit: lower gross profit despite higher revenue mainly due to higher cost of sales including storage costs and lower trading gains.

Note 3: Other operating income

Bank interest income
Net foreign exchange gain

Group		
1Q 2014	1Q 2013	Var + / -
US\$'000	US\$'000	%
42	51	-17.65%
231	74	212.16%
273	125	118.40%

Note 4: Share of results of associates

Shanghai Pudong International Airport Aviation Fuel Supply
Company Ltd ("Pudong")
China National Aviation Fuel TSN-PEK Pipeline Transportation
Corporation Ltd ("TSN-PEKCL")
China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan")
Oilhub Korea Yeosu Co., Ltd ("OKYC")

Group		
1Q 2014	1Q 2013	Var + / -
US\$'000	US\$'000	%
10,148	10,461	-2.99%
486	476	2.10%
67	134	-50.00%
(1,094)	(2,926)	62.61%
9,607	8,145	17.95%

Note 5: Tax expense

The tax expense was mainly attributable to the recognition of deferred tax liabilities on the Company's share of undistributed retained earnings from associates and provision of income tax by a subsidiary during the period. The undistributed retained earnings from associates incorporated in China is subject to withholding tax.

NM denotes "not meaningful"

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

Statement of Financial Position

	Group		Company	
	As at 31 Mar 14 US\$'000	As at 31 Dec 13 US\$'000	As at 31 Mar 14 US\$'000	As at 31 Dec 13 US\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	7,194	7,377	7,144	7,323
Intangible assets	2,644	2,815	1,463	1,634
Subsidiaries	-	-	28,114	28,095
Associates and jointly-controlled entity	272,515	267,761	81,236	81,236
Trade and other receivables	-	-	35,480	35,573
Deferred tax assets	7,087	7,087	7,083	7,083
	<u>289,440</u>	<u>285,040</u>	<u>160,520</u>	<u>160,944</u>
Current assets				
Inventories	91,278	113,125	88,339	110,197
Trade and other receivables	1,227,663	1,120,426	1,117,267	1,020,035
Cash and cash equivalents	92,534	56,299	85,654	52,617
	<u>1,411,475</u>	<u>1,289,850</u>	<u>1,291,260</u>	<u>1,182,849</u>
Total assets	<u>1,700,915</u>	<u>1,574,890</u>	<u>1,451,780</u>	<u>1,343,793</u>
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	215,573	215,573	215,573	215,573
Retained earnings	291,281	272,241	177,999	170,016
Other components of equity	31,674	35,748	(5,482)	(5,482)
Total equity	<u>538,528</u>	<u>523,562</u>	<u>388,090</u>	<u>380,107</u>
Non-current liabilities				
Deferred tax liabilities	6,596	6,228	-	-
Current liabilities				
Trade and other payables	1,125,522	1,016,120	1,063,690	963,006
Loans and borrowings	29,766	28,609	-	680
Current tax liabilities	503	371	-	-
	<u>1,155,791</u>	<u>1,045,100</u>	<u>1,063,690</u>	<u>963,686</u>
Total liabilities	<u>1,162,387</u>	<u>1,051,328</u>	<u>1,063,690</u>	<u>963,686</u>
Total equity and liabilities	<u>1,700,915</u>	<u>1,574,890</u>	<u>1,451,780</u>	<u>1,343,793</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 31 Mar 2014		As at 31 Dec 2013	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	29,766	0	28,609

Amount repayable after one year

As at 31 Mar 2014		As at 31 Dec 2013	
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 2014	1Q 2013
	US\$'000	US\$'000
Operating activities		
Profit for the period	19,668	21,499
Adjustments for items not involving outlay of funds:-		
Depreciation of property, plant and equipment	202	198
Amortisation of intangible assets	171	660
Share of profit of associates and jointly controlled entity (net of tax)	(9,607)	(8,145)
Share-based payment transactions	-	(271)
Interest income	(42)	(51)
Interest expense	246	371
Tax expense	653	650
Unrealised exchange differences	(83)	(37)
	<u>11,208</u>	<u>14,874</u>
Changes in working capital		
Inventories	21,847	7,758
Trade and other receivables	(107,243)	(30,204)
Trade and other payables	109,616	(34,389)
Cash flows from/(used in) operating activities	<u>35,428</u>	<u>(41,961)</u>
Investing activities		
Interest received	48	51
Purchase of property, plant and equipment	(19)	(62)
Purchase of intangible assets	(216)	(9)
Cash flows used in investing activities	<u>(187)</u>	<u>(20)</u>
Financing activities		
Interest paid	(246)	(371)
Proceeds from loans and bank borrowings	61,157	24,384
Repayment of loans and bank borrowings	(60,000)	(18,580)
Cash flows from financing activities	<u>911</u>	<u>5,433</u>
Net increase/(decrease) in cash and cash equivalents	36,152	(36,548)
Cash and cash equivalents at beginning of the period	56,299	81,144
Net effect of exchange rate fluctuations on cash held	83	37
Cash and cash equivalents at end of the period	<u>92,534</u>	<u>44,633</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 US\$'000	Retained earnings US\$'000	Treasury shares US\$'000	Share option reserve US\$'000	Foreign currency translation reserve US\$'000	Statutory reserve US\$'000	Other reserve US\$'000	Total equity US\$'000
THE GROUP								
As at 1 January 2013	215,573	213,989	(5,482)	271	26,888	8,694	-	459,933
Total comprehensive income for the period	-	21,499	-	-	(1,381)	-	-	20,118
Share-based payment transaction	-	-	-	(271)	-	-	-	(271)
As at 31 March 2013	215,573	235,488	(5,482)	-	25,507	8,694	-	479,780
As at 1 January 2014	215,573	272,241	(5,482)	-	32,141	9,089	-	523,562
Total comprehensive income for the period	-	19,668	-	-	(4,702)	-	-	14,966
Transfer from retained earnings to other reserve	-	(628)	-	-	-	-	628	-
As at 31 March 2014	215,573	291,281	(5,482)	-	27,439	9,089	628	538,528

Statement of Changes in Equity

	Share capital US\$'000	Retained earnings US\$'000	Share option reserve US\$'000	Treasury shares US\$'000	Total equity US\$'000
THE COMPANY					
As at 1 January 2013	215,573	117,253	271	(5,482)	327,615
Total comprehensive income for the period	-	14,052	-	-	14,052
Share-based payment transaction	-	-	(271)	-	(271)
As at 31 March 2013	215,573	131,305	-	(5,482)	341,396
As at 1 January 2014	215,573	170,016	-	(5,482)	380,107
Total comprehensive income for the period	-	7,983	-	-	7,983
Share-based payment transaction	-	-	-	-	-
As at 31 March 2014	215,573	177,999	-	(5,482)	388,090

- 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

On 5 March 2014, 143,363,091 new ordinary shares were allotted and issued pursuant to the bonus issue made on the basis of one (1) ordinary share for every five (5) existing shares held by the shareholders of the Company.

Employee share option plans

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

The option period in respect of the Executive Share Options (as defined under the CAO Share Option Scheme) commenced on 9 October 2013 and expires on the date immediately preceding the tenth anniversary of the date of grant i.e. 9 October 2011 (“**Date of Grant**”). Non-Executive Share Options (as defined under the CAO Share Option Scheme) commenced on 9 October 2013 and expires on the date immediately preceding the fifth anniversary of the Date of Grant.

As at 31 March 2014, there were 1,804,200 outstanding share options (31 December 2013: 3,444,600 share options). The Outstanding Share Options, when exercisable, would entitle the holders to subscribe for a total of 1,804,200 ordinary shares (31 December 2013: 3,444,600 ordinary shares) of the Company at a weighted average exercise price of S\$0.91 per share.

The Outstanding Share Options as at 31 March 2014 constitute approximately 0.21% of the total issued shares of the Company (including treasury shares held by the Company).

Treasury shares

During the quarter ended 31 March 2014, 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 25 April 2013.

As at 31 March 2014, a total of 6,000,000 ordinary shares (31 December 2013: 6,000,000 ordinary shares) were held by the Company as treasury shares.

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

Number of Shares	1Q 2014	1Q 2013
Issued ordinary shares		
Balance at beginning	722,820,537	722,820,537
Bonus share issue	143,363,091	-
Balance at end of period	866,183,628	722,820,537
Treasury shares		
Balance at beginning	(6,000,000)	(6,000,000)
Additions during the period	-	-
Balance at end of period	(6,000,000)	(6,000,000)
Total	860,183,628	716,820,537

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

These figures have not been audited or reviewed.

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

Not applicable.

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

Except as disclosed in item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those adopted for the audited consolidated financial statements for the year ended 31 December 2013.

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 2014. 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 2014	1Q 2013
Earnings per ordinary share for the period based on net profit attributable to owners of the Company:-		
(a) Based on weighted average number of ordinary share on issue	2.29 US cents	2.50 US cents
- Weighted average number of shares ('000)*	860,184	860,184
(b) On a fully diluted basis	2.29 US cents	2.48 US cents
- Adjusted weighted average number of shares ('000)*	860,184	865,446

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding. The outstanding share options were assessed to be anti-dilutive for the period ended 31 March 2014.

* The basic and diluted earnings per share are adjusted for transactions that adjust the number of shares without a corresponding change in resources. The effects of the bonus shares, issued on 5 March 2014, have been included in the basic and diluted earnings per share calculation for the period ended 31 March 2014 and 31 March 2013.

- 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 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
Net asset value per ordinary share based on issued share capital at the end of the period reported on (US cents)	62.61	73.04	45.12	53.03
Number of ordinary shares issued ('000)	860,184	716,821	860,184	716,821

Net asset value per ordinary share is determined based on net asset value attributable to owners of the Company and the number of shares in issue of the Company as at 31 March 2014 and 31 December 2013 (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 the Group are jet fuel supply and trading, trading of other oil products and investments in oil-related assets. Consequently, income is derived from (i) supply and trading of jet fuel (ii) trading in other oil products and (iii) investments in oil related businesses.

CAO is the largest physical jet fuel trader in Asia Pacific and the sole importer of jet fuel into the People's Republic of China's ("PRC"). The Company has three wholly-owned subsidiaries located in Hong Kong, USA and United Kingdom; viz. China Aviation Oil (Hong Kong) Company Limited ("CAOHK"), North American Fuel Corporation ("NAFCO") and China Aviation Oil (Europe) Limited ("CAO Europe") respectively.

In addition, we engaged in international trading of jet fuel and other oil products and owned 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"), China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan") and Oilhub Korea Yeosu Co., Ltd ("OKYC"). The Group had also entered into a joint venture contract on 4 September 2013 for the establishment of a joint venture company in Hong Kong known as CNAF Hong Kong Refuelling Limited ("CNAF HKRL") through its subsidiary, CAOHK. The Group had invested US\$5 million which represents a 39% equity interest in CNAF HKRL. CNAF HKRL's refuelling facilities is currently under construction and will be completed in 2015.

Consolidated Statement of Comprehensive Income

1st Qtr 2014 v 1st Qtr 2013

The total supply and trading volume for jet fuel and other oil products increased by 0.80 million tonnes (21.00%) to 4.61 million tonnes for the first quarter ended 31 March 2014 ("1Q 2014") compared to 3.81 million tonnes for the first quarter ended 31 March 2013 ("1Q 2013"). The volume of jet fuel supply and trading decreased by 0.47 million tonnes (18.08%) to 2.13 million tonnes for 1Q 2014 compared to 2.60 million tonnes for 1Q 2013. The trading volume of other oil products increased by 1.27 million tonnes (104.96%) to 2.48 million tonnes for 1Q 2014 compared to 1.21 million tonnes for 1Q 2013.

Total revenue increased by US\$245.58 million (6.49%) to US\$4,026.86 million for 1Q 2014 from US\$3,781.28 million for 1Q 2013, attributable mainly to higher trading volume of other oil products. Please see breakdown under note 1 on page 2.

Gross profit derived from jet fuel supply and trading and from trading of other oil products was US\$14.49 million for 1Q 2014, a decrease of 25.56% compared to US\$19.46 million for 1Q 2013. This was mainly attributable to the decrease in trading gains from jet fuel as a result of lower volumes and higher storage costs for fuel oil.

Other operating income was US\$0.27 million for 1Q 2014 compared to US\$0.13 million for 1Q 2013, an increase of US\$0.14 million (118.40%) attributable mainly to higher foreign exchange gain resulted from the revaluation differences on the foreign currency balances against the US Dollar.

Total expenses decreased by US\$1.53 million (27.42%) to US\$4.05 million for 1Q 2014 compared to US\$5.58 million for 1Q 2013, mainly due to lower professional fees incurred for advisory services rendered in assessing and evaluation of potential projects and reduction in finance cost relating to bank charges and interest expense. In 1Q 2013, there was an amortisation of US\$0.63 million following the Purchase Price Allocation (“PPA”) exercise undertaken pursuant to FRS 103.

The share of profits from associates increased by 17.95% to US\$9.61 million for 1Q 2014 compared to US\$8.15 million for 1Q 2013, mainly due to lower share of loss from OKYC. Share of loss from OKYC was reduced by US\$1.84 million to US\$1.09 million for 1Q 2014 as compared to US\$2.93 million for 1Q 2013. This was mainly attributable to lower mark-to-market (“MTM”) loss from its cross currency interest rate swap (“CSR”) contracts denominated in Korea Won, against the US Dollar and partially offset by increased operating expenses due to higher professional fees, finance costs and depreciation costs incurred in 1Q 2014 in resolving a contractual dispute. OKYC entered into CSR contracts to hedge against future revenue in US Dollar. However, it could not qualify for hedge effectiveness in accordance with International Financial Reporting Standards (“IFRS”). As such, accounting treatment requires the MTM gain or loss to be recorded in the Income Statement.

The share of profits in Pudong was US\$10.15 million for 1Q 2014 compared to US\$10.46 million for 1Q 2013, a slight decrease of 2.99%, mainly due to lower refuelling sales price that resulted in lower gross profit.

Share of profits from TSN-PEKCL for 1Q 2014 was US\$0.49 million, a slight increase of US\$0.01 million (2.10%) compared to US\$0.48 million for 1Q 2013.

The share of results in Xinyuan decreased by US\$0.06 million (50.00%) to US\$0.07 million for 1Q 2014 compared to US\$0.13 million for 1Q 2013, mainly due to lower rental income from oil storage tanks.

Tax expense was US\$0.65 million for 1Q 2014, same level for 1Q 2013. The tax expense was mainly due to the provision of income tax of a subsidiary in addition to the recognition of deferred tax liabilities on the Company’s share of undistributed retained earnings from associates in 1Q 2014 and 1Q 2013.

The Group’s net profit for 1Q 2014 was US\$19.67 million compared to US\$21.50 million for 1Q 2013, a decrease of US\$1.83 million (8.52%), mainly attributable to the decrease in gross profit. Earnings per share was 2.29 US cents for 1Q 2014 compared to 2.50 US cents for 1Q 2013.

1st Qtr 2014 v 4th Qtr 2013

The total supply and trading volume of jet fuel and other oil products decreased by 0.08 million tonnes (1.71%) to 4.61 million tonnes for 1Q 2014 from 4.69 million tonnes for the fourth quarter ended 31 December 2013 (“4Q 2013”).

Consequently, total revenue decreased by US\$326.43 million (7.50%) to US\$4,026.86 million for 1Q 2014 from US\$4,353.29 million for 4Q 2013.

Gross profit derived from jet fuel supply and trading and trading of other oil products was US\$14.49 million for 1Q 2014, an increase of 25.35% compared to US\$11.56 million for 4Q 2013. This was mainly attributable to higher trading gains from oil trading activities and optimisation activities.

Other operating income was US\$0.27 million for 1Q 2014 compared to US\$0.98 million for 4Q 2013. This was mainly due to lower foreign exchange gain of US\$0.23 million in 1Q 2014 compared to foreign exchange gain of US\$0.87 million in 4Q 2013. The exchange gain in 4Q 2013 was derived from the conversion of Renminbi to US Dollar for the receipts of dividends denominated in Renminbi from associates.

Total expenses decreased by US\$3.83 million (48.60%) to US\$4.05 million for 1Q 2014, compared to US\$7.88 million for 4Q 2013, mainly due to (i) lower professional fees incurred for advisory services rendered in assessing and evaluation of potential projects; (ii) lower information technology expenses incurred for the maintenance of trading software; (iii) lower travelling and meeting expenses; and (iv) decrease in finance cost.

The share of profits from associates for 1Q 2014 was US\$9.61 million compared to US\$9.34 million for 4Q 2013, an increase of US\$0.27 million (2.89%) attributable mainly to higher share of results from Pudong partially offset by share of loss in OKYC. The share of profits from Pudong increased by US\$1.78 million (21.27%) to US\$10.15 million for 1Q 2014 compared to US\$8.37 million for 4Q 2013, mainly due to higher refuelling sales price that resulted in higher gross profit, higher other operating income and lower operating expenses.

The share of loss from OKYC was US\$1.09 million for 1Q 2014 as compared to share of profits of US\$0.64 million for 4Q 2013. This was mainly due to higher operating expenses partly attributable to higher professional fees, finance costs and depreciation costs incurred in 1Q 2014 in resolving a contractual dispute and MTM loss from its CSR contracts denominated in Korea Won. OKYC entered into the CSR contracts to hedge against future revenue in US Dollar. However, it could not qualify for hedge effectiveness in accordance with IFRS. As such, accounting treatment requires the MTM gain or loss to be recorded in the Income Statement.

Share of profits from TSN-PEKCL increased by US\$0.31 million (172.22%) to US\$0.49 million for 1Q 2014 compared to US\$0.18 million for 4Q 2013, mainly attributable to lower operating expenses.

The share of results in Xinyuan was US\$0.07 million for 1Q 2014 compared to US\$0.15 million for 4Q 2013, a decrease of US\$0.08 million (53.33%), mainly due to the lower rental income from oil storage tanks.

Income tax expense was US\$0.65 million for 1Q 2014 compared to US\$0.51 million for 4Q 2013, an increase of 27.45% due mainly to recognition of higher deferred tax liabilities on the Company's share of undistributed retained earnings from associates.

The Group's net profit increased by US\$6.18 million (45.81%) to US\$19.67 million for 1Q 2014 compared to US\$13.49 million for 4Q 2013, mainly attributable to higher gross profit resulting from higher gains from oil trading activities and lower operating expenses. Earnings per share was 2.29 US cents for 1Q 2014 compared to 1.57 US cents for 4Q 2013.

Statement of Financial Position

The Group's current assets stood at US\$1,411.48 million as at 31 March 2014 compared to US\$1,289.85 million as at 31 December 2013. The increase of US\$121.63 million in current assets resulted mainly from:

- (i) a decrease of US\$21.85 million in inventories held for trading;
- (ii) an increase of US\$107.24 million in trade and other receivables to US\$1,227.67 million as at 31 March 2014 from US\$1,120.43 million as at 31 December 2013 due to higher sales revenue in March 2014 compared to December 2013; and
- (iii) an increase of US\$36.24 million in cash and cash equivalents which was mainly attributable to the aggregate cash inflow of US\$36.34 million from operating and financing activities partially offset by the cash outflow of US\$0.19 million from investing activities.

Non-current assets stood at US\$289.44 million as at 31 March 2014, compared to US\$285.04 million as at 31 December 2013. The increase of US\$4.40 million was mainly attributable to the share of profits in associates of US\$9.61 million partially offset by the impact of foreign currency translation reserve of US\$4.70 million.

Current liabilities comprised trade and other payables, bank borrowings and tax payables, increased by US\$107.23 million to US\$1,227.66 million as at 31 March 2014 compared to US\$1,120.43 million as at 31 December 2013. This was mainly due to increase in trade payables in March 2014 compared to December 2013.

Non-current liabilities were attributable to the recognition of deferred tax liabilities on the Company's share of undistributed retained earnings of associates. The undistributed retained earnings from associates is subject to withholding tax.

The Group's net assets stood at US\$538.53 million as at 31 March 2014, or 62.61 US cents per share, compared to US\$523.56 million as at 31 December 2013 or 73.04 US cents per share. Lower net asset value per share was attributable to the effect of the bonus shares of 143,363,091 issued on 5 March 2014.

Consolidated Statement of Cash Flows

1st Qtr 2014 v 1st Qtr 2013

The net cash generated from operating activities was US\$35.43 million in 1Q 2014 compared to net cash used in operating activities of US\$41.96 million in 1Q 2013. This was mainly due to lower working capital requirements for trading activities.

Cash flows used in investing activities amounted to US\$0.19 million in 1Q 2014, compared to US\$0.02 million in 1Q 2013, mainly attributable to cash outflow of US\$0.22 million used for purchase of trading software.

Cash flows generated from financing activities of US\$0.91 million in 1Q 2014 attributable to the proceeds of US\$61.16 million from bank borrowings partially offset by the US\$60.00 million used in repayment of bank borrowings and US\$0.25 million used for payment of bank interest. Cash flows generated from financing activities of US\$5.43 million in 1Q 2013 comprised the proceeds of US\$24.38 million from loans and bank borrowings partially offset by US\$18.58 million used in repayment of loans and bank borrowings and US\$0.37 million used for payment of bank interest.

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

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 Company will continue to pursue jet fuel operations globally, to develop aviation marketing business and to build on its expansion on trading activities in other oil products. In addition, the Company continues to proactively seek opportunities to invest in or acquire strategic oil assets with higher returns or businesses in accordance with its corporate development strategy to diversify its income streams.

- 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 2014.

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 2014 to 31 March 2014.

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) US\$'000	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than US\$100,000) US\$'000
Sales revenue from related corporations	0	879,605
Purchases from related corporations	0	50,537
Purchases from related corporation of a corporate shareholder	0	41,460
Services rendered from related corporation of a corporate shareholder	0	134
Loss from trading of derivative financial instrument with related corporation of a corporate shareholder	0	105
Supply chain services rendered from related corporation	0	719
Supply chain services rendered from related corporation of a corporate shareholder	0	224
Transportation revenue of associate from related corporation	0	1,352
Principal deposited with Interested person	2,950	0

BY ORDER OF THE BOARD

Doreen Nah
Company Secretary
25 April 2014