



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
(Company Registration No. 199303293Z)
Third Quarter Financial Statement For The Period Ended 30 September 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			
	3Q 2010	3Q 2009	Variance		YTD 3Q 2010	YTD 3Q 2009	Variance	
	US\$'000	US\$'000	+/-	%	US\$'000	US\$'000	+/-	%
Revenue (Note 1)	1,389,355	991,617		40.1%	3,819,739	2,457,209		55.5%
Cost of sales	(1,381,422)	(982,763)		40.6%	(3,794,033)	(2,431,518)		56.0%
Gross Profit	7,933	8,854		-10.4%	25,706	25,691		0.1%
Other operating income (Note 2)	(5)	125		NM	92	(775)		NM
Administrative expenses	(2,287)	(1,904)		20.1%	(6,406)	(5,536)		15.7%
Other operating expenses	(118)	(114)		3.5%	(244)	(375)		-34.9%
Finance costs	(275)	(198)		38.9%	(1,044)	(493)		111.8%
Operating Profit	5,248	6,763		-22.4%	18,104	18,512		-2.2%
Share of results of associates (net of tax) (Note 3)	8,518	11,916		-28.5%	26,613	16,119		65.1%
Profit before income tax	13,766	18,679		-26.3%	44,717	34,631		29.1%
Income tax expense (Note 4)	-	-		-	-	-		-
PROFIT FOR THE PERIOD	13,766	18,679		-26.3%	44,717	34,631		29.1%
Attributable to:								
Equity holders of the Company	13,766	18,679		-26.3%	44,717	34,631		29.1%

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

Consolidated Statement of Comprehensive Income

	Group			Group		
	3Q 2010	3Q 2009	Variance	YTD 3Q 2010	YTD 3Q 2009	Variance
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
PROFIT FOR THE PERIOD	13,766	18,679	-26.3%	44,717	34,631	29.1%
Other comprehensive income/(expense):						
Exchange differences on translation of the financial statements of foreign associates	1,639	(5)	NM	2,467	(570)	NM
Other comprehensive income/(expense) loss for the period, net of tax	1,639	(5)	NM	2,467	(570)	NM
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	15,405	18,674	-17.5%	47,184	34,061	38.5%
Total comprehensive income attributable to:						
Owners of the parent	15,405	18,674	-17.5%	47,184	34,061	38.5%

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

	Group			Group		
	3Q 2010	3Q 2009	Var	YTD 3Q 2010	YTD 3Q 2009	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Depreciation of property, plant and equipment	(90)	(86)	4.7%	(267)	(256)	4.3%
Amortisation of intangible assets	(16)	(29)	-44.8%	(77)	(85)	-9.4%
Bank interest income	217	173	25.4%	423	696	-39.2%
Foreign exchange loss	(222)	(48)	NM	(364)	(1,471)	-75.3%
Write off of property, plant and equipment	-	-	-	(3)	-	NM
Gain on disposal of property, plant and equipment	-	-	-	33	-	NM

Note 1: Revenue

	Group			Group		
	3Q 2010	3Q 2009	Var	YTD 3Q 2010	YTD 3Q 2009	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Revenue from middle distillates	1,349,097	959,343	40.6%	3,690,440	2,383,506	54.8%
Revenue from other oil products	40,258	32,274	24.7%	129,299	73,703	75.4%
	1,389,355	991,617	40.1%	3,819,739	2,457,209	55.5%

Note 2: Other operating income

	Group			Group		
	3Q 2010 US\$'000	3Q 2009 US\$'000	Var + / - %	YTD 3Q 2010 US\$'000	YTD 3Q 2009 US\$'000	Var + / - %
Bank interest income	217	173	25.4%	423	696	-39.2%
Foreign exchange loss	(222)	(48)	NM	(364)	(1,471)	-75.3%
Gain on disposal of property, plant and equipment	-	-	-	33	-	NM
	(5)	125	NM	92	(775)	NM

Note 3: Share of results of associates

	Group			Group		
	3Q 2010 US\$'000	3Q 2009 US\$'000	Var + / - %	YTD 3Q 2010 US\$'000	YTD 3Q 2009 US\$'000	Var + / - %
Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong")	7,899	11,226	-29.6%	25,111	14,530	72.8%
China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL")	257	560	-54.1%	918	1,374	-33.2%
China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan")	362	130	178.5%	584	215	171.6%
	8,518	11,916	-28.5%	26,613	16,119	65.1%

Note 4: Income tax expense

The Company has sufficient tax losses brought forward from 2004 to offset current year taxable income.

NM denotes "not meaningful"

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

Statements of Financial Position

	Group		Company	
	As at 30 Sep 2010 US\$'000	As at 31 Dec 2009 US\$'000	As at 30 Sep 2010 US\$'000	As at 31 Dec 2009 US\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	8,032	8,061	8,032	8,061
Intangible assets	116	100	116	100
Associates	180,014	150,934	81,236	81,236
	<u>188,162</u>	<u>159,095</u>	<u>89,384</u>	<u>89,397</u>
Current assets				
Inventories	44,888	37,606	44,888	37,606
Trade and other receivables	450,376	379,833	450,375	379,833
Cash and cash equivalents	218,909	182,192	218,901	182,178
	<u>714,173</u>	<u>599,631</u>	<u>714,164</u>	<u>599,617</u>
Total assets	<u>902,335</u>	<u>758,726</u>	<u>803,548</u>	<u>689,014</u>
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	215,573	215,573	215,573	215,573
Retained earnings	109,865	75,331	33,097	25,175
Other components of equity	18,113	18,831	(3,906)	(721)
Total equity	<u>343,551</u>	<u>309,735</u>	<u>244,764</u>	<u>240,027</u>
Current liabilities				
Trade and other payables	558,784	448,991	558,784	448,987
Total liabilities	<u>558,784</u>	<u>448,991</u>	<u>558,784</u>	<u>448,987</u>
Total equity and liabilities	<u>902,335</u>	<u>758,726</u>	<u>803,548</u>	<u>689,014</u>

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

Amount repayable in one year or less, or on demand

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

Amount repayable after one year

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

The Company does not have any interest-bearing liabilities or obligations as at 30 September 2010 and 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

	3Q 2010	3Q 2009	YTD 3Q 2010	YTD 3Q 2009
	US\$'000	US\$'000	US\$'000	US\$'000
Operating activities				
Profit for the period	13,766	18,679	44,717	34,631
Adjustments for items not involving outlay of funds:-				
Depreciation of property, plant and equipment	90	86	267	256
Amortisation of intangible assets	16	29	77	85
Gain on disposal of property, plant and equipment	-	-	(33)	-
Write off of property, plant and equipment	-	-	3	-
Share of results of associates (net of tax)	(8,518)	(11,916)	(26,613)	(16,119)
Interest income	(217)	(173)	(423)	(696)
Unrealised exchange differences	6	(58)	33	15
	<u>5,143</u>	<u>6,647</u>	<u>18,028</u>	<u>18,172</u>
Changes in working capital				
Inventories	(18,497)	(16,696)	(7,282)	(16,696)
Trade and other receivables	21,867	60,513	(70,554)	(84,858)
Trade and other payables	92,547	(41,811)	109,793	89,273
Cash flows from operating activities	<u>101,060</u>	<u>8,653</u>	<u>49,985</u>	<u>5,891</u>
Investing activities				
Interest received	216	221	434	821
Purchase of property, plant and equipment	(39)	(6)	(293)	(75)
Purchase of intangible assets	(93)	-	(93)	(23)
Proceeds from sale of property, plant and equipment	-	-	85	-
Acquisition of associate	-	-	-	(45,325)
Dividends received from associate	-	-	-	31,090
Cash flows from/(used in) investing activities	<u>84</u>	<u>215</u>	<u>133</u>	<u>(13,512)</u>
Financing activities				
Purchase of treasury shares	-	-	(3,185)	-
Dividend paid	-	-	(10,183)	(9,874)
Cash flows used in financing activities	<u>-</u>	<u>-</u>	<u>(13,368)</u>	<u>(9,874)</u>
Net increase/(decrease) in cash and cash equivalents	101,144	8,868	36,750	(17,495)
Cash and cash equivalents at beginning of the period	117,771	126,666	182,192	153,102
Net effect of exchange rate fluctuations on cash held	(6)	58	(33)	(15)
Cash and cash equivalents at end of the period	<u>218,909</u>	<u>135,592</u>	<u>218,909</u>	<u>135,592</u>

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

Consolidated Statement of Changes in Equity

THE GROUP	Share capital US\$'000	Retained earnings US\$'000	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	-	34,631	-	(570)	-	34,061
Dividend paid in respect of 2008	-	(9,874)	-	-	-	(9,874)
As at 30 September 2009	215,573	65,107	-	12,174	7,033	299,887
As at 1 January 2010	215,573	75,331	(721)	12,175	7,377	309,735
Total comprehensive income for the period	-	44,717	-	2,467	-	47,184
Dividend paid in respect of 2009	-	(10,183)	-	-	-	(10,183)
Purchase of treasury shares	-	-	(3,185)	-	-	(3,185)
As at 30 September 2010	215,573	109,865	(3,906)	14,642	7,377	343,551

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	-	18,511	-	18,511
Dividend paid in respect of 2008	-	(9,874)	-	(9,874)
As at 30 September 2009	215,573	22,653	-	238,226
As at 1 January 2010	215,573	25,175	(721)	240,027
Total comprehensive income for the period	-	18,105	-	18,105
Dividend paid in respect of 2009	-	(10,183)	-	(10,183)
Purchase of treasury shares	-	-	(3,185)	(3,185)
As at 30 September 2010	215,573	33,097	(3,906)	244,764

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 30 September 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.

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 30 September 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 30 September 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	3Q 2010	3Q 2009	YTD 3Q 2010	YTD 3Q 2009
Issued ordinary shares				
Balance at beginning of period	718,152,537	722,820,537	722,820,537	722,820,537
Treasury shares				
Balance at beginning of period	-	-	(921,000)	-
Additions during the period	-	-	(3,747,000)	-
Balance at end of period	-	-	(4,668,000)	-
Total	718,152,537	722,820,537	718,152,537	722,820,537

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 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 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 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.

	3Q 2010	3Q 2009	YTD 3Q 2010	YTD 3Q 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	1.92 US cents	2.58 US cents	6.22 US cents	4.79 US cents
(b) On a fully diluted basis	1.92 US cents	2.58 US cents	6.22 US cents	4.79 US cents
Weighted average number of shares ('000)	718,153	722,821	718,683	722,821

Basic earnings per share and earnings per share on a fully diluted basis for the financial quarter ended and nine months ended 30 September 2010 were computed based on net profit attributable to owners of the parent of US\$13,766,000 (2009: US\$18,679,000) and US\$44,717,000 (2009: US\$34,631,000) and weighted average share capital of 718,152,537 (2009: 722,820,537) and 718,683,129 (2009: 722,820,537) ordinary shares.

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

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

	Group		Company	
	30 Sep 2010	31 Dec 2009	30 Sep 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)	47.84	42.91	34.08	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 30 September 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:
- 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

3rd Qtr 2010 v 3rd Qtr 2009

The total supply and trading volume for jet fuel and other oil products increased by 0.43 million tonnes (26.88%) to 2.03 million tonnes for the third quarter ended 30 September 2010 (“3Q 2010”) compared to 1.60 million tonnes for the third quarter ended 30 September 2009 (“3Q 2009”). The volume of jet fuel supply and trading increased by 0.35 million tonnes (22.44%) to 1.91 million tonnes for 3Q 2010 compared to 1.56 million tonnes for 3Q 2009. The volume of fuel oil trading which commenced in 3Q 2009 increased by 0.07 million tonnes to 0.08 million tonnes for 3Q 2010 compared to 0.01 million tonnes for 3Q 2009. The volume for trading of gas oil which also commenced in 3Q 2009 was 0.04 million tonnes for 3Q 2010. The volume for petrochemical trading activities (“Petrochem”) was 0.01 million tonnes for 3Q 2010, decreased by 0.02 million tonnes or 66.67%, compared to 0.03 million tonnes for 3Q 2009.

Total revenue for 3Q 2010 increased by US\$397.74 million (40.11%) to US\$1,389.36 million for 3Q 2010 from US\$991.62 million for 3Q 2009. This was mainly attributable to higher volume of jet fuel supply and trading coupled with higher jet fuel prices in 3Q 2010, which averaged US\$87.62 per barrel (bbl) compared to an average of US\$77.27 per bbl in 3Q 2009.

Gross profit derived from jet fuel supply and trading and trading of other oil products was US\$7.93 million for 3Q 2010, a decrease of 10.40% compared to US\$8.85 million for 3Q 2009. This was mainly due to higher cost resulting in lower gains derived from trading activities and higher freight cost resulting from diverting shipping routes as a result of typhoon.

Other operating income was negative US\$4,667 for 3Q 2010 compared to US\$0.13 million for 3Q 2009. This was mainly due to foreign exchange loss of US\$0.22 million incurred in 3Q 2010 compared to foreign exchange loss of US\$0.05 million in 3Q 2009. The foreign exchange loss in 3Q 2010 and 3Q 2009 was due to the revaluation of net liabilities denominated in Singapore dollars against the weaker US Dollar. Bank interest income of US\$0.22 million for 3Q 2010, which was derived from time deposits placed with banks, was higher compared to US\$0.17 million for 3Q 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\$0.46 million (20.72%) to US\$2.68 million for 3Q 2010, compared to US\$2.22 million for 3Q 2009. This was mainly attributable to higher average headcount of 55 in 3Q 2010 compared to 46 in 3Q 2009, higher travelling 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\$8.52 million for 3Q 2010 compared to US\$11.92 million for 3Q 2009, a decrease of 28.52%. This was mainly attributable to lower share of profits of Pudong of US\$7.90 million for 3Q 2010 compared to US\$11.23 million for 3Q 2009, mainly due to higher cost of sales which resulted in lower gross profits in 3Q 2010 compared to corresponding period last year.

The Group's net profit for 3Q 2010 was US\$13.77 million compared to US\$18.68 million for 3Q 2009, a decrease of US\$4.91 million (26.28%). Earnings per share was 1.92 US cents for 3Q 2010 compared to 2.58 US cents for 3Q 2009.

3rd Qtr 2010 v 2nd Qtr 2010

The total supply and trading volume for jet fuel and other oil products increased by 0.02 million tonnes (1%) to 2.03 million tonnes for 3Q 2010 compared to 2.01 million tonnes for the second quarter ended 30 June 2010 ("2Q 2010"), mainly due to higher fuel oil trading volume.

Total revenue decreased by US\$55.06 million or 3.81% to US\$1,389.36 million for 3Q 2010 from US\$1,444.42 million for 2Q 2010. This was mainly attributable to lower jet fuel prices which averaged at US\$87.62 per bbl for 3Q 2010 compared to an average price of US\$91.39 per bbl for 2Q 2010.

Gross profit derived from jet fuel supply and trading and trading of other oil products was US\$7.93 million for 3Q 2010, a decrease of 23.01% compared to US\$10.30 million for 2Q 2010. This was mainly due to higher cost resulting in lower gains from trading activities and higher freight cost resulting from diverting shipping routes as a result of typhoon.

Total expenses increased by US\$0.04 million or 1.52% to US\$2.68 million for 3Q 2010, compared to US\$2.64 million for 2Q 2010. This was mainly attributable to higher staff costs owing to higher average headcount of 55 in 3Q 2010 compared to 53 in 2Q 2010, higher travelling and meeting expenses due to increased business activities partially offset by lower information technology expenses.

The share of profits from associates was US\$8.52 million for 3Q 2010 compared to US\$10.41 million for 2Q 2010, a decrease of 18.16%. This decrease was mainly attributable to the share of profits in Pudong of US\$7.90 million for 3Q 2010 compared to US\$9.75 million for 2Q 2010. The decrease in share of profits in associates was mainly due to higher cost of sales compared to the previous quarter.

The Group's net profit for 3Q 2010 was US\$13.77 million compared to US\$18.08 million for 2Q 2010, a decrease of US\$4.31 million (23.84%). Earnings per share was 1.92 US cents for 3Q 2010 compared to 2.52 US cents for 2Q 2010.

YTD 3Q 2010 v YTD 3Q 2009

The total supply and trading volume for jet fuel and other oil products increased by 0.93 million tonnes (20.35%) to 5.50 million tonnes for the nine months ended 30 September 2010 (“YTD 3Q 2010”) compared to 4.57 million tonnes for the nine months ended 30 September 2009 (“YTD 3Q 2009”). The volume of jet fuel supply and trading increased by 0.70 million tonnes (15.73%) to 5.15 million tonnes for YTD 3Q 2010 compared to 4.45 million tonnes for YTD 3Q 2009. The volume for trading of fuel oil which commenced in 3Q 2009, was 0.17 million tonnes for YTD 3Q 2010 compared to 0.01 million tonnes for YTD 3Q 2009, an increase of 0.16 million tonnes. The volume for gas oil trading was 0.10 million tonnes for YTD 3Q 2010. The volume for petrochemical trading activities was 0.07 million tonnes for YTD 3Q 2010, decreased by 0.03 million tonnes or 30.00% compared to 0.10 million tonnes for YTD 3Q 2009.

Total revenue increased by US\$1,362.53 million or 55.45% to US\$3,819.74 million for YTD 3Q 2010 from US\$2,457.21 million for YTD 3Q 2009. This was mainly attributable to higher volume of jet fuel supply and trading coupled with higher jet fuel prices which averaged at US\$88.57 per bbl for YTD 3Q 2010 compared to an average price of US\$67.21 per bbl for YTD 3Q 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\$25.71 million for YTD 3Q 2010, slight increase compared to US\$25.69 million for YTD 3Q 2009.

Other operating income was US\$0.09 million for YTD 3Q 2010 compared to negative US\$0.78 million for YTD 3Q 2009. The exchange loss for YTD 3Q 2010 was US\$0.36 million resulted from the revaluation of net liabilities denominated in Singapore dollars against the weaker US dollar. The negative other income in YTD 3Q 2009 was mainly due to foreign exchange loss of US\$1.47 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 YTD 3Q 2010, as such, the impact from foreign exchange fluctuations would be immaterial.

Bank interest income of US\$0.42 million for YTD 3Q 2010, which was derived from time deposits placed with banks, was lower by US\$0.27 million (39.19%) compared to US\$0.69 million for YTD 3Q 2009 mainly due to the decline in interest rates.

Total expenses were US\$7.69 million for YTD 3Q 2010, increased by 20.16% compared to US\$6.40 million for YTD 3Q 2009. The increase in expenses was mainly attributable to increase in business activities that resulted in higher average headcount of 52 for YTD 3Q 2010 compared to the average headcount of 44 for YTD 3Q 2009, increase in information technology expenses, meeting expenses, bank charges relating to issuance of Letters of Credit and additional office operating lease expense, etc.

The share of profits from associates was US\$26.61 million for YTD 3Q 2010 compared to US\$16.12 million for YTD 3Q 2009. This was mainly attributable to the share of profits in Pudong of US\$25.11 million for YTD 3Q 2010 compared to US\$14.53 million for YTD 3Q 2009, which was mainly due to higher refuelling volume and reduction in finance costs.

The actual share of profits of TSN-PEKCL, which the Group commenced equity accounting in March 2009, was US\$2.21 million. The amortisation charge on intangible assets and additional depreciation charge on property, plant and equipment of TSN-PEKCL for YTD 3Q 2010, following a Purchase Price Allocation (“PPA”) exercise undertaken in accordance with FRS 103 was US\$1.29 million. The share of results in TSN-PEKCL thus reduced to US\$0.92 million for YTD 3Q 2010 compared to US\$1.37 million for YTD 3Q 2009, decrease of US\$0.45 million.

The share of results in Xinyuan was US\$0.58 million for YTD 3Q 2010 compared to US\$0.22 million for YTD 3Q 2009, increase of US\$0.36 million.

The Group’s net profit for YTD 3Q 2010 was US\$44.72 million compared to US\$34.63 million for YTD 3Q 2009, an increase of US\$10.09 million (29.14%). Earnings per share was 6.22 US cents for YTD 3Q 2010 compared to 4.79 US cents for YTD 3Q 2009.

Statement of Financial Position

The Group's current assets stood at US\$714.17 million as at 30 September 2010 compared to US\$599.63 million as at 31 December 2009. The increase of US\$114.54 million in current assets resulted mainly from:

- (i) an increase of US\$7.28 million in inventories, due to trading activities;
- (ii) an increase of US\$70.55 million in trade and other receivables due to higher sales revenue in September 2010 compared to December 2009; and
- (iii) an increase of US\$36.71 million in cash and cash equivalents which was mainly attributable to the cash inflow of US\$49.99 million in operating activities partially offset by outflow of US\$13.37 million dividend payout of US\$10.18 million in May 2010 and the purchase of treasury shares of US\$3.19 million.

Non-current assets stood at US\$188.16 million as at 30 September 2010, compared to US\$159.10 million as at 31 December 2009. The increase of US\$29.06 million was mainly attributable to the share of profits in associates of US\$26.62 million.

Current liabilities made up of trade and other payables, increased by US\$109.79 million to US\$558.78 million as at 30 September 2010 compared to US\$448.99 million as at 31 December 2009. This was mainly due to the higher cost of procurement in September 2010 in tandem with increase in trade receivables compared to December 2009.

The Company does not have any interest-bearing liabilities or obligations as at 30 September 2010 and 31 December 2009.

The Group's net assets stood at US\$343.55 million as at 30 September 2010, or 47.84 US cents per share, compared to US\$309.74 million as at 31 December 2009 or 42.91 US cents per share. The increase of 4.93 US cents per share in the Group's net assets was primarily due to an increase in retained earnings as a result of the net profits generated for YTD 3Q 2010.

Consolidated Statement of Cash Flows

3Q 2010 v 3Q 2009

Cash flows generated from operating activities before changes in working capital, was US\$5.14 million in 3Q 2010 compared to US\$6.65 million generated in 3Q 2009 mainly due to lower trading profits in 3Q 2010.

In 3Q 2010, changes in working capital items were as follows: (i) cash used in inventories of US\$18.50 million; (ii) cash generated from trade and other receivables of US\$21.87 million; and (iii) cash generated from trade and other payables of US\$92.55 million. The net cash generated from operating activities was US\$101.06 million in 3Q 2010 compared to US\$8.65 million in 3Q 2009. This was due to the higher amount of timing difference in receipts from trade receivables and payments to trade suppliers.

Cash flows generated from investing activities was US\$0.08 million in 3Q 2010 compared to US\$0.22 million in 3Q 2009. The net cash inflow in 3Q 2010 comprised interest income derived from time deposits placed with banks partially offset by cash used in purchase of property, plant and equipment and intangible assets. Cash flow generated from investing activities in 3Q 2009 was mainly attributable to the interest income derived from time deposits placed with banks.

YTD 3Q 2010 v YTD 3Q 2009

Cash flows generated from operating activities before changes in working capital, was US\$18.03 million for YTD 3Q 2010 compared to US\$18.17 million generated in YTD 3Q 2009 mainly due to lower operating profits for YTD 3Q 2010.

For YTD 3Q 2010, changes in working capital items were as follows: (i) cash used in inventories of US\$7.28 million; (ii) cash used in trade and other receivables of US\$70.55 million; and (iii) cash generated from trade and other payables of US\$109.79 million. The net cash generated from operating activities was US\$49.99 million for YTD 3Q 2010 compared to US\$5.89 million for YTD 3Q 2009. This was due to the higher amount of timing difference in receipts from trade receivables and payments to trade suppliers.

Cash flows generated from investing activities amounted to US\$0.13 million for YTD 3Q 2010, compared to cash flows used in investing activities of US\$13.51 million for YTD 3Q 2009. Cash generated from investing activities for YTD 3Q 2010 comprised interest receipts of US\$0.43 million and proceeds of US\$0.09 million from disposal of property, plant and equipment offset by cash amounting to US\$0.39 million used in the purchase of property, plant and equipment and intangible assets. For YTD 3Q 2009, US\$45.33 million was used for the acquisition of the 49% equity interest in TSN-PEKCL and US\$0.10 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\$0.82 million from time deposits placed with banks.

Cash flows used in financing activities of US\$13.37 million for YTD 3Q 2010 was for the purchase of treasury shares of US\$3.19 million and dividend payout of US\$10.18 million. The cash flow used in financing activities of US\$9.87 million for YTD 3Q 2009 was for dividend payout of two Singapore cents per share.

- 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.

With the upcoming Guangzhou Asian Games in November and the close of the Shanghai World Expo, we expect that jet fuel demand will remain stable. Whilst the capacity of China's domestic refineries are expected to continue to improve significantly, which will affect jet fuel import demand in the PRC to some extent, it 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.

The uncertainties in the global macroeconomic outlook continue to render operating conditions in the international oil trading markets more challenging. Thus, we will continue to monitor all risk factors as we expand our trading businesses and investments in oil-related assets. Barring unforeseen circumstances, we expect the Group to be able to sustain higher profits in the financial year ending 31 December 2010.

- 11 Dividend

(a) Current financial period reported on

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

Name of dividend	Interim
Dividend Type	Cash
Dividend per ordinary share (Singapore cents)	2
Tax rate	One-tier tax exempt

(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

The interim tax exempt (one-tier) dividend will be paid on 10 December 2010.

(d) Books closure dates

The Share Transfer Books and Register of Members of the Company will be closed on 29 to 30 November 2010, both dates inclusive, for the preparation of dividend warrants. Duly completed transfers in respect of ordinary shares in the capital of the Company (“Shares”) received by the Company’s Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 26 November 2010 will be registered to determine shareholders’ entitlement to the interim tax exempt (one-tier) dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited (CDP) are credited with Shares at 5.00 p.m. on 26 November 2010 will be entitled to the interim tax exempt (one-tier) dividend.

12 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 30 September 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	1,292,126
Sales revenue from related corporation of a corporate shareholder	0	484,439
Purchases from related corporation of a corporate shareholder	0	862,669
Trading of derivative financial instrument with related corporation of a corporate shareholder	0	563
Supply chain services rendered from related corporation	0	1,521
Supply chain services rendered from related corporation of a corporate shareholder	0	277
Transportation revenue earned by associate from related corporations	0	5,789

BY ORDER OF THE BOARD

Doreen Nah
Company Secretary
10 November 2010