



**CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD**  
**(Company Registration No. 199303293Z)**  
**Full Year Financial Statement For The Period Ended 31 December 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				Group			
	4Q 2011	4Q 2010	Variance		Jan-Dec 2011	Jan-Dec 2010	Variance	
	US\$'000	US\$'000	+/-	%	US\$'000	US\$'000	+/-	%
Revenue (Note 1)	2,144,326	1,632,900	31.3%		9,011,978	5,452,639	65.3%	
Cost of sales	(2,136,498)	(1,628,872)	31.2%		(8,972,012)	(5,422,905)	65.4%	
<b>Gross Profit</b>	7,828	4,028	94.3%		39,966	29,734	34.4%	
Other operating income (Note 2)	1,364	182	NM		2,209	638	246.2%	
Administrative expenses	(2,513)	(3,050)	-17.6%		(7,598)	(9,456)	-19.6%	
Other operating expenses	(5,157)	(867)	494.8%		(6,132)	(1,475)	315.7%	
Finance costs	(738)	(327)	125.7%		(2,757)	(1,371)	101.1%	
<b>Operating (Loss)/Profit</b>	784	(34)	NM		25,688	18,070	42.2%	
Share of results of associates (net of tax) (Note 3)	5,445	11,030	-50.6%		40,232	37,643	6.9%	
<b>Profit before income tax</b>	6,229	10,996	-43.4%		65,920	55,713	18.3%	
Tax expense (Note 4)	(538)	(1,004)	-46.4%		(2,519)	(1,004)	150.9%	
<b>PROFIT FOR THE PERIOD</b>	5,691	9,992	-43.0%		63,401	54,709	15.9%	
<b>Attributable to:</b>								
Equity holders of the Company	5,691	9,992	-43.0%		63,401	54,709	15.9%	

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

**Consolidated Statement of Comprehensive Income**

	Group				Group			
	4Q 2011	4Q 2010	Variance		Jan-Dec 2011	Jan-Dec 2010	Variance	
	US\$'000	US\$'000	+ / -	%	US\$'000	US\$'000	+ / -	%
<b>PROFIT FOR THE PERIOD</b>	5,691	9,992	-43.0%		63,401	54,709	15.9%	
<b>Other comprehensive income:</b>								
Exchange differences on translation of the financial statements of foreign associates	1,933	2,661	-27.4%		5,837	5,128	13.8%	
<b>Other comprehensive income for the period, net of tax</b>	1,933	2,661	-27.4%		5,837	5,128	13.8%	
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	7,624	12,653	-39.7%		69,238	59,837	15.7%	
<b>Total comprehensive income attributable to:</b>								
Owners of the parent	7,624	12,653	-39.7%		69,238	59,837	15.7%	

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

	Group			Group		
	4Q 2011 US\$'000	4Q 2010 US\$'000	Var + / - %	Jan-Dec 2011 US\$'000	Jan-Dec 2010 US\$'000	Var + / - %
Depreciation of property, plant and equipment	(186)	(92)	102.2%	(564)	(359)	57.1%
Amortisation of intangible assets	(17)	(12)	41.7%	(52)	(89)	-41.6%
Bank interest income	99	182	-45.6%	270	605	-55.4%
Interest expense	(417)	-	NM	(1,080)	-	NM
Foreign exchange gain/(loss)	1,265	(89)	NM	1,939	(453)	NM
Provision for doubtful debts	4,276	-	NM	4,276	-	NM
Write off of property, plant and equipment	-	(21)	NM	-	(24)	NM
Gain on disposal of property, plant and equipment	-	-	-	-	33	NM

**Note 1: Revenue**

	Group			Group		
	4Q 2011 US\$'000	4Q 2010 US\$'000	Var + / - %	Jan-Dec 2011 US\$'000	Jan-Dec 2010 US\$'000	Var + / - %
Revenue from middle distillates	2,024,931	1,520,560	33.2%	8,630,797	5,211,001	65.6%
Revenue from other oil products	119,395	112,340	6.3%	381,181	241,638	57.7%
	2,144,326	1,632,900	31.3%	9,011,978	5,452,639	65.3%

**Note 2: Other operating income**

	Group			Group		
	4Q 2011 US\$'000	4Q 2010 US\$'000	Var + / - %	Jan-Dec 2011 US\$'000	Jan-Dec 2010 US\$'000	Var + / - %
Bank interest income	99	182	-45.6%	270	605	-55.4%
Foreign exchange gain	1,265	-	NM	1,939	-	NM
Gain on disposal of property, plant and equipment	-	-	-	-	33	NM
	1,364	182	649.5%	2,209	638	246.2%

**Note 3: Share of results of associates**

	Group			Group		
	4Q 2011 US\$'000	4Q 2010 US\$'000	Var + / - %	Jan-Dec 2011 US\$'000	Jan-Dec 2010 US\$'000	Var + / - %
Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong")	5,039	10,706	-52.9%	37,937	35,817	5.9%
China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL")	116	120	-3.3%	1,189	1,038	14.5%
China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan")	290	204	42.2%	1,106	788	40.4%
	5,445	11,030	-50.6%	40,232	37,643	6.9%

**Note 4: Tax expense**

The Company recorded tax expense of US\$2.52 million for FY 2011 which was 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**

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 Dec 11 US\$'000</b>	<b>As at 31 Dec 10 US\$'000</b>	<b>As at 31 Dec 11 US\$'000</b>	<b>As at 31 Dec 10 US\$'000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	8,568	8,777	8,568	8,777
Intangible assets	243	104	243	104
Associates	216,686	191,175	81,236	81,236
Deferred tax assets	3,980	3,980	3,980	3,980
	<u>229,477</u>	<u>204,036</u>	<u>94,027</u>	<u>94,097</u>
<b>Current assets</b>				
Inventories (Note 1)	38,213	154,230	38,213	154,230
Trade and other receivables	822,796	529,584	822,796	529,584
Cash and cash equivalents	88,065	57,988	88,063	57,980
	<u>949,074</u>	<u>741,802</u>	<u>949,072</u>	<u>741,794</u>
<b>Total assets</b>	<u>1,178,551</u>	<u>945,838</u>	<u>1,043,099</u>	<u>835,891</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital	215,573	215,573	215,573	215,573
Retained earnings	159,884	108,435	62,025	28,480
Other components of equity	25,878	21,223	(5,428)	(3,906)
<b>Total equity</b>	<u>401,335</u>	<u>345,231</u>	<u>272,170</u>	<u>240,147</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities	6,282	4,858	-	-
<b>Current liabilities</b>				
Trade and other payables	740,934	565,225	740,929	565,220
Loans and borrowings	30,000	30,524	30,000	30,524
	<u>770,934</u>	<u>595,749</u>	<u>770,929</u>	<u>595,744</u>
<b>Total liabilities</b>	<u>777,216</u>	<u>600,607</u>	<u>770,929</u>	<u>595,744</u>
<b>Total equity and liabilities</b>	<u>1,178,551</u>	<u>945,838</u>	<u>1,043,099</u>	<u>835,891</u>

Note 1: Inventories were valued at fair value as at 31 December 2011 and 31 December 2010 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

<b>As at 31 Dec 2011</b>		<b>As at 31 Dec 2010</b>	
<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>	<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>
0	30,000	0	30,524

Amount repayable after one year

<b>As at 31 Dec 2011</b>		<b>As at 31 Dec 2010</b>	
<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>	<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>
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**

	<b>4Q 2011</b>	<b>4Q 2010</b>	<b>Jan-Dec 2011</b>	<b>Jan-Dec 2010</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Operating activities</b>				
Profit for the period	5,691	9,992	63,401	54,709
Adjustments for items not involving outlay of funds:-				
Depreciation of property, plant and equipment	186	92	564	359
Amortisation of intangible assets	17	12	52	89
Gain on disposal of property, plant and equipment	-	-	-	(33)
Write off of property, plant and equipment	-	21	-	24
Share of results of associates (net of tax)	(5,445)	(11,030)	(40,232)	(37,643)
Provision for doubtful debts	4,276	-	4,276	-
Equity-settled share-based payment transactions	54	-	54	-
Interest income	(99)	(182)	(270)	(605)
Interest expense	417	-	1,080	-
Tax expense	538	1,004	2,519	1,004
Unrealised exchange differences	(114)	(71)	(228)	(38)
	<b>5,521</b>	<b>(162)</b>	<b>31,216</b>	<b>17,866</b>
Changes in working capital				
Inventories	120,317	(109,342)	116,017	(116,624)
Trade and other receivables	(70,653)	(78,948)	(296,393)	(149,502)
Trade and other payables	40,918	6,289	175,757	116,082
Cash generated from/(used in) operations	<b>96,103</b>	<b>(182,163)</b>	<b>26,597</b>	<b>(132,178)</b>
Tax paid	(978)	(111)	(1,095)	(111)
<b>Cash flows from/(used in) operating activities</b>	<b>95,125</b>	<b>(182,274)</b>	<b>25,502</b>	<b>(132,289)</b>
<b>Investing activities</b>				
Interest received	91	203	269	637
Purchase of property, plant and equipment	(92)	(707)	(410)	(1,000)
Purchase of intangible assets	(191)	-	(191)	(93)
Proceeds from sale of property, plant and equipment	-	-	-	85
Deposit for acquisition of associate	(1,505)	-	(1,505)	-
Dividends received from associate	18,451	2,235	20,969	2,235
<b>Cash flows from investing activities</b>	<b>16,754</b>	<b>1,731</b>	<b>19,132</b>	<b>1,864</b>
<b>Financing activities</b>				
Interest paid	(541)	-	(1,073)	-
Purchase of treasury shares	-	-	(1,576)	(3,185)
Proceeds from loans and bank borrowing	111,703	30,524	508,887	30,524
Repayment of loans and bank borrowing	(242,020)	-	(509,411)	-
Dividend paid	-	(10,973)	(11,612)	(21,156)
<b>Cash flows (used in)/from financing activities</b>	<b>(130,858)</b>	<b>19,551</b>	<b>(14,785)</b>	<b>6,183</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(18,979)</b>	<b>(160,992)</b>	<b>29,849</b>	<b>(124,242)</b>
Cash and cash equivalents at beginning of the period	106,930	218,909	57,988	182,192
Net effect of exchange rate fluctuations on cash held	114	71	228	38
<b>Cash and cash equivalents at end of the period</b>	<b>88,065</b>	<b>57,988</b>	<b>88,065</b>	<b>57,988</b>

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**

<b>THE GROUP</b>	<b>Share capital US\$'000</b>	<b>Retained earnings US\$'000</b>	<b>Treasury shares US\$'000</b>	<b>Share option reserve US\$'000</b>	<b>Foreign currency translation reserve US\$'000</b>	<b>Statutory reserve US\$'000</b>	<b>Total equity US\$'000</b>
<b>As at 1 January 2010</b>	215,573	75,331	(721)	-	12,175	7,377	309,735
Total comprehensive income for the period	-	54,709	-	-	5,128	-	59,837
Dividend paid in respect of 2009	-	(21,156)	-	-	-	-	(21,156)
Transfer from retained earnings to statutory reserve	-	(449)	-	-	-	449	-
Purchase of treasury shares	-	-	(3,185)	-	-	-	(3,185)
<b>As at 31 December 2010</b>	<b>215,573</b>	<b>108,435</b>	<b>(3,906)</b>	<b>-</b>	<b>17,303</b>	<b>7,826</b>	<b>345,231</b>
<b>As at 1 January 2011</b>	215,573	108,435	(3,906)	-	17,303	7,826	345,231
Total comprehensive income for the period	-	63,401	-	-	5,837	-	69,238
Dividend paid in respect of 2010	-	(11,612)	-	-	-	-	(11,612)
Transfer from retained earnings to statutory reserve	-	(340)	-	-	-	340	-
Share-based payment transactions	-	-	-	54	-	-	54
Purchase of treasury shares	-	-	(1,576)	-	-	-	(1,576)
<b>As at 31 December 2011</b>	<b>215,573</b>	<b>159,884</b>	<b>(5,482)</b>	<b>54</b>	<b>23,140</b>	<b>8,166</b>	<b>401,335</b>

**Statement of Changes in Equity**

<b>THE COMPANY</b>	<b>Share capital US\$'000</b>	<b>Retained earnings US\$'000</b>	<b>Share option reserve US\$'000</b>	<b>Treasury shares US\$'000</b>	<b>Total equity US\$'000</b>
<b>As at 1 January 2010</b>	215,573	25,175	-	(721)	240,027
Total comprehensive income for the period	-	24,461	-	-	24,461
Dividend paid in respect of 2009	-	(21,156)	-	-	(21,156)
Purchase of treasury shares	-	-	-	(3,185)	(3,185)
<b>As at 31 December 2010</b>	<b>215,573</b>	<b>28,480</b>	<b>-</b>	<b>(3,906)</b>	<b>240,147</b>
<b>As at 1 January 2011</b>	215,573	28,480	-	(3,906)	240,147
Total comprehensive income for the period	-	45,157	-	-	45,157
Dividend paid in respect of 2010	-	(11,612)	-	-	(11,612)
Share-based payment transactions	-	-	54	-	54
Purchase of treasury shares	-	-	-	(1,576)	(1,576)
<b>As at 31 December 2011</b>	<b>215,573</b>	<b>62,025</b>	<b>54</b>	<b>(5,482)</b>	<b>272,170</b>

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

### Share Capital

As at 31 December 2011, the number of ordinary shares of the Company in issue was 716,820,537 (31 December 2010: 718,152,537) excluding 6,000,000 (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 (2010: US\$215.57 million).

### Employee share option plans

On 9 October 2011, the Company granted 5,860,000 share options under the China Aviation Oil Share Option Scheme (the “Scheme”). The exercise price for each share of the Company in respect of which a share option is granted is S\$0.91. Share options granted to eligible full-time employees of the Company (the “Executive Options”) have a validity period of 10 years from the date of grant. Non-Executive Options (i.e. share options granted to non-executive Directors of the Company) have a validity period of 5 years from the date of grant.

The Scheme, which was established on 9 November 2001 for a maximum period of 10 years, expired on 9 November 2011.

### Treasury shares

During the quarter ended 31 December 2011, 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 28 April 2011.

As at 31 December 2011, a total of 6,000,000 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	4Q 2011	4Q 2010	Jan-Dec 2011	Jan-Dec 2010
<b>Issued ordinary shares</b>				
Balance at beginning/end of period	722,820,537	722,820,537	722,820,537	722,820,537
<b>Treasury shares</b>				
Balance at beginning of period	(6,000,000)	(4,668,000)	(4,668,000)	(921,000)
Additions during the period	-	-	(1,332,000)	(3,747,000)
<b>Balance at end of period</b>	(6,000,000)	(4,668,000)	(6,000,000)	(4,668,000)
<b>Total</b>	716,820,537	718,152,537	716,820,537	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.

	4Q 2011	4Q 2010	Jan-Dec 2011	Jan-Dec 2010
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	0.79 US cents	1.39 US cents	8.84 US cents	7.61 US cents
- Weighted average number of shares ('000)	716,821	718,153	716,938	718,585
(b) On a fully diluted basis	0.79 US cents	1.39 US cents	8.83 US cents	7.61 US cents
- Adjusted weighted average number of shares ('000)	720,260	718,153	717,805	718,585

- 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 Dec 2011	31 Dec 2010	31 Dec 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)	55.99	48.07	37.97	33.44
Number of ordinary shares issued ('000)	716,821	718,153	716,821	718,153

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 December 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 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.

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

### Consolidated Statement of Comprehensive Income

#### *4th Qtr 2011 v 4th Qtr 2010*

The total supply and trading volume for jet fuel and other oil products decreased by 0.02 million tonnes (0.91%) to 2.18 million tonnes for the fourth quarter ended 31 December 2011 (“4Q 2011”) compared to 2.20 million tonnes for the fourth quarter ended 31 December 2010 (“4Q 2010”). The volume of jet fuel supply and trading decreased by 0.08 million tonnes (3.96%) to 1.94 million tonnes for 4Q 2011 compared to 2.02 million tonnes for 4Q 2010. The trading volume of other oil products increased by 0.06 million tonnes (33.33%) to 0.24 million tonnes for 4Q 2011 compared to 0.18 million tonnes for 4Q 2010.

Total revenue increased by US\$511.43 million (31.32%) to US\$2,144.33 million for 4Q 2011 from US\$1,632.90 million for 4Q 2010. This was mainly attributable to higher jet fuel prices in 4Q 2011, which averaged US\$125.81 per barrel (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\$7.83 million for 4Q 2011, an increase of 94.29% compared to US\$4.03 million for 4Q 2010. This was mainly due to higher gains from oil trading activities.

Other operating income was US\$1.36 million for 4Q 2011 compared to US\$0.18 million for 4Q 2010. This was mainly due to foreign exchange gain of US\$1.26 million in 4Q 2011 derived from the conversion of Renminbi to US dollar for the receipts of dividends denominated in Renminbi from associates.

Bank interest income of US\$0.10 million for 4Q 2011, which was derived from time deposits placed with banks, was lower by US\$0.08 million (45.60%) compared to US\$0.18 million for 4Q 2010 mainly due to lower deposits placed with banks.

Total expenses comprising administrative expenses, other operating expenses and finance costs increased by US\$4.17 million (98.35%) to US\$8.41 million for 4Q 2011 compared to US\$4.24 million for 4Q 2010, mainly due to the provision of doubtful debts for amount due from MF Global following the bankruptcy proceedings of its holding company.

The share of profits from associates was US\$5.45 million for 4Q 2011 compared to US\$11.03 million for 4Q 2010, a decrease of 50.63%. The share of profits from Pudong was US\$5.04 million for 4Q 2011 compared to US\$10.71 million for 4Q 2010, decrease by 52.93% mainly due to higher cost of sales and expenses despite higher sales revenue derived from higher refuelling volume.

Share of profits from TSN-PEKCL for 4Q 2011 and 4Q 2010 remain at US\$0.12 million. The share of results in Xinyuan increased by US\$0.09 million (42.16%) to US\$0.29 million for 4Q 2011 compared to US\$0.20 million for 4Q 2010, due to higher revenue from increase in sales volume and rental of oil storage tanks.

Tax expense was US\$0.54 million for 4Q 2011, decrease by 46.41% compared to 4Q 2010. This is 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 in China upon remittance to Singapore in the future.

The Group's net profit for 4Q 2011 was US\$5.69 million compared to US\$9.99 million for 4Q 2010, decrease of US\$4.30 million (43.04%), mainly due to higher operating expenses and lower contribution from share of results of associates. Excluding the provision for doubtful debts relating to amount due from MF Global, the Group's net profit for 4Q 2011 would have been US\$9.97 million, decreased by US\$0.02 million (0.20%). Earnings per share was 0.79 US cents for 4Q 2011 compared to 1.39 US cents for 4Q 2010.

#### ***4th Qtr 2011 v 3rd Qtr 2011***

The total supply and trading volume for jet fuel and other oil products decreased by 0.23 million tonnes (9.54%) to 2.18 million tonnes for 4Q 2011 compared to 2.41 million tonnes for the third quarter ended 30 September 2011 ("3Q 2011"), mainly due to lower trading volume of jet fuel.

Total revenue decreased by US\$269.80 million (11.18%) to US\$2,144.33 million for 4Q 2011 from US\$2,414.13 million for 3Q 2011. This was mainly attributable to lower trading volume of jet fuel and lower jet fuel prices which averaged at US\$125.81 per bbl for 4Q 2011 compared to an average price of US\$127.96 per bbl for 3Q 2011.

Gross profit derived from supply and trading of jet fuel and trading of other oil products was US\$7.83 million for 4Q 2011, decrease of 35.92% compared to US\$12.22 million for 3Q 2011. This was mainly due to lower gains from oil trading activities.

Other operating income was US\$1.36 million for 4Q 2011 compared to US\$0.46 million for 3Q 2011, an increase of 195.65% owing to higher foreign exchange gain from the conversion of the Renminbi to US dollar.

Total expenses increased by US\$5.00 million (146.63%) to US\$8.41 million for 4Q 2011, compared to US\$3.41 million for 3Q 2011. This was mainly attributable to the provision of doubtful debts for amount due from MF Global following the bankruptcy proceedings of its holding company, higher information technology expenses and higher professional fees incurred for evaluation of potential new business, etc.

The share of profits from associates was US\$5.45 million for 4Q 2011 compared to US\$8.29 million for 3Q 2011, a decrease of 34.26%. This was mainly attributable to lower share of profits in Pudong of US\$5.04 million for 4Q 2011 compared to US\$7.69 million for 3Q 2011, mainly due to lower revenue resulting from lower refuelling volume, higher costs of sales and higher operating expenses.

The share of results in TSN-PEKCL was US\$0.12 million for 4Q 2011 compared to US\$0.42 million for 3Q 2011, a decrease of US\$0.30 million (71.43%). The share of results in Xinyuan increased by US\$0.11 million (61.11%) to US\$0.29 million for 4Q 2011 compared to US\$0.18 million for 3Q 2011.

The Group's net profit for 4Q 2011 was US\$5.69 million compared to US\$17.02 million for 3Q 2011, a decrease of US\$11.33 million (66.57%), mainly due to lower gross profit resulting from lower gains from oil trading activities, higher operating expenses (including provision for doubtful debts) and lower share of profits from associates. Excluding the provision for doubtful debts relating to amount due from MF Global, the Group's net profit for 4Q 2011 would have been US\$9.97 million, decreased by US\$7.05 million (41.42%). Earnings per share was 0.79 US cents for 4Q 2011 compared to 2.37 US cents for 3Q 2011.

#### ***FY 2011 v FY 2010***

The total supply and trading volume for jet fuel and other oil products increased by 1.44 million tonnes (18.70%) to 9.14 million tonnes for the financial year ended 31 December 2011 ("FY 2011") compared to 7.70 million tonnes for the financial year ended 31 December 2010 ("FY 2010"). The volume of jet fuel supply and trading increased by 1.20 million tonnes (16.74%) to 8.37 million tonnes for FY 2011 compared to 7.17 million tonnes for FY 2010. The trading volume of other oil products increased by 0.24 million tonnes (45.28%) to 0.77 million tonnes for FY 2011 compared to 0.53 million tonnes for FY 2010.

Total revenue increased by US\$3,559.34 million (65.28%) to US\$9,011.98 million for FY 2011 from US\$5,452.64 million for FY 2010. This was mainly attributable to higher volume of jet fuel supply and trading coupled with higher jet fuel prices which averaged at US\$125.45 per bbl for FY 2011 compared to an average price of US\$90.15 per bbl for FY 2010. The increase in total revenue was also partly contributed by revenue generated from petrochemical and trading of other oil products. Please see breakdown under note 1 on page 3.

Gross profit derived from jet fuel supply and trading and trading of other oil products was US\$39.97 million for FY 2011, an increase of 34.44% compared to US\$29.73 million for FY 2010. This was mainly due to higher gains from oil trading activities and higher import volume of jet fuel from the PRC.

Other operating income was US\$2.21 million for FY 2011 compared to US\$0.64 million for FY 2010, an increase of 246.24%. This was mainly due to foreign exchange gain of US\$1.94 million for FY 2011, which were derived from the conversion of Renminbi to US dollar for the receipts of dividends denominated in Renminbi from associates and the revaluation difference resulting from the strengthening of the Singapore dollar against the US dollar.

Bank interest income of US\$0.27 million for FY 2011, which was derived from time deposits placed with banks, was lower by US\$0.34 million (55.37%) compared to US\$0.61 million for FY 2011 mainly due to lower time deposits placed with banks.

Total expenses were US\$16.49 million for FY 2011, increased by 34.07% compared to US\$12.30 million for FY 2010. The increase in expenses was attributable to the provision of doubtful debts for amount due from MF Global following the bankruptcy proceedings of its holding company, the increase in finance costs relating to bank charges for the issuance of Letter of Credits and interest expense on bank borrowings, increase in professional fees incurred for evaluation of potential new business and travelling expenses as a result of increased business activities, partially offset by the reversal of an over-provision in staff costs.

The share of profits from associates was US\$40.23 million for FY 2011 compared to US\$37.64 million for FY 2010, an increase of 6.88%. This was mainly attributable to the share of profits in Pudong of US\$37.94 million for FY 2011 compared to US\$35.82 million for FY 2010, an increase of 5.92% mainly due to higher gross profit resulting from higher refuelling volume.

Share of profits from TSN-PEKCL was US\$1.19 million for FY 2011 compared to US\$1.04 million for FY 2010, an increase of 14.54% owing to higher revenue from increase in sales volume. The share of results in Xinyuan increased by US\$0.32 million (40.36%) to US\$1.11 million for FY 2011 compared to US\$0.79 million for FY 2010, mainly due to higher gross profit from increase in sales volume and rental of oil storage tanks.

Tax expense of US\$2.52 million for FY 2011, an increase of 150.90% compared to FY 2010, mainly attributable to the recognition of deferred tax liabilities on the Company's share of undistributed retained earnings from associates.

The Group's net profit for FY 2011 was US\$63.40 million compared to US\$54.71 million for FY 2010, an increase of US\$8.69 million (15.88%), mainly due to higher gross profit resulting from higher gains from oil trading activities and higher share of profits from associates. Excluding the provision for doubtful debts relating to amount due from MF Global, the Group's net profit for FY 2011 would have been US\$67.68 million, increased by US\$12.97 million (23.71%). Earnings per share was 8.84 US cents for FY 2011 compared to 7.61 US cents for FY 2010.

#### **Statement of Financial Position**

The Group's current assets stood at US\$949.07 million as at 31 December 2011 compared to US\$741.80 million as at 31 December 2010. The increase of US\$207.27 million in current assets resulted mainly from:

- (i) a decrease of US\$116.02 million in inventories, due to trading activities;
- (ii) an increase of US\$293.21 million in trade and other receivables to US\$822.80 million as at 31 December 2011 from US\$529.59 million as at 31 December 2010 due to higher sales revenue in December 2011 compared to December 2010; and
- (iii) an increase of US\$30.08 million in cash and cash equivalents which was mainly attributable cash inflow of US\$25.50 million from operating activities, cash inflow of US\$19.13 million from investing activities less the cash outflow of US\$14.79 million from financing activities.

Non-current assets stood at US\$229.48 million as at 31 December 2011, compared to US\$204.04 million as at 31 December 2010. The increase of US\$25.44 million was mainly attributable to the share of profits in associates of US\$40.23 million for FY 2011 offset by the dividend of US\$20.97 million distributed out of associates' retained earnings 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\$175.18 million to US\$770.93 million as at 31 December 2011 compared to US\$595.75 million as at 31 December 2010. This was mainly due to the higher cost of procurement in December 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\$401.34 million as at 31 December 2011, or 55.99 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 FY 2011 less the dividend paid in May 2011.

### **Consolidated Statement of Cash Flows 4Q 2011 v 4Q 2010**

Cash flows generated from operating activities before changes in working capital, was US\$5.52 million in 4Q 2011 compared to cash outflow of US\$0.16 million in 4Q 2010 mainly due to better performance from trading activities.

In 4Q 2011, changes in working capital items were as follows: (i) cash generated from inventories of US\$120.32 million; (ii) cash used in trade and other receivables of US\$70.65 million; and (iii) cash generated from trade and other payables of US\$40.92 million. The net cash generated from operating activities was US\$95.13 million in 4Q 2011 compared to cash used in operating activities of US\$182.16 million in 4Q 2010. This was due to the higher amount of timing difference in receipts from trade receivables and payments to trade suppliers and lower working capital were utilised to support trading activities in the current quarter.

Cash flows generated from investing activities amounted to US\$16.75 million in 4Q 2011, compared to US\$1.62 million in 4Q 2010, mainly attributable to the dividend income received from associates.

Cash flows used in financing activities of US\$130.86 million in 4Q 2011 was mainly attributable to US\$242.02 million used in repayment of bank borrowings and US\$0.54 million used for payment of bank interest offset by the proceeds of US\$111.70 million from bank borrowings.

### **FY 2011 v FY 2010**

Cash flows generated from operating activities before changes in working capital, was US\$31.22 million in FY 2011 compared to US\$17.87 million generated in FY 2010 mainly due to higher operating profits in FY 2011 as a result of higher trading activities.

In FY 2011, changes in working capital items were as follows: (i) cash generated from inventories of US\$116.02 million; (ii) cash used in trade and other receivables of US\$296.39 million; and (iii) cash generated from trade and other payables of US\$175.76 million. The net cash generated from operating activities was US\$25.50 million in FY 2011 compared to net cash used in operating activities of US\$132.18 million in FY 2010. This was due to the higher amount of timing difference in receipts from trade receivables and payments to trade suppliers and lower working capital were utilised to support trading activities in the current period.

Cash flows generated from investing activities amounted to US\$19.13 million in FY 2011 compared to US\$1.75 million in FY 2010. The cash generated from investing activities in FY 2011 was due to dividend of US\$20.97 million received from associates and interest receipts of US\$0.27 million from time deposits placed with banks partially offset by the cash of US\$0.60 million used in the purchase of property, plant and equipment and intangible assets and the US\$1.50 million deposit placed for acquisition of associate. The cash generated from investing activities in FY 2010 was due to the dividend of US\$2.24 million received from associates, the interest receipts of US\$0.64 million and the proceeds of US\$0.08 million from disposal of property, plant and equipment partially offset by the cash of US\$1.09 million used in the purchase of property, plant and equipment and intangible assets.

Cash flows used in financing activities of US\$14.79 million in FY 2011 was mainly attributable to the US\$509.41 million used in repayment of bank borrowings, US\$11.61 million used in dividend payout, US\$1.58 million used for the purchase of treasury shares and US\$1.07 million used for payment of bank interest partially offset by the proceeds of US\$508.89 million from bank borrowings. Cash flows generated from financing activities of US\$6.18 million in FY 2010 was due to the proceeds of US\$30.52 million from bank borrowings partially offset by the dividend payout of US\$21.16 million and the US\$3.18 million used for 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.

Whilst the global economic outlook and energy market in 2012 may remain volatile, CAO remains cautiously positive on its operational outlook. Despite the easing in China's economy, it will still continue to maintain rapid growth which will contribute to the robust growth for its jet fuel demand. This will enhance the stable growth of our existing business and continue to consolidate CAO's market position as the largest physical jet fuel trader in the Asia Pacific region. At the same time, CAO will focus on building a global trading network to strengthen its operational capabilities, to diversify the sources of profits stream and to improve CAO's overall performance. The Group will continue to identify high-quality assets with reasonable returns that are synergetic to its trading activities to strengthen its asset base.

- 11 Dividend

**(a) Current financial period reported on**

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

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

**(b) Corresponding period of the immediately preceding financial year**

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

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

**(c) Date payable**

The Directors have proposed a final dividend of two Singapore cents per ordinary share, tax exempt (one-tier) for approval by shareholders at the forthcoming annual general meeting to be convened. Details on payment of dividend will be announced in due course.

**(d) Book closure date**

Details on closure of books will be announced in due course.

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

Not Applicable.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

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

	<b>Middle distillates</b>		<b>Other oil products</b>		<b>Others</b>		<b>Total</b>	
	2011 US\$'000	2010 US\$'000	2011 \$'000	2010 \$'000	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000
Revenue	8,630,797	5,211,001	381,181	241,638	-	-	9,011,978	5,452,639
Gross profit	38,784	30,355	1,182	(621)	-	-	39,966	29,734
Operating expenses	(9,412)	(7,643)	(548)	(684)	(3,770)	(2,604)	(13,730)	(10,931)
Segment results	29,372	22,712	634	(1,305)	(3,770)	(2,604)	26,236	18,803
Other operating income	2,209	638	-	-	-	-	2,209	638
Finance costs	(2,582)	(1,264)	(174)	(107)	(1)	-	(2,757)	(1,371)
Share of results of associates (net of tax)	-	-	-	-	40,232	37,643	40,232	37,643
Profit before taxation	28,999	22,086	460	(1,412)	36,461	35,039	65,920	55,713
Income tax expense	-	3,980	-	-	(2,519)	(4,984)	(2,519)	(1,004)
Profit after taxation	28,999	26,066	460	(1,412)	33,942	30,055	63,401	54,709



14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not Applicable.

15. A breakdown of sales as follows:

	Group		% Increase/ (Decrease)
	2011 US\$'000	2010 US\$'000	
Sales reported for first half year	4,453,521	2,430,384	83.2%
Profit after tax before deducting minority interests reported for first half year	40,693	30,951	31.5%
Sales reported for second half year	4,558,457	3,022,255	50.8%
Profit after tax before deducting minority interests reported for second half year	22,708	23,758	-4.4%

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

Total distribution paid and proposed in respect of the financial year ended 31 December 2011 will be two Singapore cents per ordinary share (2010: Four Singapore cents per ordinary share).

	Latest Full Year US\$'000	Previous Full Year US\$'000
Ordinary – interim dividend	-	10,973
Ordinary – final dividend	11,039*	10,183
Total:	11,039	21,156

\* Estimated based on share capital of 716,820,537 ordinary shares at the end of the financial year.

17 Interested Person Transactions.

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

Aggregate value of interested person transactions entered from 1 January 2011 to 31 December 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	2,698,306
Sales revenue from related corporation of a corporate shareholder	0	1,549,606
Purchases from related corporation of a corporate shareholder	0	2,046,643
Loss from trading of derivative financial instrument with related corporation of a corporate shareholder	0	5,295
Supply chain services rendered from related corporation	0	3,092
Supply chain services rendered from related corporation of a corporate shareholder	0	322
Transportation revenue earned by associate from related corporations	0	8,987
Purchases of associate from from related corporations	0	114

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13)

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Doreen Nah  
Company Secretary  
22 February 2012