

CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD

Proforma Half Year Financial Statement And Dividend Announcement

Financial statements for the 6 months period ended 30 June 2002.
These figures have not been audited.

		Group			Company		
		S\$'000		%	S\$'000		%
		Latest period	Previous corresponding period	Increase/ (Decrease)	Latest period	Previous corresponding period	Increase/ (Decrease)
1.(a)	Turnover	615,598	425,007	44.8	615,271	425,007	44.8
1.(b)	Cost of sales or classification as followed in the most recent audited annual financial statements	591,038	396,327	49.1	590,770	396,327	49.1
1.(c)	Gross profit/loss	24,560	28,680	(14.4)	24,501	28,680	(14.6)
1.(d)	Investment income	2,409	0	NM	2,409	0	NM
1.(e)	Other income including interest income	3,350	1,112	201.3	3,350	1,112	201.3
2.(a)	Operating profit before income tax, minority interests, extraordinary items, interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items	24,666	26,687	(7.6)	24,477	26,687	(8.3)
2.(b)(i)	Interest on borrowings	301	421	(28.5)	301	421	(28.5)
2.(b)(ii)	Depreciation and amortisation	1,578	95	1,561.1	282	86	227.9
2.(b)(iii)	Foreign exchange gain/(loss)	(2,993)	4,590	(165.2)	(2,993)	4,590	(165.2)
2.(c)	Exceptional items (provide separate disclosure of items)	0	0	NM	0	0	NM

		Group			Company		
		S\$'000		%	S\$'000		%
		Latest period	Previous corresponding period	Increase/ (Decrease)	Latest period	Previous corresponding period	Increase/ (Decrease)
2.(d)	Operating profit before income tax, minority interests and extraordinary items but after interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items	19,794	30,761	(35.7)	20,901	30,770	(32.1)
2.(e)	Income derived from associated companies (With separate disclosure of any items included therein which are exceptional because of size & incidence)	12,104	0	NM	0	0	NM
2.(f)	Operating profit before income tax	31,898	30,761	3.7	20,901	30,770	(32.1)
2.(g)	Less income tax (Indicate basis of computation)	3,554	3,305	7.5	1,738	3,305	(47.4)
2.(g)(i)	Operating profit after tax before deducting minority interests	28,344	27,456	3.2	19,163	27,465	(30.2)
2.(g)(ii)	Less minority interests	0	0	NM	0	0	NM
2.(h)	Operating profit after tax attributable to members of the company	28,344	27,456	3.2	19,163	27,465	(30.2)
2.(i)(i)	Extraordinary items (provide separate disclosure of items)	0	0	NM	0	0	NM
2.(i)(ii)	Less minority interests	0	0	NM	0	0	NM
2.(i)(iii)	Extraordinary items attributable to members of the company	0	0	NM	0	0	NM

		Group			Company		
		S\$'000		%	S\$'000		%
		Latest period	Previous corresponding period	Increase/ (Decrease)	Latest period	Previous corresponding period	Increase/ (Decrease)
2.(i)(iv)	Transfer to/from Exchange Reserve	0	0	NM	0	0	NM
2.(i)(v)	Transfer to Capital Reserve	0	0	NM	0	0	NM
2.(i)(vi)	Transfer to Reserve Fund	0	0	NM	0	0	NM
2.(j)	Operating profit after tax and extraordinary items attributable to members of the company	28,344	27,456	3.2	19,163	27,465	(30.2)

NM : Not Meaningful

The accounting period of latest period is from January 1 to June 30, 2002, while that of the previous corresponding period is from January 1 to June 30, 2001.

If the dividend received from CLH is not included and the Shanghai Pudong first half 2002 profits is not equity accounted, the net profit after tax would be S\$17.5 million

Group Figures

	Latest period	Previous corresponding period
3.(a) Operating profit [2(g)(i) above] as a percentage of turnover [1(a) above]	4.60%	6.50%
3.(b) Operating profit [2(h) above] as a percentage of issued capital and reserves at end of the period	16.20%	48.60%
3.(c) Earnings per ordinary share for the period based on 2(h) above after deducting any provision for preference dividends:-		
(i) Based on weighted average number of ordinary shares in issue	4.9 cents	6.4 cents
(ii) On a fully diluted basis	4.9 cents	6.4 cents
(To disclose the basis used in arriving at the weighted average number of shares for the purposes of (c)(i) above and to provide details of any adjustments made for the purpose of (c)(ii) above)		
3.(d) Net tangible asset backing per ordinary share based on existing issued share capital as at the end of the period reported on	\$0.30	\$2.61
3.(e) <u>To provide an analysis of expenses based on their function within the group for the current and previous corresponding period</u>		

	Jan/Jun 02	Jan/Jun 01	
	Group		
	S\$'000		
	Latest	Previous	% incr/
	Period	Corr Per	(decr)
Expense Breakdown			
(a) Distribution Expense	59	39	51.3%
(b) Administrative Expense	299	366	-18.3%
(c) Other Operating Expense	9,452	2,635	258.7%
(d) Finance Expenses	715	581	23.1%
	<u>10,525</u>	<u>3,621</u>	<u>190.7%</u>

Note to 3(c)

Group Figures

<u>Corresponding Period</u>	Latest Period	Previous
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* Weighted average number of ordinary shares ('000)	576,000	432,000(a)
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(a) After adjusting for bonus issue and the sub-division of each ordinary share into 20 shares of \$0.05 each.

Note to 3(d)

Group Figures

<u>Corresponding Period</u>	Latest Period	Previous
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Number of ordinary shares ('000)	576,000	
21,600		

		Group			Company		
Item 4 is not applicable to interim results		S\$'000		%	S\$'000		%
		Latest period	Previous corresponding period	Increase/ (Decrease)	Latest period	Previous corresponding period	Increase/ (Decrease)
4.(a)	Sales reported for first half year	0	0	0	0	0	0
4.(b)	Operating profit [2(g)(i) above] reported for first half year	0	0	0	0	0	0
4.(c)	Sales reported for second half year	0	0	0	0	0	0
4.(d)	Operating profit [2(g)(i) above] reported for second half year	0	0	0	0	0	0

5.(a) Amount of any adjustment for under or overprovision of tax in respect of prior years

Not Applicable

5.(b) Amount of any pre-acquisition profits

Not Applicable

5.(c) Amount of profits on any sale of investments and/or properties

Sale of investments/properties	\$Profit/(Loss)
Sale of Office Space	\$490,000.00

5.(d) Any other comments relating to Paragraph 5

None

6. Segmental Results

	Latest Period		Previous Corr Period	
	Jan to Jun 2002		Jan to Jun 2001	
	Turnover S\$'000	PBIT ¹ S\$'000	Turnover S\$'000	PBIT ¹ S\$'000
<u>By Business Segments</u>				
Clean Petroleum Products	329,459	17,599	376,277	27,626
Black Petroleum Products	223,725	11,951	42,818	3,144
Crude Oil	42,244	2,257	0	0
Petrochemicals Products	8,009	428	5,616	412
Derivatives	11,834	0	296	0
Others	327	(36)	0	0
Total	615,598	32,199	425,007	31,182
<u>By Geographical Segments</u>				
China	453,723	23,732	425,007	31,182
Other Regions	161,875	8,467	0	0
Total	615,598	32,199	425,007	31,182
Note 1: Profit before Interest and Tax				

7.(a) Review of the performance of the company and its principal subsidiaries

Based on the first half year's proforma results, the Group posted a net profit after tax of S\$28.3 million. This is an increase of 3.2% compared to the net profit after tax of S\$27.5 million for the corresponding period last year. The improved profit is due to the investment income from Compania Logistica de Hidrocarburos, S.A. and equity accounting for the profit of Shanghai Pudong.

Turnover for the first six months of 2002 increased to S\$615.6 million compared to S\$425.0 million for the corresponding period last year. This is an increase of 44.8%. The increase in turnover is due to the increased trade in black petroleum products and crude oil, whilst the volume for clean petroleum products has remained constant.

The reduction in the turnover for clean petroleum products was due to the lower oil prices in the first half of 2002.

The company has established an international trading arm and has broadened its product base. This is reflected in the increased proportion of other petroleum products other than clean petroleum products. For the period under review, clean products formed 53.5% whilst other products formed 46.5% of turnover, compared to 88.5% for clean products and 11.5% for other products for the corresponding period last year.

The Group incurred foreign exchange loss in the first half of 2002, mainly due to the translation losses in the translation of the Group's holdings of US currency which has been weakening against the Singapore dollar since the beginning of the year. For the first half year of 2001, there was a substantial foreign exchange gain. Hence, whilst the turnover has increased by 44.8%, the net profit after tax has increased by only 3.2%.

Earnings per share was 4.9 cents a share based on a weighted average number of shares of 576 million shares.

7.(b) Where a forecast, or a prospect statement, has been previously disclosed to shareholders, the issuer must explain any variance between the forecast or prospect statement and the actual results

Not Applicable

- 7.(c) A statement by the Directors of the Company whether any item or event of a material or unusual nature, which would have affected materially the results of operations of the Group and Company, has occurred between the date to which the report refers and the date on which the report is issued. If none, to give a negative statement.

As disclosed above, the Directors are not aware of any item or event of a material or unusual nature, which would have affected materially the results of operations of the Group and Company, and which has occurred between the date to which the report refers and the date on which the report is issued.

8. A commentary at the date of this announcement of the 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

The uncertainty of a war being launched on Iraq by US and its allies is considered as a major concern to the company as such eventuality will cause oil prices to rise. Although the company being only a procurer for the buyers of jet fuel and other oil products, felt that it may not have a big effect on the company; nevertheless, it could still result in lower trading volume to some extent. Barring the unforeseen circumstances of the war happening, the company is taking a conservative approach to avoid taking risks by cutting down its trading on certain oil products besides looking at other avenues of increasing its profits through its investments in Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd and Compania Logistica de Hidrocarburos ("CLH")

9. Dividend

(a) Any dividend declared for the present financial period? None

(b) Any dividend declared for the previous corresponding period? None

(c) Total Annual Dividend (if applicable)

	Latest Year (S\$'000)	Previous Year (S\$'000)
Ordinary	0	18,000
Preference	0	0
Total:	0	18,000

(d) Date payable

Not Applicable

(e) Books closure date

Not Applicable

(f) Any other comments relating to Paragraph 9

Not Applicable

10.(a) Balance sheet

	Group		Company	
	As at 30-Jun-02 S\$'000	As at 31-Dec-01 S\$'000	As at 30-Jun-02 S\$'000	As at 31-Dec-01 S\$'000
Fixed Assets	17,925	14,096	17,746	13,920
Subsidiary Company	0	0	343	680
Current Assets	284,509	297,140	273,169	296,977
Current Liabilities	127,562	164,456	125,238	164,468
Net Current Assets	156,947	132,684	147,931	132,509
Deferred Taxation	0	82	0	82
	<u>174,872</u>	<u>146,698</u>	<u>166,020</u>	<u>147,027</u>
Share Capital	28,800	28,800	28,800	28,800
Share Premium	69,757	69,927	69,757	69,927
Accumulated Profits	58,315	29,971	49,463	30,300
Dividend Reserve	18,000	18,000	18,000	18,000
	<u>174,872</u>	<u>146,698</u>	<u>166,020</u>	<u>147,027</u>

10.(b) Cash flow statement

	Group	
	Jan to Jun 02 S\$'000	Jan to Jun 01 S\$'000
Cash flow from operating activities		
Profit before taxation	31,898	30,761
Adjustments for:		
Depreciation of fixed assets	1,578	95
Fixed assets written off	0	98
Gain on sale of fixed assets	(490)	0
Interest expenses	301	421
Interest income	(1,009)	(1,066)
Dividends income	(2,409)	0
Share of Associated Co profits	(12,104)	0
	17,765	30,309
Operating profit before reinvestment in working capital		
(Increase)/decrease in trade debtors	61,054	2,058
(Increase)/decrease in other debtors, deposits and prepayments	(5,091)	(956)
(Increase)/decrease in amount due from related company	0	(200)
Increase/(decrease) in amount due to holding company	(330)	633
Increase/(decrease) in trade creditors	(12,403)	29,153
Increase/(decrease) in other creditors and accruals	2,406	1,844
Increase/(decrease) in accrued staff costs	0	104
Increase/(decrease) in trust receipt payables	(27,657)	(28,439)
	35,744	34,506
Cash generated from operations		
Income tax paid	(2,545)	(2,890)
Interest received	1,009	1,066
Interest paid	(301)	(421)
	33,907	32,261
Net cash from operating activities		
Cash flow from investing activities		
Proceeds from sale of fixed assets	3,736	0
Purchase of fixed assets	(7,364)	(581)
Dividend Income	2,409	0
	(1,219)	(581)
Net cash used in investing activities		
Cash flow from financing activities		
Net proceeds from issuance of shares	(170)	0
Net cash generated from financing activities	(170)	0
	(170)	0
Net increase in cash and cash equivalents	32,518	31,680
Cash and cash equivalents at beginning of period	139,970	17,916
Cash and cash equivalent at end of period	172,488	49,596

10.(c) Statement of changes in equity

	Group		Company	
	Jan to Jun 02 S\$'000	Jan to Dec 01 S\$'000	Jan to Jun 02 S\$'000	Jan to Dec 01 S\$'000
<u>Issued Share Capital</u>				
Balance at beginning of period	28,800	5,000	28,800	5,000
Bonus issue of ordinary shares before IPO	0	16,600	0	16,600
Issuance of ordinary shares pursuant to the Company's IPO	0	7,200	0	7,200
Balance at end of period	<u>28,800</u>	<u>28,800</u>	<u>28,800</u>	<u>28,800</u>
<u>Share Premium</u>				
Balance at beginning of period	69,927	0	69,927	0
Premium on issuance of ordinary shares pursuant to Co IPO	0	73,440	0	73,440
Expenses on issuance of ordinary shares	(170)	(3,513)	(170)	(3,513)
Balance at end of period	<u>69,757</u>	<u>69,927</u>	<u>69,757</u>	<u>69,927</u>
<u>Accumulated Profits</u>				
Balance at beginning of period	29,971	24,021	30,300	24,021
Profit for the period/year	28,344	40,550	19,163	40,879
Amount capitalized for issue of bonus shares	0	(16,600)	0	(16,600)
Dividends	0	(18,000)	0	(18,000)
Balance at end of period	<u>58,315</u>	<u>29,971</u>	<u>49,463</u>	<u>30,300</u>
<u>Dividend Reserve</u>				
Balance at beginning of period	18,000	0	18,000	0
Dividends for the period, proposed	0	18,000	0	18,000
Balance at end of period	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>

10.(d) Explanatory notes that are material to an understanding of the information provided in 10.(a), (b) and (c) above

Not Applicable

11. Details of any changes in the company's issued share capital

Not Applicable

12. The group's borrowings and debt securities as at the end of the financial period reported on, and comparative figures as at the end of the most recently announced financial statements

(a) Amount repayable in one year or less, or on demand

As at 30/06/2002		As at 31/12/2001	
Secured	Unsecured	Secured	Unsecured
0	24,706,000	0	52,363,000

(b) Amount repayable after one year

As at 30/06/2002		As at 31/12/2001	
Secured	Unsecured	Secured	Unsecured
0	0	0	0

(c) Any other comments relating to Paragraph 12

Not Applicable

13. A statement that the same accounting policies and methods of computation are followed in the financial statements as compared with the most recent audited annual financial statements. Where there have been any changes or departure from the accounting policies and methods of computation, including those required by an accounting standard, this should be disclosed together with the reasons for the change and the effect of the change

The Group has adopted the same accounting policies and method of computation for the current financial period as compared with the financial year ended 31 December 2001.

BY ORDER OF THE BOARD

Adrian Chang
Company Secretary
30/09/2002