



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
(Company Registration No. 199303293Z)
First Quarter Financial Statement For The Period Ended 31 March 2012

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

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

These figures have not been audited:

	Group		
	1Q 2012	1Q 2011	Variance
	US\$'000	US\$'000	+ / - %
Revenue (Note 1)	2,904,019	1,984,129	46.4%
Cost of sales	(2,890,461)	(1,972,381)	46.5%
Gross Profit	13,558	11,748	15.4%
Other operating income (Note 2)	9	238	-96.2%
Administrative expenses	(2,737)	(1,488)	83.9%
Other operating expenses	(103)	(248)	-58.5%
Finance costs	(877)	(487)	80.1%
Operating Profit	9,850	9,763	0.9%
Share of results of associates (net of tax) (Note 3)	11,149	12,457	-10.5%
Profit before income tax	20,999	22,220	-5.5%
Tax expense (Note 4)	(577)	(760)	-24.1%
Profit for the period	20,422	21,460	-4.8%
Attributable to:			
Equity holders of the Company	20,422	21,460	-4.8%

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

Consolidated Statement of Comprehensive Income

	Group		
	1Q 2012	1Q 2011	Variance
	US\$'000	US\$'000	+ / - %
PROFIT FOR THE PERIOD	20,422	21,460	-4.8%
Other comprehensive income:			
Exchange differences on translation of the financial statements of foreign associates	22	927	-97.6%
Other comprehensive income for the period, net of tax	22	927	-97.6%
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	20,444	22,387	-8.7%
Total comprehensive income attributable to:			
Owners of the parent	20,444	22,387	-8.7%

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

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

	Group		
	1Q 2012	1Q 2011	Var
	US\$'000	US\$'000	+ / - %
Depreciation of property, plant and equipment	(190)	(119)	59.7%
Amortisation of intangible assets	(27)	(12)	125.0%
Bank interest income	53	59	-10.2%
Foreign exchange (loss)/gain	(92)	179	NM

Note 1: Revenue

	Group		
	1Q 2012	1Q 2011	Var
	US\$'000	US\$'000	+ / - %
Revenue from middle distillates	2,467,396	1,947,439	26.7%
Revenue from other oil products	436,623	36,690	NM
	2,904,019	1,984,129	46.4%

Note 2: Other operating income

	Group		
	1Q 2012	1Q 2011	Var
	US\$'000	US\$'000	+ / - %
Bank interest income	53	59	-10.2%
Foreign exchange (loss)/gain	(92)	179	NM
Other income	48	-	NM
	9	238	-96.2%

Note 3: Share of results of associates

	Group		
	1Q 2012	1Q 2011	Var
	US\$'000	US\$'000	+ / - %
Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd (“Pudong”)	10,475	11,916	-12.1%
China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd (“TSN-PEKCL”)	471	316	49.1%
China Aviation Oil Xinyuan Petrochemicals Co. Ltd (“Xinyuan”)	203	225	-9.8%
	11,149	12,457	-10.5%

Note 4: Tax expense

The tax expense was mainly attributable to the recognition of deferred tax liabilities on the Company’s share of undistributed retained earnings from associates. 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.

Statement of Financial Position

	Group		Company	
	As at 31 Mar 12 US\$'000	As at 31 Dec 11 US\$'000	As at 31 Mar 12 US\$'000	As at 31 Dec 11 US\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	8,472	8,568	8,406	8,568
Intangible assets	216	243	216	243
Subsidiaries (Note 1)	-	-	24,114	-
Associates	227,856	216,686	81,236	81,236
Deferred tax assets	3,984	3,980	3,980	3,980
Goodwill (Note 1)	1,815	-	-	-
	<u>242,343</u>	<u>229,477</u>	<u>117,952</u>	<u>94,027</u>
Current assets				
Inventories	3,747	38,213	470	38,213
Trade and other receivables	1,160,239	838,506	1,064,830	838,506
Cash and cash equivalents	190,597	88,065	172,249	88,063
	<u>1,354,583</u>	<u>964,784</u>	<u>1,237,549</u>	<u>964,782</u>
Total assets	<u>1,596,926</u>	<u>1,194,261</u>	<u>1,355,501</u>	<u>1,058,809</u>
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	215,573	215,573	215,573	215,573
Retained earnings	180,306	159,884	71,591	62,025
Other components of equity	25,996	25,878	(5,332)	(5,428)
Total equity	<u>421,875</u>	<u>401,335</u>	<u>281,832</u>	<u>272,170</u>
Non-current liabilities				
Deferred tax liabilities	6,850	6,282	-	-
Current liabilities				
Trade and other payables	1,140,544	756,644	1,046,458	756,639
Loans and borrowings	27,211	30,000	27,211	30,000
Current tax liabilities	446	-	-	-
	<u>1,168,201</u>	<u>786,644</u>	<u>1,073,669</u>	<u>786,639</u>
Total liabilities	<u>1,175,051</u>	<u>792,926</u>	<u>1,073,669</u>	<u>786,639</u>
Total equity and liabilities	<u>1,596,926</u>	<u>1,194,261</u>	<u>1,355,501</u>	<u>1,058,809</u>

Note 1: On 1 March 2012, the Company completed the acquisition of two 100% owned subsidiaries i.e. China Aviation Oil (Hong Kong) Company Limited (“CAOHK”) and North American Fuel Corporation (“NAFCO”) for a total consideration of US\$15.73 million, giving rise to a goodwill of US\$1.82 million above the net assets acquired from the two subsidiaries. The Company has since injected US\$8.38 million to CAOHK for the increase of its paid-up share capital on 12 March 2012. The Company is in the process of performing a Purchase Price Allocation (“PPA”) assessment for the two new investments and the fair value of the net assets acquired from the two investments will be revised in accordance to FRS 103.

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

Amount repayable in one year or less, or on demand

As at 31 Mar 2012		As at 31 Dec 2011	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	27,211	0	30,000

Amount repayable after one year

As at 31 Mar 2012		As at 31 Dec 2011	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	0	0	0

1(c) A consolidated statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows

	1Q 2012	1Q 2011
	US\$'000	US\$'000
Operating activities		
Profit for the period	20,422	21,460
Adjustments for items not involving outlay of funds:-		
Depreciation of property, plant and equipment	190	119
Amortisation of intangible assets	27	12
Share of results of associates (net of tax)	(11,149)	(12,457)
Equity-settled share-based payment transactions	96	-
Interest income	(53)	(59)
Interest expense	225	12
Tax expense	577	760
Unrealised exchange differences	(67)	9
	<u>10,268</u>	<u>9,856</u>
Changes in working capital		
Inventories	37,587	44,264
Trade and other receivables	(264,287)	(201,682)
Trade and other payables	330,650	216,635
Cash generated from operations	<u>114,218</u>	<u>69,073</u>
Tax paid	(9)	-
Cash flows from operating activities	<u>114,209</u>	<u>69,073</u>
Investing activities		
Interest received	62	68
Purchase of property, plant and equipment	(67)	(80)
Acquisition of subsidiaries, net of cash acquired (note 1)	(8,725)	-
Cash flows used in investing activities	<u>(8,730)</u>	<u>(12)</u>
Financing activities		
Purchase of treasury shares	-	(1,471)
Interest paid	(225)	(12)
Proceeds from loans and bank borrowings	54,711	15,644
Repayment of loans and bank borrowings	(57,500)	(30,524)
Cash flows used in financing activities	<u>(3,014)</u>	<u>(16,363)</u>
Net increase in cash and cash equivalents	102,465	52,698
Cash and cash equivalents at beginning of the period	88,065	57,988
Net effect of exchange rate fluctuations on cash held	67	(9)
Cash and cash equivalents at end of the period	<u>190,597</u>	<u>110,677</u>

Note 1: The net cash paid in respect of the acquisition of CAOHK and NAFCO comprised consideration of US\$15.73 million less bank balances of US\$7.01 million in the subsidiaries.

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

Consolidated Statement of Changes in Equity

	Share capital	Retained earnings	Treasury shares	Share option reserve	Foreign currency translation reserve	Statutory reserve	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
THE GROUP							
As at 1 January 2011	215,573	108,435	(3,906)	-	17,303	7,826	345,231
Total comprehensive income for the period	-	21,460	-	-	927	-	22,387
Purchase of treasury shares	-	-	(1,471)	-	-	-	(1,471)
As at 31 March 2011	215,573	129,895	(5,377)	-	18,230	7,826	366,147
As at 1 January 2012	215,573	159,884	(5,482)	54	23,140	8,166	401,335
Total comprehensive income for the period	-	20,422	-	-	22	-	20,444
Share-based payment transaction	-	-	-	96	-	-	96
As at 31 March 2012	215,573	180,306	(5,482)	150	23,162	8,166	421,875

Statement of Changes in Equity

	Share capital	Retained earnings	Share option reserve	Treasury shares	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
THE COMPANY					
As at 1 January 2011	215,573	28,480	-	(3,906)	240,147
Total comprehensive income for the period	-	9,763	-	-	9,763
Purchase of treasury shares	-	-	-	(1,471)	(1,471)
As at 31 March 2011	215,573	38,243	-	(5,377)	248,439
As at 1 January 2012	215,573	62,025	54	(5,482)	272,170
Total comprehensive income for the period	-	9,566	-	-	9,566
Share-based payment transaction	-	-	96	-	96
As at 31 March 2012	215,573	71,591	150	(5,482)	281,832

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

Share Capital

As at 31 March 2012, the number of ordinary shares of the Company in issue was 716,820,537 (31 December 2011: 716,820,537) excluding 6,000,000 (31 December 2011: 6,000,000) which were held as treasury shares. The total issued and paid up share capital was US\$215.57 million (31 December 2011: US\$215.57 million).

Employee share option plans

The Company did not grant any share options during the quarter under review.

Treasury shares

During the quarter ended 31 March 2012, 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 March 2012, a total of 6,000,000 ordinary shares (31 December 2011: 6,000,000 ordinary shares) were held by the Company as treasury shares.

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

Number of Shares	1Q 2012	1Q 2011
Issued ordinary shares		
Balance at beginning/end of period	722,820,537	722,820,537
Treasury shares		
Balance at beginning of period	(6,000,000)	(4,668,000)
Additions during the period	-	(1,239,000)
Balance at end of period	(6,000,000)	(5,907,000)
Total	716,820,537	716,913,537

- 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 2011.

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 2011 and on 1 January 2012. The adoption of the new and revised FRS had no significant impact on the financial statements of the Group.

- 6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	1Q 2012		1Q 2011	
Earnings per ordinary share for the period based on net profit attributable to owners of the Company:-				
(a) Based on weighted average number of ordinary share on issue	2.85	US cents	2.99	US cents
- Weighted average number of shares ('000)		716,821		717,286
(b) On a fully diluted basis	2.83	US cents	2.99	US cents
- Adjusted weighted average number of shares ('000)		722,681		717,286

- 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:

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31 Mar 2012	31 Dec 2011	31 Mar 2012	31 Dec 2011
Net asset value per ordinary share based on issued share capital at the end of the period reported on (US cents)	58.85	55.99	39.32	37.97
Number of ordinary shares issued ('000)	716,821	716,821	716,821	716,821

Net asset value per ordinary share is determined based on net asset value attributable to owners of the Company and the number of shares in issue of the Company as at 31 March 2012 and 31 December 2011 (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:
- (a) 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
 - (b) 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 the “Company”) 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”).

On 1 March 2012, the Company had completed the acquisition of two 100% owned subsidiaries i.e. China Aviation Oil (Hong Kong) Company Limited (“CAOHK”) and North American Fuel Corporation (“NAFCO”) for a total consideration of US\$15.73 million. CAOHK is established in May 1998 and is principally involved in the business of jet fuel trading and supply of jet fuel to airline companies at various airports including PRC, Hong Kong, Taiwan and London. NAFCO, which commenced operations in 2010, is an agent and wholesaler of jet fuel in the United States of America.

Consolidated Statement of Comprehensive Income

1st Qtr 2012 v 1st Qtr 2011

The total supply and trading volume for jet fuel and other oil products increased by 0.63 million tonnes (28.77%) to 2.82 million tonnes for the first quarter ended 31 March 2012 (“1Q 2012”) compared to 2.19 million tonnes for the first quarter ended 31 March 2011 (“1Q 2011”). The volume of jet fuel supply and trading with the inclusion of sales volume from CAOHK increased by 0.23 million tonnes (11.06%) to 2.31 million tonnes for 1Q 2012 compared to 2.08 million tonnes for 1Q 2011. The trading volume of other oil products increased by 0.40 million tonnes (363.63%) to 0.51 million tonnes for 1Q 2012 compared to 0.11 million tonnes for 1Q 2011, mainly due to increase in trading activities.

Total revenue increased by US\$919.89 million (46.36%) to US\$2,904.02 million for 1Q 2012 from US\$1,984.13 million for 1Q 2011. This was mainly attributable to higher volume of jet fuel supply and trading coupled with higher jet fuel prices in 1Q 2012, which averaged US\$129.63 per barrel (bbl) compared to an average of US\$114.19 per bbl in 1Q 2011. Increase in trading volume of other oil products also contributed to the increase in 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\$13.56 million for 1Q 2012, an increase of 15.40% compared to US\$11.75 million for 1Q 2011. This was mainly due to higher gains from oil trading activities and the consolidation of contribution from CAOHK

Other operating income was US\$0.01 million for 1Q 2012 compared to US\$0.24 million for 1Q 2011. This was mainly due to foreign exchange loss of US\$0.09 million in 1Q 2012 compared to foreign exchange gain of US\$0.18 million in 1Q 2011, which were due to revaluation differences resulting from the strengthening of the Singapore dollar against the US dollar.

Bank interest income of US\$0.05 million for 1Q 2012, which was derived from time deposits placed with banks, was lower by US\$0.01 million (16.67%) compared to US\$0.06 million for 1Q 2011 mainly due to the lower deposits placed with bank.

Total expenses comprising administrative expenses, other operating expenses and finance costs increased by US\$1.50 million (67.57%) to US\$3.72 million for 1Q 2012 compared to US\$2.22 million for 1Q 2011. The increase in expenses was mainly attributable to higher staff costs due to increase in average headcount of 66 in 1Q 2012 compared to average headcount of 52 in 1Q 2011, increase in finance cost relating to issuance of Letter of Credits and interest expense on bank borrowings as a result of increased business activities. Lower expenses in 1Q 2011 was also partly due to the reversal of an over-provision in staff costs.

The share of profits from associates was US\$11.15 million for 1Q 2012 compared to US\$12.46 million for 1Q 2011, a decrease of 10.50%. This was mainly attributable to the share of profits in Pudong of US\$10.48 million for 1Q 2012 compared to US\$11.92 million for 1Q 2011, mainly due to lower gross profit as a result of lower inventory appreciation, as the extent of increase in international oil prices was smaller compared to 1Q 2011.

Share of profits from TSN-PEKCL for 1Q 2012 was US\$0.47 million compared to US\$0.32 million for 1Q 2011, an increase of 49.05%, attributable to higher revenue from increase in jet fuel transportation volume and pipeline transportation service price. The share of results in Xinyuan decreased by US\$0.02 million (9.78%) to US\$0.20 million for 1Q 2012 compared to US\$0.22 million for 1Q 2011, mainly due to lower sales volume and lower rental income of oil storage tanks.

Tax expense, which is attributable to the recognition of deferred tax liabilities on the undistributed retained earnings of associates, was US\$0.58 million for 1Q 2012 compared to US\$0.76 million for 1Q 2011, a decrease of 24.08% mainly due to lower profits recorded by the associates. The undistributed retained earnings from associates is subject to withholding tax upon remittance to Singapore in the future.

The Group's net profit for 1Q 2012 was US\$20.42 million compared to US\$21.46 million for 1Q 2011, decrease of US\$1.04 million (4.84%), mainly due to lower contribution from share of results of associates. Earnings per share was 2.85 US cents for 1Q 2012 compared to 2.99 US cents for 1Q 2011.

1st Qtr 2012 v 4th Qtr 2011

The total supply and trading volume of jet fuel and other oil products increased by 0.64 million tonnes (29.36%) to 2.82 million tonnes for 1Q 2012 from 2.18 million tonnes for the fourth quarter ended 31 December 2011 ("4Q 2011"), mainly due to higher trading activities of the Company.

Total revenue increased by US\$759.69 million (35.43%) to US\$2,904.02 million for 1Q 2012 from US\$2,144.33 million for 4Q 2011. This was mainly attributable to higher volume of jet fuel supply and trading coupled with higher jet fuel prices in 1Q 2012, which averaged US\$129.62 per bbl compared to an average of US\$125.81 per bbl in 4Q 2011. Higher trading volume from other oil products also contributed to the increase in revenue for 1Q 2012.

Gross profit derived from jet fuel supply and trading and trading of other oil products was US\$13.56 million for 1Q 2012, an increase of 73.18% compared to US\$7.83 million for 4Q 2011. This was due to higher trading gains from storage and optimisation activities.

Other operating income was US\$0.01 million for 1Q 2012 compared to US\$1.36 million for 4Q 2011. This was mainly due to foreign exchange loss of US\$0.09 million in 1Q 2012 compared to foreign exchange gain of US\$1.26 million in 4Q 2011. The exchange gain in 4Q 2011 was derived from the conversion of Renminbi to US dollar for the receipts of dividends denominated in Renminbi from associates.

Total expenses decreased by US\$4.69 million (55.77%) to US\$3.72 million for 1Q 2012, compared to US\$8.41 million for 4Q 2011. Higher expenses in 4Q 2011 was mainly due to the provision of doubtful debts for amount due from MF Global following the bankruptcy proceedings of its holding company. Excluding the provision for doubtful debts relating to amount due from MF Global, the Group's total expenses for 1Q 2012 would be a decrease of US\$0.41 million (9.93%) compared to 4Q 2011.

The share of profits from associates for 1Q 2012 was US\$11.15 million compared to US\$5.45 million for 4Q 2011, an increase of US\$5.70 million (104.59%). The increase in share of profits from associates was mainly due to higher share of profits from Pudong. The share of profits from Pudong increased by US\$5.44 million (107.94%) to US\$10.48 million for 1Q 2012 compared to US\$5.04 million for 4Q 2011, mainly due to higher gross profit and

lower operating expenses. Share of profits from TSN-PEKCL increased by US\$0.35 million (291.67%) to US\$0.47 million for 1Q 2012 compared to US\$0.12 million for 4Q 2011. The share of results in Xinyuan was US\$0.20 million for 1Q 2012 compared to US\$0.29 million for 4Q 2011, a decrease of US\$0.09 million (31.03%).

Tax expense arising from the recognition of deferred tax liabilities on the Company's share of profits from associates was US\$0.58 million for 1Q 2012 compared to US\$0.54 million for 4Q 2011, an increase of US\$0.04 million (7.41%).

The Group's net profit increased by US\$14.73 million (258.88%) to US\$20.42 million for 1Q 2012 compared to US\$5.69 million for 4Q 2011, mainly attributable to higher gains from oil trading activities, lower operating expenses and higher share of profits from associates. Excluding the provision for doubtful debts relating to amount due from MF Global in 4Q 2011, the Group's net profit for 1Q 2012 would be an increase of US\$10.45 million (104.81%). Earnings per share was 2.85 US cents for 1Q 2012 compared to 0.79 US cents for 4Q 2011.

Statement of Financial Position

The Group's current assets stood at US\$1,354.58 million as at 31 March 2012 compared to US\$964.78 million as at 31 December 2011. The increase of US\$389.80 million in current assets resulted mainly from:

- (i) a decrease of US\$34.46 million in inventories, due to trading activities;
- (ii) an increase of US\$321.73 million in trade and other receivables to US\$1,160.24 million as at 31 March 2012 from US\$838.51 million as at 31 December 2011 due to higher sales revenue in March 2012 compared to December 2011 and the trade receivables in CAOHK and NAFCO; and
- (iii) an increase of US\$102.53 million in cash and cash equivalents which was mainly attributable to the cash inflow of US\$114.21 million from operating activities, partially offset by US\$8.73 million used in investing activities on acquisition of subsidiaries and net cash outflow of US\$3.01 million in financing activities for repayment of loans and bank borrowings.

Non-current assets stood at US\$242.34 million as at 31 March 2012, compared to US\$229.48 million as at 31 December 2011. The increase of US\$12.86 million was mainly attributable to the share of profits in associates of US\$11.15 million for 1Q 2012 and the goodwill of US\$1.82 million arising from the acquisition of CAOHK and NAFCO on 1 March 2012.

Current liabilities made up of trade and other payables, bank borrowings and tax payables, increased by US\$381.56 million to US\$1,168.20 million as at 31 March 2012 compared to US\$786.64 million as at 31 December 2011. This was mainly due to the higher cost of procurement in March 2012 owing to increase in volume and oil prices compared to December 2011 and the trade payables in CAOHK and NAFCO.

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\$421.88 million as at 31 March 2012, or 58.85 US cents per share, compared to US\$401.34 million as at 31 December 2011 or 55.99 US cents per share. The increase in the Group's net assets per share was primarily due to an increase in retained earnings as a result of the net profits generated for 1Q 2012.

Consolidated Statement of Cash Flows

1st Qtr 2012 v 1st Qtr 2011

Cash flows generated from operating activities before changes in working capital, was US\$10.27 million in 1Q 2012 compared to US\$9.86 million generated in 1Q 2011 mainly due to better performance from trading activities.

In 1Q 2012, changes in working capital items were as follows: (i) cash generated from inventories of US\$37.59 million; (ii) cash used in trade and other receivables of US\$264.29 million; and (iii) cash generated from trade and other payables of US\$330.65 million. The net cash generated from operating activities was US\$114.21 million in 1Q 2012 compared to US\$69.07 million in 1Q 2011. This was due to the higher amount of timing difference in receipts from trade receivables and payments to trade suppliers.

Cash flows used in investing activities amounted to US\$8.73 million in 1Q 2012, compared to cash flows used in investing activities of US\$0.01 million in 1Q 2011. Cash used in investing activities for 1Q 2012 comprised

US\$8.72 million used in acquisition of subsidiaries and US\$0.07 million used in the purchase of property, plant and equipment partially offset by interest receipts of US\$0.06 million. Cash used in investing activities for 1Q 2011 comprised US\$0.08 million used in the purchase of property, plant and equipment partially offset by interest receipts of US\$0.07 million.

Cash flows used in financing activities of US\$3.01 million in 1Q 2012 comprised US\$57.50 million used in repayment of loans and bank borrowings and US\$0.22 million used for payment of bank interest, partially offset by the proceeds of US\$54.71 million from loans and bank borrowings. Cash flows used in financing activities of US\$16.36 million in 1Q 2011 was mainly attributable to the US\$30.52 million used in repayment of bank borrowings, US\$1.47 million used for the purchase of treasury shares and US\$0.01 million used for payment of bank interest partially offset by the proceeds of US\$15.64 million from bank borrowings. .

- 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 outlook of the global economy remains uncertain and oil product markets are expected to remain volatile, the Company sees exciting opportunities to grow its existing business and expand into new markets. Despite the easing in China's economy, total jet fuel demand in the PRC will remain robust and stable. CAO will continue to focus on building a global trading network and the integration of CAOHK and NAFCO into the Group will help to accelerate achieving this goal. As CAO pursues growth opportunities, the Company will continue to control risks and exercise trading and financial prudence. Although net earnings in 1Q 2012 has declined when compared year-on-year, we remain positive about the Group's performance going forward and expect CAO to sustain growth this year,

- 11 Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on? No

(b) Corresponding period of the immediately preceding financial year

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

(c) Date payable

Not applicable.

(d) Book closure date

Not applicable.

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

No interim dividend has been declared for the period ended 31 March 2012.

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

Aggregate value of interested person transactions entered from 1 January 2012 to 31 March 2012.

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	786,107
Sales revenue from related corporation of a corporate shareholder	0	261,195
Purchases from related corporations	0	13,611
Purchases from related corporation of a corporate shareholder	0	312,154
Gain from trading of derivative financial instrument with related corporation of a corporate shareholder	0	140
Supply chain services rendered from related corporation	0	449
Transportation revenue earned by associate from related corporations	0	2,301

BY ORDER OF THE BOARD

Doreen Nah
Company Secretary
27 April 2012