



**CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD**  
**(Company Registration No. 199303293Z)**  
**First Quarter Financial Statement For The Period Ended 31 March 2009**

**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:

	<b>Group</b>			
	<b>1Q 2009</b>	<b>1Q 2008</b>	<b>Variance</b>	
	<b>US\$'000</b>	<b>US\$'000</b>	<b>+ / -</b>	<b>%</b>
Revenue (Note 1)	655,601	1,004,812		-34.8%
Cost of sales	(645,447)	(1,001,673)		-35.6%
<b>Gross Profit</b>	<b>10,154</b>	<b>3,139</b>		<b>223.5%</b>
Other operating income (Note 2)	(1,617)	3,266		-149.5%
Administrative expenses	(1,626)	(1,428)		13.9%
Other operating expenses	(77)	(361)		-78.7%
Finance costs	(119)	(65)		83.1%
Share of results of associates (net of tax) (note 3)	(2,605)	4,877		-153.4%
<b>Profit before income tax</b>	<b>4,110</b>	<b>9,428</b>		<b>-56.4%</b>
Income tax expense	-	(383)		NM
<b>PROFIT FOR THE PERIOD</b>	<b>4,110</b>	<b>9,045</b>		<b>-54.6%</b>
<b>Attributable to:</b>				
Equity holders of the Company	4,110	9,045		-54.6%

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 2009	1Q 2008	Variance
	US\$'000	US\$'000	+ / - %
<b>PROFIT FOR THE PERIOD</b>	4,110	9,045	-54.6%
<b>Other comprehensive (loss)/income:</b>			
Exchange differences on translating foreign associates	(559)	3,372	-116.6%
Cash flow hedges	-	(215)	NM
<b>Other comprehensive (loss)/income for the period, net of tax</b>	(559)	3,157	-117.7%
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	3,551	12,202	-70.9%
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	3,551	12,202	-70.9%

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

	Group		
	1Q 2009	1Q 2008	Var
	US\$'000	US\$'000	+ / - %
Depreciation of property, plant and equipment	(84)	(86)	-2.3%
Amortisation of intangible assets	(27)	(26)	3.8%
Foreign exchange (loss)/gain	(1,880)	1,540	-222.1%

#### Note 1: Revenue

	Group		
	1Q 2009	1Q 2008	Var
	US\$'000	US\$'000	+ / - %
Sale of jet fuel	648,157	1,004,812	-35.5%
Sale of petrochemical products	8,285	-	NM
Trading of paper swaps	(841)	-	NM
	655,601	1,004,812	-34.8%

#### Note 2: Other operating income

	Group		
	1Q 2009	1Q 2008	Var
	US\$'000	US\$'000	+ / - %
Bank interest income	263	1,726	-84.8%
Foreign exchange (loss)/gain	(1,880)	1,540	-222.1%
	(1,617)	3,266	-149.5%

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

Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd  
 (“Pudong”)  
 China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation  
 Ltd (“TSN-PEKCL”)\*  
 China Aviation Oil Xinyuan Petrochemicals Co. Ltd (“Xinyuan”)

<b>Group</b>		
<b>1Q 2009</b>	<b>1Q 2008</b>	<b>Var</b>
<b>US\$'000</b>	<b>US\$'000</b>	<b>+ / - %</b>
(2,903)	4,844	-159.9%
261	-	NM
37	33	12.1%
<b>(2,605)</b>	<b>4,877</b>	<b>-153.4%</b>

\* The Group completed its acquisition of 49% equity interest in TSN-PEKCL at end February 2009.

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 Mar 09 US\$'000</b>	<b>As at 31 Dec 08 US\$'000</b>	<b>As at 31 Mar 09 US\$'000</b>	<b>As at 31 Dec 08 US\$'000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	8,279	8,296	8,279	8,296
Intangible assets	170	174	170	174
Associates	124,166	82,005	81,236	35,911
	<u>132,615</u>	<u>90,475</u>	<u>89,685</u>	<u>44,381</u>
<b>Current assets</b>				
Trade and other receivables	236,220	251,522	236,220	251,522
Cash and cash equivalents	171,870	153,102	171,851	153,081
	<u>408,090</u>	<u>404,624</u>	<u>408,071</u>	<u>404,603</u>
<b>Total assets</b>	<u>540,705</u>	<u>495,099</u>	<u>497,756</u>	<u>448,984</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	44,460	40,350	20,732	14,016
Other components of equity	19,218	19,777	-	-
<b>Total equity</b>	<u>279,251</u>	<u>275,700</u>	<u>236,305</u>	<u>229,589</u>
<b>Current liabilities</b>				
Trade and other payables	261,454	219,399	261,451	219,395
<b>Total liabilities</b>	<u>261,454</u>	<u>219,399</u>	<u>261,451</u>	<u>219,395</u>
<b>Total equity and liabilities</b>	<u>540,705</u>	<u>495,099</u>	<u>497,756</u>	<u>448,984</u>

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 Mar 2009</b>		<b>As at 31 Dec 2008</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

Amount repayable after one year

<b>As at 31 Mar 2009</b>		<b>As at 31 Dec 2008</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

The Company does not have any interest-bearing liabilities or obligations as at 31 March 2009 and as at 31 December 2008.

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>Group</b>	
	<b>Jan-Mar 09</b> US\$'000	<b>Jan-Mar 08</b> US\$'000
<b>Operating activities</b>		
Profit for the period	4,110	9,045
Adjustments for items not involving outlay of funds:-		
Depreciation of property, plant and equipment	84	86
Amortisation of intangible assets	27	26
Share of results of associates (net of tax)	2,605	(4,877)
Interest income	(263)	(1,726)
Income tax expense	-	383
Unrealised exchange differences	860	(1,745)
	<u>7,423</u>	<u>1,192</u>
Changes in working capital		
Trade and other receivables	(15,984)	3,599
Trade and other payables	42,160	(41,675)
Cash generated from/(used in) operations	<u>33,599</u>	<u>(36,884)</u>
Income tax paid	-	(2,437)
<b>Cash flows from operating activities</b>	<u>33,599</u>	<u>(39,321)</u>
<b>Investing activities</b>		
Interest received	354	1,820
Purchase of property, plant and equipment	(67)	(2)
Purchase of intangible assets	(23)	-
Acquisition of associate	(45,325)	-
Dividends received from associate	31,090	-
<b>Cash flows from investing activities</b>	<u>(13,971)</u>	<u>1,818</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	19,628	(37,503)
Cash and cash equivalents at beginning of the period	153,102	300,472
Net effect of exchange rate fluctuations on cash held	(860)	1,825
<b>Cash and cash equivalents at end of the period</b>	<u>171,870</u>	<u>264,794</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**

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Hedging reserve</b>	<b>Foreign currency translation reserve</b>	<b>Statutory reserve</b>	<b>Total equity</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Group</b>						
<b>Balance at 1 January 2008</b>	215,573	38,688	-	7,288	7,033	268,582
Total comprehensive income/(loss) for the period	-	9,045	(215)	3,372	-	12,202
<b>Balance at 31 March 2008</b>	215,573	47,733	(215)	10,660	7,033	280,784
<b>Balance at 1 January 2009</b>	215,573	40,350	-	12,744	7,033	275,700
Total comprehensive income/(loss) for the period	-	4,110	-	(559)	-	3,551
<b>Balance at 31 March 2009</b>	215,573	44,460	-	12,185	7,033	279,251

**Statement of Changes in Equity**

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Hedging reserve</b>	<b>Total equity</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Company</b>				
<b>At 1 January 2008</b>	215,573	(7,789)	-	207,784
Total comprehensive income/(loss) for the period	-	3,561	(215)	3,346
<b>At 31 March 2008</b>	215,573	(4,228)	(215)	211,130
<b>At 1 January 2009</b>	215,573	14,016	-	229,589
Total comprehensive income for the period	-	6,716	-	6,716
<b>At 31 March 2009</b>	215,573	20,732	-	236,305

- 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.

No shares were issued since 31 December 2008.

- 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 2008.

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.

On 1 January 2009, the Group adopted the Singapore Financial Reporting Standards, FRS 1 (revised) – Presentation of Financial Statements (“FRS 1”), which is effective for annual periods beginning on or after 1 January 2009. According to FRS 1, the Group separated the presentation of owner and non-owner changes in equity. The Statements of Changes in Equity include only details of transactions with owners, with all non-owner changes in equity presented as a single line as “Total comprehensive income/loss for the period”.

In addition, the “Balance sheets” and “Consolidated cash flow statement” have been re-titled to “Statements of Financial Position” and “Consolidated Statement of Cash Flows” respectively.

There was no impact on prior period’s earnings per ordinary share and net asset value per ordinary share on the adoption of the revised FRS.



- 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.

	As at 31 Mar 09	As at 31 Mar 08
Earnings per ordinary share for the period after deducting any provision for preference dividends:		
(a) Based on weighted average number of ordinary share on issue; and	0.57 US cents	1.25 US cents
(b) On a fully diluted basis	0.57 US cents	1.25 US cents
Weighted average number of shares ('000)	722,821	722,821

Basic earnings per share and earnings per share on a fully diluted basis for the financial period ended 31 March 2009 were computed based on net profit attributable to owners of the parent of US\$4,110,000 (2008: US\$9,045,000) and weighted average share capital of 722,820,537 (2008: 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:
- (a) current financial period reported on; and
- (b) immediately preceding financial year.

	Group		Company	
	31 Mar 09	31 Dec 08	31 Mar 09	31 Dec 08
Net asset value per ordinary share based on issued share capital at the end of the period reported on (US cents)	38.63	38.14	32.69	31.76
Number of ordinary shares issued ('000)	722,821	722,821	722,821	722,821

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 31 March 2009 and 31 December 2008.

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 (the "CAO Group") are those relating to the procurement of jet fuel, oil-trading activities and investment holding. Correspondingly, revenue streams comprised (i) jet fuel procurement and supply (ii) results from oil-trading activities 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 ("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").

### **FINANCIAL PERFORMANCE**

#### **Consolidated Statement of Comprehensive Income**

##### ***Revenue***

##### ***1st Qtr 2009 v 1st Qtr 2008***

Volume of jet fuel procured and supplied and international trading increased by 0.26 million tonnes (22.84%) to 1.40 million tonnes for the first quarter ended 31 March 2009 ("1Q 2009") compared to 1.14 million tonnes for the first quarter ended 31 March 2008 ("1Q 2008"). Volume traded for petrochemical products ("petrochem") which commenced in late December 2008, was 0.73 million tonnes for 1Q 2009.

Total revenue for 1Q 2009 decreased by US\$349.211 million (34.75%) to US\$655.601 million for 1Q 2009 from US\$1,004.812 million for 1Q 2008. This was mainly attributable to lower jet fuel prices in 1Q 2009, which averaged US\$58.60 per barrel ("bbl") compared to an average of US\$111.21 per bbl in 1Q 2008. Revenue generated from jet fuel and petrochem were US\$647.099 million and US\$8.502 million respectively for 1Q 2009 compared to revenue of US\$1,004.812 million on sale of jet fuel for 1Q 2008. Revenue for jet fuel comprised sale of jet fuel of US\$648.157 million less loss on jet fuel swaps of US\$1.058 million. The loss on jet fuel swaps resulted from ineffective hedges was included in the profit for the period, in the Consolidated Statement of Comprehensive Income in accordance with FRS 39, despite a corresponding gain in the physical transaction. Revenue for petrochem comprised sale of US\$8.285 million and a gain of US\$0.217 million on trading of petrochem futures. Revenue for jet fuel for 1Q 2009 (net of trading loss on jet fuel swaps) was US\$647.099 million, decrease of US\$357.713 million (35.60%) compared to US\$1,004.812 million in 1Q 2008.

##### ***1st Qtr 2009 v 4th Qtr 2008***

For 1Q 2009, the volume of jet fuel procured and supplied and international trading increased by 0.21 million tonnes (17.65%) to 1.40 million tonnes from 1.19 million tonnes for the quarter ended 31 December 2008 ("4Q 2008"). Revenue relating to jet fuel decreased by US\$264.534 million (29.02%) to US\$647.099 million for 1Q 2009 compared to US\$911.633 million for 4Q 2008, mainly due to the decline in jet fuel prices which averaged US\$58.60 per bbl in 1Q 2009 compared to US\$96.25 per bbl in 4Q 2008.

##### ***Cost of sales***

##### ***1st Qtr 2009 v 1st Qtr 2008***

Total cost of sales was US\$645.447 million for 1Q 2009 compared to US\$1,001.673 million for 1Q 2008. For 1Q 2008, cost of sales were mainly direct cost relating to jet fuel procurement and supply. For 1Q 2009, cost of sales comprised direct cost relating to jet fuel procurement and supply, freight cost incurred arising from freight optimisation activity, cost of petrochem and derivatives for jet fuel and petrochem.

***1st Qtr 2009 v 4th Qtr 2008***

The reduction in total cost of sales by US\$261.177 million (28.81%) to US\$645.447 million for 1Q 2009 from US\$906.624 million for 4Q 2008 arose due to the lower jet fuel prices in 1Q 2009 compared to 4Q 2008.

***Gross profit***

***1st Qtr 2009 v 1st Qtr 2008***

CAO posted gross profit of US\$10.154 million for 1Q 2009, which was US\$7.015 million (223.48%) higher than the gross profit of US\$3.139 million for 1Q 2008. Of the US\$10.154 million, jet fuel procurement and supply and jet related trading activities, freight optimisation and hedging activities, generated US\$9.746 million and petrochem contributed US\$0.408 million. In comparison, the gross profit of US\$3.139 million for 1Q 2008 was mainly derived from jet fuel procurement and supply.

***1st Qtr 2009 v 4th Qtr 2008***

About 95.98% of the US\$10.154 million gross profit generated in 1Q 2009 resulted from jet fuel related activities and the rest are contributed by petrochem. In contrast, almost 100% of US\$5.009 million gross profit for 4Q 2008 was generated from jet fuel related activities.

***Other operating income***

***1st Qtr 2009 v 1st Qtr 2008***

Bank interest income of US\$0.263 million for 1Q 2009, which was derived from time deposits placed with banks and financial institutions, was lower compared to US\$1.726 million for 1Q 2008 following the decline in interest rates globally.

For 1Q 2009, the Group incurred a foreign exchange loss of US\$1.880 million in contrast with a foreign exchange gain of US\$1.540 million for 1Q 2008. The foreign exchange loss was mainly due to translation loss on bank balances denominated in Singapore dollar as a result of the strengthening of the US dollar. The bank balances denominated in Singapore dollar were held to meet dividend payout and operating expenses. The foreign exchange gain in 1Q 2008 was attributable to the depreciation of the US dollar against the Renminbi and Singapore dollar.

***1st Qtr 2009 v 4th Qtr 2008***

Bank interest income decreased by US\$0.600 million to US\$0.263 million for 1Q 2009 from US\$0.863 million for 4Q 2008 as interest rates declined progressively. In addition, the purchase consideration of US\$45.325 million (RMB 309,421,810) relating to the acquisition of 49% equity interest in TSN-PEKCL was paid in February 2009 which resulted in less funds available for placements in time deposits.

***Expenses***

***1st Qtr 2009 v 1st Qtr 2008***

Administrative expenses increased by US\$0.198 million (13.87%) to US\$1.626 million for 1Q 2009, compared to US\$1.428 million for 1Q 2008. This was mainly attributable to higher travelling expenses as a result of an increase in business activities.

Other operating expenses decreased by US\$0.284 million (78.67%) to US\$0.077 million for 1Q 2009 from US\$0.361 million for 1Q 2008, attributable to lower professional fees incurred as a result of lesser advisory services engaged.

Finance costs consisting of bank charges arising from issuance of Letters of Credit, increased by US\$0.054 million (83.08%) to US\$0.119 million for 1Q 2009 from US\$0.065 million for 1Q 2008 as a result of the higher volume of trading activities.

***1st Qtr 2009 v 4th Qtr 2008***

Administrative expenses increased by US\$0.868 million (114.51%) to US\$1.626 million for 1Q 2009 from US\$0.758 million for 4Q 2008, mainly attributable to the:

- (i) reversal of over-accruals relating to prior year in 4Q 2008, which is non-recurrent;
- (ii) higher information technology expenses pertaining to subscriptions to Platts, an energy information provider, et cetera.

Other operating expenses increased by US\$1.794 million to US\$0.077 million for 1Q 2009 compared to credit balance of US\$1.717 million for 4Q 2008. This was mainly due to the reversal of impairment loss of US\$1.992

million on leasehold properties of the Group following an independent valuation at open market value on an existing use basis carried out by an independent valuer in 4Q 2008.

***Share of results of associates (net of tax)***

***1st Qtr 2009 v 1st Qtr 2008***

CAO's 33% share of loss in Pudong was US\$2.903 million for 1Q 2009, a decline of US\$7.747 million from its share of profits of US\$4.844 million for 1Q 2008. Pudong's net loss of US\$8.796 million (RMB60.243 million) for 1Q 2009 was mainly attributable to the higher procurement costs of jet fuel inventory vis-à-vis sales revenue as a result of falling jet fuel prices in 4Q 2008 and early 2009.

At end February 2009, the Group completed its acquisition of 49% equity interest in TSN-PEKCL and recorded its share of profits of US\$0.261 million for March 2009.

The 39% share of profits in Xinyuan was not significant for both 1Q 2009 and 1Q 2008.

***1st Qtr 2009 v 4th Qtr 2008***

Share of loss in Pudong reduced by US\$7.309 million (71.57%) to US\$2.903 million for 1Q 2009 from US\$10.212 million for 4Q 2008.

***Net profit***

***1st Qtr 2009 v 1st Qtr 2008***

For 1Q 2009, the Group recorded profit before income tax of US\$4.110 million. As there are adequate tax losses carried forward from prior years to offset against current period's profits, the Group did not provide for income tax expense for 1Q 2009 and as a result, profit after tax is also US\$4.110 million. This is a reduction of 56.41% and 54.56% compared to profit before income tax of US\$9.428 million and profit after income tax of US\$9.045 million for 1Q 2008, respectively. Earnings per share is 0.57 US cents for 1Q 2009 compared to 1.25 US cents for 1Q 2008. Excluding the share of results of Pudong, we would have recorded net profit after income tax of US\$7.013 million for 1Q 2009 compared to US\$4.201 million for 1Q 2008, which is an increase of 66.94% or US\$2.812 million.

***1st Qtr 2009 v 4th Qtr 2008***

Profit after income tax improved by US\$7.579 million to US\$4.110 million for 1Q 2009 from the loss after income tax of US\$3.469 million for 4Q 2008. Earnings per share is 0.57 US cents for 1Q 2009 compared to loss per share of 0.48 US cents.

**Statement of Financial Position**

The Group's current assets stood at US\$408.090 million as at 31 March 2009 compared to US\$404.624 million as at 31 December 2008 ("FY 2008"). The increase of US\$3.466 million in current assets resulted mainly from:

- (i) an increase of US\$18.768 million in cash reserves which was mainly attributable to the receipt of US\$31.090 million of dividends from Pudong and the receipt of US\$30.051 million from the effect of timing differences on the receipts from trade receivables and payments to trade payables, partially offset by a reduction of US\$45.325 million being payment for the purchase consideration relating to the acquisition of 49% equity interest in TSN-PEKCL, and
- (ii) a decrease of US\$15.302 million in trade and other receivables from US\$251.522 million as at the end of FY 2008 to US\$236.220 million as at the end of 1Q 2009 which was mainly due to lower jet fuel prices.

Non-current assets stood at US\$132.615 million as at the end of 1Q 2009, compared to US\$90.475 million as at the end of FY 2008. The increase of US\$42.140 million was mainly attributable to the cost of investment in TSN-PEKCL of US\$45.325 million, offset by the share of results of associates of US\$2.605 million.

Current liabilities comprising of only trade and other payables, increased by US\$42.055 million to US\$261.454 million as at the end of 1Q 2009 compared to US\$219.399 million as at the end of FY2008. This was largely due to:

- (i) the receipt of US\$30.051 million from the effect of timing differences on the receipts from trade receivables and payments to trade creditors in early April 2009; and
- (ii) increase in accrued cost of sales to match sales revenue in the same accounting period.

The Company does not have any interest-bearing liabilities or obligations as at the end of 1Q 2009 and as at the end of FY 2008.

The Group's net assets stood at US\$279.251 million as at the end of 1Q 2009, or an equivalent of 38.63 US cents per share, compared to US\$275.700 million as at the end of FY 2008 or an equivalent of 38.14 US cents per share. The increase of 0.49 US cents per share in the Group's net assets was primarily due to an increase in retained earnings as a result of the profit after income tax generated in 1Q 2009.

### **Consolidated Statement of Cash Flows**

#### ***1<sup>st</sup> Qtr 2009 v 1<sup>st</sup> Qtr 2008***

Cash flows from operating activities, before changes in working capital, generated in 1Q 2009 was US\$7.423 million compared to US\$1.192 million generated in 1Q 2008. This was largely due to the profits generated from trading activities in the Company as opposed to profits generated by investment in associates.

In 1Q 2009, changes in working capital items recorded were as follows: (i) cash used in trade and other receivables of US\$15.984 million and cash generated in trade and other payables of US\$42.160 million. The net cash generated from operating activities was US\$33.599 million compared to cash used in operating activities of US\$39.321 million in 1Q 2008.

Cash flows used in investing activities amounted to US\$13.971 million in 1Q 2009, compared to cash flows generated from investing activities of US\$1.818 million in 1Q 2008. The decrease was largely due to the US\$45.325 million used in the acquisition of the 49% equity interest in TSN-PEKCL and lower interest received of US\$1.466 million, offset by dividends received from Pudong of US\$31.090 million.

- 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.

Although the worst of the global financial crisis appears to be over, the overall global economies remain weak. In addition, the uncertainty arising from the H1N1 epidemic may impact air travelling. In view of this, we continue to adopt a very cautious approach to our trading activities and will monitor the situation closely.

Notwithstanding the loss incurred in Pudong which is significantly lesser compared to the loss incurred in 4Q 2008, the fundamentals of CAO's core businesses have remained strong. The Group is taking proactive steps to further diversify its earnings base. It is also actively seeking to invest in more synergetic oil-related assets.

- 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 2009.

13 Interested Person Transactions.

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

Aggregate value of interested person transactions entered from 1 January 2009 to 31 March 2009.

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	311,311
Sales revenue from related corporation of a corporate shareholder	0	17,366
Jet fuel procurement from related corporation of a corporate shareholder	0	171,403
Loss from trading of derivative financial instruments with related corporation of a corporate shareholder	0	1,273
Supply chain services rendered from related corporation of a corporate shareholder	0	321
Transportation revenue of associate from related corporations	0	609

BY ORDER OF THE BOARD

Doreen Nah  
Company Secretary

15 May 2009