



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
(Company Registration No. 199303293Z)
First Quarter Financial Statement For The Period Ended 31 March 2013

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 2013	1Q 2012	Variance
	US\$'000	US\$'000	+ / - %
Revenue (Note 1)	3,781,276	2,904,019	30.21%
Cost of sales	(3,761,814)	(2,890,461)	30.15%
Gross Profit	19,462	13,558	43.55%
Other operating income (Note 2)	125	9	1288.89%
Administrative expenses	(3,666)	(2,737)	33.94%
Other operating expenses	(550)	(103)	433.98%
Finance costs	(1,367)	(877)	55.87%
Operating Profit	14,004	9,850	42.17%
Share of results of associates (net of tax) (Note 3)	8,145	11,149	-26.94%
Profit before income tax	22,149	20,999	5.48%
Tax expense (Note 4)	(650)	(577)	12.65%
Profit for the period	21,499	20,422	5.27%
Attributable to:			
Equity holders of the Company	21,499	20,422	5.27%

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 2013	1Q 2012	Variance
	US\$'000	US\$'000	+ / - %
PROFIT FOR THE PERIOD	21,499	20,422	5.27%
Other comprehensive (expense)/income:			
Exchange differences on translation of the financial statements of foreign associates	(1,381)	22	NM
Other comprehensive (expense)/income for the period, net of tax	(1,381)	22	NM
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	20,118	20,444	-1.59%
Total comprehensive income attributable to:			
Owners of the parent	20,118	20,444	-1.59%

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 2013	1Q 2012	Var
	US\$'000	US\$'000	+ / - %
Depreciation of property, plant and equipment	(198)	(190)	4.21%
Amortisation of intangible assets	(660)	(27)	2344.44%
Bank interest income	51	53	-3.77%
Interest expense	(371)	(225)	64.89%
Foreign exchange gain/(loss)	74	(92)	NM

Note 1: Revenue

	Group		
	1Q 2013	1Q 2012	Var
	US\$'000	US\$'000	+ / - %
Revenue from middle distillates	3,185,070	2,467,396	29.09%
Revenue from other oil products	596,206	436,623	36.55%
	3,781,276	2,904,019	30.21%

Note 2: Other operating income

	Group		
	1Q 2013	1Q 2012	Var + / -
	US\$'000	US\$'000	%
Bank interest income	51	53	-3.77%
Net foreign exchange gain/(loss)	74	(92)	NM
Other income	-	48	NM
	125	9	1288.89%

Note 3: Share of results of associates

	Group		
	1Q 2013	1Q 2012	Var + / -
	US\$'000	US\$'000	%
Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong")	10,461	10,475	-0.13%
China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL")	476	471	1.06%
China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan")	134	203	-33.99%
Oilhub Korea Yeosu Co., Ltd ("OKYC")	(2,926)	-	NM
	8,145	11,149	-26.94%

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 and provision of tax for income earned by a subsidiary during the period. The undistributed retained earnings from associates incorporated in China is subject to withholding tax.

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 13 US\$'000	As at 31 Dec 12 US\$'000	As at 31 Mar 13 US\$'000	As at 31 Dec 12 US\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	7,880	8,046	7,829	7,992
Intangible assets (Note 1)	1,324	1,975	143	160
Subsidiaries	-	-	25,114	25,329
Associates (Note 2)	255,639	248,874	111,526	111,526
Deferred tax assets	7,087	7,093	7,083	7,083
	271,930	265,988	151,695	152,090
Current assets				
Inventories	10,814	18,572	7,641	15,568
Trade and other receivables	1,314,840	1,284,636	1,236,262	1,218,242
Cash and cash equivalents	44,633	81,144	37,020	75,290
	1,370,287	1,384,352	1,280,923	1,309,100
Total assets	1,642,217	1,650,340	1,432,618	1,461,190
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	215,573	215,573	215,573	215,573
Retained earnings	235,488	213,989	131,305	117,253
Other components of equity	28,719	30,371	(5,482)	(5,211)
Total equity	479,780	459,933	341,396	327,615
Non-current liabilities				
Deferred tax liabilities	6,716	6,194	-	-
Current liabilities				
Trade and other payables	1,147,766	1,182,184	1,091,222	1,132,771
Loans and borrowings	7,470	1,666	-	804
Current tax liabilities	485	363	-	-
	1,155,721	1,184,213	1,091,222	1,133,575
Total liabilities	1,162,437	1,190,407	1,091,222	1,133,575
Total equity and liabilities	1,642,217	1,650,340	1,432,618	1,461,190

Note 1: The decrease in intangible assets was mainly due to the amortisation of US\$0.63 million following the Purchase Price Allocation (“PPA”) exercise undertaken in accordance to FRS 103.

Note 2: The increase was mainly attributable to the share of results of associates of US\$8.15 million for 1Q 2013 less the impact on foreign currency translation reserve of US\$1.38 million.

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 2013		As at 31 Dec 2012	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	7,470	0	1,666

Amount repayable after one year

As at 31 Mar 2013		As at 31 Dec 2012	
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 2013	1Q 2012
	US\$'000	US\$'000
Operating activities		
Profit for the period	21,499	20,422
Adjustments for items not involving outlay of funds:-		
Depreciation of property, plant and equipment	198	190
Amortisation of intangible assets	660	27
Share of results of associates (net of tax)	(8,145)	(11,149)
Equity-settled share-based payment transactions	(271)	96
Interest income	(51)	(53)
Interest expense	371	225
Tax expense	650	577
Unrealised exchange differences	(37)	(67)
	<u>14,874</u>	<u>10,268</u>
Changes in working capital		
Inventories	7,758	37,587
Trade and other receivables	(30,204)	(264,287)
Trade and other payables	(34,389)	330,650
Cash generated from operations	<u>(41,961)</u>	<u>114,218</u>
Tax paid	-	(9)
Cash flows (used in)/from operating activities	<u>(41,961)</u>	<u>114,209</u>
Investing activities		
Interest received	51	62
Purchase of property, plant and equipment	(62)	(67)
Purchase of intangible assets	(9)	-
Acquisition of subsidiaries, net of cash acquired	-	(8,725)
Cash flows used in investing activities	<u>(20)</u>	<u>(8,730)</u>
Financing activities		
Interest paid	(371)	(225)
Proceeds from loans and bank borrowings	24,384	54,711
Repayment of loans and bank borrowings	(18,580)	(57,500)
Cash flows from/(used in) financing activities	<u>5,433</u>	<u>(3,014)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(36,548)</u>	<u>102,465</u>
Cash and cash equivalents at beginning of the period	81,144	88,065
Net effect of exchange rate fluctuations on cash held	37	67
Cash and cash equivalents at end of the period	<u><u>44,633</u></u>	<u><u>190,597</u></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

	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 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
As at 1 January 2013	215,573	213,989	(5,482)	271	26,888	8,694	459,933
Total comprehensive income for the period	-	21,499	-	-	(1,381)	-	20,118
Share-based payment transaction	-	-	-	(271)	-	-	(271)
As at 31 March 2013	215,573	235,488	(5,482)	-	25,507	8,694	479,780

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 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
As at 1 January 2013	215,573	117,253	271	(5,482)	327,615
Total comprehensive income for the period	-	14,052	-	-	14,052
Share-based payment transaction	-	-	(271)	-	(271)
As at 31 March 2013	215,573	131,305	-	(5,482)	341,396

- 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

There were no movements in the Company's share capital for the period ended 31 March 2013.

Employee share option plans

China Aviation Oil Share Option Scheme of the Company (“**CAO Share Option Scheme**”) which was approved by shareholders at an extraordinary general meeting of the Company held on 9 November 2001, expired on 9 November 2011. However, share options granted and outstanding prior to such expiry will continue to be valid and be subject to the terms of the CAO Share Option Scheme (and as amended pursuant to the terms of the CAO Share Option Scheme).

During the period under review, a total of 1,699,400 share options were ceased to be exercisable under the CAO Share Option Scheme due to vesting conditions not met. The exercise period in respect of the Executive Share Options (as defined under the CAO Share Option Scheme) will commence on 9 October 2013 and will expire on the date immediately preceding the tenth anniversary of the date of grant i.e. 9 October 2011 (“**Date of Grant**”). Non-Executive Share Options (as defined under the CAO Share Option Scheme) will commence on 9 October 2013 and will expire on the date immediately preceding the fifth anniversary of the Date of Grant.

As at 31 March 2013, there were 3,562,600 outstanding share options (31 December 2012: 5,262,000 share options) which, when exercisable, would entitle the holders to subscribe for a total of 3,562,600 ordinary shares (31 December 2012: 5,262,000 ordinary shares) of the Company at an exercise price of S\$0.91 per share (“**Outstanding Share Options**”).

The Outstanding Share Options as at 31 March 2013 constitute approximately 0.49% of the total issued shares of the Company (including treasury shares held by the Company).

Treasury shares

During the quarter ended 31 March 2013, 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 26 April 2012.

As at 31 March 2013, a total of 6,000,000 ordinary shares (31 December 2012: 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 2013	1Q 2012
Issued ordinary shares		
Balance at beginning/end of period	722,820,537	722,820,537
Treasury shares		
Balance at beginning/end of period	(6,000,000)	(6,000,000)
Total	716,820,537	716,820,537

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

These figures have not been audited or reviewed.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those adopted for the audited consolidated financial statements for the year ended 31 December 2012.

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 2013. 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 2013	1Q 2012
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	3.00 US cents	2.85 US cents
- Weighted average number of shares ('000)	716,821	716,821
(b) On a fully diluted basis	2.98 US cents	2.83 US cents
- Adjusted weighted average number of shares ('000)	721,610	722,681

- 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 Mar 2013	31 Dec 2012	31 Mar 2013	31 Dec 2012
Net asset value per ordinary share based on issued share capital at the end of the period reported on (US cents)	66.93	64.16	47.63	45.70
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 2013 and 31 December 2012 (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 the 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 Asia Pacific and the sole importer of jet fuel into the People's Republic of China's ("PRC"). On 1 March 2012, the Company acquired 100% equity interests in China Aviation Oil (Hong Kong) Company Limited ("CAOHK") and North American Fuel Corporation ("NAFCO"). 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"), China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan") and Oilhub Korea Yeosu Co., Ltd ("OKYC"). The oil storage terminal of OKYC has officially commenced operation on 1 April 2013.

Consolidated Statement of Comprehensive Income

1st Qtr 2013 v 1st Qtr 2012

The total supply and trading volume for jet fuel and other oil products increased by 0.99 million tonnes (35.11%) to 3.81 million tonnes for the first quarter ended 31 March 2013 ("1Q 2013") compared to 2.82 million tonnes for the first quarter ended 31 March 2012 ("1Q 2012"). The volume of jet fuel supply and trading increased by 0.40 million tonnes (18.18%) to 2.60 million tonnes for 1Q 2013 compared to 2.20 million tonnes for 1Q 2012, mainly from the consolidation of volumes due to the acquisition of the Group's wholly owned subsidiary in Hong Kong. The trading volume of other oil products increased by 0.59 million tonnes (95.16%) to 1.21 million tonnes for 1Q 2013 compared to 0.62 million tonnes for 1Q 2012, mainly due to increase in trading activities.

Total revenue increased by US\$877.26 million (30.21%) to US\$3,781.28 million for 1Q 2013 from US\$2,904.02 million for 1Q 2012. This was mainly attributable to higher volume of jet fuel supply and trading and gas oil

trading. The 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\$19.46 million for 1Q 2013, an increase of 43.55% compared to US\$13.56 million for 1Q 2012. This was mainly attributable to the increase in trading gains from other oil products.

Other operating income was US\$0.13 million for 1Q 2013 compared to US\$0.01 million for 1Q 2012. This was mainly due to the foreign exchange gain of US\$0.07 million in 1Q 2013 compared to foreign exchange loss of US\$0.09 million in 1Q 2012, which was due to revaluation differences on the foreign currency balances against the US Dollar.

Bank interest income which was derived from time deposits placed with banks, was US\$0.05 million for 1Q 2013, the same level for 1Q 2012.

Total expenses comprising administrative expenses, other operating expenses and finance costs increased by US\$1.86 million (50.00%) to US\$5.58 million for 1Q 2013 compared to US\$3.72 million for 1Q 2012. The increase in expenses was mainly attributable to i) higher staff costs due to the increase in average headcount of 85 in 1Q 2013 compared to average headcount of 66 in 1Q 2012 resulting mainly from the acquisition of subsidiaries; ii) increase in finance cost relating to issuance of Letters of Credit and interest expense as a result of increased business activities; and iii) amortisation of US\$0.63 million following the Purchase Price Allocation (“PPA”) exercise undertaken in accordance to FRS 103.

The share of profits from associates decreased by 26.94% to US\$8.15 million for 1Q 2013 compared to US\$11.15 million for 1Q 2012, mainly due to the share of loss of US\$2.93 million from OKYC which was attributable mainly to the recognition of the mark-to-market (“MTM”) loss from its foreign currency swap contracts denominated in Korea Won against the US Dollar.

The share of profits in Pudong was US\$10.46 million for 1Q 2013 compared to US\$10.48 million for 1Q 2012, a slight decrease of 0.13%. The negative impact of a 1% decrease in Pudong’s refuelling volume in 1Q 2013 was mitigated by higher margins, due to higher sales revenue vis-à-vis costs of sales as jet fuel prices trended higher in January and February 2013.

Share of profits from TSN-PEKCL for 1Q 2013 was US\$0.47 million, the same level for 1Q 2012. The share of results in Xinyuan decreased by US\$0.07 million (33.99%) to US\$0.13 million for 1Q 2013 compared to US\$0.20 million for 1Q 2012, mainly due to lower sales volume in petrochemical products and jet fuel.

Tax expense was US\$0.65 million for 1Q 2013 compared to US\$0.58 million for 1Q 2012, an increase of 12.65%. The increase in tax expense was mainly due to the provision of income tax of a subsidiary in addition to the recognition of deferred tax liabilities on the Company’s share of undistributed retained earnings from associates in 1Q 2013 and 1Q 2012. The undistributed retained earnings from associates is subject to withholding tax in China.

The Group’s net profit for 1Q 2013 was US\$21.50 million compared to US\$20.42 million for 1Q 2012, an increase of US\$1.08 million (5.25%), mainly attributable to the increase in gross profit of US\$5.90 million partially offset by the increase in expenses of US\$1.86 million and the decrease in share of results of US\$3.00 million from the associates. Earnings per share was 3.00 US cents for 1Q 2013 compared to 2.85 US cents for 1Q 2012.

1st Qtr 2013 v 4th Qtr 2012

The total supply and trading volume of jet fuel and other oil products decreased by 0.55 million tonnes (12.61%) to 3.81 million tonnes for 1Q 2013 from 4.36 million tonnes for the fourth quarter ended 31 December 2012 (“4Q 2012”), mainly due to lower trading activities of the Company.

Total revenue decreased by US\$625.63 million (14.20%) to US\$3,781.28 million for 1Q 2012 from US\$4,406.91 million for 4Q 2012. This was mainly attributable to lower trading volume.

Gross profit derived from jet fuel supply and trading and trading of other oil products was US\$19.46 million for 1Q 2013, an increase of 126.81% compared to US\$8.58 million for 4Q 2012. This was mainly attributable to higher trading gains from oil trading activities and optimisation activities.

Other operating income was US\$0.13 million for 1Q 2013 compared to US\$0.63 million for 4Q 2012. This was mainly due to lower foreign exchange gain of US\$0.07 million in 1Q 2013 compared to foreign exchange gain of US\$0.57 million in 4Q 2012. The exchange gain in 4Q 2012 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\$0.36 million (6.06%) to US\$5.58 million for 1Q 2013, compared to US\$5.94 million for 4Q 2012, attributable mainly to the decrease in finance cost relating to issuance of Letters of Credit.

The share of profits from associates for 1Q 2013 was US\$8.15 million compared to US\$15.24 million for 4Q 2012, a decrease of US\$7.09 million (46.52%). The decrease in share of profits from associates was mainly due to the share of loss of US\$2.93 million from OKYC in 1Q 2013 compared to the share of profits of US\$2.74 million in 4Q 2012, both resulting from the recognition of MTM loss and gain respectively from its foreign currency swap contracts denominated in Korea Won against US Dollar.

The share of profits from Pudong decreased by US\$1.50 million (12.54%) to US\$10.46 million for 1Q 2013 compared to US\$11.96 million for 4Q 2012, mainly due to higher other operating income in 4Q 2012 as a result of the recognition of stocktake variance. Share of profits from TSN-PEKCL increased by US\$0.13 million (38.24%) to US\$0.47 million for 1Q 2013 compared to US\$0.34 million for 4Q 2012, mainly attributable to lower operating expenses. The share of results in Xinyuan was US\$0.13 million for 1Q 2013 compared to US\$0.20 million for 4Q 2012, a decrease of US\$0.07 million (35.00%), mainly due to the increase in cost of sales.

Tax expense arising mainly from the recognition of deferred tax liabilities on the Company's share of profits from associates was US\$0.65 million for 1Q 2013 compared to US\$0.35 million for 4Q 2012, an increase of US\$0.30 million (85.71%). Lower tax expense in 4Q 2012 was mainly attributable to the recognition of deferred tax assets in relation to the Company's tax losses carried forward which offset the recognition of deferred tax liabilities on the Company's share of undistributed retained earnings from associates.

The Group's net profit increased by US\$3.35 million (18.46%) to US\$21.50 million for 1Q 2013 compared to US\$18.15 million for 4Q 2012, mainly attributable to the increase in gross profit of US\$10.88 million partially offset by the decrease in the share of results of US\$7.09 million from associates. Earnings per share was 3.00 US cents for 1Q 2013 compared to 2.53 US cents for 4Q 2012.

Statement of Financial Position

The Group's current assets stood at US\$1,370.29 million as at 31 March 2013 compared to US\$1,384.35 million as at 31 December 2012. The decrease of US\$14.06 million in current assets resulted mainly from:

- (i) a decrease of US\$7.75 million in inventories, due to trading activities;
- (ii) an increase of US\$30.20 million in trade and other receivables to US\$1,314.84 million as at 31 March 2013 from US\$1,284.64 million as at 31 December 2012 due to higher sales revenue in March 2013 compared to December 2012; and
- (iii) a decrease of US\$36.51 million in cash and cash equivalents which was mainly attributable to the cash outflow of US\$41.96 million from operating activities partially offset by US\$5.43 million cash inflow from financing activities.

Non-current assets stood at US\$271.93 million as at 31 March 2013, compared to US\$265.99 million as at 31 December 2012. The increase of US\$5.94 million was mainly attributable to the share of profits in associates of US\$8.15 million for 1Q 2013 offset by the impact on foreign currency translation reserve of US\$1.38 million and the amortisation of US\$0.63 million following the Purchase Price Allocation exercise undertaken in accordance to FRS 103.

Current liabilities made up of trade and other payables, bank borrowings and tax payables, decreased by US\$28.49 million to US\$1,155.72 million as at 31 March 2013 compared to US\$1,184.21 million as at 31 December 2012. This was mainly due to the prepayment made to a supplier at the end of March 2013.

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.

The Group's net assets stood at US\$479.78 million as at 31 March 2013, or 66.93 US cents per share, compared to US\$459.93 million as at 31 December 2012 or 64.16 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 2013.

Consolidated Statement of Cash Flows

1st Qtr 2013 v 1st Qtr 2012

The net cash used in operating activities was US\$41.96 million in 1Q 2013 compared to net cash generated from operating activities of US\$114.21 million in 1Q 2012. This was mainly due to increased working capital requirements in support of trading activities in the current quarter partly offset by higher operating profit.

Cash flows used in investing activities amounted to US\$0.02 million in 1Q 2013, compared to cash flows used in investing activities of US\$8.73 million in 1Q 2012. Cash used in investing activities for 1Q 2013 comprised US\$0.07 million used in the purchase of property, plant and equipment partially offset by interest receipts of US\$0.05 million. Cash used in investing activities for 1Q 2012 comprised US\$8.72 million used in acquisition of subsidiaries in March 2012 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 flows generated from financing activities of US\$5.43 million in 1Q 2013 was mainly attributable to the proceeds of US\$24.38 million from bank borrowings partially offset by the US\$18.58 million used in repayment of bank borrowings and US\$0.37 million used for payment of bank interest. 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.

- 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 for the global economy remains uncertain and challenging, China civil aviation industry continues to enjoy growth. We expect the demand of jet fuel import into China to be robust and stable in tandem with the growth in the civil aviation industry. As jet fuel prices have been declining since mid-February 2013, Pudong's margin and performance may be affected, which if realized will in turn affect the performance of the Group in 2Q 2013. To enhance profitability, CAO will endeavour to grow its proprietary trading as well as expanding into other regions. In building its global trading network, the Group continues to seek investments or acquire businesses or assets synergetic to the Company's development strategy and to pursue new growth opportunities.

- 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 2013.

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 2013 to 31 March 2013.

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	977,191
Sales revenue from related corporation of a corporate shareholder	0	91,798
Purchases from related corporations	0	45,018
Purchases from related corporation of a corporate shareholder	0	213,700
Loss from trading of derivative financial instrument with related corporation of a corporate shareholder	0	1,126
Supply chain services rendered from related corporation	0	639
Transportation revenue earned by associate from related corporations	0	972

BY ORDER OF THE BOARD

Doreen Nah
Company Secretary
26 April 2013