



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
(Company Registration No. 199303293Z)
Third Quarter Financial Statement For The Period Ended 30 September 2017

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:

Consolidated Statement of Profit or Loss

	Group				Group			
	3Q 2017	3Q 2016	Variance		YTD 3Q 2017	YTD 3Q 2016	Variance	
	US\$'000	US\$'000	+/-	%	US\$'000	US\$'000	+/-	%
Revenue (Note 1)	5,223,052	3,939,864	32.57%		12,206,868	8,427,452	44.85%	
Cost of sales	(5,218,720)	(3,929,482)	32.81%		(12,176,502)	(8,393,991)	45.06%	
Gross Profit	4,332	10,382	-58.27%		30,366	33,461	-9.25%	
Other income (Note 2)	786	390	101.54%		2,786	844	230.09%	
Administrative expenses	(3,584)	(3,909)	-8.31%		(11,179)	(11,202)	-0.21%	
Other operating expenses (Note 3)	213	(1,784)	NM		(374)	(1,568)	-76.15%	
Finance costs	(420)	(690)	-39.13%		(1,467)	(1,055)	39.05%	
Operating Profit	1,327	4,389	-69.77%		20,132	20,480	-1.70%	
Share of results of associates (net of tax) (Note 4)	21,513	19,489	10.39%		54,716	53,036	3.17%	
Profit before tax	22,840	23,878	-4.35%		74,848	73,516	1.81%	
Tax expense (Note 5)	(1,418)	(659)	115.17%		(3,548)	(2,527)	40.40%	
Profit for the period	21,422	23,219	-7.74%		71,300	70,989	0.44%	
Attributable to:								
Owners of the Company	21,422	23,219	-7.74%		71,300	70,989	0.44%	

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

Consolidated Statement of Comprehensive Income

	Group				Group			
	3Q 2017	3Q 2016	Variance		YTD 3Q 2017	YTD 3Q 2016	Variance	
	US\$'000	US\$'000	+/-	%	US\$'000	US\$'000	+/-	%
PROFIT FOR THE PERIOD	21,422	23,219	-7.74%		71,300	70,989	0.44%	
Other comprehensive income/(loss):								
Items that are or may be reclassified subsequently to profit or loss:								
Translation differences relating to financial statements of foreign associates (Note (a))	3,395	1,529	122.04%		7,862	(2,709)		NM
Other comprehensive income/(loss) for the period, net of tax	3,395	1,529	122.04%		7,862	(2,709)		NM
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	24,817	24,748	0.28%		79,162	68,280	15.94%	
Total comprehensive income attributable to:								
Owners of the parent	24,817	24,748	0.28%		79,162	68,280	15.94%	

Note (a): For the nine months ended 30 September 2017, RMB and Korean Won appreciated by approximately 4.17% (2016: -2.60%) and 4.82% (2016: 7.06%) respectively against US Dollar at end of December 2016 giving rise to the translation gain on foreign associates denominated in RMB and Korean Won to US Dollar.

On the disposal of foreign associates or loss of significant influence over foreign associates, all of the accumulated translation differences in respect of that foreign associates will be reclassified to profit or loss.

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

	Group			Group		
	3Q 2017	3Q 2016	Var	YTD 3Q 2017	YTD 3Q 2016	Var
	US\$'000	US\$'000	+/- %	US\$'000	US\$'000	+/- %
Depreciation of property, plant and equipment	(171)	(176)	-2.84%	(504)	(530)	-4.91%
Amortisation of intangible assets	(71)	(109)	-34.86%	(199)	(420)	-52.62%
Interest expense	(81)	(119)	-31.93%	(660)	(148)	345.95%
Bank interest income	777	332	134.04%	2,796	815	243.07%
Write back of allowance for doubtful debts	543	-	-	543	1,140	-52.37%
Net foreign exchange gain/(loss)	94	58	62.07%	(10)	29	NM

Note 1: Revenue

	Group			Group		
	3Q 2017	3Q 2016	Var	YTD 3Q 2017	YTD 3Q 2016	Var
	US\$'000	US\$'000	+/- %	US\$'000	US\$'000	+/- %
Revenue from middle distillates	2,573,148	2,211,263	16.37%	7,454,427	5,520,769	35.03%
Revenue from other oil products	2,649,904	1,728,601	53.30%	4,752,441	2,906,683	63.50%
	5,223,052	3,939,864	32.57%	12,206,868	8,427,452	44.85%

Note 2: Other income

	Group			Group		
	3Q 2017 US\$'000	3Q 2016 US\$'000	Var + / - %	YTD 3Q 2017 US\$'000	YTD 3Q 2016 US\$'000	Var + / - %
Bank interest income	777	332	134.04%	2,796	815	243.07%
Other income	(85)	-	NM	-	-	-
Net foreign exchange gain/(loss)	94	58	62.07%	(10)	29	NM
	786	390	101.54%	2,786	844	230.09%

Note 3: Other operating expenses

Included in 3Q 2017 was the reversal of bad debts of US\$0.54 million due from an airline company following the recovery of money under credit insurance policy. Excluding the reversal of US\$0.54 million for 3Q 2017, other operating expenses would have reduced by US\$1.45 million or 81.46% to US\$0.33 million from US\$1.78 million. Excluding the reversal of US\$0.54 million for YTD 3Q 2017 and US\$1.14 million for YTD 3Q 2016, other operating expenses for YTD 3Q 2017 would have reduced by 66.16% compared to YTD 3Q 2016.

Note 4: Share of results of associates

	Group			Group		
	3Q 2017 US\$'000	3Q 2016 US\$'000	Var + / - %	YTD 3Q 2017 US\$'000	YTD 3Q 2016 US\$'000	Var + / - %
Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong")	18,854	17,429	8.18%	47,892	47,035	1.82%
China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL")	942	707	33.24%	2,505	2,513	-0.32%
China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan")	107	135	-20.74%	343	255	34.51%
Oilhub Korea Yeosu Co., Ltd ("OKYC")	1,805	1,413	27.74%	4,544	3,912	16.16%
CNAF Hong Kong Refuelling Limited ("CNAF HKR")	(195)	(195)	-	(568)	(679)	16.35%
	21,513	19,489	10.39%	54,716	53,036	3.17%

Note 5: 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 income tax 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 30 Sep 17 US\$'000 (unaudited)	As at 31 Dec 16 US\$'000 (audited)	As at 30 Sep 17 US\$'000 (unaudited)	As at 31 Dec 16 US\$'000 (audited)
ASSETS				
Non-current assets				
Property, plant and equipment	5,312	5,654	5,221	5,555
Intangible assets	1,575	1,580	394	399
Subsidiaries	-	-	37,975	37,975
Associates	295,862	281,010	82,625	82,625
Trade and other receivables	-	-	35,480	35,480
Deferred tax assets	7,604	7,604	7,600	7,600
	310,353	295,848	169,295	169,634
Current assets				
Inventories	105,970	170,733	75,923	164,809
Trade and other receivables	1,269,560	590,554	1,236,086	568,230
Cash and cash equivalents	178,302	287,286	146,195	244,164
	1,553,832	1,048,573	1,458,204	977,203
Total assets	1,864,185	1,344,421	1,627,499	1,146,837
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	215,573	215,573	215,573	215,573
Reserves	485,597	434,112	308,307	277,331
Total equity	701,170	649,685	523,880	492,904
Non-current liabilities				
Deferred tax liabilities	6,867	6,311	-	-
Current liabilities				
Trade and other payables	1,154,819	587,810	1,103,619	553,933
Loans and borrowings	-	100,000	-	100,000
Current tax liabilities	1,329	615	-	-
	1,156,148	688,425	1,103,619	653,933
Total liabilities	1,163,015	694,736	1,103,619	653,933
Total equity and liabilities	1,864,185	1,344,421	1,627,499	1,146,837

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

Amount repayable in one year or less, or on demand

As at 30 Sep 2017		As at 31 Dec 2016	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	0	0	100,000

Amount repayable after one year

As at 30 Sep 2017		As at 31 Dec 2016	
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

	3Q 2017	3Q 2016	YTD 3Q 2017	YTD 3Q 2016
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Profit for the period	21,422	23,219	71,300	70,989
Adjustments for :-				
Depreciation of property, plant and equipment	171	176	504	530
Amortisation of intangible assets	71	109	199	420
Reversal of impairment loss on doubtful debts	(543)	-	(543)	(1,140)
Fair value loss/(gain) on derivative instruments	23,868	(7,179)	4,036	16,424
Share of results of associates (net of tax)	(21,513)	(19,489)	(54,716)	(53,036)
Interest income	(777)	(332)	(2,796)	(815)
Interest expense	81	119	660	148
Tax expense	1,418	659	3,548	2,527
Unrealised exchange differences	17	29	278	241
	<u>24,215</u>	<u>(2,689)</u>	<u>22,470</u>	<u>36,288</u>
Change in inventories	12,204	(9,979)	64,763	(79,199)
Change in trade and other receivables	(288,808)	143,317	(577,329)	(575,770)
Change in trade and other payables	170,361	(97,832)	506,034	669,777
Cash (used in)/generated from operating activities	<u>(82,028)</u>	<u>32,817</u>	<u>15,938</u>	<u>51,096</u>
Tax paid	(9)	-	(46)	(27)
Net cash (used in)/from operating activities	<u>(82,037)</u>	<u>32,817</u>	<u>15,892</u>	<u>51,069</u>
Cash flows from investing activities				
Interest received	216	523	1,196	794
Acquisition of property, plant and equipment	(19)	(4)	(162)	(28)
Acquisition of intangible assets	(80)	(29)	(194)	(118)
Dividends from associate (net of withholding tax paid)	-	-	2,899	251
Net cash from investing activities	<u>117</u>	<u>490</u>	<u>3,739</u>	<u>899</u>
Cash flows from financing activities				
Interest paid	(81)	(119)	(660)	(148)
Proceeds from loans and bank borrowings	12,000	68,000	62,000	109,713
Repayment of loans and bank borrowings	(12,000)	(79,713)	(162,000)	(79,713)
Dividends paid	-	-	(27,677)	(19,251)
Net cash (used in)/from financing activities	<u>(81)</u>	<u>(11,832)</u>	<u>(128,337)</u>	<u>10,601</u>
Net (decrease)/increase in cash and cash equivalents	<u>(82,001)</u>	<u>21,475</u>	<u>(108,706)</u>	<u>62,569</u>
Cash and cash equivalents at beginning of the period	260,320	211,387	287,286	170,505
Net effect of exchange rate fluctuations on cash held	(17)	(29)	(278)	(241)
Cash and cash equivalents at end of the period	<u>178,302</u>	<u>232,833</u>	<u>178,302</u>	<u>232,833</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 US\$'000	Retained earnings US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Statutory reserve US\$'000	Total equity US\$'000
THE GROUP						
As at 1 January 2016	215,573	346,488	(5,482)	17,238	18,824	592,641
Total comprehensive income for the period	-	70,989	-	(2,709)	-	68,280
Share of associates' accumulated profits transferred to statutory reserve	-	(11,500)	-	-	11,500	-
Dividend paid in respect of 2015, representing total transactions with shareholders recognised directly in equity	-	(19,251)	-	-	-	(19,251)
As at 30 September 2016	215,573	386,726	(5,482)	14,529	30,324	641,670
As at 1 January 2017	215,573	399,578	(5,482)	4,625	35,391	649,685
Total comprehensive income for the period	-	71,300	-	7,862	-	79,162
Share of associates' accumulated profits transferred to statutory reserve	-	(4)	-	-	4	-
Dividend paid in respect of 2016, representing total transactions with shareholders recognised directly in equity	-	(27,677)	-	-	-	(27,677)
As at 30 September 2017	215,573	443,197	(5,482)	12,487	35,395	701,170

Statement of Changes in Equity

	Share capital US\$'000	Retained earnings US\$'000	Treasury shares US\$'000	Total equity US\$'000
THE COMPANY				
As at 1 January 2016	215,573	243,795	(5,482)	453,886
Total comprehensive income for the period	-	19,904	-	19,904
Dividend paid in respect of 2015, representing total transactions with shareholders recognised directly in equity	-	(19,251)	-	(19,251)
As at 30 September 2016	215,573	244,448	(5,482)	454,539
As at 1 January 2017	215,573	282,813	(5,482)	492,904
Total comprehensive income for the period	-	58,653	-	58,653
Dividend paid in respect of 2016, representing total transactions with shareholders recognised directly in equity	-	(27,677)	-	(27,677)
As at 30 September 2017	215,573	313,789	(5,482)	523,880

- 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 was no change in the Company's share capital for the quarter ended 30 September 2017.

Treasury shares

The Company did not make any purchase of its own ordinary shares during the quarter ended 30 September 2017.

As at 30 September 2017, the Company held 6,000,000 ordinary shares (31 December 2016: 6,000,000) which represents 0.69% (31 December 2016: 0.69%) of the total number of issued shares of the Company (excluding 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	3Q 2017	3Q 2016	YTD 3Q 2017	YTD 3Q 2016
Issued ordinary shares				
Balance at beginning/end of period	866,183,628	866,183,628	866,183,628	866,183,628
Treasury shares				
Balance at beginning	(6,000,000)	(6,000,000)	(6,000,000)	(6,000,000)
Additions during the period	-	-	-	-
Balance at end of period	(6,000,000)	(6,000,000)	(6,000,000)	(6,000,000)
Total	860,183,628	860,183,628	860,183,628	860,183,628

- 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 for the adoption of new and revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT-FRS") as mentioned 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 2016.

- 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 FRS and INT-FRS that are relevant to its operations and effective for annual periods beginning after 1 January 2017. 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.

	3Q 2017	3Q 2016	YTD 3Q 2017	YTD 3Q 2016
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	2.49 US cents	2.70 US cents	8.29 US cents	8.25 US cents
- Weighted average number of shares ('000)	860,184	860,184	860,184	860,184
(b) On a fully diluted basis	2.49 US cents	2.70 US cents	8.29 US cents	8.25 US cents
- Adjusted weighted average number of shares ('000)	860,184	860,184	860,184	860,184

- 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	
	30 Sep 2017	31 Dec 2016	30 Sep 2017	31 Dec 2016
Net asset value per ordinary share based on issued share capital at the end of the period reported on (US cents)	81.51	75.53	60.90	57.30
Number of ordinary shares issued ('000)	860,184	860,184	860,184	860,184

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 30 September 2017 and 31 December 2016 (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 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.

CAO is the largest physical jet fuel trader in the Asia Pacific region and the key supplier of imported jet fuel to the civil aviation industry of the People's Republic of China ("PRC"). CAO also engages in trading of jet fuel and other oil products. The Company has wholly-owned subsidiaries located in Hong Kong, North America, United Kingdom, and Singapore; viz. China Aviation Oil (Hong Kong) Company Limited ("CAOHK"), North American Fuel Corporation ("NAFCO"), China Aviation Oil (Europe) Limited ("CAO Europe") and CAOT Pte Ltd ("CAOT") respectively.

In addition, CAO Group owns 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"), Oilhub Korea Yeosu Co., Ltd ("OKYC"), China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan") and CNAF Hong Kong Refuelling Limited ("CNAF HKR").

Consolidated Statement of Profit or Loss

3rd Qtr 2017 v 3rd Qtr 2016

Total supply and trading volume increased by 2.79 million tonnes (26.15%) to 13.46 million tonnes for the third quarter ended 30 September 2017 ("3Q 2017") compared to 10.67 million tonnes for the third quarter ended 30 September 2016 ("3Q 2016"). Volume for middle distillates products increased 0.01 million tonnes (0.20%) to 5.21 million tonnes from 5.20 million tonnes, of which, the volume of jet fuel supply and trading increased by 0.29 million tonnes (6.99%) to 4.44 million tonnes for 3Q 2017 compared to 4.15 million tonnes for 3Q 2016. Trading volume of other oil products increased 2.77 million tonnes (50.64%) to 8.24 million tonnes for 3Q 2017 compared to 5.47 million tonnes for 3Q 2016 attributable mainly to the increase in trading volume of fuel oil.

Total revenue increased US\$1,283.19 million (32.57%) to US\$5,223.05 million for 3Q 2017 from US\$3,939.86 million for 3Q 2016, attributable to the increase in trading volume and oil prices.

Total gross profit was US\$4.33 million for 3Q 2017, a decrease of US\$6.05 million (58.27%) compared to US\$10.38 million for 3Q 2016 mainly due to lower gains from trading and optimisation activities as markets reclined to backwardation during the quarter further exacerbated by increase in supply & operational costs incurred due to various supply disruptions caused by weather and refineries outages.

Other income was US\$0.79 million for 3Q 2017 compared to US\$0.39 million for 3Q 2016, an increase of US\$0.40 million (101.54%) attributable mainly to higher bank interest income. Bank interest income derived from time deposits placed with banks and financial institutions was US\$0.78 million for 3Q 2017, increased 134.04% compared to US\$0.33 million for 3Q 2016.

Total expenses decreased by US\$2.59 million (40.60%) to US\$3.79 million for 3Q 2017 compared to US\$6.38 million for 3Q 2016. The decrease in expenses was mainly attributable to lower professional fees incurred for business development and the reversal of bad debts of US\$0.54 million in 3Q 2017 as the money due from an airline company was recovered under credit insurance policy.

The share of profits from associates was US\$21.51 million for 3Q 2017, an increase of 10.39% compared to US\$19.49 million for 3Q 2016 mainly attributable to higher contributions from Pudong and OKYC. The share of profits from Pudong was US\$18.85 million for 3Q 2017, an increase of 8.18% compared to US\$17.43 million for 3Q 2016, mainly attributable to higher operating profit as a result of higher refuelling volume and higher profit margin due to the rebound in oil prices in 3Q 2017.

Share of results from OKYC was higher at US\$1.81 million for 3Q 2017 compared to US\$1.41 million for 3Q 2016, an increase of 27.74% attributable mainly to higher operating profits from its tank storage leasing activities. The oil tank storage facilities were operating at full capacity for the nine months period ended 30 September 2017.

Share of profits from TSN-PEKCL for 3Q 2017 was US\$0.94 million compared to US\$0.71 million for 3Q 2016, an increase of 33.24%, attributable mainly to higher other operating income.

The share of results in Xinyuan decreased by US\$0.03 million (20.74%) to US\$0.11 million for 3Q 2017 compared to US\$0.14 million for 3Q 2016 mainly due to lower revenue in 3Q 2017.

The share of loss from CNAF HKR was level at US\$0.20 million for 3Q 2017 and 3Q 2016.

Income tax expense was US\$1.42 million for 3Q 2017 compared to US\$0.66 million for 3Q 2016, an increase of US\$0.76 million (115.17%) due mainly to the higher deferred tax liabilities on the Company's share of undistributed retained earnings from associates and provision for income tax by a subsidiary.

The Group's net profit for 3Q 2017 was US\$21.42 million compared to US\$23.22 million for 3Q 2016, a decrease of US\$1.80 million (7.74%) mainly due to lower gross profit. Earnings per share was 2.49 US cents for 3Q 2017 compared to 2.70 US cents for 3Q 2016.

3rd Qtr 2017 v 2nd Qtr 2017

Total supply and trading volume for middle distillates and other oil products rose 5.07 million tonnes (60.43%) to 13.46 million tonnes for 3Q 2017 compared to 8.39 million tonnes for the second quarter ended 30 June 2017 ("2Q 2017"), mainly due to higher trading volume in other oil products.

Total revenue increased by US\$1,550.40 million (42.21%) to US\$5,223.05 million for 3Q 2017 from US\$3,672.65 million for 2Q 2017 attributable mainly to the increase in trading volume of other oil products.

Gross profit derived from jet fuel supply and trading of middle distillates and other oil products was US\$4.33 million for 3Q 2017, a decrease of 59.03% compared to US\$10.57 million for 2Q 2017. This was mainly due to lower gains from trading and optimisation activities as markets reclined to backwardation during the quarter further exacerbated by increase in supply & operational costs incurred due to various supply disruptions caused by weather and refineries outages.

Other income was US\$0.79 million for 3Q 2017 compared to US\$1.21 million for 2Q 2017, mainly due to lower bank interest income.

Total expenses was US\$3.79 million for 3Q 2017 compared to US\$4.43 million for 2Q 2017, a decrease of US\$0.64 million (14.44%), mainly due to the reversal of bad debts of US\$0.54 million in 3Q 2017.

The share of profits from associates was US\$21.51 million for 3Q 2017 compared to US\$18.30 million for 2Q 2017, an increase of 17.54%, attributable mainly to higher contribution from Pudong and OKYC. The share of profits from Pudong was US\$18.85 million for 3Q 2017 compared to US\$16.09 million for 2Q 2017, increased by 17.15% mainly attributable to higher operating profit as a result of higher refuelling volume and oil prices as well as higher other operating income.

Share of results from OKYC was higher at US\$1.81 million for 3Q 2017 compared to US\$1.40 million for 2Q 2017, an increase of 29.29% attributable mainly to lower provision for tax in 3Q 2017.

Share of profits from TSN-PEKCL was higher at US\$0.94 million for 3Q 2017 compared to US\$0.78 million for 2Q 2017, an increase of 20.51% mainly attributable to higher pipeline transportation volume. The share of profits in Xinyuan was US\$0.11 million for 3Q 2017 compared to US\$0.20 million for 2Q 2017, a decrease of US\$0.09 million (45.00%) mainly due to lower revenue in 3Q 2017.

The share of loss from CNAF HKR was higher at US\$0.20 million for 3Q 2017 compared to US\$0.17 million for 2Q 2017 mainly due to higher operating expenses.

Income tax expense was US\$1.42 million for 3Q 2017 compared to US\$1.06 million for 2Q 2017, an increase of 33.40% mainly due to higher provision of income tax by a subsidiary and recognition of higher deferred tax liabilities on the Company's share of undistributed retained earnings from associates.

The Group's net profit for 3Q 2017 was US\$21.42 million compared to US\$24.59 million for 2Q 2017, a decrease of US\$3.17 million (12.89%) mainly due to lower gross profit. Earnings per share was 2.49 US cents for 3Q 2017 compared to 2.86 US cents for 2Q 2017.

YTD 3Q 2017 v YTD 3Q 2016

Total supply and trading volume for middle distillates and other oil products increased 4.82 million tonnes (19.84%) to 29.12 million tonnes for the nine months ended 30 September 2017 ("YTD 3Q 2017") compared to 24.30 million tonnes for the nine months ended 30 September 2016 ("YTD 3Q 2016"). Volume for middle distillates increased 1.01 million tonnes (7.35%) to 14.75 million tonnes from 13.74 million tonnes, of which, the volume of jet fuel supply and trading increased by 1.42 million tonnes (13.04%) to 12.31 million tonnes for YTD 3Q 2017 compared to 10.89 million tonnes for YTD 3Q 2016. The trading volume of other oil products increased by 3.81 million tonnes (36.08%) to 14.37 million tonnes for YTD 3Q 2017 compared to 10.56 million tonnes for YTD 3Q 2016 primarily due to increase in trading volume of fuel oil.

Total revenue increased US\$3,779.42 million (44.85%) to US\$12,206.87 million for YTD 3Q 2017 from US\$8,427.45 million for YTD 3Q 2016. This was attributable to the increase in trading volume and oil prices. Please see breakdown under Note 1 on page 2.

Gross profit derived from jet fuel supply and trading of middle distillates and other oil products was US\$30.37 million for YTD 3Q 2017, a decrease of 9.25% compared to US\$33.46 million for YTD 3Q 2016 mainly due to lower gains from trading and optimisation activities as markets reclined to backwardation during the third quarter further exacerbated by increase in supply & operational costs incurred due to various supply disruptions caused by weather and refineries outages.

Other income was higher at US\$2.79 million for YTD 3Q 2017 compared to US\$0.84 million for YTD 3Q 2016 an increase of US\$1.95 million (230.09%) attributable mainly to higher bank interest income. Bank interest income was US\$2.80 million for YTD 3Q 2017 compared to US\$0.82 million for YTD 3Q 2016, an increase of US\$1.98 million (243.07%) from time deposits placed with banks and financial institutions. This was partially offset by higher finance costs from short-term borrowings to meet working capital needs.

Total expenses decreased by US\$0.81 million (5.82%) to US\$13.02 million for YTD 3Q 2017 compared to US\$13.83 million for YTD 3Q 2016. Excluding the reversal of bad debts of US\$0.54 million in YTD 3Q 2017 and US\$1.14 million in YTD 3Q 2016, total expenses decreased by US\$1.41 million (9.37%), mainly attributable to lower professional fees incurred for business development partially offset by increase in finance costs related to bank charges and interest expense.

The share of profits from associates increased by US\$1.68 million (3.17%) to US\$54.72 million for YTD 3Q 2017 compared to US\$53.04 million for YTD 3Q 2016, mainly due to higher share of profits from Pudong and OKYC. The profit contribution from Pudong was US\$47.89 million for YTD 3Q 2017 compared to US\$47.04 million for YTD 3Q 2016, an increase of US\$0.85 million (1.82%) mainly attributable to higher operating profit as a result of higher oil price and refuelling volume in YTD 3Q 2017.

Share of profits from OKYC for YTD 3Q 2017 was US\$4.54 million compared to US\$3.91 million for YTD 3Q 2016, an increase of 16.16% attributable mainly to higher operating profit from its tank storage leasing activities.

Share of profits from TSN-PEKCL was level at US\$2.51 million for YTD 3Q 2017 and YTD 3Q 2016.

The share of profits from Xinyuan increased by US\$0.08 million (34.51%) to US\$0.34 million for YTD 3Q 2017 compared to US\$0.26 million for YTD 3Q 2016, mainly due to the increase in profit margin and higher rental income from its oil storage tanks.

The share of loss from CNAF HKR was lower at US\$0.57 million in YTD 3Q 2017 compared to US\$0.68 million in YTD 3Q 2016, mainly due to higher revenue generated from the increased refuelling volume which was still insufficient to offset the administrative expenses and finance costs.

Income tax expense was US\$3.55 million for YTD 3Q 2017 compared to US\$2.53 million for YTD 3Q 2016, an increase of 40.40% due mainly to higher provision of income tax by a subsidiary and higher deferred tax liabilities on the Company's share of undistributed retained earnings from associates.

The Group's net profit increased by US\$0.31 million (0.44%) to US\$71.30 million for YTD 3Q 2017 compared to US\$70.99 million for YTD 3Q 2016. Earnings per share was 8.29 US cents for YTD 3Q 2017 compared to 8.25 US cents for YTD 3Q 2016.

Statement of Financial Position

The Group's current assets stood at US\$1,553.83 million as at 30 September 2017 compared to US\$1,048.57 million as at 31 December 2016. The increase of US\$505.26 million in current assets resulted mainly from the increase of US\$679.01 million in trade and other receivables to US\$1,269.56 million as at 30 September 2017 from US\$590.55 million as at 31 December 2016 mainly due to higher working capital requirements in trade financing and higher monthly trading volume in September 2017 compared to December 2016.

Non-current assets stood at US\$310.35 million as at 30 September 2017, compared to US\$295.85 million as at 31 December 2016. The increase of US\$14.50 million was mainly attributable to the share of profits in associates of US\$54.72 million and the increase in foreign currency translation reserve of US\$7.86 million partially offset by the distribution of dividends of US\$47.89 million.

Current liabilities which comprised trade and other payables, bank borrowings and tax payables, increased by US\$467.72 million to US\$1,156.15 million as at 30 September 2017 compared to US\$688.43 million as at 31 December 2016, mainly due to higher working capital requirements in trade financing and higher monthly trading volume in September 2017 compared to December 2016.

Non-current liabilities were attributable to the recognition of deferred tax liabilities on the Company's share of undistributed retained earnings of associates. The undistributed retained earnings from associates is subject to withholding tax.

The Group's net assets stood at US\$701.17 million as at 30 September 2017, or 81.51 US cents per share, compared to US\$649.69 million as at 31 December 2016 or 75.53 US cents per share.

Consolidated Statement of Cash Flows

3Q 2017 v 3Q 2016

The net cash used in operating activities was US\$82.04 million in 3Q 2017 compared to net cash generated from operating activities of US\$32.82 million in 3Q 2016, attributable mainly to higher working capital requirements for trading activities in 3Q 2017.

Cash flows generated from investing activities amounted to US\$0.12 million in 3Q 2017 compared to US\$0.49 million in 3Q 2016, mainly attributable to lower interest income.

Cash flows used in financing activities in 3Q 2017 was US\$0.10 million compared to US\$11.83 million for 3Q 2016, mainly due to higher cash used for repayment of bank borrowings in 3Q 2016.

YTD 3Q 2017 v YTD 3Q 2016

The net cash generated from operating activities was US\$15.89 million in YTD 3Q 2017 compared to US\$51.07 million generated in YTD 3Q 2016, mainly due to lower working capital requirements for trading activities in the nine months ended 30 September 2017.

Cash flows generated from investing activities amounted to US\$3.74 million in YTD 3Q 2017 compared to US\$0.90 million in YTD 3Q 2016 mainly attributable to higher dividend received from associate and higher interest income.

Cash flows used in financing activities in YTD 3Q 2017 was US\$128.34 million compared to cash flows generated from financing activities of US\$10.60 million in YTD 3Q 2016, mainly attributable to higher repayment of bank borrowings for working capital purposes after deducting cash used for dividend payout.

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 production cuts from the consensus between OPEC and its allied producers have led to a decline in crude inventories, and re-balancing in the oil market is underway, oil price volatility remains high. Effects from weather conditions, supply disruptions, low investments in the oil industry and oil demand have caused price volatility.

Notwithstanding the uncertainties in the oil markets and global economic and geopolitical outlook, CAO continues to build on its stable jet fuel supply business benefiting from the growth in China's civil aviation industry and expanding its aviation marketing business outside of mainland China. As the Group continues its expansion in the global jet supply and trading network complemented with trading in other oil products, it will persist on seeking opportunities for expansion through investments in synergetic and strategic oil related assets and businesses. The Group will remain focused on pursuing its long term strategy to ensure steady and sustainable growth as well as the development of its businesses.

- 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 30 September 2017.

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 2017 to 30 September 2017.

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$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 S\$100,000)	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$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 S\$100,000)
	3Q 2017 US\$'000	3Q 2017 US\$'000	YTD 3Q 2017 US\$'000	YTD 3Q 2017 US\$'000
Sales revenue from related corporations	0	756,067	0	2,138,237
Sales revenue from related corporation of a corporate shareholder	0	79,142	0	99,048
Purchases from related corporation	0	5,527	0	1,239,166
Purchases from related corporation of a corporate shareholder	0	1,546	0	72,686
Services rendered from related corporation of a corporate shareholder	0	124	0	366
Interest income from principal deposited with related corporations	0	1,307	0	2,789
Interest income by Associate from loan granted to related corporations	0	118	0	220
Supply chain services rendered from related corporation	0	6,463	0	13,522
Transportation revenue earned by associate from related corporations	0	2,315	0	6,642
Cash pledge for loan facility to associate	0	0	1,019	0
Principal deposited with related corporations	0	12,540	0	171,515
Loan granted to related corporation	0	0	0	1,441
Loan granted to associate	0	0	0	2,750

BY ORDER OF THE BOARD

Doreen Nah
Company Secretary
2 November 2017