



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
(Company Registration No. 199303293Z)
Third Quarter Financial Statement For The Period Ended 30 September 2016

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				Group			
	3Q 2016	3Q 2015	Variance		YTD 3Q 2016	YTD 3Q 2015	Variance	
	US\$'000	US\$'000	+ / -	%	US\$'000	US\$'000	+ / -	%
Revenue (Note 1)	3,939,864	2,399,425	64.20%		8,427,452	7,004,426	20.32%	
Cost of sales	(3,929,482)	(2,386,494)	64.66%		(8,393,991)	(6,976,987)	20.31%	
Gross Profit	10,382	12,931	-19.71%		33,461	27,439	21.95%	
Other income (Note 2)	390	(942)	NM		844	(198)	NM	
Administrative expenses	(3,909)	(3,044)	28.42%		(11,202)	(9,711)	15.35%	
Other operating expenses (Note 3)	(1,784)	(142)	1156.34%		(1,568)	2,514	NM	
Finance costs	(690)	(223)	209.42%		(1,055)	(844)	25.00%	
Operating Profit	4,389	8,580	-48.85%		20,480	19,200	6.67%	
Share of results of associates and joint venture (net of tax) (Note 4)	19,489	9,727	100.36%		53,036	32,549	62.94%	
Profit before tax	23,878	18,307	30.43%		73,516	51,749	42.06%	
Tax expense (Note 5)	(659)	(580)	13.62%		(2,527)	(1,881)	34.34%	
Profit for the period	23,219	17,727	30.98%		70,989	49,868	42.35%	
Attributable to:								
Equity holders of the Company	23,219	17,727	30.98%		70,989	49,868	42.35%	

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 2016	3Q 2015	Variance		YTD 3Q 2016	YTD 3Q 2015	Variance	
	US\$'000	US\$'000	+/-	%	US\$'000	US\$'000	+/-	%
PROFIT FOR THE PERIOD	23,219	17,727	30.98%		70,989	49,868	42.35%	
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))	1,529	(5,764)	NM		(2,709)	(6,396)	-57.65%	
Other comprehensive income/(loss) for the period, net of tax	1,529	(5,764)	NM		(2,709)	(6,396)	-57.65%	
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	24,748	11,963	106.87%		68,280	43,472	57.07%	
Total comprehensive income attributable to:								
Owners of the parent	24,748	11,963	106.87%		68,280	43,472	57.07%	

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

Note (a): For the nine months ended 30 September 2016, RMB depreciated by approximately 2.60% (2015: 2.48%) against US Dollar at end of September 2016 giving rise to the translation loss on foreign associates denominated in RMB to US Dollar. This was partially offset by the translation gain resulting from foreign associate in Korea, OKYC as Korean Won has appreciated approximately 7.06% against US Dollar as of end September 2016. However, the translation loss in YTD 3Q 2015 was higher as the depreciation of Korean Won and RMB against US Dollar were steeper as of 30 September 2015.

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

	Group			Group		
	3Q 2016	3Q 2015	Var	YTD 3Q 2016	YTD 3Q 2015	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Depreciation of property, plant and equipment	(176)	(209)	-15.79%	(530)	(629)	-15.74%
Amortisation of intangible assets	(109)	(187)	-41.71%	(420)	(540)	-22.22%
Interest expense	(119)	(32)	271.88%	(148)	(157)	-5.73%
Bank interest income	332	132	151.52%	815	219	272.15%
Write back of allowance for doubtful debts	-	-	-	1,140	3,100	-63.23%
Net foreign exchange gain/(loss)	58	(1,074)	NM	27	(417)	NM

Note 1: Revenue

	Group			Group		
	3Q 2016	3Q 2015	Var	YTD 3Q 2016	YTD 3Q 2015	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Revenue from middle distillates	2,276,796	1,728,189	31.74%	5,522,417	5,622,056	-1.77%
Revenue from other oil products	1,663,068	671,236	147.76%	2,905,035	1,382,370	110.15%
	3,939,864	2,399,425	64.20%	8,427,452	7,004,426	20.32%

The increase in revenue was primarily due to the increase in trading volume of other oil products.

Note 2: Other income

	Group			Group		
	3Q 2016 US\$'000	3Q 2015 US\$'000	Var + / - %	YTD 3Q 2016 US\$'000	YTD 3Q 2015 US\$'000	Var + / - %
Bank interest income	332	132	151.52%	815	219	272.15%
Net foreign exchange gain/(loss)	58	(1,074)	NM	29	(417)	NM
	390	(942)	NM	844	(198)	NM

Note 3: Other operating expenses

Included in other operating expenses was the recovery of monies due from MF Global amounting to US\$1.14 million in YTD Sep 2016 and US\$3.10 million in YTD Sep 2015. Excluding the recovery of bad debts, other operating expenses for YTD Sep 2016 and YTD Sep 2015 were US\$2.71 million and US\$0.59 million respectively.

Note 4: Share of results of associates and joint venture

	Group			Group		
	3Q 2016 US\$'000	3Q 2015 US\$'000	Var + / - %	YTD 3Q 2016 US\$'000	YTD 3Q 2015 US\$'000	Var + / - %
Associates:						
Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong")	17,429	9,885	76.32%	47,035	30,820	52.61%
China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL")	707	883	-19.93%	2,513	1,920	30.89%
China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan")	135	29	365.52%	255	465	-45.16%
Oilhub Korea Yeosu Co., Ltd ("OKYC")	1,413	(754)	NM	3,912	(89)	NM
Joint venture:						
CNAF Hong Kong Refuelling Limited ("CNAF HKR")	(195)	(316)	38.29%	(679)	(567)	-19.75%
	19,489	9,727	100.36%	53,036	32,549	62.94%

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 16 US\$'000 (unaudited)	As at 31 Dec 15 US\$'000 (audited)	As at 30 Sep 16 US\$'000 (unaudited)	As at 31 Dec 15 US\$'000 (audited)
ASSETS				
Non-current assets				
Property, plant and equipment	5,712	6,214	5,622	6,114
Intangible assets	1,524	1,826	343	645
Subsidiaries	-	-	37,648	37,648
Associates and joint venture	312,554	265,620	82,625	82,625
Trade and other receivables	-	-	35,480	35,480
Deferred tax assets	7,604	7,604	7,600	7,600
	327,394	281,264	169,318	170,112
Current assets				
Inventories	136,025	56,826	127,871	51,702
Trade and other receivables	933,084	336,922	905,851	306,797
Cash and cash equivalents	232,833	170,505	86,304	144,064
	1,301,942	564,253	1,120,026	502,563
Total assets	1,629,336	845,517	1,289,344	672,675
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	215,573	215,573	215,573	215,573
Reserves	426,098	377,068	238,966	238,313
Total equity	641,671	592,641	454,539	453,886
Non-current liabilities				
Deferred tax liabilities	7,863	6,164	-	-
Current liabilities				
Trade and other payables	949,301	246,707	833,729	217,713
Loans and borrowings	30,000	-	1,076	1,076
Current tax liabilities	501	5	-	-
	979,802	246,712	834,805	218,789
Total liabilities	987,665	252,876	834,805	218,789
Total equity and liabilities	1,629,336	845,517	1,289,344	672,675

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 2016		As at 31 Dec 2015	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	30,000	0	0

Amount repayable after one year

As at 30 Sep 2016		As at 31 Dec 2015	
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 2016	3Q 2015	YTD 3Q 2016	YTD 3Q 2015
	US\$'000	US\$'000	US\$'000	US\$'000
Operating activities				
Profit for the period	23,219	17,727	70,989	49,868
Adjustments for items not involving outlay of funds:-				
Depreciation of property, plant and equipment	176	209	530	629
Amortisation of intangible assets	109	187	420	540
Write back of allowance for doubtful debts	-	-	(1,140)	(3,100)
Share of results of associates and joint venture (net of tax)	(19,489)	(9,727)	(53,036)	(32,549)
Bank interest income	(332)	(132)	(815)	(219)
Interest expense	119	32	148	157
Tax expense	659	580	2,527	1,881
Exchange differences	29	104	241	238
	4,490	8,980	19,864	17,445
Changes in working capital				
Inventories	(9,979)	65,223	(79,199)	(66,347)
Trade and other receivables	113,013	104,569	(592,164)	280,227
Trade and other payables	(74,707)	(138,906)	702,594	(175,803)
Cash generated from operations	32,817	39,866	51,095	55,522
Tax paid	-	(150)	(27)	(151)
Cash flows generated from operating activities	32,817	39,716	51,068	55,371
Investing activities				
Interest received	523	132	794	219
Purchase of property, plant and equipment	(4)	(27)	(28)	(105)
Purchase of intangible assets	(29)	(145)	(118)	(188)
Dividends received from associate	-	2,704	251	2,704
Cash flows generated from investing activities	490	2,664	899	2,630
Financing activities				
Interest paid	(119)	(32)	(148)	(157)
Proceeds from loans and bank borrowings	68,000	22,900	109,713	27,900
Repayment of loans and bank borrowings	(79,713)	(27,900)	(79,713)	(27,900)
Dividend paid	-	-	(19,250)	(12,765)
Cash flows (used in)/generated from financing activities	(11,832)	(5,032)	10,602	(12,922)
Net increase in cash and cash equivalents	21,475	37,348	62,569	45,079
Cash and cash equivalents at beginning of the period	211,387	101,883	170,505	94,286
Net effect of exchange rate fluctuations on cash held	(29)	(104)	(241)	(238)
Cash and cash equivalents at end of the period	232,833	139,127	232,833	139,127

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 2015	215,573	300,829	(5,482)	26,627	15,967	553,514
Total comprehensive income for the period	-	49,868	-	(6,396)	-	43,472
Dividend paid in respect of 2014, representing total transactions with shareholders recognised directly in equity	-	(12,765)	-	-	-	(12,765)
Transfer from retained earnings to other reserve	-	(2,217)	-	-	2,217	-
As at 30 September 2015	215,573	335,715	(5,482)	20,231	18,184	584,221
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
Dividend paid in respect of 2015, representing total transactions with shareholders recognised directly in equity	-	(19,250)	-	-	-	(19,250)
Transfer from retained earnings to other reserve	-	(11,501)	-	-	11,501	-
As at 30 September 2016	215,573	386,726	(5,482)	14,529	30,325	641,671

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 2015	215,573	198,502	(5,482)	408,593
Total comprehensive income for the period	-	52,686	-	52,686
Dividend paid in respect of 2014, representing total transactions with shareholders recognised directly in equity	-	(12,765)	-	(12,765)
As at 30 September 2015	215,573	238,423	(5,482)	448,514
As at 1 January 2016	215,573	243,795	(5,482)	453,886
Total comprehensive income for the period	-	19,903	-	19,903
Dividend paid in respect of 2015, representing total transactions with shareholders recognised directly in equity	-	(19,250)	-	(19,250)
As at 30 September 2016	215,573	244,448	(5,482)	454,539

- 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 changes in the Company's share capital for the quarter ended 30 September 2016.

Treasury shares

During the quarter ended 30 September 2016, the Company did not make any purchase of its own ordinary shares pursuant to the Share Purchase Mandate renewed at the 22nd Annual General Meeting of the Company held on 20 April 2016.

As at 30 September 2016, a total of 6,000,000 ordinary shares (31 December 2015: 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	3Q 2016	3Q 2015	YTD 3Q 2016	YTD 3Q 2015
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 2015.

- 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 2016. 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 2016	3Q 2015	YTD 3Q 2016	YTD 3Q 2015
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 - Weighted average number of shares ('000)	2.70 US cents 860,184	2.06 US cents 860,184	8.25 US cents 860,184	5.80 US cents 860,184
(b) On a fully diluted basis - Adjusted weighted average number of shares ('000)	2.70 US cents 860,184	2.06 US cents 860,184	8.25 US cents 860,184	5.80 US cents 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 2016	31 Dec 2015	30 Sep 2016	31 Dec 2015
Net asset value per ordinary share based on issued share capital at the end of the period reported on (US cents)	74.60	68.90	52.84	52.77
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 2016 and 31 December 2015 (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 sole 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 Comprehensive Income

3rd Qtr 2016 v 3rd Qtr 2015

Total supply and trading volume for middle distillates and other oil products increased 4.89 million tonnes (84.60%) to 10.67 million tonnes for the third quarter ended 30 September 2016 ("3Q 2016") compared to 5.78 million tonnes for the third quarter ended 30 September 2015 ("3Q 2015"). Of which, jet fuel supply and trading volume increased 1.08 million tonnes (35.18%) to 4.15 million tonnes for 3Q 2016 compared to 3.07 million tonnes for 3Q 2015. Trading volume of other oil products increased 2.97 million tonnes (118.80%) to 5.47 million tonnes for 3Q 2016 compared to 2.50 million tonnes for 3Q 2015 attributable mainly to the expansion of trading in crude oil to China and fuel oil to Middle East market respectively.

Total revenue increased US\$1,540.43 million (64.20%) to US\$3,939.86 million for 3Q 2016 from US\$2,399.43 million for 3Q 2015, primarily due to the increase in trading volume.

Total gross profit was US\$10.38 million for 3Q 2016, decrease of US\$2.55 million (19.71%) compared to US\$12.93 million for 3Q 2015 mainly due to lower profits from trading and optimisation activities.

Other operating income was US\$0.39 million for 3Q 2016 compared to a negative income of US\$0.94 million for 3Q 2015, mainly due to foreign exchange gain of US\$0.6 million in 3Q 2016 compared to foreign exchange loss of US\$1.07 million in 3Q 2015. The foreign exchange gain in 3Q 2016 was due to revaluation differences on the foreign currency balances against the US Dollar whereas the foreign exchange loss in 3Q 2015 was mainly due to the depreciation in RMB against US Dollar which resulted in translation loss on the dividends receivable in RMB. Bank interest income which was derived from time deposits placed with banks was US\$0.33 million for 3Q 2016 compared to US\$0.13 million for 3Q 2015.

Total expenses increased by US\$2.97 million (87.10%) to US\$6.38 million for 3Q 2016 compared to US\$3.41 million for 3Q 2015. The increase in expenses was mainly attributable to higher professional fees incurred for business development, staff related costs and finance costs relating to Letter of Credit charges and interest expense.

The share of profits from associates and joint venture was US\$19.49 million for 3Q 2016, increase of 100.36% compared to US\$9.73 million for 3Q 2015, mainly attributable to higher contributions from Pudong and OKYC. The share of profits from Pudong was US\$17.43 million for 3Q 2016, increased by 76.32% compared to US\$9.89 million for 3Q 2015, mainly attributable to higher gross profit as a result of higher refuelling volume and higher profit margin due to the rebound in oil price in 3Q 2016 partially offset by higher operating expenses.

The investment in OKYC contributed US\$1.41 million for 3Q 2016 mainly attributable to its revenue from tank storage leasing activities coupled with favourable mark-to-market ("MTM") gain from its cross currency interest rate swap contracts ("CRS"). The oil tank storage facilities was operating at full capacity since the end of 3Q 2015. The share of loss from OKYC of US\$0.75 million for 3Q 2015 was mainly due to MTM loss from its CRS contracts offset by the revenue from its tank storage leasing operations.

Share of profits from TSN-PEKCL for 3Q 2016 was US\$0.71 million compared to US\$0.88 million for 3Q 2015, a decrease of 19.93%, attributable mainly to lower other operating income offset by higher revenue from the increase in pipeline transportation volume.

The share of results in Xinyuan increased by US\$0.11 million (365.52%) to US\$0.14 million for 3Q 2016 compared to US\$0.03 million for 3Q 2015 mainly due to higher rental income from its oil storage tanks.

The share of loss of US\$0.20 million from CNAF HKR in 3Q 2016 was mainly due to the losses incurred from its refuelling activities. The administrative expenses incurred in 3Q 2016 exceeded the revenue generated from its refuelling volume as CNAF HKR develops its business since it started operation on 1 August 2015. The share of loss of US\$0.32 million from CNAF HKR was mainly due to the pre-operating expenses and operation loss in 3Q 2015.

Income tax expense was US\$0.66 million for 3Q 2016 compared to US\$0.58 million for 3Q 2015, an increase of US\$0.08 million (13.62%) 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 2016 was US\$23.22 million compared to US\$17.73 million for 3Q 2015, an increase of US\$5.49 million (30.98%) mainly due to higher share of results of associates. Earnings per share was 2.70 US cents for 3Q 2016 compared to 2.06 US cents for 3Q 2015.

3rd Qtr 2016 v 2nd Qtr 2016

Total supply and trading volume for middle distillates and other oil products rose 1.93 million tonnes (22.08%) to 10.67 million tonnes for 3Q 2016 compared to 8.74 million tonnes for the second quarter ended 30 June 2016 ("2Q 2016").

Consequently, total revenue increased by US\$916.51 million (30.31%) to US\$3,939.86 million for 3Q 2016 from US\$3,023.35 million for 2Q 2016.

Gross profit derived from jet fuel supply and trading of middle distillates and other oil products was US\$10.38 million for 3Q 2016, an increase of 4.85% compared to US\$9.90 million for 2Q 2016. This was mainly due to higher gains from trading and optimisation activities.

Other operating income was US\$0.39 million for 3Q 2016 compared to US\$0.32 million for 2Q 2016, mainly due to higher bank interest income and foreign exchange gain.

Total expenses was US\$6.38 million for 3Q 2016 compared to US\$4.83 million for 2Q 2016, an increase of US\$1.55 million (32.09%), mainly due to higher professional fees, staff related costs and bank charges.

The share of profits from associates and joint venture was US\$19.49 million for 3Q 2016 compared to US\$19.37 million for 2Q 2016, a slight increase of 0.62%, attributable mainly to higher contribution from OKYC and Xinyuan offset by slightly lower share of results from Pudong and TSN-PEKCL.

Income tax expense was US\$0.66 million for 3Q 2016 compared to US\$1.15 million for 2Q 2016, a decrease of 42.61% mainly due to lower provision of income tax by a subsidiary and recognition of lower deferred tax liabilities on the Company's share of undistributed retained earnings from associates.

The Group's net profit for 3Q 2016 was US\$23.22 million compared to US\$23.62 million for 2Q 2016, a slight decrease of US\$0.40 million (1.69%). Earnings per share was 2.70 US cents for 3Q 2016 compared to 2.74 US cents for 2Q 2016.

YTD 3Q 2016 v YTD 3Q 2015

Total supply and trading volume for middle distillates and other oil products increased 9.78 million tonnes (67.36%) to 24.30 million tonnes for the nine months ended 30 September 2016 ("YTD 3Q 2016") compared to 14.52 million tonnes for the nine months ended 30 September 2015 ("YTD 3Q 2015"). Of which, the volume of jet fuel supply and trading increased by 1.79 million tonnes (19.67%) to 10.89 million tonnes for YTD 3Q 2016 compared to 9.10 million tonnes for YTD 3Q 2015. The trading volume of other oil products increased by 6.15 million tonnes (139.46%) to 10.56 million tonnes for YTD 3Q 2016 compared to 4.41 million tonnes for YTD 3Q

2015 attributable mainly to the expansion of trading in crude oil to China and fuel oil to Middle East market respectively.

Total revenue increased US\$1,423.02 million (20.32%) to US\$8,427.45 million for YTD 3Q 2016 from US\$7,004.43 million for YTD 3Q 2015. This was mainly attributable to the increase in trading volume. 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\$33.46 million for YTD 3Q 2016, an increase of 21.95% compared to US\$27.44 million for YTD 3Q 2015 mainly attributable to the increase in jet fuel volume supplied to China and higher gains from trading and optimisation activities.

Other operating income was US\$0.84 million for YTD 3Q 2016 compared to a negative of US\$0.20 million for YTD 3Q 2015 mainly due to foreign exchange gain of US\$0.03 million for YTD 3Q 2016 compared to foreign exchange loss of US\$0.42 million for YTD 3Q 2015. Foreign exchange gain for YTD 3Q 2016 was due to revaluation differences on the foreign currency balances against the US Dollar. The foreign exchange loss in YTD 3Q 2015 was mainly due to the depreciation in RMB against US Dollar which resulted in translation loss on dividends receivable in RMB. Bank interest income which was derived from time deposits placed with banks was US\$0.82 million for YTD 3Q 2016 compared to US\$0.22 million for YTD 3Q 2015.

Total expenses increased by US\$5.79 million (72.01%) to US\$13.83 million for YTD 3Q 2016 compared to US\$8.04 million for YTD 3Q 2015. Excluding the recovery of monies due from MF Global amounting to US\$1.14 million in YTD 3Q 2016 and US\$3.10 million in YTD 3Q 2015, the increase in total expenses of US\$3.83 million (34.31%) was mainly attributable to higher professional fees incurred for business development, higher staff related costs, higher information technology expenses and credit insurance premium.

The share of profits from associates and joint venture increased by US\$20.49 million (62.94%) to US\$53.04 million for YTD 3Q 2016 compared to US\$32.55 million for YTD 3Q 2015, mainly due to higher share of profits from Pudong and OKYC. The profit contribution from Pudong was US\$47.04 million for YTD 3Q 2016 compared to US\$30.82 million for YTD 3Q 2015, an increase of US\$16.22 million (52.61%) mainly attributable to higher gross profit as a result of higher refuelling volume and rebound in oil price in YTD 3Q 2016.

Share of profits from OKYC for YTD 3Q 2016 was US\$3.91 million, an improvement of US\$4.00 million compared to share of loss of US\$0.09 million for YTD 3Q 2015 which was attributable mainly to higher operating profit from its tank storage leasing activities and MTM gain from its CRS contracts. Share of loss from OKYC was US\$0.09 million for YTD 3Q 2015, mainly due to MTM loss from its CRS contracts after offsetting the revenue from its tank storage leasing operations.

Share of profits from TSN-PEKCL for YTD 3Q 2016 was US\$2.51 million, an increase of US\$0.59 million (30.89%) compared to US\$1.92 million for YTD 3Q 2015 mainly due to higher pipeline transportation volume and other operating income.

The share of profits from Xinyuan decreased by US\$0.21 million (45.16%) to US\$0.26 million for YTD 3Q 2016 compared to US\$0.47 million for YTD 3Q 2015, mainly due to the decline in gross profit resulted from lower sales volume.

The share of loss of US\$0.68 million from CNAF HKR in YTD 3Q 2016 was mainly due to operation loss as revenue generated from its refuelling volume was insufficient to offset the administrative expense and finance costs. The share of loss of US\$0.57 million from CNAF HKR in YTD 3Q 2015 was mainly due to pre-operating expenses and operation loss.

Income tax expense was US\$2.53 million for YTD 3Q 2016 compared to US\$1.88 million for YTD 3Q 2015, an increase of 34.34% 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\$21.12 million (42.35%) to US\$70.99 million for YTD 3Q 2016 compared to US\$49.87 million for YTD 3Q 2015, mainly attributable to the increase in gross profit and higher share of results from associates. Earnings per share was 8.25 US cents for YTD 3Q 2016 compared to 5.80 US cents for YTD 3Q 2015.

Statement of Financial Position

The Group's current assets stood at US\$1,301.94 million as at 30 September 2016 compared to US\$564.25 million as at 31 December 2015. The increase of US\$737.69 million in current assets resulted mainly from:

- (i) an increase of US\$79.20 million in inventories held for trading;
- (ii) an increase of US\$596.16 million in trade and other receivables to US\$933.08 million as at 30 September 2016 from US\$336.92 million as at 31 December 2015 as a result of higher working capital requirements in trade financing; and
- (iii) an increase of US\$62.33 million in cash and cash equivalents which was mainly attributable to the aggregate cash inflow of US\$62.57 million generated from operating, investing and financing activities.

Non-current assets stood at US\$327.39 million as at 30 September 2016, compared to US\$281.26 million as at 31 December 2015. The increase of US\$46.13 million was mainly attributable to the share of profits in associates of US\$53.04 million partially offset by the decrease in foreign currency translation reserve of US\$2.71 million and dividend declared of US\$3.24 million of which US\$0.25 million was received in YTD 3Q 2016.

Current liabilities comprised trade and other payables, bank borrowings and tax payables, increased by US\$733.09 million to US\$979.80 million as at 30 September 2016 compared to US\$246.71 million as at 31 December 2015, mainly due to higher working capital requirements in trade financing.

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\$641.67 million as at 30 September 2016, or 74.60 US cents per share, compared to US\$592.64 million as at 31 December 2015 or 68.90 US cents per share.

Consolidated Statement of Cash Flows

3Q 2016 v 3Q 2015

The net cash generated from operating activities was US\$32.82 million in 3Q 2016 compared to US\$39.72 million in 3Q 2015, attributable mainly to lower gross profit from trading activities.

Cash flows generated from investing activities amounted to US\$0.49 million in 3Q 2016 compared to US\$2.66 million in 3Q 2015, mainly attributable to dividend received from an associate in 3Q 2015.

Cash flows used in financing activities in 3Q 2016 was US\$11.83 million compared to US\$5.03 million for 3Q 2015, representing mainly the amount used for repayment of bank borrowings after offsetting the proceeds from bank borrowings.

YTD 3Q 2016 v YTD 3Q 2015

The net cash generated from operating activities, after offsetting higher working capital requirements for trading activities was US\$51.07 million in YTD 3Q 2016 compared to US\$55.37 million generated in YTD 3Q 2015 .

Cash flows generated from investing activities amounted to US\$0.90 million in YTD 3Q 2016 compared to US\$2.63 million in YTD 3Q 2015 mainly attributable to lower dividend received from an associate.

Cash flows generated from financing activities was US\$10.60 million in YTD 3Q 2016 compared to cash flows used in financing activities of US\$12.92 million in YTD 3Q 2015, mainly attributable to higher proceeds from bank borrowings 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.

In late September 2016, the market reacted to OPEC's statement of intent to cut daily oil production, pushing Brent crude oil price well above USD 50 a barrel. However, it remains to be seen on whether formal agreement among OPEC members could be reached at the OPEC conference meeting to be convened on 30 November 2016 as well as responses by the Russian oil industry following OPEC's decision.

More uncertainties persist in the external environment as a result of global economic and geopolitical uncertainties, in particular the uncertain consequences arising from the Brexit vote, the US presidential election and the deepening concerns on the slowdown in China's economy.

Notwithstanding the uncertainties in the global oil markets, CAO continues to benefit from the robust growth in China's civil aviation industry and the global aviation industry. CAO stands in good stead to further expand its aviation marketing business outside of China and diversify its trading business activities through building a global jet fuel supply and trading network as well as trading in other oil products.

CAO will continue to seek opportunities to further expand its investments in synergetic and strategic oil-related assets and synergetic businesses.

The Group will also continue its focus on pursuing its long term strategy to ensure steady and sustainable growth and 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 2016.

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 2016 to 30 September 2016.

Name of interested person	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 2016 US\$'000	3Q 2016 US\$'000	YTD 3Q 2016 US\$'000	YTD 3Q 2016 US\$'000
Sales revenue from related corporations	0	570,274	0	1,419,098
Purchases from related corporations	0	212,546	0	976,334
Purchases from related corporation of a corporate shareholder	0	112,825	0	243,085
Services rendered from related corporation of a corporate shareholder	0	125	0	371
Supply chain services rendered from related corporation	0	999	0	2,668
Interest income earned from related corporations	0	77	0	254
Transportation revenue earned by associate from related corporations	0	2,670	0	7,766
Loan granted to related corporation	0	0	0	4,704
Loan granted to joint venture	0	0	0	3,600
Principal deposited with interested person	0	2,463	0	2,463

14. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Board of Directors of the Company hereby confirms that the undertakings from all its Directors and Executive Officers as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual have been procured.

BY ORDER OF THE BOARD

Doreen Nah
Company Secretary
2 November 2016