



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
(Company Registration No. 199303293Z)
First Quarter Financial Statement For The Period Ended 31 March 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		
	1Q 2016	1Q 2015	Variance
	US\$'000	US\$'000	+ / - %
Revenue (Note 1)	1,464,239	2,080,982	-29.64%
Cost of sales	(1,451,061)	(2,075,679)	-30.09%
Gross Profit	13,178	5,303	148.50%
Other income (Note 2)	131	959	-86.34%
Administrative expenses	(3,410)	(3,283)	3.87%
Other operating expenses (Note 3)	935	2,902	-67.78%
Finance costs	(142)	(354)	-59.89%
Operating Profit	10,692	5,527	93.45%
Share of results of associates and joint venture (net of tax) (Note 4)	14,179	9,325	52.05%
Profit before tax	24,871	14,852	67.46%
Tax expense (Note 5)	(722)	(496)	45.56%
Profit for the period	24,149	14,356	68.22%
Attributable to:			
Owners of the Company	24,149	14,356	68.22%

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 2016	1Q 2015	Variance
	US\$'000	US\$'000	+ / - %
PROFIT FOR THE PERIOD	24,149	14,356	68.22%
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Translation differences relating to financial statements of foreign associates	2,369	(628)	NM
Other comprehensive income for the period, net of tax	2,369	(628)	NM
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	26,518	13,728	93.17%
Total comprehensive income attributable to:			
Owners of the parent	26,518	13,728	93.17%

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		
	1Q 2016	1Q 2015	Var
	US\$'000	US\$'000	+ / - %
Depreciation of property, plant and equipment	(176)	(209)	-15.79%
Amortisation of intangible assets	(195)	(175)	11.43%
Bank interest income	196	50	292.00%
Interest expense	(3)	(85)	-96.47%
Net foreign exchange (loss)/gain	(65)	909	NM
Write back of allowance for doubtful debts	1,140	3,100	-63.23%

Note 1: Revenue

	Group		
	1Q 2016	1Q 2015	Var
	US\$'000	US\$'000	+ / - %
Revenue from middle distillates	1,253,763	1,802,385	-30.44%
Revenue from other oil products	210,476	278,597	-24.45%
	1,464,239	2,080,982	-29.64%

The decrease in revenue was primarily due to the decline in jet fuel prices which averaged at US\$43.88 per bbl for 1Q 2016 compared to an average price of US\$73.23 per bbl for 1Q 2015.

Note 2: Other income

Bank interest income
Net foreign exchange (loss)/gain

Group		
1Q 2016	1Q 2015	Var + / -
US\$'000	US\$'000	%
196	50	292.00%
(65)	909	NM
131	959	-86.34%

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 1Q 2016 and US\$3.10 million in 1Q 2015. Excluding the recovery of bad debts, other operating expenses for 1Q 2016 and 1Q 2015 were US\$0.21 million and US\$0.20 million respectively.

Note 4: Share of results of associates and joint venture**Associates:**

Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong")
China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL")
China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan")
Oilhub Korea Yeosu Co., Ltd ("OKYC")

Joint venture:

CNAF Hong Kong Refuelling Limited ("CNAF HKR")

Group		
1Q 2016	1Q 2015	Var + / -
US\$'000	US\$'000	%
12,087	8,249	46.53%
894	549	62.84%
70	380	-81.58%
1,356	243	458.02%
(228)	(96)	-137.50%
14,179	9,325	52.05%

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 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 16 US\$'000 (unaudited)	As at 31 Dec 15 US\$'000 (audited)	As at 31 Mar 16 US\$'000 (unaudited)	As at 31 Dec 15 US\$'000 (audited)
ASSETS				
Non-current assets				
Property, plant and equipment	6,038	6,214	5,942	6,114
Intangible assets	1,709	1,826	528	645
Subsidiaries	-	-	37,648	37,648
Associates and joint venture	282,208	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
	297,559	281,264	169,823	170,112
Current assets				
Inventories	125,583	56,826	111,400	51,702
Trade and other receivables	582,382	336,922	575,543	306,797
Cash and cash equivalents	227,964	170,505	173,720	144,064
	935,929	564,253	860,663	502,563
Total assets	1,233,488	845,517	1,030,486	672,675
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	215,573	215,573	215,573	215,573
Reserves	403,586	377,068	249,005	238,313
Total equity	619,159	592,641	464,578	453,886
Non-current liabilities				
Deferred tax liabilities	6,851	6,164	-	-
Current liabilities				
Trade and other payables	607,409	246,707	564,832	217,713
Loans and borrowings	-	-	1,076	1,076
Current tax liabilities	69	5	-	-
	607,478	246,712	565,908	218,789
Total liabilities	614,329	252,876	565,908	218,789
Total equity and liabilities	1,233,488	845,517	1,030,486	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 31 Mar 2016		As at 31 Dec 2015	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	0	0	0

Amount repayable after one year

As at 31 Mar 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

	1Q 2016	1Q 2015
	US\$'000	US\$'000
Operating activities		
Profit for the period	24,149	14,356
Adjustments for items not involving outlay of funds:-		
Depreciation of property, plant and equipment	176	209
Amortisation of intangible assets	195	175
Write back of allowance for doubtful debts	(1,140)	(3,100)
Share of profit of associates and joint venture (net of tax)	(14,179)	(9,325)
Bank interest income	(196)	(50)
Interest expense	3	85
Tax expense	722	496
Exchange differences	75	194
	<u>9,805</u>	<u>3,040</u>
Changes in working capital		
Inventories	(68,757)	(95,389)
Trade and other receivables	(244,273)	266,452
Trade and other payables	360,702	(157,251)
Cash generated from operations	<u>57,477</u>	<u>16,852</u>
Tax paid	(6)	-
Cash flows generated from operating activities	<u><u>57,471</u></u>	<u><u>16,852</u></u>
Investing activities		
Interest received	144	50
Purchase of property, plant and equipment	-	(16)
Purchase of intangible assets	(78)	-
Cash flows generated from investing activities	<u><u>66</u></u>	<u><u>34</u></u>
Financing activities		
Interest paid	(3)	(85)
Cash flows used in financing activities	<u><u>(3)</u></u>	<u><u>(85)</u></u>
Net increase in cash and cash equivalents	57,534	16,801
Cash and cash equivalents at beginning of the period	170,505	94,286
Net effect of exchange rate fluctuations on cash held	(75)	(194)
Cash and cash equivalents at end of the period	<u><u>227,964</u></u>	<u><u>110,893</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 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	-	14,356	-	(628)	-	13,728
Share of associates' accumulated profits transferred to statutory reserve	-	(977)	-	-	977	-
As at 31 March 2015	215,573	314,208	(5,482)	25,999	16,944	567,242
As at 1 January 2016	215,573	346,488	(5,482)	17,238	18,824	592,641
Total comprehensive income for the period	-	24,149	-	2,369	-	26,518
Share of associates' accumulated profits transferred to statutory reserve	-	(817)	-	-	817	-
As at 31 March 2016	215,573	369,820	(5,482)	19,607	19,641	619,159

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	-	5,843	-	5,843
As at 31 March 2015	215,573	204,345	(5,482)	414,436
As at 1 January 2016	215,573	243,795	(5,482)	453,886
Total comprehensive income for the period	-	10,692	-	10,692
As at 31 March 2016	215,573	254,487	(5,482)	464,578

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 31 March 2016.

Treasury shares

During the quarter ended 31 March 2016, the Company did not make any purchase of its own ordinary shares pursuant to the Share Purchase Mandate renewed at the 21st Annual General Meeting of the Company held on 22 April 2015.

As at 31 March 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	1Q 2016	1Q 2015
Issued ordinary shares		
Balance at beginning/end of period	866,183,628	866,183,628
Treasury shares		
Balance at beginning	(6,000,000)	(6,000,000)
Additions during the period	-	-
Balance at end of period	(6,000,000)	(6,000,000)
Total	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.

	1Q 2016	1Q 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)	2.81 US cents 860,184	1.67 US cents 860,184
(b) On a fully diluted basis - Adjusted weighted average number of shares ('000)	2.81 US cents 860,184	1.67 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	
	31 Mar 2016	31 Dec 2015	31 Mar 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)	71.98	68.90	54.01	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 31 March 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 purchaser and trader of physical jet fuel in 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"), China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan") and Oilhub Korea Yeosu Co., Ltd ("OKYC"). CNAF Hong Kong Refuelling Limited ("CNAF HKR"), a joint venture company incorporated on 10 September 2013 through CAOHK, had completed the setting up of refuelling facilities and commenced operations on 1 August 2015.

Consolidated Statement of Comprehensive Income

1st Qtr 2016 v 1st Qtr 2015

The total supply and trading volume for jet fuel and other oil products increased by 0.87 million tonnes (21.70%) to 4.88 million tonnes for the first quarter ended 31 March 2016 ("1Q 2016") compared to 4.01 million tonnes for the first quarter ended 31 March 2015 ("1Q 2015"). The volume of jet fuel supply and trading increased by 0.12 million tonnes (4.15%) to 3.01 million tonnes for 1Q 2016 compared to 2.89 million tonnes for 1Q 2015. The trading volume of other oil products increased by 0.75 million tonnes (66.96%) to 1.87 million tonnes for 1Q 2016 compared to 1.12 million tonnes for 1Q 2015.

Total revenue decreased by US\$616.74 million (29.64%) to US\$1,464.24 million for 1Q 2016 from US\$2,080.98 million for 1Q 2015, attributable mainly to the decline in oil prices. Please see breakdown under note 1 on page 3.

Gross profit derived from jet fuel supply and trading and from trading of other oil products was US\$13.18 million for 1Q 2016, an increase of 148.50% compared to US\$5.30 million for 1Q 2015. This was mainly attributable to higher gains derived from trading in jet fuel and other oil products.

Other income was US\$0.13 million for 1Q 2016 compared to US\$0.96 million for 1Q 2015, a decrease of US\$0.83 million (86.34%) attributable mainly to revaluation differences on foreign currency balances against the US Dollar which resulted in foreign exchange loss of US\$0.07 million in 1Q 2016 compared to foreign exchange gain of US\$0.91 million in 1Q 2015. Bank interest income derived from time deposits placed with banks, was US\$0.20 million for 1Q 2016 compared to US\$0.05 million for 1Q 2015.

Total expenses increased by US\$1.88 million (254.05%) to US\$2.62 million for 1Q 2016 compared to US\$0.74 million for 1Q 2015. Excluding the recovery of monies due from MF Global amounting to US\$1.14 million in 1Q 2016 and US\$3.10 million in 1Q 2015, total expenses were slightly lower at US\$3.76 million for 1Q 2016 compared to US\$3.84 million for 1Q 2015 mainly attributable to the reduction in finance costs relating to bank charges. The Company made a bad debts provision of US\$4.28 million in 2011 when MF Global went under bankruptcy proceedings and the total amount recovered since the first payout in 1Q 2015 was US\$4.24 million.

The share of profits from associates and joint venture was US\$14.18 million for 1Q 2016 compared to US\$9.33 million for 1Q 2015, an increase of 52.05% mainly due to higher profit contributions from Pudong and OKYC. The share of profits from Pudong was US\$12.09 million for 1Q 2016 compared to US\$8.25 million for 1Q 2015, increased by 46.53% mainly attributable to higher gross profit as a result of higher refuelling volume and higher profit margin due to the slight rebound in oil price in 1Q 2016 as well as lower operating expenses.

Share of profits from OKYC was US\$1.36 million for 1Q 2016 compared to US\$0.24 million for 1Q 2015, an increase of US\$1.12 million mainly attributable to higher revenue from its tank storage leasing activities. The oil tank storage facilities was operating at full capacity at the end of 1Q 2016.

Share of profits from TSN-PEKCL for 1Q 2016 was US\$0.89 million, an increase of US\$0.34 million (62.84%) compared to US\$0.55 million for 1Q 2015 mainly due to higher pipeline transportation volume and higher other operating income.

The share of results in Xinyuan decreased by US\$0.31 million (81.58%) to US\$0.07 million for 1Q 2016 compared to US\$0.38 million for 1Q 2015. The tank storage business is stable; lower profits were mainly attributable to the decline in sales volume.

The share of loss of US\$0.23 million from CNAF HKR in 1Q 2016 was mainly due to the losses incurred from its refuelling activities. The share of loss of US\$0.10 million from CNAF HKR in 1Q 2015 was mainly due to the pre-operating expenses incurred in 1Q 2015.

Income tax expense was US\$0.72 million for 1Q 2016 compared to US\$0.50 million for 1Q 2015, an increase of US\$0.22 million (45.56%) due mainly to the higher deferred tax liabilities on the Company's share of undistributed retained earnings from associates and higher provision for income tax by a subsidiary.

The Group's net profit for 1Q 2016 was US\$24.15 million compared to US\$14.36 million for 1Q 2015, an increase of US\$9.79 million (68.22%), mainly attributable to the increase in gross profit and higher contribution from the share of results of associates. Earnings per share was 2.81 US cents for 1Q 2016 compared to 1.67 US cents for 1Q 2015.

1st Qtr 2016 v 4th Qtr 2015

The total supply and trading volume of jet fuel and other oil products decreased by 0.75 million tonnes (13.32%) to 4.88 million tonnes for 1Q 2016 from 5.63 million tonnes for the fourth quarter ended 31 December 2015 ("4Q 2015").

Total revenue decreased by US\$508.56 million (25.78%) to US\$1,464.24 million for 1Q 2016 from US\$1,972.80 million for 4Q 2015, mainly attributable to lower oil prices and lower trading volume.

Gross profit derived from jet fuel supply and trading and trading of other oil products was US\$13.18 million for 1Q 2016, an increase of 64.54% compared to US\$8.01 million for 4Q 2015 as gains from trading and optimisation activities improved.

Other income for 1Q 2016 was US\$0.13 million comprised mainly bank interest income partly offset by the foreign exchange loss. Other income for 4Q 2015 was negative US\$0.04 million, mainly due to higher foreign exchange loss partially offset by bank interest income.

Total expenses decreased by US\$3.24 million (55.29%) to US\$2.62 million for 1Q 2016, compared to US\$5.86 million for 4Q 2015, mainly due to (i) recovery of doubtful debts of US\$1.14 million in 1Q 2016 compared to provision of doubtful debts of US\$1.51 million in 4Q 2015; and (ii) reduction in finance costs relating to bank charges and interest expense in 1Q 2016.

The share of profits from associates and joint venture was US\$14.18 million for 1Q 2016 compared to US\$9.75 million for 4Q 2015, an increase of US\$4.43 million (45.44%) attributable mainly to higher share of results from Pudong and contribution from TSN-PEKCL. The share of profits from Pudong increased by US\$4.03 million (50.00%) to US\$12.09 million for 1Q 2016 compared to US\$8.06 million for 4Q 2015, mainly due to lower operating expenses and impairment of inventory valuation.

Share of profits from TSN-PEKCL for 1Q 2016 was US\$0.89 million, an increase of US\$0.57 million (178.13%) compared to US\$0.32 million for 4Q 2015 mainly due to higher pipeline transportation volume and higher other operating income.

The share of profits from OKYC was US\$1.36 million for 1Q 2016 compared to US\$1.44 million for 4Q 2015, a slight decrease of US\$0.08 million, mainly attributable to relatively higher operating profits from its tank storage leasing activities in 1Q 2016 partially offset by the mark-to-market (“MTM”) loss from its cross currency interest rate swap contracts (“CRS”) in 1Q 2016 compared to MTM gain from its CRS contracts in 4Q 2015.

The share of profits in Xinyuan was US\$0.07 million for 1Q 2016 compared to US\$0.19 million for 4Q 2015, a decrease of US\$0.12 million (63.16%). The tank storage business is stable; lower profits were mainly due to the decline in sales volume.

The share of loss from CNAF HKR was US\$0.23 million for 1Q 2016 compared to US\$0.26 million for 4Q 2015 mainly due to losses incurred from its refuelling activities.

Income tax expense was US\$0.72 million for 1Q 2016 compared to US\$0.43 million for 4Q 2015, an increase of 67.44% mainly due to the recognition of higher deferred tax liabilities on the Company’s share of undistributed retained earnings from associates.

The Group’s net profit increased by US\$12.74 million (111.66%) to US\$24.15 million for 1Q 2016 compared to US\$11.41 million for 4Q 2015, mainly attributable to higher gross profit resulting from higher gains from oil trading activities, lower operating expenses and higher contribution from share of results of associates. Earnings per share was 2.81 US cents for 1Q 2016 compared to 1.33 US cents for 4Q 2015.

Statement of Financial Position

The Group’s current assets stood at US\$935.93 million as at 31 March 2016 compared to US\$564.25 million as at 31 December 2015. The increase of US\$371.68 million in current assets resulted mainly from:

- (i) an increase of US\$68.76 million in inventories held for trading;
- (ii) an increase of US\$245.46 million in trade and other receivables to US\$582.38 million as at 31 March 2016 from US\$336.92 million as at 31 December 2015 mainly due to higher working capital requirements in trade financing; and
- (iii) an increase of US\$57.46 million in cash and cash equivalents which was mainly attributable to the aggregate cash inflow of US\$57.47 million generated from operating activities.

Non-current assets stood at US\$297.56 million as at 31 March 2016, compared to US\$281.26 million as at 31 December 2015. The increase of US\$16.30 million was mainly attributable to the share of profits in associates of US\$14.18 million and the increase in foreign currency translation reserve of US\$2.36 million.

Current liabilities comprised trade and other payables, bank borrowings and tax payables, increased by US\$360.77 million to US\$607.48 million as at 31 March 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\$619.16 million as at 31 March 2016, or 71.98 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

1st Qtr 2016 v 1st Qtr 2015

The net cash generated from operating activities was US\$57.47 million in 1Q 2016 compared to US\$16.85 million in 1Q 2015, attributable mainly to lower working capital requirements for trading activities and higher trading profits.

Cash flows generated from investing activities amounted to US\$0.07 million in 1Q 2016 compared to US\$0.03 million in 1Q 2015, mainly attributable to higher interest income received from banks.

Cash flows used in financing activities in 1Q 2016 and 1Q 2015 were for payment of bank interest.

- 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.

Notwithstanding a proposal by major oil producing countries to cap oil output so as to reduce global surplus, First Quarter 2016 saw an increase in supplies as Iranian crude output rose. The global oil supply glut is expected to continue as doubts grew over whether major producers will be able to agree on an output freeze. Oil prices remain depressed while continued financial and geopolitical uncertainties led to volatilities resulting in a challenging trading environment.

CAO continues to maintain its strategic drive; to further expand its aviation marketing business outside of mainland China, diversify its trading business activities through building a global jet fuel supply and trading network and expanding its earnings base through trading in other oil products. Amid the low oil price environment, CAO continues to seek opportunities for expansion in 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 a steady and sustainable growth and 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 31 March 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 31 March 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)
	US\$'000	US\$'000
Sales revenue from related corporations	0	347,299
Purchases from related corporations ¹	0	332,113
Purchases from related corporation of a corporate shareholder	0	24,972
Services rendered from related corporation of a corporate shareholder	0	120
Supply chain services rendered from related corporation	0	212
Transportation revenue of associate from related corporation	0	2,379
Loan granted by associate to related corporation	0	3,170
Principal deposited with interested person	0	1,913
Interest income earned by associate from related corporation	0	95
Loan granted to joint venture	0	1,600

Note:

- 1) On 28 December 2015, a term contract for the procurement of petroleum products was entered into by a subsidiary of the Company and an associate of a corporate shareholder for a period of 12 months from 1 January 2016 and the estimated contract value of this term contract amounted to US\$1,264,000.
- 2) On 30 January 2015, a logistic services agreement was entered into by the Company and a related corporation of a corporate shareholder for a period of 6 months from 1 February 2015. This was renewed for a period of 12 months to 31 July 2016 and the total fees for services rendered for period from 1 February 2015 to 31 July 2016 amounted to about US\$964,000.

BY ORDER OF THE BOARD

Doreen Nah
Company Secretary
21 April 2016