



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
(Company Registration No. 199303293Z)
Third Quarter Financial Statement For The Period Ended 30 September 2015

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 2015	3Q 2014	Variance		YTD 3Q 2015	YTD 3Q 2014	Variance	
	US\$'000	US\$'000	+ / -	%	US\$'000	US\$'000	+ / -	%
Revenue (Note 1)	2,399,425	4,777,271	-49.77%		7,004,426	12,737,988	-45.01%	
Cost of sales	(2,386,494)	(4,780,115)	-50.07%		(6,976,987)	(12,715,173)	-45.13%	
Gross Profit	12,931	(2,844)	NM		27,439	22,815	20.27%	
Other operating income (Note 2)	(942)	451	NM		(198)	648	NM	
Administrative expenses	(3,044)	(4,375)	-30.42%		(9,711)	(11,874)	-18.22%	
Other operating expenses	(142)	(252)	-43.65%		2,514	(1,742)	NM	
Finance costs	(223)	(520)	-57.12%		(844)	(1,909)	-55.79%	
Operating Profit	8,580	(7,540)	NM		19,200	7,938	141.87%	
Share of results of associates and joint venture (net of tax) (Note 3)	9,727	15,172	-35.89%		32,549	38,571	-15.61%	
Profit before income tax	18,307	7,632	139.87%		51,749	46,509	11.27%	
Tax expense (Note 4)	(580)	(310)	87.10%		(1,881)	(1,776)	5.91%	
PROFIT FOR THE PERIOD	17,727	7,322	142.11%		49,868	44,733	11.48%	
Attributable to:								
Equity holders of the Company	17,727	7,322	142.11%		49,868	44,733	11.48%	

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 2015	3Q 2014	Variance		YTD 3Q 2015	YTD 3Q 2014	Variance	
	US\$'000	US\$'000	+ / -	%	US\$'000	US\$'000	+ / -	%
PROFIT FOR THE PERIOD	17,727	7,322	142.11%		49,868	44,733	11.48%	
Other comprehensive income:								
Items that are or may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign associates	(5,764)	621	NM		(6,396)	(2,292)	179.06%	
Other comprehensive income for the period, net of tax	(5,764)	621	NM		(6,396)	(2,292)	179.06%	
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	11,963	7,943	50.61%		43,472	42,441	2.43%	
Total comprehensive income attributable to:								
Owners of the parent	11,963	7,943	50.61%		43,472	42,441	2.43%	

Exchange differences on translation of the financial statements of foreign associates will be reclassified to profit or loss in the event of a disposal of the investments in foreign associates.

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

	Group			Group		
	3Q 2015	3Q 2014	Var	YTD 3Q 2015	YTD 3Q 2014	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Depreciation of property, plant and equipment	(209)	(202)	3.47%	(629)	(605)	3.97%
Amortisation of intangible assets	(187)	(171)	9.36%	(540)	(514)	5.06%
Interest expense	(32)	(227)	-85.90%	(157)	(673)	-76.67%
Bank interest income	132	58	127.59%	219	189	15.87%
Write back of allowance for doubtful debts	-	-	-	3,100	-	NM
Foreign exchange (loss)/gain	(1,074)	393	NM	(417)	459	NM

Note 1: Revenue

	Group			Group		
	3Q 2015	3Q 2014	Var	YTD 3Q 2015	YTD 3Q 2014	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Revenue from middle distillates	1,728,189	3,920,670	-55.92%	5,622,056	9,638,879	-41.67%
Revenue from other oil products	671,236	856,601	-21.64%	1,382,370	3,099,109	-55.39%
	2,399,425	4,777,271	-49.77%	7,004,426	12,737,988	-45.01%

The decrease in revenue was primarily due to the decline in jet fuel prices which averaged at US\$66.50 and US\$71.06 per bbl for 3Q 2015 and YTD 3Q 2015 compared to an average price of US\$119.14 and US\$121.97 per bbl for 3Q 2014 and YTD 3Q 2014 respectively.

Note 2: Other operating income

	Group			Group		
	3Q 2015 US\$'000	3Q 2014 US\$'000	Var + / - %	YTD 3Q 2015 US\$'000	YTD 3Q 2014 US\$'000	Var + / - %
Bank interest income	132	58	127.59%	219	189	15.87%
Foreign exchange (loss)/gain	(1,074)	393	NM	(417)	459	NM
	(942)	451	NM	(198)	648	NM

Note 3: Share of results of associates and joint venture

	Group			Group		
	3Q 2015 US\$'000	3Q 2014 US\$'000	Var + / - %	YTD 3Q 2015 US\$'000	YTD 3Q 2014 US\$'000	Var + / - %
Associates:						
Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong")	9,885	15,598	-36.63%	30,820	37,264	-17.29%
China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL")	883	501	76.25%	1,920	1,485	29.29%
China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan")	29	166	-82.53%	465	277	67.87%
Oilhub Korea Yeosu Co., Ltd ("OKYC")	(754)	(1,093)	-31.02%	(89)	(455)	-80.44%
Joint venture:						
CNAF Hong Kong Refuelling Limited ("CNAF HKR")	(316)	-	NM	(567)	-	NM
	9,727	15,172	-35.89%	32,549	38,571	-15.61%

Note 4: Tax expense

The tax expense was mainly attributable to the recognition of deferred tax liabilities on the Company's share of undistributed retained earnings from associates and provision of 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 15 US\$'000	As at 31 Dec 14 US\$'000	As at 30 Sep 15 US\$'000	As at 31 Dec 14 US\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	6,266	6,790	6,183	6,726
Intangible assets	2,017	2,369	836	1,188
Subsidiaries	-	-	33,435	33,435
Associates and joint venture	258,949	270,143	82,625	82,625
Trade and other receivables	-	-	35,480	35,480
Deferred tax assets	7,587	7,587	7,583	7,583
	<u>274,819</u>	<u>286,889</u>	<u>166,142</u>	<u>167,037</u>
Current assets				
Inventories	104,445	38,098	99,444	34,214
Trade and other receivables	715,122	959,442	677,135	913,373
Cash and cash equivalents	139,127	94,286	117,167	84,043
	<u>958,694</u>	<u>1,091,826</u>	<u>893,746</u>	<u>1,031,630</u>
Total assets	<u><u>1,233,513</u></u>	<u><u>1,378,715</u></u>	<u><u>1,059,888</u></u>	<u><u>1,198,667</u></u>
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	215,573	215,573	215,573	215,573
Reserves	368,648	337,941	232,941	193,020
Total equity	<u>584,221</u>	<u>553,514</u>	<u>448,514</u>	<u>408,593</u>
Non-current liabilities				
Deferred tax liabilities	5,858	6,238	-	-
Current liabilities				
Trade and other payables	643,145	818,948	610,153	788,853
Loans and borrowings	-	-	1,221	1,221
Current tax liabilities	289	15	-	-
	<u>643,434</u>	<u>818,963</u>	<u>611,374</u>	<u>790,074</u>
Total liabilities	<u>649,292</u>	<u>825,201</u>	<u>611,374</u>	<u>790,074</u>
Total equity and liabilities	<u><u>1,233,513</u></u>	<u><u>1,378,715</u></u>	<u><u>1,059,888</u></u>	<u><u>1,198,667</u></u>

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 2015		As at 31 Dec 2014	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	0	0	0

Amount repayable after one year

As at 30 Sep 2015		As at 31 Dec 2014	
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 2015	3Q 2014	YTD 3Q 2015	YTD 3Q 2014
	US\$'000	US\$'000	US\$'000	US\$'000
Operating activities				
Profit for the period	17,727	7,322	49,868	44,733
Adjustments for items not involving outlay of funds:-				
Depreciation of property, plant and equipment	209	202	629	605
Amortisation of intangible assets	187	171	540	514
Write back of allowance for doubtful debts	-	-	(3,100)	-
Share of results of associates and joint venture (net of tax)	(9,727)	(15,172)	(32,549)	(38,571)
Interest income	(132)	(58)	(219)	(189)
Interest expense	32	227	157	673
Tax expense	580	310	1,881	1,776
Unrealised exchange differences	104	(97)	238	(220)
	8,980	(7,095)	17,445	9,321
Changes in working capital				
Inventories	65,223	39,237	(66,347)	27,854
Trade and other receivables	104,569	(278,981)	280,227	(429,312)
Trade and other payables	(138,906)	255,698	(175,803)	431,970
	39,866	8,859	55,522	39,833
Tax paid	(150)	(137)	(151)	(139)
Cash flows from operating activities	39,716	8,722	55,371	39,694
Investing activities				
Interest received	132	58	219	195
Purchase of property, plant and equipment	(27)	(94)	(105)	(131)
Purchase of intangible assets	(145)	-	(188)	(216)
Dividends received from associate	2,704	2,737	2,704	2,737
Cash flows from investing activities	2,664	2,701	2,630	2,585
Financing activities				
Interest paid	(32)	(227)	(157)	(673)
Proceeds from loans and bank borrowings	22,900	184,903	27,900	326,212
Repayment of loans and bank borrowings	(27,900)	(187,115)	(27,900)	(333,775)
Dividend paid	-	-	(12,765)	(13,694)
Cash flows used in financing activities	(5,032)	(2,439)	(12,922)	(21,930)
Net increase in cash and cash equivalents	37,348	8,984	45,079	20,349
Cash and cash equivalents at beginning of the period	101,883	67,787	94,286	56,299
Net effect of exchange rate fluctuations on cash held	(104)	97	(238)	220
Cash and cash equivalents at end of the period	139,127	76,868	139,127	76,868

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 2014	215,573	272,241	(5,482)	32,141	9,089	523,562
Total comprehensive income for the period	-	44,733	-	(2,292)	-	42,441
Dividend paid in respect of 2013	-	(13,694)	-	-	-	(13,694)
Transfer from retained earnings to other reserve	-	(1,909)	-	-	1,909	-
As at 30 September 2014	215,573	301,371	(5,482)	29,849	10,998	552,309
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	-	(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

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 2014	215,573	170,016	(5,482)	380,107
Total comprehensive income for the period	-	38,626	-	38,626
Dividend paid in respect of 2013	-	(13,694)	-	(13,694)
As at 30 September 2014	215,573	194,948	(5,482)	405,039
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	-	(12,765)	-	(12,765)
As at 30 September 2015	215,573	238,423	(5,482)	448,514

- 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 2015.

Treasury shares

During the quarter ended 30 September 2015, the Company did not make any purchase of its own ordinary shares pursuant to the Share Purchase Mandate renewed at the Annual General Meeting of the Company held on 22 April 2015.

As at 30 September 2015, a total of 6,000,000 ordinary shares (31 December 2014: 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 2015	3Q 2014	YTD 3Q 2015	YTD 3Q 2014
Issued ordinary shares				
Balance at beginning	866,183,628	866,183,628	866,183,628	722,820,537
Bonus share issue	-	-	-	143,363,091
Balance at 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 2014.

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 2015. 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 2015	3Q 2014	YTD 3Q 2015	YTD 3Q 2014
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)	2.06 US cents 860,184	0.85 US cents 860,184	5.80 US cents 860,184	5.20 US cents 860,184
(b) On a fully diluted basis - Adjusted weighted average number of shares ('000)	2.06 US cents 860,184	0.85 US cents 860,184	5.80 US cents 860,184	5.20 US cents 860,184

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding. There are no outstanding share options as at 30 September 2015.

- 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 2015	31 Dec 2014	30 Sep 2015	31 Dec 2014
Net asset value per ordinary share based on issued share capital at the end of the period reported on (US cents)	67.92	64.35	52.14	47.50
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 2015 and 31 December 2014 (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

3rd Qtr 2015 v 3rd Qtr 2014

Total supply and trading volume for jet fuel and other oil products increased 0.33 million tonnes (6.06%) to 5.78 million tonnes for the third quarter ended 30 September 2015 ("3Q 2015") compared to 5.45 million tonnes for the third quarter ended 30 September 2014 ("3Q 2014"). The volume of jet fuel supply and trading decreased 0.25 million tonnes (7.53%) to 3.07 million tonnes for 3Q 2015 compared to 3.32 million tonnes for 3Q 2014. Trading volume of other oil products increased 0.58 million tonnes (27.23%) to 2.71 million tonnes for 3Q 2015 compared to 2.13 million tonnes for 3Q 2014.

Total revenue decreased US\$2,377.84 million (49.77%) to US\$2,399.43 million for 3Q 2015 from US\$4,777.27 million for 3Q 2014, primarily due to the decline in oil prices.

Gross profit derived from jet fuel supply and trading and trading of other oil products was US\$12.93 million for 3Q 2015, increased US\$15.77 million compared to loss of US\$2.84 million for 3Q 2014, attributable mainly to the increase in gains from jet fuel trading and lower losses incurred from trading in other oil products. In view of the difficult trading environment, the Company will focus on developing its core business further and as such, had temporarily suspended petrochemical trading in early September 2015 due to weak Chinese demand caused by slowdown in China's economy and rising credit risks.

Other operating income was negative US\$0.94 million for 3Q 2015 compared to a credit of US\$0.45 million for 3Q 2014, mainly due to foreign exchange loss of US\$1.07 million in 3Q 2015 compared to foreign exchange gain of US\$0.39 million in 3Q 2014. The foreign exchange loss in 3Q 2015 was mainly due to the depreciation in RMB against US Dollar which impacted the translation of dividends receivable in RMB. The foreign exchange gain in 3Q 2014 was due to revaluation differences on the foreign currency balances against the US Dollar. Bank interest income which was derived from time deposits placed with banks was US\$0.13 million for 3Q 2015 compared to US\$0.06 million for 3Q 2014.

Total expenses decreased by US\$1.74 million (33.79%) to US\$3.41 million for 3Q 2015 compared to US\$5.15 million for 3Q 2014. The decrease in expenses was mainly attributable to lower professional fees incurred for business development, staff related costs and finance costs relating to bank charges and interest expense.

The share of profits from associates and joint venture was US\$9.73 million for 3Q 2015 compared to US\$15.17 million for 3Q 2014, a decrease of 35.89% mainly attributable to lower share of profits from Pudong. Pudong's contribution was US\$9.89 million for 3Q 2015 compared to US\$15.60 million for 3Q 2014, a decrease of US\$5.71 million (36.63%) mainly due to lower refuelling sales price which led to lower gross profit.

Share of profits from TSN-PEKCL for 3Q 2015 was US\$0.88 million compared to US\$0.50 million for 3Q 2014, an increase of 76.25%, attributable mainly to higher revenue from the increase in pipeline transportation volume and higher other operating income. The share of results in Xinyuan decreased by US\$0.14 million (82.53%) to US\$0.03 million for 3Q 2015 compared to US\$0.17 million for 3Q 2014 mainly due to lower sales volume and profit margin.

Share of loss from OKYC was US\$0.75 million for 3Q 2015 compared to US\$1.09 million for 3Q 2014, mainly due to mark-to-market ("MTM") loss from its cross currency interest rate swap contracts ("CRS"). The profit from the leasing of storage tanks by OKYC which was near its full capacity in 3Q 2015, contributed US\$1.23 million, representing a significant improvement in profitability of its tank leasing business. The profit was offset by MTM loss from its CRS contracts which was impacted by the depreciation in Korean Won against the US Dollar. OKYC entered into CRS contracts to hedge against future revenue in US Dollar. However, it could not qualify for hedge effectiveness in accordance with International Financial Reporting Standards ("IFRS") where a hedge relationship is effective (meets the 80%–125% rule). As such, accounting treatment requires the MTM gain or loss to be recorded in the Income Statement.

The share of loss of US\$0.32 million from CNAF HKR was mainly due to the pre-operating expenses and losses incurred from its refuelling activities in 3Q 2015. CNAF HKR had completed the setting up of its refuelling facilities and commenced operations on 1 August 2015.

Income tax expense was US\$0.58 million for 3Q 2015 compared to US\$0.31 million for 3Q 2014, mainly attributable to the recognition of deferred tax liabilities on the Company's share of undistributed retained earnings from associates and the absence of setoff against deferred tax assets. The deferred tax liabilities in 3Q 2014 was partially offset by the recognition of deferred tax assets of US\$0.50 million in relation to the Company's tax losses carried forward.

The Group's net profit for 3Q 2015 was US\$17.73 million compared to US\$7.32 million for 3Q 2014, an increase of US\$10.41 million (142.11%) mainly due to the increase in gross profit and lower expenses. Earnings per share was 2.06 US cents for 3Q 2015 compared to 0.85 US cents for 3Q 2014.

3rd Qtr 2015 v 2nd Qtr 2015

Total supply and trading volume for jet fuel and other oil products rose 1.04 million tonnes (21.94%) to 5.78 million tonnes for 3Q 2015 compared to 4.74 million tonnes for the second quarter ended 30 June 2015 ("2Q 2015").

However, total revenue decreased by US\$124.59 million (4.94%) to US\$2,399.43 million for 3Q 2015 from US\$2,524.02 million for 2Q 2015 as a result of lower oil prices.

Gross profit derived from jet fuel supply and trading and trading of other oil products was US\$12.93 million for 3Q 2015, an increase of 40.39% compared to US\$9.21 million for 2Q 2015. This was mainly due to higher gains from jet fuel trading and lower losses incurred from trading of other oil products.

Other operating income was negative US\$0.94 million for 3Q 2015 compared to negative US\$0.22 million for 2Q 2015, mainly due to foreign exchange loss incurred in both quarters. Bank interest income was US\$0.13 million for 3Q 2015 compared to US\$0.04 million for 2Q 2015.

Total expenses was US\$3.41 million for 3Q 2015 compared to US\$3.90 million for 2Q 2015, a decrease of US\$0.49 million (12.56%), mainly due to lower professional fees and staff costs.

The share of profits from associates and joint venture was US\$9.73 million for 3Q 2015 compared to US\$13.50 million for 2Q 2015, a decrease of 27.93%. This was mainly attributable to the lower share of profits from Pudong of US\$9.89 million for 3Q 2015 compared to US\$12.69 million for 2Q 2015, a decrease of US\$2.80 million (22.06%) due to lower refuelling sales price.

Share of results from OKYC was negative US\$0.75 million for 3Q 2015 compared to share of profits of US\$0.42 million for 2Q 2015, attributable mainly to higher MTM loss from its CRS contracts in 3Q 2015 as Korean Won depreciated against the US Dollar, compared to lower MTM loss in 2Q 2015, off-set by operating profits from its tank storage leasing activities in 2Q 2015.

Share of profits from TSN-PEKCL for 3Q 2015 was US\$0.88 million, an increase of US\$0.39 million (79.59%) compared to US\$0.49 million for 2Q 2015 attributable mainly to higher revenue from increase in pipeline transportation volume and higher other operating income.

The share of results in Xinyuan decreased by US\$0.02 million (40.00%) to US\$0.03 million for 3Q 2015 compared to US\$0.05 million for 2Q 2015 owing to lower sales volume and profit margin.

The share of loss from CNAF HKR due to pre-operating expenses and loss from operations was US\$0.32 million for 3Q 2015 compared to US\$0.16 million for 2Q 2015.

Income tax expense was US\$0.58 million for 3Q 2015 compared to US\$0.81 million for 2Q 2015, a decrease of 28.40% mainly due to lower provision of income tax of a subsidiary and lower recognition of deferred tax liabilities on the Company's share of undistributed retained earnings from associates.

The Group's net profit for 3Q 2015 was US\$17.73 million compared to US\$17.79 million for 2Q 2015, a decrease of US\$0.06 million (0.34%). Earnings per share was 2.06 US cents for 3Q 2015 compared to 2.07 US cents for 2Q 2015.

YTD 3Q 2015 v YTD 3Q 2014

Total supply and trading volume for jet fuel and other oil products decreased 0.02 million tonnes (0.14%) to 14.52 million tonnes for the nine months ended 30 September 2015 ("YTD 3Q 2015") compared to 14.54 million tonnes for the nine months ended 30 September 2014 ("YTD 3Q 2014"). The volume of jet fuel supply and trading increased by 0.98 million tonnes (12.07%) to 9.10 million tonnes for YTD 3Q 2015 compared to 8.12 million tonnes for YTD 3Q 2014. The trading volume of other oil products decreased by 1.00 million tonnes (15.58%) to 5.42 million tonnes for YTD 3Q 2015 compared to 6.42 million tonnes for YTD 3Q 2014.

Total revenue decreased US\$5,733.56 million (45.01%) to US\$7,004.43 million for YTD 3Q 2015 from US\$12,737.99 million for YTD 3Q 2014. This was mainly attributable to the decrease in oil prices. Please see breakdown under note 1 on page 2.

Gross profit derived from jet fuel supply and trading and trading of other oil products was US\$27.44 million for YTD 3Q 2015, an increase of 20.27% compared to US\$22.82 million for YTD 3Q 2014. This was mainly attributable to the increase in gains from jet fuel trading. In view of the difficult trading environment, the Company will focus on its core business further and as such, had temporarily suspended petrochemical trading in early September 2015 due to weak Chinese demand caused by the slowdown in China's economy and rising credit risks.

Other operating income was negative US\$0.20 million for YTD 3Q 2015 compared to a credit of US\$0.65 million for YTD 3Q 2014 mainly due to foreign exchange loss of US\$0.42 million for YTD 3Q 2015 compared to foreign exchange gain of US\$0.46 million for YTD 3Q 2014. The foreign exchange loss in 3Q 2015 was mainly due to the depreciation in RMB against US Dollar which impacted the translation of dividends receivable in RMB. Foreign exchange gain for YTD 3Q 2014 was due to revaluation differences on the foreign currency balances against the US Dollar. Bank interest income which was derived from time deposits placed with banks was US\$0.22 million for YTD 3Q 2015 compared to US\$0.19 million for YTD 3Q 2014.

Total expenses decreased by US\$7.49 million (48.23%) to US\$8.04 million for YTD 3Q 2015 compared to US\$15.53 million for YTD 3Q 2014, mainly due to the recovery of monies due from MF Global amounting to US\$3.10 million, lower professional fees incurred for business development and the reduction in finance cost relating to bank charges and interest expense. The Company made a doubtful debt provision of US\$4.28 million in 2011 when MF Global went under bankruptcy proceedings.

The share of profits from associates and joint venture decreased by US\$6.02 million (15.61%) to US\$32.55 million for YTD 3Q 2015 compared to US\$38.57 million for YTD 3Q 2014, mainly due to lower share of profits from Pudong. The share of profits in Pudong was US\$30.82 million for YTD 3Q 2015 compared to US\$37.26

million for YTD 3Q 2014, a decrease of US\$6.44 million (17.29%) mainly due to lower refuelling sales price and decline in oil price in 1Q 2015 which resulted in lower gross profit.

Share of profits from TSN-PEKCL for YTD 3Q 2015 was US\$1.92 million, an increase of US\$0.43 million (29.29%) compared to US\$1.49 million for YTD 3Q 2014 mainly due to higher pipeline transportation volume and higher other operating income.

Share of loss from OKYC was US\$0.09 million for YTD 3Q 2015 compared to share of loss of US\$0.46 million for YTD 3Q 2014 mainly due to MTM loss from its CRS contracts offset by CAO's share of operating profits of US\$2.45 million from its tank storage leasing activities for YTD 3Q 2015, compared to operating loss incurred from leasing activities for YTD 3Q 2014.

The share of profits in Xinyuan increased by US\$0.19 million (67.87%) to US\$0.47 million for YTD 3Q 2015 compared to US\$0.28 million for YTD 3Q 2014, mainly due to higher rental income from its oil storage tanks.

The share of loss from CNAF HKR attributable to pre-operating expenses and loss from operations, was US\$0.57 million for YTD 3Q 2015.

Income tax expense was US\$1.88 million for YTD 3Q 2015 compared to US\$1.78 million for YTD 3Q 2014, an increase of 5.91% due mainly to the recognition of deferred tax liabilities on the Company's share of undistributed retained earnings from associates and the absence of setoff against deferred tax assets. The deferred tax liabilities for YTD 3Q 2014 was partially offset by the recognition of deferred tax assets of US\$0.50 million in relation to the Company's tax losses carried forward.

The Group's net profit increased by US\$5.14 million (11.48%) to US\$49.87 million for YTD 3Q 2015 compared to US\$44.73 million for YTD 3Q 2014, mainly attributable to the increase in gross profit, lower operating expenses, partially offset by lower share of profits from associates and joint venture. Earnings per share was 5.80 US cents for YTD 3Q 2015 compared to 5.20 US cents for YTD 3Q 2014.

Statement of Financial Position

The Group's current assets stood at US\$958.70 million as at 30 September 2015 compared to US\$1,091.83 million as at 31 December 2014. The decrease of US\$133.13 million in current assets resulted mainly from:

- (i) an increase of US\$66.35 million in inventories held for trading;
- (ii) a decrease of US\$244.32 million in trade and other receivables to US\$715.12 million as at 30 September 2015 from US\$959.44 million as at 31 December 2014 mainly due to lower oil prices in September 2015 compared to December 2014; and
- (iii) an increase of US\$44.84 million in cash and cash equivalents which was mainly attributable to the aggregate cash inflow of US\$58.00 million generated from operating activities and investing activities, partially offset by the cash used in financing activities of US\$12.92 million.

Non-current assets stood at US\$274.82 million as at 30 September 2015, compared to US\$286.89 million as at 31 December 2014. The decrease of US\$12.07 million was mainly attributable to the dividends receivable of US\$37.24 million declared by associates and the impact of foreign currency translation reserve of US\$6.40 million, partially offset by the share of profits in associates of US\$32.55 million for YTD 3Q 2015.

Current liabilities comprised trade and other payables, bank borrowings and tax payables, decreased by US\$175.53 million to US\$643.43 million as at 30 September 2015 compared to US\$818.96 million as at 31 December 2014. This was mainly due to decrease in trade payables in September 2015 compared to December 2014.

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\$584.22 million as at 30 September 2015, or 67.92 US cents per share, compared to US\$553.51 million as at 31 December 2014 or 64.35 US cents per share.

Consolidated Statement of Cash Flows

3Q 2015 v 3Q 2014

The net cash generated from operating activities was US\$39.72 million in 3Q 2015 compared to US\$8.72 million in 3Q 2014, attributable mainly to higher profits from trading activities.

Cash flows generated from investing activities amounted to US\$2.66 million in 3Q 2015 compared to US\$2.70 million in 3Q 2014, mainly attributable to dividend received from an associate.

Cash flows used in financing activities in 3Q 2015 was US\$5.03 million compared to US\$2.44 million for 3Q 2014, representing mainly the amount used for repayment of bank borrowings after offsetting the proceeds from bank borrowings.

YTD 3Q 2015 v YTD 3Q 2014

The net cash generated from operating activities was US\$55.37 million in YTD 3Q 2015 compared to US\$39.69 million generated in YTD 3Q 2014 mainly due to higher profits from trading activities.

Cash flows generated from investing activities amounted to US\$2.63 million in YTD 3Q 2015 compared to US\$2.59 million used in YTD 3Q 2014 mainly attributable to dividend received from an associate.

Cash flows used in financing activities of US\$12.92 million in YTD 3Q 2015 was principally due to dividend payout of US\$12.77 million and payment of bank interest of US\$0.15 million. Cash used in financing activities of US\$21.93 million in YTD 3Q 2014 was principally due to aggregate of US\$333.78 million used in repayment of bank borrowings, US\$13.69 million used in dividend payout and US\$0.67 million used in payment of bank interest, partially offset by aggregate proceeds of US\$326.21 million from bank borrowings.

- 9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not Applicable.

- 10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

China's strong demand for jet fuel supported by a record high number of Chinese passengers travelling abroad contributed to CAO's jet fuel supply and marketing business. However, amid weak global demand and financial instability as well as economic uncertainty in China caused by a slowdown in the Chinese market, we expect the oil trading environment to remain challenging for the rest of the year.

CAO has scaled back on trading of other oil products, halted petrochemical trading in September 2015 due to weak Chinese demand and rising credit risks, and further focus on developing the core jet fuel business. We will continue to focus on building a global jet fuel trading network so as to expand jet supply and trading business globally, including expanding aviation marketing business into more airports outside China. On the basis of strict risk control, the Company will continue to pursue its strategy in diversification into other oil products, especially in building structural advantage for fuel oil business. While seeking opportunities to expand our investments in synergetic and strategic oil-related assets and synergetic businesses, the Company will also focus on pursuing its long term strategy to ensure sustainable and stable development of the Company.

- 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 2015.

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 2015 to 30 September 2015.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than US\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 92	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than US\$100,000)	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than US\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than US\$100,000)
	3Q 2015 US\$'000	3Q 2015 US\$'000	YTD 3Q 2015 US\$'000	YTD 3Q 2015 US\$'000
Sales revenue from related corporations	0	609,374	0	1,821,985
Purchases from related corporations	0	34,993	0	321,508
Purchases from related corporation of a corporate shareholder	0	0	0	3,215
Services rendered from related corporation of a corporate shareholder	0	123	0	376
Supply chain services rendered from related corporation	0	106	0	539
Interest income earned by associate from related corporations	0	94	0	275
Transportation revenue earned by associate from related corporations	0	2,605	0	7,220
Loan granted by associate to related corporation	0	0	0	6,595
Principal deposited with interested person	0	5,933	0	5,933
Loan granted to a joint venture	0	712	0	712

BY ORDER OF THE BOARD

Doreen Nah
Company Secretary
13 November 2015