



**CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD**  
**(Company Registration No. 199303293Z)**  
**Full Year Financial Statement For The Period Ended 31 December 2014**

**PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR RESULTS**

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

These figures have not been audited:

**Consolidated Income Statement**

	<b>Group</b>				<b>Group</b>			
	<b>4Q 2014</b>	<b>4Q 2013</b>	<b>Variance</b>		<b>Jan-Dec 2014</b>	<b>Jan-Dec 2013</b>	<b>Variance</b>	
	<b>US\$'000</b>	<b>US\$'000</b>	<b>+ / -</b>	<b>%</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>+ / -</b>	<b>%</b>
Revenue (Note 1)	4,323,044	4,353,292	-0.69%		17,061,032	15,571,869	9.56%	
Cost of sales	(4,318,461)	(4,341,733)	-0.54%		(17,033,634)	(15,519,378)	9.76%	
<b>Gross Profit</b>	4,583	11,559	-60.35%		27,398	52,491	-47.80%	
Other operating income (Note 2)	520	977	-46.78%		1,168	1,165	0.26%	
Administrative expenses	(646)	(5,141)	-87.43%		(12,520)	(19,454)	-35.64%	
Other operating expenses	(3,394)	(1,059)	220.49%		(5,136)	(2,955)	73.81%	
Finance costs	(1,166)	(1,676)	-30.43%		(3,075)	(5,299)	-41.97%	
<b>Operating Profit</b>	(103)	4,660	NM		7,835	25,948	-69.80%	
Share of results of associates and joint venture (net of tax) (Note 3)	4,623	9,343	-50.52%		43,194	46,476	-7.06%	
<b>Profit before income tax</b>	4,520	14,003	-67.72%		51,029	72,424	-29.54%	
Tax expense (Note 4)	(93)	(510)	-81.76%		(1,869)	(2,208)	-15.35%	
<b>PROFIT FOR THE PERIOD</b>	4,427	13,493	-67.19%		49,160	70,216	-29.99%	
<b>Attributable to:</b>								
Equity holders of the Company	4,427	13,493	-67.19%		49,160	70,216	-29.99%	

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		
	4Q 2014	4Q 2013	Variance	Jan-Dec 2014	Jan-Dec 2013	Variance
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
<b>PROFIT FOR THE PERIOD</b>	4,427	13,493	-67.19%	49,160	70,216	-29.99%
<b>Other comprehensive income</b>						
<b>Items that are or may be reclassified subsequently to profit or loss:</b>						
Exchange differences on translation of the financial statements of foreign associates	(3,222)	2,765	NM	(5,514)	5,253	NM
<b>Other comprehensive income for the period, net of tax</b>	(3,222)	2,765	NM	(5,514)	5,253	NM
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	1,205	16,258	-92.59%	43,646	75,469	-42.17%
<b>Total comprehensive income attributable to:</b>						
Owners of the parent	1,205	16,258	-92.59%	43,646	75,469	-42.17%

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

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

	Group			Group		
	4Q 2014	4Q 2013	Var	Jan-Dec 2014	Jan-Dec 2013	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Depreciation of property, plant and equipment	(206)	(200)	3.00%	(811)	(796)	1.88%
Amortisation of intangible assets	(173)	(129)	34.11%	(687)	(1,003)	-31.51%
Interest income	115	42	173.81%	304	208	46.15%
Interest expense	(874)	(808)	8.17%	(1,548)	(1,998)	-22.52%
Foreign exchange gain	359	874	-58.92%	818	896	-8.71%
(Provision)/Write back for doubtful debts	(2,741)	-	-	(2,741)	55	NM

**Note 1: Revenue**

	Group			Group		
	4Q 2014 US\$'000	4Q 2013 US\$'000	Var + / - %	Jan-Dec 2014 US\$'000	Jan-Dec 2013 US\$'000	Var + / - %
Revenue from middle distillates	3,868,741	3,218,496	20.20%	13,507,620	12,456,025	8.44%
Revenue from other oil products	454,303	1,134,796	-59.97%	3,553,412	3,115,844	14.04%
	4,323,044	4,353,292	-0.69%	17,061,032	15,571,869	9.56%

**Note 2: Other operating income**

	Group			Group		
	4Q 2014 US\$'000	4Q 2013 US\$'000	Var + / - %	Jan-Dec 2014 US\$'000	Jan-Dec 2013 US\$'000	Var + / - %
Bank interest income	115	42	173.81%	304	208	46.15%
Foreign exchange gain	359	874	-58.92%	818	896	-8.71%
Other income	46	61	-24.59%	46	61	-24.59%
	520	977	-46.78%	1,168	1,165	0.26%

**Note 3: Share of results of associates and joint venture**

	Group			Group		
	4Q 2014 US\$'000	4Q 2013 US\$'000	Var + / - %	Jan-Dec 2014 US\$'000	Jan-Dec 2013 US\$'000	Var + / - %
Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong")	4,609	8,370	-44.93%	41,873	44,935	-6.81%
China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL")	167	181	-7.73%	1,652	1,705	-3.11%
China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan")	1,273	151	743.05%	1,550	451	243.68%
Oilhub Korea Yeosu Co., Ltd ("OKYC")	(1,235)	641	NM	(1,690)	(615)	174.80%
CNAF Hong Kong Refuelling Limited ("CNAF HKRL")	(191)	-	NM	(191)	-	NM
	4,623	9,343	-50.52%	43,194	46,476	-7.06%

**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 in China is subject to withholding tax. Deferred tax asset of US\$0.50 million was recognised in the year ended 31 December 2014. Deferred tax assets arises from the recognition of temporary differences attributable to unutilised tax losses.

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**

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 Dec 14 US\$'000</b>	<b>As at 31 Dec 13 US\$'000</b>	<b>As at 31 Dec 14 US\$'000</b>	<b>As at 31 Dec 13 US\$'000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6,790	7,377	6,726	7,323
Intangible assets	2,369	2,815	1,188	1,634
Subsidiaries	-	-	33,435	28,095
Associates and joint venture	270,142	267,761	82,626	81,236
Trade and other receivables	-	-	35,480	35,573
Deferred tax assets	7,587	7,087	7,583	7,083
	<b>286,888</b>	<b>285,040</b>	<b>167,038</b>	<b>160,944</b>
<b>Current assets</b>				
Inventories	38,098	113,125	34,214	110,197
Trade and other receivables	930,619	1,120,426	873,784	1,020,035
Cash and cash equivalents	94,286	56,299	84,043	52,617
	<b>1,063,003</b>	<b>1,289,850</b>	<b>992,041</b>	<b>1,182,849</b>
<b>Total assets</b>	<b>1,349,891</b>	<b>1,574,890</b>	<b>1,159,079</b>	<b>1,343,793</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital	215,573	215,573	215,573	215,573
Retained earnings	300,829	272,241	198,503	170,016
Other components of equity	37,112	35,748	(5,482)	(5,482)
<b>Total equity</b>	<b>553,514</b>	<b>523,562</b>	<b>408,594</b>	<b>380,107</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	6,238	6,228	-	-
<b>Current liabilities</b>				
Trade and other payables	789,677	1,016,120	749,264	963,006
Loans and borrowings	-	28,609	1,221	680
Current tax liabilities	462	371	-	-
	<b>790,139</b>	<b>1,045,100</b>	<b>750,485</b>	<b>963,686</b>
<b>Total liabilities</b>	<b>796,377</b>	<b>1,051,328</b>	<b>750,485</b>	<b>963,686</b>
<b>Total equity and liabilities</b>	<b>1,349,891</b>	<b>1,574,890</b>	<b>1,159,079</b>	<b>1,343,793</b>

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 Dec 2014		As at 31 Dec 2013	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	0	17,209	11,400

Amount repayable after one year

As at 31 Dec 2014		As at 31 Dec 2013	
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**

	<b>4Q 2014</b>	<b>4Q 2013</b>	<b>Jan-Dec 2014</b>	<b>Jan-Dec 2013</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Operating activities</b>				
Profit for the period	4,427	13,493	49,160	70,216
Adjustments for items not involving outlay of funds:-				
Depreciation of property, plant and equipment	206	200	811	796
Amortisation of intangible assets	173	129	687	1,003
Allowance/(Write back) for doubtful debts	2,741	-	2,741	(55)
Share of results of associates and joint venture (net of tax)	(4,623)	(9,343)	(43,194)	(46,476)
Interest income	(115)	(42)	(304)	(208)
Interest expense	874	808	1,548	1,998
Tax expense	93	510	1,869	2,208
Share-based payment	-	-	-	(271)
Exchange differences	575	(138)	355	(261)
	<b>4,351</b>	<b>5,617</b>	<b>13,673</b>	<b>28,950</b>
Changes in working capital				
Inventories	47,173	(39,588)	75,027	(94,553)
Trade and other receivables	616,374	(96,102)	187,062	163,401
Trade and other payables	(658,415)	90,886	(226,445)	(166,357)
Cash generated from/(used in) operations	9,483	(39,187)	49,317	(68,559)
Tax paid	(1,977)	(2,274)	(2,116)	(2,277)
<b>Cash flows from/(used in) operating activities</b>	<b>7,506</b>	<b>(41,461)</b>	<b>47,201</b>	<b>(70,836)</b>
<b>Investing activities</b>				
Interest received	115	36	310	202
Purchase of property, plant and equipment	(93)	(41)	(224)	(137)
Purchase of intangible assets	(24)	(469)	(240)	(1,540)
Acquisition of associate and joint venture	-	(5,000)	-	(5,000)
Dividends received from associate	32,409	38,648	35,146	38,829
<b>Cash flows from investing activities</b>	<b>32,407</b>	<b>33,174</b>	<b>34,992</b>	<b>32,354</b>
<b>Financing activities</b>				
Interest paid	(874)	(808)	(1,548)	(1,998)
Proceeds from loans and bank borrowing	35,543	56,481	361,755	248,845
Repayment of loans and bank borrowing	(56,589)	(56,553)	(390,364)	(221,902)
Dividend paid	-	-	(13,694)	(11,569)
<b>Cash flows (used in)/from financing activities</b>	<b>(21,920)</b>	<b>(880)</b>	<b>(43,851)</b>	<b>13,376</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>17,993</b>	<b>(9,167)</b>	<b>38,342</b>	<b>(25,106)</b>
Cash and cash equivalents at beginning of the period	76,868	65,328	56,299	81,144
Net effect of exchange rate fluctuations on cash held	(575)	138	(355)	261
<b>Cash and cash equivalents at end of the period</b>	<b>94,286</b>	<b>56,299</b>	<b>94,286</b>	<b>56,299</b>

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	Share option reserve US\$'000	Foreign currency translation reserve US\$'000	Statutory reserve US\$'000	Other reserve US\$'000	Total equity US\$'000
<b>THE GROUP</b>								
<b>As at 1 January 2013</b>	215,573	213,989	(5,482)	271	26,888	8,694	-	459,933
Total comprehensive income for the period	-	70,216	-	-	5,253	-	-	75,469
Dividend paid in respect of 2012	-	(11,569)	-	-	-	-	-	(11,569)
Transfer from retained earnings to statutory reserve	-	(395)	-	-	-	395	-	-
Share-based payment transaction	-	-	-	(271)	-	-	-	(271)
<b>As at 31 December 2013</b>	<b>215,573</b>	<b>272,241</b>	<b>(5,482)</b>	<b>-</b>	<b>32,141</b>	<b>9,089</b>	<b>-</b>	<b>523,562</b>
<b>As at 1 January 2014</b>	215,573	272,241	(5,482)	-	32,141	9,089	-	523,562
Total comprehensive income for the period	-	49,160	-	-	(5,514)	-	-	43,646
Dividend paid in respect of 2013	-	(13,694)	-	-	-	-	-	(13,694)
Transfer from retained earnings to statutory and other reserve	-	(6,878)	-	-	-	67	6,811	-
<b>As at 31 December 2014</b>	<b>215,573</b>	<b>300,829</b>	<b>(5,482)</b>	<b>-</b>	<b>26,627</b>	<b>9,156</b>	<b>6,811</b>	<b>553,514</b>

#### Statement of Changes in Equity

	Share capital US\$'000	Retained earnings US\$'000	Share option reserve US\$'000	Treasury shares US\$'000	Total equity US\$'000
<b>THE COMPANY</b>					
<b>As at 1 January 2013</b>	215,573	117,253	271	(5,482)	327,615
Total comprehensive income for the period	-	64,332	-	-	64,332
Dividend paid in respect of 2012	-	(11,569)	-	-	(11,569)
Share-based payment transaction	-	-	(271)	-	(271)
<b>As at 31 December 2013</b>	<b>215,573</b>	<b>170,016</b>	<b>-</b>	<b>(5,482)</b>	<b>380,107</b>
<b>As at 1 January 2014</b>	215,573	170,016	-	(5,482)	380,107
Total comprehensive income for the period	-	38,254	-	-	38,254
Dividend paid in respect of 2013	-	(13,694)	-	-	(13,694)
<b>As at 31 December 2014</b>	<b>215,573</b>	<b>194,576</b>	<b>-</b>	<b>(5,482)</b>	<b>404,667</b>

- 1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

### **Share Capital**

There were no movements in the Company's share capital for the quarter ended 31 December 2014.

### **China Aviation Oil Share Option Scheme**

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

The option period in respect of the Executive Share Options (as defined under the CAO Share Option Scheme) commenced on 9 October 2013 and expires on the date immediately preceding the tenth anniversary of the date of grant i.e. 9 October 2011 ("**Date of Grant**"). The option period in respect of the Non-Executive Share Options (as defined under the CAO Share Option Scheme) commenced on 9 October 2013 and expires on the date immediately preceding the fifth anniversary of the Date of Grant.

As at 31 December 2014, there were 1,748,201 outstanding share options (31 December 2013: 3,444,600 share options) after taking into account 1,640,400 share options which ceased to be exercisable under the CAO Share Option Scheme due to vesting conditions not met and 55,999 share options which lapsed during the year due to staff resignation ("Outstanding Share Options"). The Outstanding Share Options, when exercisable, would entitle the holders to subscribe for a total of 1,748,201 ordinary shares (31 December 2013: 3,444,600 ordinary shares) of the Company at a weighted average exercise price of S\$0.91 per share.

The Outstanding Share Options as at 31 December 2014 constitute approximately 0.20% of the total issued shares of the Company (including treasury shares held by the Company).

### **Treasury shares**

During the quarter ended 31 December 2014, the Company did not make any purchase of its own ordinary shares pursuant to the Share Purchase Mandate renewed at the Extraordinary General Meeting of the Company held on 24 April 2014.

As at 31 December 2014, a total of 6,000,000 ordinary shares (31 December 2013: 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.

<b>Number of Shares</b>	<b>4Q 2014</b>	<b>4Q 2013</b>	<b>YTD 4Q 2014</b>	<b>YTD 4Q 2013</b>
<b>Issued ordinary shares</b>				
Balance at beginning	866,183,628	722,820,537	722,820,537	722,820,537
Bonus share issue	-	-	143,363,091	-
<b>Balance at end of period</b>	<b>866,183,628</b>	<b>722,820,537</b>	<b>866,183,628</b>	<b>722,820,537</b>
<b>Treasury shares</b>				
Balance at beginning of period	(6,000,000)	(6,000,000)	(6,000,000)	(6,000,000)
Additions during the period	-	-	-	-
<b>Balance at end of period</b>	<b>(6,000,000)</b>	<b>(6,000,000)</b>	<b>(6,000,000)</b>	<b>(6,000,000)</b>
<b>Total</b>	<b>860,183,628</b>	<b>716,820,537</b>	<b>860,183,628</b>	<b>716,820,537</b>

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 2013.

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 2014. 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.

	4Q 2014	4Q 2013	YTD 4Q 2014	YTD 4Q 2013
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	0.51 US cents	1.57 US cents	5.72 US cents	8.16 US cents
- Weighted average number of shares ('000)*	860,184	860,184	860,184	860,184
(b) On a fully diluted basis	0.51 US cents	1.56 US cents	5.72 US cents	8.13 US cents
- Adjusted weighted average number of shares ('000)*	860,184	863,746	860,184	864,049

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. The outstanding share options were assessed to be anti-dilutive for the period ended 31 December 2014.

\* The basic and diluted earnings per share are adjusted for transactions that adjust the number of shares without a corresponding change in resources. The effects of the bonus shares, issued on 5 March 2014, have been included in the basic and diluted earnings per share calculation for the period ended 31 December 2014 and 31 December 2013.

- 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 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Net asset value per ordinary share based on issued share capital at the end of the period reported on (US cents)	64.35	73.04	47.04	53.03
Number of ordinary shares issued ('000)	860,184	716,821	860,184	716,821

Net asset value per ordinary share is determined based on net asset value attributable to owners of the Company and the number of shares in issue of the Company as at 31 December 2014 and 31 December 2013 (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 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 engage in international trading of jet fuel and other oil products. The Company has wholly-owned subsidiaries located in Hong Kong, North America and United Kingdom; viz. China Aviation Oil (Hong Kong) Company Limited ("CAOHK"), North American Fuel Corporation ("NAFCO") and China Aviation Oil (Europe) Limited ("CAO Europe") 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"). The Group had also entered into a joint venture contract on 4 September 2013 for the establishment of a joint venture company in Hong Kong known as CNAF Hong Kong Refuelling Limited ("CNAF HKRL") through its subsidiary, CAOHK. The Group had invested US\$5 million which represents a 39% equity interest in CNAF HKRL. CNAF HKRL's refuelling facilities is currently under construction and is expected to complete in 2015.

### **Consolidated Statement of Comprehensive Income**

#### ***4th Qtr 2014 v 4th Qtr 2013***

The total supply and trading volume for jet fuel and other oil products increased by 1.12 million tonnes (23.88%) to 5.81 million tonnes for the fourth quarter ended 31 December 2014 ("4Q 2014") compared to 4.69 million tonnes for the fourth quarter ended 31 December 2013 ("4Q 2013"). The volume of jet fuel supply and trading increased by 1.39 million tonnes (54.30%) to 3.95 million tonnes for 4Q 2014 compared to 2.56 million tonnes for 4Q 2013, attributable mainly to strong demand from China's civil aviation industry and expansion in overseas jet fuel market. Trading volume of other oil products decreased by 0.27 million tonnes (12.68%) to 1.86 million tonnes for 4Q 2014 compared to 2.13 million tonnes for 4Q 2013.

Total revenue decreased by US\$30.25 million (0.69%) to US\$4,323.04 million for 4Q 2014 from US\$4,353.29 million for 4Q 2013, mainly attributable to lower oil prices and decline in the trading volume of other oil products.

Gross profit derived from jet fuel supply and trading and trading of other oil products was US\$4.58 million for 4Q 2014, a decrease of 60.35% compared to US\$11.56 million for 4Q 2013, mainly attributable to losses incurred in trading of other oil products as demand for fuel oil remain depressed and lower optimisation gain derived from trading of jet fuel.

Other operating income was US\$0.52 million for 4Q 2014 compared to US\$0.98 million for 4Q 2013. This was mainly due to comparatively lower foreign exchange gain of approximately US\$0.51 million resulting from the revaluation on foreign currency balances against the US Dollar.

Total expenses decreased by US\$2.67 million (33.88%) to US\$5.21 million for 4Q 2014 compared to US\$7.88 million for 4Q 2013. The decrease in expenses was mainly due to: (i) lower staff costs due to lower provision of staff bonuses which was in line with the Company's performance and in accordance with the Company's

remuneration policy; (ii) lower professional fee incurred for business expansion; and (iii) reduction in finance costs relating to bank charges and interest expense, partially offset by the increase in provision for doubtful debts.

The share of profits from associates and joint venture was US\$4.62 million for 4Q 2014 compared to US\$9.34 million for 4Q 2013, a decrease of 50.52% mainly due to lower share of results from Pudong and share of loss from OKYC. The share of profits from Pudong was US\$4.61 million for 4Q 2014 compared to US\$8.37 million for 4Q 2013, decreased by 44.93% mainly attributable to the impairment provision on inventory valuation owing to the decline in oil prices.

Share of results from OKYC was a loss of US\$1.24 million for 4Q 2014 compared to a profit of US\$0.64 million for 4Q 2013, mainly due to the recognition of mark-to-market (“MTM”) loss and gain respectively from its cross currency interest rate swap (“CSR”) contracts denominated in Korea Won. OKYC entered into CSR contracts to hedge against future revenue in US Dollar. However, it could not qualify for hedge accounting in accordance with International Financial Reporting Standards (“IFRS”). As such, accounting treatment requires the MTM gain or loss to be recorded in the Income Statement.

Share of profits from TSN-PEKCL was US\$0.17 million for 4Q 2014, a decrease of US\$0.01 million (7.73%) compared to US\$0.18 million for 4Q 2013, mainly due to lower pipeline transportation volume. The share of results in Xinyuan increased by US\$1.12 million (743.05%) to US\$1.27 million for 4Q 2014 compared to US\$0.15 million for 4Q 2013, mainly due to the reversal of impairment provision made in prior years on its oil storage properties.

The share of loss of US\$0.19 million from CNAF HKRL was mainly due to the pre-operating expenses incurred since its incorporation on 10 September 2013. The construction of the facility is still underway.

Income tax expense was US\$0.09 million for 4Q 2014 compared to US\$0.51 million for 4Q 2013, a decrease of US\$0.42 million (81.76%) due mainly to the lower deferred tax liabilities on the Company’s share of undistributed retained earnings from associates.

The Group’s net profit for 4Q 2014 was US\$4.43 million compared to US\$13.49 million for 4Q 2013, a decrease of US\$9.06 million (67.19%), mainly due to lower gross profit and lower contribution from share of results of associates. Earnings per share was 0.51 US cents for 4Q 2014 compared to 1.57 US cents for 4Q 2013.

#### ***4th Qtr 2014 v 3rd Qtr 2014***

The total supply and trading volume for jet fuel and other oil products increased by 0.36 million tonnes (6.20%) to 5.81 million tonnes for 4Q 2014 compared to 5.45 million tonnes for the third quarter ended 30 September 2014 (“3Q 2014”).

Total revenue decreased by US\$454.23 million (9.51%) to US\$4,323.04 million for 4Q 2014 from US\$4,777.27 million for 3Q 2014, mainly attributable to lower oil prices and lower trading volume of other oil products.

Gross profit has improved from the US\$2.84 million loss for 3Q 2014 to a profit of US\$4.58 million for 4Q 2014.

Other operating income was US\$0.52 million for 4Q 2014 compared to US\$0.45 million for 3Q 2014, mainly due to higher bank interest income.

Total expenses was US\$5.21 million for 4Q 2014 compared to US\$5.15 million for 3Q 2014, a slight increase of US\$0.06 million (1.16%), mainly due to the provision of doubtful debts and an increase in interest expense partially offset by the decrease in staff costs due to lower provision of staff bonuses in line with the Company’s performance and remuneration policy.

The share of profits from associates and joint venture was US\$4.62 million for 4Q 2014 compared to US\$15.17 million for 3Q 2014, a decrease of 69.55%. This was mainly attributable to lower share of profits from Pudong. Share of profits from Pudong was US\$4.61 million for 4Q 2014 compared to US\$15.60 million for 3Q 2014, a decrease of US\$10.99 million (70.45%) was mainly due to the impairment provision on inventory valuation resulted from the decline in oil prices.

The share of loss from OKYC was US\$1.24 million for 4Q 2014 compared to US\$1.09 million for 3Q 2014, mainly due to the recognition of MTM loss from its CSR contracts denominated in Korea Won.

Share of profits from TSN-PEKCL for 4Q 2014 was US\$0.17 million compared to US\$0.50 million for 3Q 2014, a decrease of US\$0.33 million (66.00%) mainly due to the decline in pipeline transportation volume. The share of results in Xinyuan increased by US\$1.10 million (647.06%) to US\$1.27 million for 4Q 2014 compared to US\$0.17 million for 3Q 2014 owing to reversal of impairment provision made in prior years on its oil storage properties.

Income tax expense was US\$0.09 million for 4Q 2014 compared to US\$0.31 million for 3Q 2014, a decrease of 70.97% mainly due to the recognition of lower deferred tax liabilities on the Company's share of undistributed retained earnings from associates.

The Group's net profit for 4Q 2014 was US\$4.43 million compared to US\$7.32 million for 3Q 2014, a decrease of US\$2.89 million (39.48%), mainly due to the lower share of results from associates. Earnings per share was 0.51 US cents for 4Q 2014 compared to 0.85 US cents for 3Q 2014.

### ***FY 2014 v FY 2013***

The total supply and trading volume for jet fuel and other oil products increased by 3.87 million tonnes (23.48%) to 20.35 million tonnes for the financial year ended 31 December 2014 ("FY 2014") compared to 16.48 million tonnes for the financial year ended 31 December 2013 ("FY 2013"). The volume of supply and trading for jet fuel increased by 1.66 million tonnes (15.95%) to 12.07 million tonnes for FY 2014 compared to 10.41 million tonnes for FY 2013. The trading volume of other oil products increased by 2.21 million tonnes (36.41%) to 8.28 million tonnes for FY 2014 compared to 6.07 million tonnes for FY 2013.

Total revenue increased by US\$1,489.16 million (9.56%) to US\$17,061.03 million for FY 2014 from US\$15,571.87 million for FY 2013. This was mainly attributable to the increase in trading volumes. Please see breakdown under note 1 on page 3.

Gross profit derived from jet fuel supply and trading and trading of other oil products was US\$27.40 million for FY 2014, a decrease of 47.80% compared to US\$52.49 million for FY 2013. This was mainly attributable to the decrease in trading gains as a result of lower optimisation gain from trading of jet fuel and losses incurred in trading of other oil products as demand for fuel oil remain depressed and the market for petrochemical products was highly volatile as well as higher storage costs for fuel oil.

Other operating income for FY 2014 was US\$1.17 million, about the same for FY 2013.

Total expenses were US\$20.73 million for FY 2014, decreased by 25.19% compared to US\$27.71 million for FY 2013, mainly due to lower provision of staff bonuses which was in line with the Company's performance and in accordance with the Company's remuneration policy and lower finance cost relating to bank charges and interest expense, despite a provision for doubtful debts.

The share of profits from associates and joint venture was US\$43.19 million for FY 2014 compared to US\$46.48 million for FY 2013, a decrease of US\$3.29 million or 7.06%, mainly attributable to lower share of profits from Pudong. The share of results in Pudong was US\$41.87 million for FY 2014 compared to US\$44.94 million for FY 2013, a decrease of US\$3.07 million (6.81%) attributable mainly to the impairment on inventory valuation owing to the decline in oil prices. Excluding the one-off credit resulting from the reversal of provision for past claims relating to customs duties and value added tax of US\$11.92 million in FY 2013, the contribution from Pudong would have increased by 26.80% year on year, mainly due to the increase in refueling volume that led to higher revenue coupled with lower cost of sales attributable to lower procurement costs.

The share of loss from OKYC was US\$1.69 million for FY 2014 compared to US\$0.62 million for FY 2013. OKYC's principal business operation is normal and its oil storage leasing activity has generated profits. The share of loss in FY 2014 was mainly due to the costs incurred in resolving a contractual dispute and the recognition of MTM loss of its CSR contracts denominated in Korea Won whereas the share of loss for FY 2013 was largely due to the recognition of MTM loss of its CSR contracts. OKYC entered into CSR contracts to hedge against future revenue in

US Dollar. However, as it could not qualify for hedge effectiveness in accordance with IFRS, accounting treatment requires the MTM gain or loss to be recorded in the Income Statement.

Share of profits from TSN-PEKCL was US\$1.65 million for FY 2014 compared to US\$1.71 million for FY 2013, decrease of 3.11% attributable mainly to lower revenue from decline in pipeline transportation volume. The share of results in Xinyuan increased by US\$1.10 million (243.68%) to US\$1.55 million for FY 2014 compared to US\$0.45 million for FY 2013, mainly due to the reversal of impairment provision made in prior years on its oil storage properties.

The share of loss of US\$0.19 million from CNAF HKRL was mainly due to the pre-operating expenses incurred since its incorporation on 10 September 2013. The construction of the facility is still underway.

Income tax expense was US\$1.87 million for FY 2014 compared to US\$2.21 million for FY 2013, a decrease of 15.35% due mainly to the recognition of deferred tax assets in relation to the Company's tax losses carried forward.

The Group's net profit for FY 2014 was US\$49.16 million compared to US\$70.22 million for FY 2013, a decrease of US\$21.06 million (29.99%), mainly attributable to the decrease in gross profit. Excluding the one-off credit of US\$11.92 million from share of profit in associates in FY 2013, the Group's net profit for FY 2014 would be a year-on-year decline of US\$9.14 million (15.68%). Earnings per share was 5.72 US cents for FY 2014 compared to 8.16 US cents for FY 2013.

#### **Statement of Financial Position**

The Group's current assets stood at US\$1,063.00 million as at 31 December 2014 compared to US\$1,289.85 million as at 31 December 2013. The decrease of US\$226.85 million in current assets resulted mainly from:

- (i) a decrease of US\$75.03 million in inventories held for trading, attributable mainly to product mix, lower inventory volume and the decline in oil prices. The Company has adequate risk control measures to hedge the inventories in order to mitigate market risk resulted from the oil price fluctuations;
- (ii) a decrease of US\$189.81 million in trade and other receivables to US\$930.62 million as at 31 December 2014 from US\$1,120.43 million as at 31 December 2013 mainly due to higher collections in December 2014 compared to December 2013; and
- (iii) an increase of US\$37.99 million in cash and cash equivalents which was mainly attributable to the aggregate cash inflow of US\$82.19 million from operating and investing activities partially offset by the cash outflow of US\$43.85 million from financing activities.

Non-current assets stood at US\$286.89 million as at 31 December 2014, compared to US\$285.04 million as at 31 December 2013.

Current liabilities comprised trade and other payables, bank borrowings and tax payables, decreased by US\$254.95 million to US\$790.14 million as at 31 December 2014 compared to US\$1,045.10 million as at 31 December 2013. This was mainly due to the decrease in trade payables in December 2014 compared to December 2013.

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\$553.51 million as at 31 December 2014, or 64.35 US cents per share, compared to US\$523.56 million as at 31 December 2013 or 73.04 US cents per share. Lower net asset value per share was attributable to the effect of the 143,363,091 bonus shares issued on 5 March 2014.

#### **Consolidated Statement of Cash Flows 4Q 2014 v 4Q 2013**

The net cash generated from operating activities was US\$7.51 million in 4Q 2014 compared to net cash used in operating activities of US\$41.46 million in 4Q 2013, attributable mainly to lower working capital requirements for trading activities.

Cash flows generated from investing activities amounted to US\$32.41 million in 4Q 2014, compared to US\$33.17 million in 4Q 2013, mainly attributable to lower dividend income received from associates.

Cash flows used in financing activities in 4Q 2014 was US\$21.92 million, compared to US\$0.88 million in 4Q 2013, mainly attributable to lower bank proceeds.

***FY 2014 v FY 2013***

The net cash generated from operating activities was US\$47.20 million in FY 2014 compared to net cash used in operating activities of US\$70.84 million in FY 2013 mainly due to lower working capital requirements for trading activities.

Cash flows generated from investing activities amounted to US\$34.99 million in FY 2014 compared to US\$32.35 million in FY 2013, mainly attributable to cash outflow for investing in CNAF HKRL in FY 2013.

Cash flows used in financing activities was US\$43.85 million in FY 2014 compared to cash flows generated from financing activities of US\$13.38 million in FY 2014 attributable mainly to higher repayment of 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.

With the groundwork laid at the three wholly owned subsidiaries; namely, CAOHK, NAFCO and CAO Europe, the Group stands in good stead to focus on its global expansion building on its jet fuel supply, marketing and trading businesses. In addition, leveraging on a strong foundation of stringent risk management, the Company will continue to expand its diversification into trading activities in other oil products as well as seeking opportunities to invest in or acquire strategic oil assets or synergetic businesses in line with its corporate strategy to diversify its income streams. Consistent with 2014, we expect the oil trading environment to remain challenging. The Company will continue executing its long term strategy to ensure the healthy and stable development of the Company.

- 11 Dividend

**(a) Current financial period reported on**

Any dividend declared for the current financial period reported on? Yes

	Proposed Final One-tier Tax Exempt Ordinary
Name of dividend	
Dividend Type	Cash
Net Dividend Amount (Singapore cents per share)	2

**(b) Corresponding period of the immediately preceding financial year**

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of dividend	Proposed Final One-tier Tax Exempt Ordinary
Dividend Type	Cash
Net Dividend Amount (Singapore cents per share)	2

**(c) Date payable**

The Directors have proposed a first and final dividend of two Singapore cents per ordinary share, tax exempt (one-tier) for approval by shareholders at the forthcoming annual general meeting to be convened. Details on payment of dividend will be announced in due course.

**(d) Book closure date**

Details on closure of books will be announced in due course.

12 If no dividend has been declared/recommended, a statement to that effect.

Not Applicable.



PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segment revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year.

	<b>Middle distillates</b>		<b>Other oil products</b>		<b>Investment in oil related assets</b>		<b>Total</b>	
	2014 US\$'000	2013 US\$'000	2014 \$'000	2013 \$'000	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Revenue	13,474,523	12,456,025	3,586,507	3,115,843	-	-	17,061,030	15,571,868
Gross profit	32,156	41,011	(4,758)	11,480	-	-	27,398	52,491
Operating expenses	(10,616)	(16,395)	(3,597)	(1,268)	(3,443)	(4,746)	(17,656)	(22,409)
Segment results	21,540	24,616	(8,355)	10,212	(3,443)	(4,746)	9,742	30,082
Other operating income	1,168	1,158	-	3	-	4	1,168	1,165
Finance costs	(1,683)	(2,581)	(1,392)	(2,717)	-	(1)	(3,075)	(5,299)
Share of results of associates and joint venture (net of tax)	-	-	-	-	43,194	46,476	43,194	46,476
Profit before taxation	21,025	23,193	(9,747)	7,498	39,751	41,733	51,029	72,424
Income tax expense	(450)	(377)	-	-	(1,419)	(1,831)	(1,869)	(2,208)
Profit after taxation	20,575	22,816	(9,747)	7,498	38,332	39,902	49,160	70,216

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not Applicable.

15. A breakdown of sales as follows:

	Group		% Increase/ (Decrease)
	2014 US\$'000	2013 US\$'000	
Sales reported for first half year	7,960,717	7,551,030	5.43%
Profit after tax before deducting minority interests reported for first half year	37,411	34,896	7.21%
Sales reported for second half year	9,100,315	8,020,839	13.46%
Profit after tax before deducting minority interests reported for second half year	11,749	35,320	-66.74%

16. A breakdown of the total annual dividend (in dollar value) for the issuer's most latest full year and its previous full year as follows: (a) ordinary, (b) preference and (c) total.

Total distribution paid and proposed in respect of the financial year ended 31 December 2014 will be two Singapore cents per ordinary share (2013: Two Singapore cents per ordinary share).

	Latest Full Year US\$'000	Previous Full Year US\$'000
Ordinary – interim dividend	-	-
Ordinary – final dividend	13,023*	13,694
Total:	13,023	13,694

\* Estimated based on a total number of issued ordinary shares of 860,184,644 at the end of the financial year.

17. Interested Person Transactions.

**Pursuant to Rule 920(1)(a)(ii) of the Listing Manual**

Aggregate value of interested person transactions entered from 1 January 2014 to 31 December 2014.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than US\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than US\$100,000)	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)
	<b>4Q 2014 US\$'000</b>	<b>4Q 2014 US\$'000</b>	<b>YTD 4Q 2014 US\$'000</b>	<b>YTD 4Q 2014 US\$'000</b>
Sales revenue from related corporations	0	878,584	0	3,794,788
Sales revenue from related corporation of a corporate shareholder	0	242,886	0	627,605
Purchases from related corporations	0	52,855	0	235,279
Purchases from related corporation of a corporate shareholder	0	155,522	0	551,313
Services rendered from related corporation of a corporate shareholder	0	132	0	538
Gain from trading of derivative financial instrument with related corporation of a corporate shareholder	0	0	0	20
Supply chain services rendered from related corporation	0	2,008	0	7,703
Supply chain services rendered from related corporation of a corporate shareholder	0	0	0	224
Interest income earned by associate from related corporations	97	0	376	0
Transportation revenue earned by associate from related corporations	0	2,088	0	8,725
Purchase made by associate from related corporations	0	20	0	135
Loan granted by associate to related corporation	0	0	5,802	0
Principal deposited with interested person	34,784	0	34,784	0

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13)

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Doreen Nah  
Company Secretary  
12 February 2015