



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
(Company Registration No. 199303293Z)
Second Quarter/Half Year Financial Statement For The Period Ended 30 June 2018

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

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

These figures have not been audited:

Consolidated Statement of Profit or Loss

	2Q 2018	2Q 2017	Variance		1H 2018	1H 2017	Variance	
	US\$'000	US\$'000	+ / -	%	US\$'000	US\$'000	+ / -	%
		(Restated)*				(Restated)*		
Revenue (Note 1)	5,799,913	3,672,653	57.92%		9,902,387	6,983,816	41.79%	
Cost of sales	(5,783,531)	(3,662,088)	57.93%		(9,872,796)	(6,957,782)	41.90%	
Gross Profit	16,382	10,565	55.06%		29,591	26,034	13.66%	
Other operating income (Note 2)	1,239	1,213	2.14%		2,582	2,000	29.10%	
Administrative expenses	(3,813)	(3,847)	-0.88%		(7,691)	(7,595)	1.26%	
Other operating expenses (Note 3)	(1,398)	860	NM		(3,617)	(1,225)	195.27%	
Finance costs	(693)	(418)	65.79%		(1,634)	(1,048)	55.92%	
Operating Profit	11,717	8,373	39.94%		19,231	18,166	5.86%	
Share of results of associates (net of tax) (Note 4)	18,606	18,304	1.65%		39,571	33,203	19.18%	
Profit before tax	30,323	26,677	13.67%		58,802	51,369	14.47%	
Tax expense (Note 5)	(1,023)	(1,063)	-3.76%		(2,597)	(2,130)	21.92%	
Profit for the period	29,300	25,614	14.39%		56,205	49,239	14.15%	
Attributable to:								
Equity holders of the Company	29,300	25,614	14.39%		56,205	49,239	14.15%	

* The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") framework for the financial year ending 31 December 2018 and has applied SFRS(I) 9 which requires the recognition of credit loss provision with effect from 1 January 2018 and retrospectively applied to 2017 (please refer to note 3 on page 3).

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

	2Q 2018	2Q 2017	Variance	1H 2018	1H 2017	Variance
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
	(Restated)			(Restated)		
PROFIT FOR THE PERIOD	29,300	25,614	14.39%	56,205	49,239	14.15%
Other comprehensive income/(loss):						
Items that are or may be reclassified subsequently to profit or loss:						
Translation differences relating to financial statements of foreign associates (Note (a))	(15,372)	1,254	NM	(7,460)	4,467	NM
Other comprehensive (loss)/income for the period, net of tax	(15,372)	1,254	NM	(7,460)	4,467	NM
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	13,928	26,868	-48.16%	48,745	53,706	-9.24%
Total comprehensive income attributable to:						
Owners of the Company	13,928	26,868	-48.16%	48,745	53,706	-9.24%

Note (a): For the six months ended 30 June 2018, RMB and Korean Won depreciated by approximately 1.86% and 4.26% respectively against the US Dollar compared to end of December 2017 thereby giving rise to the translation loss on foreign associates. RMB and Korean Won both appreciated by 2.08% and 4.82% respectively against the US Dollar in the same period last year.

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

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

	2Q 2018	2Q 2017	Var	1H 2018	1H 2017	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Depreciation of property, plant and equipment	(162)	(168)	-3.57%	(324)	(333)	-2.70%
Amortisation of intangible assets	(58)	(67)	-13.43%	(114)	(128)	-10.94%
Bank interest income	907	1,293	-29.85%	2,302	2,019	14.02%
Interest expense	(271)	(271)	-	(922)	(579)	59.24%
Net foreign exchange gain/(loss)	332	(123)	NM	280	(104)	NM
Allowance for doubtful debts - net	(1,401)	1,024	NM	(2,976)	(639)	365.73%

Note 1: Revenue

	2Q 2018	2Q 2017	Var	1H 2018	1H 2017	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Revenue from middle distillates	3,117,550	2,504,789	24.46%	5,796,746	4,881,279	18.75%
Revenue from other oil products	2,682,363	1,167,864	129.68%	4,105,641	2,102,537	95.27%
	5,799,913	3,672,653	57.92%	9,902,387	6,983,816	41.79%

Note 2: Other operating income

	2Q 2018	2Q 2017	Var	1H 2018	1H 2017	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Bank interest income	907	1,293	-29.85%	2,302	2,019	14.02%
Net foreign exchange gain/(loss)	332	(123)	NM	280	(104)	NM
Other income	-	43	NM	-	85	NM
	1,239	1,213	2.14%	2,582	2,000	29.10%

Note 3: Other operating expenses

In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model to be applied. An entity is expected to account for credit losses and changes in the expected credit losses at each reporting date to reflect changes in credit risk since initial recognition as it is no longer necessary for a credit event to have occurred before credit losses are recognized. In adopting (SFRS(I)) effective 1 January 2018, the Group has assessed and made an impairment provision of US\$2.98 million on receivables in 1H 2018 under SFRS(I) 9. With retrospective application, other operating expenses in 1H 2017 was restated from US\$0.59 million to US\$1.23 million with the impairment provision of US\$0.64 million.

Note 4: Share of results of associates

	2Q 2018	2Q 2017	Var	1H 2018	1H 2017	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong")	15,676	16,092	-2.59%	34,571	29,038	19.05%
China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL")	874	781	11.91%	1,484	1,563	-5.05%
China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan")	222	195	13.85%	421	236	78.39%
Oilhub Korea Yeosu Co., Ltd ("OKYC")	1,969	1,404	40.24%	3,396	2,739	23.99%
CNAF Hong Kong Refuelling Limited ("CNAF HKR")	(135)	(168)	19.64%	(301)	(373)	19.30%
	18,606	18,304	1.65%	39,571	33,203	19.18%

Note 5: Tax expense

The increase in tax expense was mainly due to the increase in recognition of deferred tax liabilities on the Company's share of undistributed retained earnings from associates and the provision of income tax expense 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 Jun 18 US\$'000	As at 31 Dec 17 US\$'000 (restated)	As at 1 Jan 17* US\$'000 (restated)	As at 30 Jun 18 US\$'000	As at 31 Dec 17 US\$'000 (restated)	As at 1 Jan 17* US\$'000 (restated)
ASSETS						
Non-current assets						
Property, plant and equipment	5,033	5,194	5,654	4,885	5,101	5,555
Intangible assets	1,516	1,525	1,580	335	344	399
Subsidiaries	-	-	-	50,848	43,318	37,975
Associates	358,783	321,171	281,010	113,070	113,070	82,625
Trade and other receivables	-	-	-	5,035	5,035	35,480
Deferred tax assets	6,004	6,004	7,604	6,000	6,000	7,600
	371,336	333,894	295,848	180,173	172,868	169,634
Current assets						
Inventories	127,560	209,613	170,733	103,251	181,587	164,809
Trade and other receivables	1,537,541	1,066,260	588,103	1,482,528	1,030,605	565,779
Cash and cash equivalents	206,444	300,042	287,286	175,831	276,781	244,164
	1,871,545	1,575,915	1,046,122	1,761,610	1,488,973	974,752
Total assets	2,242,881	1,909,809	1,341,970	1,941,783	1,661,841	1,144,386
EQUITY AND LIABILITIES						
Equity attributable to owners of the Company						
Share capital	215,573	215,573	215,573	215,573	215,573	215,573
Reserves	524,751	505,154	431,661	296,330	310,265	274,880
Total equity	740,324	720,727	647,234	511,903	525,838	490,453
Non-current liabilities						
Deferred tax liabilities	9,758	7,919	6,311	-	-	-
Current liabilities						
Trade and other payables	1,491,290	1,060,213	587,810	1,429,880	1,016,003	553,933
Loans and borrowings	-	120,000	100,000	-	120,000	100,000
Current tax liabilities	1,509	950	615	-	-	-
	1,492,799	1,181,163	688,425	1,429,880	1,136,003	653,933
Total liabilities	1,502,557	1,189,082	694,736	1,429,880	1,136,003	653,933
Total equity and liabilities	2,242,881	1,909,809	1,341,970	1,941,783	1,661,841	1,144,386

* The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") framework for the financial year ending 31 December 2018 and has applied SFRS(I) 1 with 1 January 2017 as the date of transition, which requires the first SFRS(I) financial statements to comprise of an *opening SFRS(I) statement of financial position at the date of transition to SFRS(I)s*. (Please refer to page 7 for more details)

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

Amount repayable in one year or less, or on demand

As at 30 Jun 2018		As at 31 Dec 2017	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	0	0	120,000

Amount repayable after one year

As at 30 Jun 2018		As at 31 Dec 2017	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	0	0	0

1(c) A 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

	2Q 2018 US\$'000	2Q 2017 US\$'000	1H 2018 US\$'000	1H 2017 US\$'000
		(restated)		(restated)
Cash flows from operating activities				
Profit for the period	29,300	25,614	56,205	49,239
Adjustments for:-				
Depreciation of property, plant and equipment	162	168	324	333
Amortisation of intangible assets	58	67	114	128
Allowance on doubtful debts - net	1,401	(1,024)	2,976	639
Fair value gain on derivative instruments	(4,103)	(15,743)	(10,346)	(19,832)
Share of results of associates (net of tax)	(18,606)	(18,304)	(39,571)	(33,203)
Interest income	(907)	(1,293)	(2,302)	(2,019)
Interest expense	271	271	922	579
Tax expense	1,023	1,063	2,597	2,130
Unrealised exchange differences	26	173	17	261
	8,625	(9,008)	10,936	(1,745)
Change in inventories	(23,129)	3,627	87,988	52,559
Change in trade and other receivables	(144,258)	(99,226)	(454,228)	(288,521)
Change in trade and other payables	230,681	163,362	418,802	335,672
Cash from operating activities	71,919	58,755	63,498	97,965
Tax paid	(19)	(34)	(199)	(37)
Net cash from operating activities	71,900	58,721	63,299	97,928
Cash flows from investing activities				
Interest received	241	762	1,055	980
Purchase of property, plant and equipment	(121)	(85)	(163)	(143)
Purchase of intangible assets	(81)	-	(105)	(114)
Acquisition of subsidiaries, net of cash acquired	(7,597)	-	(7,597)	-
Dividends received from associates	-	2,899	-	2,899
Net cash (used in)/from investing activities	(7,558)	3,576	(6,810)	3,622
Cash flows from financing activities				
Interest paid	(271)	(271)	(922)	(579)
Proceeds from loans and borrowing	-	-	25,000	50,000
Repayment of loans and borrowing	(25,000)	(50,000)	(145,000)	(150,000)
Dividend paid	(29,148)	(27,676)	(29,148)	(27,676)
Net cash used in financing activities	(54,419)	(77,947)	(150,070)	(128,255)
Net increase/(decrease) in cash and cash equivalents	9,923	(15,650)	(93,581)	(26,705)
Cash and cash equivalents at beginning of the period	196,547	276,143	300,042	287,286
Net effect of exchange rate fluctuations on cash held	(26)	(173)	(17)	(261)
Cash and cash equivalents at end of the period	206,444	260,320	206,444	260,320

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 capitalisation 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						
THE GROUP	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
As at 1 January 2017 -previously reported	215,573	399,578	(5,482)	4,625	35,391	649,685
Effect on adoption of SFRS(I) 9 (Note 1)	-	(2,451)	-	-	-	(2,451)
As at 1 January 2017 - restated	215,573	397,127	(5,482)	4,625	35,391	647,234
Effect on adoption of SFRS(I) 9 (Note 1)	-	(401)	-	-	-	(401)
Total comprehensive income for the year	-	85,328	-	16,243	-	101,571
Share of associates' accumulated profits transferred to statutory reserve	-	(66)	-	-	66	-
Dividend paid in respect of 2016, representing total transactions with shareholders recognised directly in equity	-	(27,677)	-	-	-	(27,677)
As at 31 December 2017 - restated	215,573	454,311	(5,482)	20,868	35,457	720,727
As at 1 January 2018 - restated	215,573	454,311	(5,482)	20,868	35,457	720,727
Total comprehensive income for the year	-	56,205	-	(7,460)	-	48,745
Dividend paid in respect of 2017, representing total transactions with shareholders recognised directly in equity	-	(29,148)	-	-	-	(29,148)
As at 30 June 2018	215,573	481,368	(5,482)	13,408	35,457	740,324

Statement of Changes in Equity				
THE COMPANY	Share capital US\$'000	Retained earnings US\$'000	Treasury shares US\$'000	Total equity US\$'000
As at 1 January 2017 - previously reported	215,573	282,813	(5,482)	492,904
Effects on adoption of SFRS(I) 9 - Note 1	-	(2,451)	-	(2,451)
As at 1 January 2017 - restated	215,573	280,362	(5,482)	490,453
Effects on adoption of SFRS(I) 9 - Note 1	-	(401)	-	(401)
Total comprehensive income for the year	-	63,463	-	63,463
Dividend paid in respect of 2016, representing total transactions with shareholders recognised directly in equity	-	(27,677)	-	(27,677)
As at 31 December 2017 - restated	215,573	315,747	(5,482)	525,838
As at 1 January 2018 - restated	215,573	315,747	(5,482)	525,838
Total comprehensive income for the year	-	15,213	-	15,213
Dividend paid in respect of 2017, representing total transactions with shareholders recognised directly in equity	-	(29,148)	-	(29,148)
As at 30 June 2018	215,573	301,812	(5,482)	511,903

Note 1: SFRS(I) 9 replaces the current 'incurred loss' model with a forward-looking expected credit loss ("ECL") model. The new impairment model applies to financial assets measured at amortised cost or fair value through other comprehensive income ("FVOCI"), except for investments in equity instruments, and certain loan commitments and financial guarantee contracts.

- 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 June 2018.

Treasury shares

The Company did not make any purchase of its own ordinary shares during the quarter ended 30 June 2018.

As at 30 June 2018, the Company held 6,000,000 ordinary shares (30 June 2017: 6,000,000) which represents 0.69% (30 June 2017: 0.69%) of the total number of issued shares of the Company (excluding treasury shares).

The Company has no subsidiary holdings as at 30 June 2018 and 30 June 2017.

- 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	2Q 2018	4Q 2017
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 Singapore Financial Reporting Standards (International) (“SFRS(I)”) 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 2017.

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 SFRS(I) and INT-FRS that are relevant to its operations and effective for annual periods beginning after 1 January 2018. The adoption of the new and revised SFRS(I) 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.

	2Q 2018		2Q 2017 (restated)		1H 2018		1H 2017 (restated)	
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	3.40	US cents	2.98	US cents	6.53	US cents	5.72	US cents
- Weighted average number of shares ('000)	860,184		860,184		860,184		860,184	
(b) On a fully diluted basis	3.40	US cents	2.98	US cents	6.53	US cents	5.72	US cents
- Adjusted weighted average number of shares ('000)	860,184		860,184		860,184		860,184	

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
- (a) current financial period reported on; and
- (b) immediately preceding financial year.

	Group		Company	
	30 Jun 2018	31 Dec 2017 (restated)	30 Jun 2018	31 Dec 2017 (restated)
Net asset value per ordinary share based on issued share capital at the end of the period reported on (US cents)	86.07	83.79	59.51	61.13
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 June 2018 and 31 December 2017 (excluding treasury shares).

8

A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

PERFORMANCE REVIEW

BACKGROUND

The principal activities of the Group are jet fuel supply and trading, trading of other oil products and investments in oil-related assets. Consequently, income is derived from (i) supply and trading of jet fuel (ii) trading in other oil products and (iii) investments in oil related businesses.

CAO is the largest physical jet fuel trader in the Asia Pacific region and the key supplier of imported jet fuel to the civil aviation industry of the People's Republic of China ("PRC"). CAO also engages in trading of jet fuel and other oil products. The Company has wholly-owned subsidiaries located in Hong Kong, North America, United Kingdom, and Singapore; viz. China Aviation Oil (Hong Kong) Company Limited ("CAOHK"), North American Fuel Corporation ("NAFCO"), China Aviation Oil (Europe) Limited ("CAO Europe") and China Aviation Fuel (Europe) Limited ("CAFEU") respectively. CAFEU was acquired on 29 June 2018. The acquisition of CAFEU which is located in United Kingdom will enable the Company to establish into-wing jet fuel supply system at four European airports namely, Brussels Airport, Frankfurt Airport and Stuttgart Airport as well as Schiphol Airport via its associated company in Aviation Fuel Supply B.V. ("AFS").

In addition, CAO Group owns investments in strategic oil-related businesses, which include Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong"), China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL"), Oilhub Korea Yeosu Co., Ltd ("OKYC"), China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan") and CNAF Hong Kong Refuelling Limited ("CNAF HKR").

Consolidated Statement of Comprehensive Income

2nd Qtr 2018 v 2nd Qtr 2017

The total supply and trading volume increased by 1.58 million tonnes (18.83%) to 9.97 million tonnes for the second quarter ended 30 June 2018 ("2Q 2018") compared to 8.39 million tonnes for the second quarter ended 30 June 2017 ("2Q 2017"). Volume for middle distillates products decreased 0.43 million tonnes (8.63%) to 4.55 million tonnes from 4.98 million tonnes, of which, the volume of jet fuel supply and trading decreased by 0.59 million tonnes (14.79%) to 3.40 million tonnes for 2Q 2018 compared to 3.99 million tonnes for 2Q 2017. Trading volume for gas oil increased by 0.16 million tonnes (16.16%) to 1.15 million tonnes for 2Q 2018 from 0.99 million tonnes for 2Q 2017. Trading volume of other oil products increased by 2.01 million tonnes (58.94%) to 5.42 million tonnes for 2Q 2018 compared to 3.41 million tonnes for 2Q 2017 attributable mainly to higher trading volume for crude oil.

Total revenue increased by US\$2,127.26 million (57.92%) to US\$5,799.91 million for 2Q 2018 from US\$3,672.65 million for 2Q 2017, primarily due to higher oil prices and the increase in volume.

Total gross profit was US\$16.38 million for 2Q 2018, an increase of US\$5.81 million (55.06%) compared to US\$10.57 million for 2Q 2017 mainly due to higher jet fuel volume supplied to China and higher profits from trading and optimisation activities.

Other operating income increased by US\$0.03 million (2.14%) to US\$1.24 million for 2Q 2018 compared to US\$1.21 million for 2Q 2017, mainly attributable to foreign exchange gain partially offset by lower interest income.

Total expenses increased by US\$2.49 million (73.02%) to US\$5.90 million for 2Q 2018 compared to US\$3.41 million for 2Q 2017. Provision for credit loss impairment were US\$1.40 million and a credit of US\$1.02 million

for 2Q 2018 and 2Q 2017 respectively following the adoption of SFRS(I) 9 effective 1 January 2018. Other increases in expenses were mainly higher bank charges and higher interest expenses from short-term bank borrowings drawdown for working capital purposes.

The share of profits from associates was US\$18.61 million for 2Q 2018 compared to US\$18.30 million for 2Q 2017, an increase of 1.65% mainly due to higher profit contributions from OKYC. Share of profits from OKYC was higher at US\$1.97 million for 2Q 2018 compared to US\$1.40 million for 2Q 2017, mainly attributable to higher profit from its tank storage leasing activities. The oil tank storage facilities was operating at full capacity at the end of 2Q 2018.

The share of profits from Pudong was US\$15.68 million for 2Q 2018 compared to US\$16.09 million for 2Q 2017, decreased by 2.59% mainly attributable to foreign exchange loss and higher operating expenses despite higher operating profit from increased refuelling volume.

Share of profits from TSN-PEKCL increased by US\$0.09 million (11.91%) to US\$0.87 million for 2Q 2018 compared to US\$0.78 million for 2Q 2017 mainly due to higher pipeline transportation volume.

The share of results in Xinyuan increased by US\$0.02 million (13.85%) to US\$0.22 million for 2Q 2018 compared to US\$0.20 million for 2Q 2017, mainly due to the increase in profit margin and sales volume.

The share of loss from CNAF HKR was lower at US\$0.13 million in 2Q 2018 compared to US\$0.17 million in 2Q 2017, mainly due to higher revenue generated from the increased refuelling volume.

Income tax expense was US\$1.02 million for 2Q 2018 compared to US\$1.06 million for 2Q 2017, a decrease of US\$0.04 million (3.76%) mainly due to lower deferred tax liabilities on the Company's share of undistributed retained earnings from associates incorporated in China.

The Group's net profit for 2Q 2018 increased by US\$3.69 million (14.39%) to US\$29.30 million compared to US\$25.61 million for 2Q 2017, mainly attributable to higher gross profit and stable profit contributions from associates. Earnings per share was 3.40 US cents for 2Q 2018 compared to 2.98 US cents for 2Q 2017 (restated).

2nd Qtr 2018 v 1st Qtr 2018

Total supply and trading volume increased by 2.38 million tonnes (31.36%) to 9.97 million tonnes for 2Q 2018 compared to 7.59 million tonnes for the first quarter ended 31 March 2018 ("1Q 2018"). Volume for middle distillates increased 0.28 million tonnes (6.56%) to 4.55 million tonnes from 4.27 million tonnes, of which, supply and trading volume for jet fuel increased by 0.06 million tonnes (1.80%) to 3.40 million tonnes for 2Q 2018 from 3.34 million tonnes for 1Q 2018. The volume of gas oil increased by 0.22 million tonnes (23.66%) to 1.15 million tonnes for 2Q 2018 compared to 0.93 million tonnes for 1Q 2018. Trading volume of other oil products increased by 2.10 million tonnes (63.25%) to 5.42 million tonnes for 2Q 2018 compared to 3.32 million tonnes for 1Q 2018 attributable mainly to higher trading volume for crude oil.

Total revenue increased by US\$1,697.44 million (41.38%) to US\$5,799.91 million for 2Q 2018 from US\$4,102.47 million for 1Q 2018, primarily due to higher oil prices and increase in volume.

Total gross profit was US\$16.38 million for 2Q 2018, an increase of US\$3.17 million (24.00%) compared to US\$13.21 million for 1Q 2018 mainly due to higher profits from trading and optimisation activities.

Other operating income decreased by US\$0.10 million (7.46%) to US\$1.24 million for 2Q 2018 compared to US\$1.34 million for 1Q 2018, mainly attributable to lower interest income.

Total expenses decreased by US\$1.14 million (16.19%) to US\$5.90 million for 2Q 2018 compared to US\$7.04 million for 1Q 2018. The decrease in expenses was mainly due to lower professional fee owing to a one-off refund and lower interest expenses from short-term bank borrowings drawdown for working capital purposes.

The share of profits from associates was US\$18.61 million for 2Q 2018 compared to US\$20.97 million for 1Q 2018, a decrease of US\$2.36 million (11.25%) mainly due to lower profit contributions from Pudong. The share of profits from Pudong was US\$15.68 million for 2Q 2018 compared to US\$18.90 million for 1Q 2018, decreased by 17.04% mainly attributable to higher foreign exchange loss despite higher operating profit from increased refuelling volume.

Share of results from OKYC was US\$1.97 million for 2Q 2018 compared to US\$1.43 million for 1Q 2018, an increase of US\$0.54 million (37.76%) mainly attributable to higher operating profit from its tank storage leasing activities.

Share of results from TSN-PEKCL was US\$0.87 million for 2Q 2018 compared to US\$0.61 million for 1Q 2018, an increase of US\$0.26 million (42.62%) mainly due to higher pipeline transportation volume.

The share of results in Xinyuan increased by US\$0.02 million (10.00%) to US\$0.22 million for 2Q 2018 compared to US\$0.20 million for 1Q 2018, mainly due to higher sales volume.

The share of loss from CNAF HKR was lower at US\$0.13 million for 2Q 2018 compared to US\$0.17 million for 1Q 2018, mainly due to higher revenue generated from increase refuelling volume.

Income tax expense was US\$1.02 million for 2Q 2018 compared to US\$1.57 million for 1Q 2018, a decrease of US\$0.55 million (35.03%) mainly due to the lower deferred tax liabilities on the Company's share of undistributed retained earnings from associates incorporated in China.

The Group's net profit for 2Q 2018 was US\$29.30 million compared to US\$26.91 million for 1Q 2018, an increase of US\$2.39 million (8.88%) attributable mainly to higher gross profit. Earnings per share was 3.40 US cents for 2Q 2018 compared to 3.13 US cents for 1Q 2018.

1H 2018 v 1H 2017

The total supply and trading volume increased by 1.90 million tonnes (12.13%) to 17.56 million tonnes for the first half year ended 30 June 2018 ("1H 2018") compared to 15.66 million tonnes for the first half year ended 30 June 2017 ("1H 2017"). Volume for middle distillates decreased 0.71 million tonnes (7.45%) to 8.82 million tonnes from 9.53 million tonnes, of which jet fuel supply and trading volume decreased by 1.13 million tonnes (14.36%) to 6.74 million tonnes for 1H 2018 compared to 7.87 million tonnes for 1H 2017. Trading volume for gas oil increased by 0.42 million tonnes (25.30%) to 2.08 million tonnes for 1H 2018 from 1.66 million tonnes for 1H 2017. The trading volume of other oil products increased by 2.61 million tonnes (42.58%) to 8.74 million tonnes for 1H 2018 compared to 6.13 million tonnes for 1H 2017 attributable mainly to higher trading volume for crude oil.

Total revenue increased by US\$2,918.57 million (41.79%) to US\$9,902.39 million for 1H 2018 from US\$6,983.82 million for 1H 2017, mainly attributable to the increase in oil price and volume.

Total gross profit was US\$29.59 million for 1H 2018, an increase of US\$3.56 million (13.66%) compared to US\$26.03 million for 1H 2017 mainly due to higher gains derived from trading and optimisation activities.

Other operating income was higher at US\$2.58 million for 1H 2018 compared to US\$2.00 million for 1H 2017, an increase of US\$0.58 million (29.00%) attributable mainly to higher bank interest income and foreign exchange gain. Bank interest income was US\$2.30 million for 1H 2018 compared to US\$2.02 million for 1H 2017, an increase of US\$0.28 million (14.02%) from time deposits placed with banks and financial institutions. This was partially offset by higher finance costs from short-term borrowings to meet working capital needs.

Total expenses increased by US\$3.07 million (31.10%) to US\$12.94 million for 1H 2018 compared to US\$9.87 million for 1H 2017 mainly attributable to the increase in provision for credit loss impairment and higher finance costs relating to bank charges and interest expense.

The share of profits from associates was US\$39.57 million for 1H 2018 compared to US\$33.20 million for 1H 2017, an increase of US\$6.37 million (19.18%) mainly attributable to higher profit contribution from Pudong. The share of profits in Pudong was US\$34.57 million for 1H 2018 compared to US\$29.04 million for 1H 2017, an increase of US\$5.53 million (19.05%) mainly due to higher gross profit from higher refuelling volume and higher investment income.

Share of profits from OKYC for 1H 2018 was US\$3.40 million, an increase of US\$0.66 million (23.99%) compared to US\$2.74 million for 1H 2017, mainly attributable to higher operating profits from its tank storage leasing activities.

Share of profits from TSN-PEKCL for 1H 2018 was US\$1.48 million, a decrease of US\$0.08 million (5.05%) compared to US\$1.56 million for 1H 2017 mainly due to higher operating expenses.

The share of results in Xinyuan increased by US\$0.18 million (78.39%) to US\$0.42 million for 1H 2018 compared to US\$0.24 million for 1H 2017, mainly due to the increase in profit margin and sales volume.

The share of loss from CNAF HKR was lower at US\$0.30 million in 1H 2018 compared to US\$0.37 million in 1H 2017, mainly due to higher revenue generated from the increased refuelling volume.

Income tax expense was US\$2.60 million for 1H 2018 compared to US\$2.13 million for 1H 2017, an increase of US\$0.47 million (21.92%) due mainly to higher income tax provision in a subsidiary and higher deferred tax liabilities recognised on the Company's share of undistributed retained earnings from associates.

The Group's net profit increased by US\$6.97 million (14.15%) to US\$56.21 million for 1H 2018 compared to US\$49.24 million for 1H 2017, mainly attributable to the increase in gross profit and share of results from associates. Earnings per share was 6.53 US cents for 1H 2018 compared to 5.72 US cents for 1H 2017.

Statement of Financial Position

The Group's current assets stood at US\$1,871.55 million as at 30 June 2018 compared to US\$1,575.92 million as at 31 December 2017. The increase of US\$295.63 million in current assets resulted mainly from the increase of US\$471.28 million in trade and other receivables to US\$1,537.54 million as at 30 June 2018 from US\$1,066.26 million as at 31 December 2017 partially offset by the decrease in cash and cash equivalents and inventories.

Non-current assets stood at US\$371.34 million as at 30 June 2018, compared to US\$333.89 million as at 31 December 2017. The increase of US\$37.45 million was mainly attributable to the share of profits in associates of US\$39.57 million and the US\$5.50 million on acquisition of new associated company in AFS partially offset by the decrease in foreign currency translation reserve of US\$7.46 million.

Current liabilities which comprised trade and other payables, bank borrowings and tax payables, increased by US\$311.64 million to US\$1,492.80 million as at 30 June 2018 compared to US\$1,181.16 million as at 31 December 2017, mainly due to the increase in trade and other payables as a result of higher monthly trading volume and oil prices in June 2018 compared to in December 2017, partially offset by the decrease in loans and borrowings resulting from the repayment of bank borrowings in 1Q 2018.

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\$740.32 million as at 30 June 2018, or 86.07 US cents per share, compared to US\$720.73 million as at 31 December 2017 or 83.79 US cents per share.

Consolidated Statement of Cash Flows
2Q 2018 v 2Q 2017

The net cash generated from operating activities was US\$71.90 million in 2Q 2018 compared to US\$58.72 million in 2Q 2017, attributable mainly to lower working capital requirements for trading activities and improvement in collection from receivables.

Cash flows used in investing activities amounted to US\$7.56 million in 2Q 2018 mainly attributable to the acquisition of CAFEU compared to cash flows generated from investing activities of US\$3.58 million in 2Q 2017 due to the receipt of dividend from an associate.

Cash flows used in financing activities in 2Q 2018 was US\$54.42 million compared to US\$77.95 million in 2Q 2017 attributable mainly to the repayment of bank borrowings and dividends payout.

1H 2018 v 1H 2017

The net cash generated from operating activities was US\$63.30 million in 1H 2018 compared to US\$97.93 million in 1H 2017, attributable mainly to higher working capital requirements for trading activities and relatively higher trade receivables as at 30 June 2018 partly due to higher revenue driven by higher oil prices and sales volume.

Cash flows used in investing activities amounted to US\$6.81 million in 1H 2018 was mainly attributable to the acquisition of CAFEU in 2Q 2018 compared to cash flows generated from investing activities of US\$3.62 million in 1H 2017 due to the receipt of dividend from an associate in 2Q 2017.

Cash flows used in financing activities in 1H 2018 was US\$150.07 million compared to US\$128.26 million in 1H 2017 attributable mainly to the repayment of bank borrowings and dividends payout.

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

Not applicable.

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

Oil prices slid after hitting three-year highs as the Organisation of the Petroleum Exporting Countries' (Opec) increased supply on pressure from the US. However, prices quickly rebounded as market players perceived the U.S. intervention to be a sign that the oil markets remain undersupplied. The volatility in oil prices is further exacerbated by geopolitical tensions and global economic uncertainties as U.S. sanctions and trade spats persist into the second half of 2018.

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

11 If a decision regarding dividend has been made:—

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No.

(b) (i) Amount per share cents

(ii) Previous corresponding period cents

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable

Not Applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

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 June 2018.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

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

Aggregate value of interested person transactions entered from 1 January 2018 to 30 June 2018.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	2Q 2018 US\$'000	2Q 2018 US\$'000	1H 2018 US\$'000	1H 2018 US\$'000
Sales revenue from related Corporations	0	1,049,255	0	2,030,954
Sale revenue from related corporation of a corporate shareholder	0	4,435	0	9,680
Purchases from related corporation	0	668,943	0	1,488,103
Purchase from related corporation of a corporate shareholder	0	26,886	0	167,660
Services rendered from related corporation of a corporate shareholder	0	129	0	257
Supply chain services rendered from related corporation	0	3,264	0	7,024
Transportation revenue earned by associate from related corporations	0	2,526	0	4,918
Principal deposited with related corporations	0	7,404	0	26,485
Interest earned on principal deposited with related corporations	0	207	0	215

BY ORDER OF THE BOARD

Doreen Nah
Company Secretary
1 August 2018