



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

	4Q 2018	4Q 2017	Variance	Jan-Dec 2018	Jan-Dec 2017	Variance
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
		(Restated)*			(Restated)*	
Revenue (Note 1)	4,377,135	4,060,738	7.79%	20,611,954	16,267,606	26.71%
Cost of sales	(4,367,807)	(4,052,401)	7.78%	(20,561,960)	(16,228,903)	26.70%
Gross Profit	9,328	8,337	11.89%	49,994	38,703	29.17%
Other operating income (Note 2)	1,316	962	36.80%	3,978	3,748	6.14%
Administrative expenses	(7,636)	(4,804)	58.95%	(19,076)	(16,219)	17.62%
Other operating expenses (Note 3)	3,885	(1,554)	NM	(1,841)	(3,181)	-42.13%
Finance costs	(618)	(1,312)	-52.90%	(4,625)	(2,779)	66.43%
Operating Profit	6,275	1,629	285.21%	28,430	20,272	40.24%
Share of results of associates (net of tax) (Note 4)	15,041	16,818	-10.57%	72,109	71,534	0.80%
Profit before tax	21,316	18,447	15.55%	100,539	91,806	9.51%
Tax expense (Note 5)	(2,591)	(3,331)	-22.22%	(6,681)	(6,879)	-2.88%
Profit for the period/year	18,725	15,116	23.88%	93,858	84,927	10.52%
Attributable to:						
Equity holders of the Company	18,725	15,116	23.88%	93,858	84,927	10.52%

* 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

	4Q 2018	4Q 2017	Variance		Jan-Dec 2018	Jan-Dec 2017	Variance	
	US\$'000	US\$'000	+ / -	%	US\$'000	US\$'000	+ / -	%
PROFIT FOR THE PERIOD/YEAR	18,725	15,116		23.88%	93,858	84,927		10.52%
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))	755	8,381		-90.99%	(16,293)	16,243		NM
Other comprehensive income/(loss) for the period, net of tax	755	8,381		-90.99%	(16,293)	16,243		NM
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	19,480	23,497		-17.10%	77,565	101,170		-23.33%
Total comprehensive income attributable to:								
Owners of the Company	19,480	23,497		-17.10%	77,565	101,170		-23.33%

Note (a): For the twelve months ended 31 December 2018, RMB and Korean Won depreciated by approximately 5.39% and 4.26% respectively against the US Dollar compared to end of December 2017 thereby giving rise to the translation loss on foreign associates. In comparison to FY 2017, RMB and Korean Won both appreciated by 6.94% and 13.25% 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):

	4Q 2018	4Q 2017	Var		Jan-Dec 2018	Jan-Dec 2017	Var	
	US\$'000	US\$'000	+ / -	%	US\$'000	US\$'000	+ / -	%
Depreciation of property, plant and equipment	(194)	(166)		16.87%	(696)	(670)		3.88%
Amortisation of intangible assets	(63)	(68)		-7.35%	(230)	(267)		-13.86%
Bank interest income	1,333	931		43.18%	4,558	3,727		22.30%
Interest expense	(214)	(957)		-77.64%	(3,145)	(1,617)		94.50%
Net foreign exchange loss	(43)	(21)		104.76%	(606)	(31)		NM
Allowance for doubtful debts - net	4,210	1,088		286.95%	(387)	142		NM

Note 1: Revenue

	4Q 2018	4Q 2017	Var		Jan-Dec 2018	Jan-Dec 2017	Var	
	US\$'000	US\$'000	+ / -	%	US\$'000	US\$'000	+ / -	%
Revenue from middle distillates	2,985,164	2,778,782		7.43%	12,361,929	10,233,209		20.80%
Revenue from other oil products	1,391,971	1,281,956		8.58%	8,250,025	6,034,397		36.72%
	4,377,135	4,060,738		7.79%	20,611,954	16,267,606		26.71%

Note 2: Other operating income

	4Q 2018	4Q 2017	Var	Jan-Dec 2018	Jan-Dec 2017	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Bank interest income	1,333	931	43.18%	4,558	3,727	22.30%
Net foreign exchange loss	(43)	(21)	104.76%	(606)	(31)	NM
Other income	26	52	-50.00%	26	52	-50.00%
	1,316	962	36.80%	3,978	3,748	6.14%

Note 3: Other operating expenses

	4Q 2018	4Q 2017	Var	Jan-Dec 2018	Jan-Dec 2017	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Allowances on doubtful debts -net	(4,210)	(1,088)	286.95%	387	(141)	NM
Professional and other expenses	325	2,642	-87.70%	1,454	3,322	-56.23%
	(3,885)	1,554	NM	1,841	3,181	-42.13%

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\$0.31 million on receivables in FY 2018 under SFRS(I) 9. With retrospective application, the expected credit loss allowance was US\$0.40 million for FY 2017, therefore other operating expenses in FY 2017 was restated from US\$2.78 million to US\$3.18 million.

Note 4: Share of results of associates

	4Q 2018	4Q 2017	Var	Jan-Dec 2018	Jan-Dec 2017	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd (“Pudong”)	14,155	16,279	-13.05%	65,212	64,171	1.62%
Other associates	886	539	64.38%	6,897	7,363	-6.33%
	15,041	16,818	-10.57%	72,109	71,534	0.80%

Note 5: Tax expense

Decrease in tax expenses was mainly due to the absence of one-off tax expense incurred on transfer of shareholding in OKYC in FY 2017 partially offset by the increase in recognition of deferred tax liabilities on the Company’s share of undistributed retained earnings from associates in FY 2018. 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 31 Dec 18 US\$'000	As at 31 Dec 17 US\$'000 (restated)	As at 1 Jan 17* US\$'000 (restated)	As at 31 Dec 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	5,246	5,194	5,654	4,964	5,101	5,555
Intangible assets	1,662	1,525	1,580	481	344	399
Subsidiaries	-	-	-	66,411	43,318	37,975
Associates	311,449	321,171	281,010	304,076	318,899	243,704
Trade and other receivables	-	-	-	5,035	5,035	35,480
Deferred tax assets	4,504	6,004	7,604	4,500	6,000	7,600
	322,861	333,894	295,848	385,467	378,697	330,713
Current assets						
Inventories	110,768	209,613	170,733	92,536	181,587	164,809
Trade and other receivables	861,842	1,066,260	588,103	842,999	1,030,604	565,779
Cash and cash equivalents	357,690	300,042	287,286	334,747	276,781	244,164
	1,330,300	1,575,915	1,046,122	1,270,282	1,488,972	974,752
Total assets	1,653,161	1,909,809	1,341,970	1,655,749	1,867,669	1,305,465
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	553,571	505,154	431,661	570,362	508,174	425,917
Total equity	769,144	720,727	647,234	785,935	723,747	641,490
Non-current liabilities						
Deferred tax liabilities	8,051	7,919	6,311	8,051	7,919	10,042
Current liabilities						
Trade and other payables	875,133	1,060,213	587,810	861,554	1,016,003	553,933
Loans and borrowings	-	120,000	100,000	209	120,000	100,000
Current tax liabilities	833	950	615	-	-	-
	875,966	1,181,163	688,425	861,763	1,136,003	653,933
Total liabilities	884,017	1,189,082	694,736	869,814	1,143,922	663,975
Total equity and liabilities	1,653,161	1,909,809	1,341,970	1,655,749	1,867,669	1,305,465

* The Group adopted the new financial reporting framework - Singapore Financial Reporting Standards (International) ("SFRS(I)") for the first time for financial year ended 31 December 2018 and has applied SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (international)* with 1 January 2017 as the date of transition, which requires an additional opening statement of financial position as at the date of the transition to be presented.. (Please refer to page 7 for more details).

^ The Company has also adopted the equity method to account for its investment in associates effective from 1 January 2018. The Company's investment in associates as at 1 January 2017 and 31 December 2017 have been restated to reflect the change in accounting policy.

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 31 Dec 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 31 Dec 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

	4Q 2018 US\$'000	4Q 2017 US\$'000	Jan-Dec 2018 US\$'000	Jan-Dec 2017 US\$'000
Cash flows from operating activities				
Profit for the period	18,725	15,116	93,858	84,927
Adjustments for:-				
Depreciation of property, plant and equipment	194	166	696	670
Amortisation of intangible assets	63	68	230	267
Allowance on doubtful debts - net	(4,210)	(1,088)	387	(142)
Fair value (gain)/loss on derivative instruments	(49,515)	(2,861)	(23,350)	1,175
Share of results of associates (net of tax)	(15,041)	(16,818)	(72,109)	(71,534)
Interest income	(1,333)	(931)	(4,558)	(3,727)
Interest expense	214	957	3,145	1,617
Tax expense	2,591	3,331	6,681	6,879
Unrealised exchange differences	85	(899)	(241)	(621)
	(48,227)	(2,959)	4,739	19,511
Change in inventories	60,071	(103,643)	104,780	(38,880)
Change in trade and other receivables	1,088,536	120,223	188,288	(457,106)
Change in trade and other payables	(1,046,356)	(56,123)	(149,847)	449,911
Cash used in operating activities	54,024	(42,502)	147,960	(26,564)
Tax paid	(1,261)	(628)	(1,491)	(674)
Net cash from/(used in) operating activities	52,763	(43,130)	146,469	(27,238)
Cash flows from investing activities				
Interest received	3,352	2,400	4,579	3,596
Purchase of property, plant and equipment	(261)	(48)	(748)	(210)
Purchase of intangible assets	(236)	(18)	(367)	(212)
Acquisition of subsidiaries, net of cash acquired	-	-	(7,597)	-
Dividends received from associates	62,593	42,594	67,364	45,493
Net cash from investing activities	65,448	44,928	63,231	48,667
Cash flows from financing activities				
Interest paid	(424)	(957)	(3,145)	(1,617)
Proceeds from loans and borrowing	-	130,000	25,000	192,000
Repayment of loans and borrowing	-	(10,000)	(145,000)	(172,000)
Dividend paid	-	-	(29,148)	(27,677)
Net cash (used in)/from financing activities	(424)	119,043	(152,293)	(9,294)
Net increase in cash and cash equivalents	117,787	120,841	57,407	12,135
Cash and cash equivalents at beginning of the period	239,988	178,302	300,042	287,286
Net effect of exchange rate fluctuations on cash held	(85)	899	241	621
Cash and cash equivalents at end of the period/year	357,690	300,042	357,690	300,042

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	-	93,858	-	(16,293)	-	77,565
Share of associates' accumulated profits transferred to statutory reserve	-	(355)	-	-	355	-
Dividend paid in respect of 2017, representing total transactions with shareholders recognised directly in equity	-	(29,148)	-	-	-	(29,148)
As at 31 December 2018	215,573	518,666	(5,482)	4,575	35,812	769,144

Statement of Changes in Equity						
THE COMPANY	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	282,813	(5,482)	-	-	492,904
Effects on adoption of SFRS(I) 9 (Note 1)	-	(2,451)	-	-	-	(2,451)
Change in accounting policy (Note 2)	-	118,543	-	5,950	35,391	159,884
As at 1 January 2017 - restated	215,573	398,905	(5,482)	5,950	35,391	650,337
Effects on adoption of SFRS(I) 9 (Note 1)	-	(401)	-	-	-	(401)
Total comprehensive income for the year	-	86,569	-	14,919	-	101,488
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	457,330	(5,482)	20,869	35,457	723,747
As at 1 January 2018 - restated	215,573	457,330	(5,482)	20,869	35,457	723,747
Total comprehensive income for the year	-	107,561	-	(16,225)	-	91,336
Share of associates' accumulated profits transferred to statutory reserve	-	(355)	-	-	355	-
Dividend paid in respect of 2017, representing total transactions with shareholders recognised directly in equity	-	(29,148)	-	-	-	(29,148)
As at 31 December 2018	215,573	535,388	(5,482)	4,644	35,812	785,935

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.

Note 2: Effect of adopting equity method in place of cost method for the investment in associates.

- 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 31 December 2018.

Treasury shares

The Company did not make any purchase of its own ordinary shares during the quarter ended 31 December 2018.

As at 31 December 2018, the Company held 6,000,000 ordinary shares (31 December 2017: 6,000,000) which represents 0.69% (31 December 2017: 0.69%) of the total number of issued shares of the Company (excluding treasury shares).

The Company has no subsidiary holdings as at 31 December 2018 and 31 December 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	31 Dec 2018	31 Dec 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.

	4Q 2018		4Q 2017 (restated)		YTD 4Q 2018		YTD 4Q 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	2.18	US cents	1.76	US cents	10.91	US cents	9.87	US cents
- Weighted average number of shares ('000)	860,184		860,184		860,184		860,184	
(b) On a fully diluted basis	2.18	US cents	1.76	US cents	10.91	US cents	9.87	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	
	31 Dec 2018	31 Dec 2017 (restated)	31 Dec 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)	89.42	83.79	91.37	84.14
Number of ordinary shares issued ('000)	860,184	860,184	860,184	860,184

Net asset value per ordinary share is determined based on net asset value attributable to owners of the Company and the number of shares in issue of the Company as at 31 December 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 and United Kingdom; 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 enables 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

4th Qtr 2018 v 4th Qtr 2017

Total supply and trading volume decreased by 1.38 million tonnes (16.80%) to 6.82 million tonnes for the fourth quarter ended 31 December 2018 ("4Q 2018") compared to 8.20 million tonnes for the fourth quarter ended 31 December 2017 ("4Q 2017"). Volume for middle distillates products decreased 0.80 million tonnes (15.81%) to 4.26 million tonnes from 5.06 million tonnes, of which, trading volume for gas oil decreased by 0.52 million tonnes (41.60%) to 0.73 million tonnes for 4Q 2018 from 1.25 million tonnes for 4Q 2017. The volume of jet fuel supply and trading decreased by 0.28 million tonnes (7.35%) to 3.53 million tonnes for 4Q 2018 compared to 3.81 million tonnes for 4Q 2017. Trading volume of other oil products decreased by 0.58 million tonnes (18.47%) to 2.56 million tonnes for 4Q 2018 compared to 3.14 million tonnes for 4Q 2017 attributable mainly to lower trading volume for fuel oil.

Total revenue increased by US\$316.40 million (7.79%) to US\$4,377.14 million for 4Q 2018 from US\$4,060.74 million for 4Q 2017, primarily due to the increase in oil prices.

Total gross profit was US\$9.33 million for 4Q 2018, an increase of US\$0.99 million (11.89%) compared to US\$8.34 million for 4Q 2017 mainly due to higher profits from supply of jet fuel to China and higher gains from trading and optimisation activities.

Other operating income increased by US\$0.36 million (36.80%) to US\$1.32 million for 4Q 2018 compared to US\$0.96 million for 4Q 2017, mainly attributable to higher bank interest income. Bank interest income which was derived from time deposits placed with banks, was US\$1.33 million for 4Q 2018 compared to US\$0.93 million for 4Q 2017, an increase of 43.18%.

Total expenses decreased by US\$3.30 million (43.02%) to US\$4.37 million for 4Q 2018 compared to US\$7.67 million for 4Q 2017. The decrease in expenses was mainly due reversal of credit loss provision as a result of lower

receivables at end December 2018, lower professional fee incurred for business development and lower interest expenses from short-term bank borrowings drawdown for working capital purposes.

The share of profits from associates was US\$15.04 million for 4Q 2018 compared to US\$16.82 million for 4Q 2017, a decrease of 10.57% mainly due to lower profit contributions from Pudong. The share of profits from Pudong was US\$14.16 million for 4Q 2018 compared to US\$16.28 million for 4Q 2017, decreased by 13.05% mainly attributable to lower operating profit as a result of lower refuelling volumes and higher operating expenses. Share of profits from other associates increased by US\$0.35 million (64.38%) to US\$0.89 million for 4Q 2018 compared to US\$0.54 million for 4Q 2017 mainly attributable to higher profits from OKYC's tank storage leasing activities.

Income tax expense was US\$2.59 million for 4Q 2018 compared to US\$3.33 million for 4Q 2017, a decrease of US\$0.74 million (22.22%) mainly attributable to the decline in recognition of deferred tax liabilities on the Company's share of undistributed retained earnings from associates and without the one-off tax expenses incurred on transfer of shareholding in OKYC in 4Q 2017.

The Group's net profit for 4Q 2018 was US\$18.73 million compared to US\$15.12 million for 4Q 2017, an increase of US\$3.61 million (23.88%) derived mainly from the reduction in operating expenses and increase in gross profit, partly offset by reduction in contributions from associates. Earnings per share was 2.18 US cents for 4Q 2018 compared to 1.76 US cents for 4Q 2017.

4th Qtr 2018 v 3rd Qtr 2018

Total supply and trading volume decreased by 3.65 million tonnes (34.86%) to 6.82 million tonnes for 4Q 2018 compared to 10.47 million tonnes for the third quarter ended 30 September 2018 ("3Q 2018"). Volume for middle distillates decreased 0.88 million tonnes (17.12%) to 4.26 million tonnes from 5.14 million tonnes, of which, supply and trading volume for jet fuel decreased by 0.46 million tonnes (11.53%) to 3.53 million tonnes for 4Q 2018 from 3.99 million tonnes for 3Q 2018. Trading volume for gas oil decreased by 0.42 million tonnes (36.52%) to 0.73 million tonnes for 4Q 2018 from 1.15 million tonnes for 3Q 2018. Trading volume for other oil products decreased by 2.77 million tonnes (51.97%) to 2.56 million tonnes for 4Q 2018 compared to 5.33 million tonnes for 3Q 2018 attributable mainly to lower trading volume for fuel oil and crude oil.

Total revenue decreased by US\$1,955.29 million (30.88%) to US\$4,377.14 million for 4Q 2018 from US\$6,332.43 million for 3Q 2018 attributable mainly to the decrease in trading volume of fuel oil and crude oil.

Total gross profit was US\$9.33 million for 4Q 2018, a decrease of US\$1.75 million (15.79%) compared to US\$11.08 million for 3Q 2018 mainly due to lower trading profits from other oil products.

Other operating income was US\$1.32 million for 4Q 2018 compared to US\$0.08 million for 3Q 2018, an increase of US\$1.24 million mainly due to higher bank interest income.

Total expenses decreased by US\$3.86 million (46.90%) to US\$4.37 million for 4Q 2018 compared to US\$8.23 million for 3Q 2018. The decrease in expenses was mainly due to the reversal of credit loss provision as a result of lower receivables at end December 2018 and lower interest expenses from short-term bank borrowings drawdown for working capital purposes.

The share of profits from associates was US\$15.04 million for 4Q 2018 compared to US\$17.50 million for 3Q 2018, a decrease of US\$2.46 million (14.06%) mainly due to lower profit contribution from Pudong. The share of profits from Pudong was US\$14.16 million for 4Q 2018 compared to US\$16.49 million for 3Q 2018, decreased by 14.13% mainly attributable to lower operating profit as a result of lower refuelling volume and higher operating expense.

Income tax expense was US\$2.59 million for 4Q 2018 compared to US\$1.49 million for 3Q 2018, an increase of US\$1.10 million (73.82%) mainly attributable to income tax provision for current year profits and the decline in deferred tax assets as a result of the utilisation of unabsorbed tax losses from prior years to offset current year's profits.

The Group's net profit for 4Q 2018 was US\$18.73 million compared to US\$18.93 million for 3Q 2018, a decrease of US\$0.20 million (1.06%). Earnings per share was 2.18 US cents for 4Q 2018 compared to 2.20 US cents for 3Q 2018.

FY 2018 v FY 2017

The total supply and trading volume decreased by 2.46 million tonnes (6.59%) to 34.85 million tonnes for the financial year ended 31 December 2018 ("FY 2018") compared to 37.31 million tonnes for the financial year ended 31 December 2017 ("FY 2017"). Volume for middle distillates decreased 1.58 million tonnes (7.98%) to 18.22 million tonnes from 19.80 million tonnes, of which jet fuel supply and trading volume decreased by 1.86 million tonnes (11.54%) to 14.26 million tonnes for FY 2018 compared to 16.12 million tonnes for FY 2017. Trading volume for gas oil increased by 0.28 million tonnes (7.61%) to 3.96 million tonnes for FY 2018 from 3.68 million tonnes for FY 2017. The trading volume for other oil products decreased by 0.88 million tonnes (5.03%) to 16.63 million tonnes for FY 2018 compared to 17.51 million tonnes for FY 2017 attributable mainly to lower trading volume for fuel oil.

Total revenue increased by US\$4,344.35 million (26.71%) to US\$20,611.95 million for FY 2018 from US\$16,267.61 million for FY 2017, mainly attributable to the increase in oil prices.

Total gross profit was US\$49.99 million for FY 2018, an increase of US\$11.29 million (29.17%) compared to US\$38.70 million for FY 2017 due mainly to higher profits from supply of jet fuel to China and higher gains from trading and optimisation activities. The comparatively higher year-on-year gross profit was also due to lower gains from trading and optimisation activities for FY 2017 as markets reclined to backwardation in third quarter of 2017 further exacerbated by increase in supply & operational costs incurred due to various supply disruptions caused by weather and refineries outages.

Other operating income was US\$3.98 million for FY 2018 compared to US\$3.75 million for FY 2017 an increase of US\$0.23 million (6.14%) mainly due to higher bank interest income. Bank interest income derived from time deposits placed with banks and financial institutions, was US\$4.56 million for FY 2018 compared to US\$3.73 million for FY 2017, an increase of US\$0.83 million (22.30%).

Total expenses increased by US\$3.36 million (15.15%) to US\$25.54 million for FY 2018 compared to US\$22.18 million for FY 2017, mainly attributable to higher staff costs and benefits as well as higher interest expense from short-term borrowings.

The share of profits from associates was US\$72.11 million for FY 2018 compared to US\$71.53 million for FY 2017, an increase of US\$0.58 million or 0.80%, mainly attributable to higher share of profits from Pudong. The share of profits from Pudong was US\$65.21 million for FY 2018 compared to US\$64.17 million for FY 2017, an increase of US\$1.04 million (1.62%) mainly due to higher refuelling volumes. This was partially offset by decrease in share of results from other associates.

Income tax expense was US\$6.68 million for FY 2018 compared to US\$6.88 million for FY 2017, a decrease of 2.88% due mainly to the absence of one-off tax expenses incurred on transfer of shareholding in OKYC in FY 2017.

The Group's net profit for FY 2018 was US\$93.86 million compared to US\$84.93 million for FY 2017, an increase of US\$8.93 million (10.52%), mainly attributable to the increase in gross profit. Earnings per share was 10.91 US cents for FY 2018 compared to 9.87 US cents for FY 2017.

Statement of Financial Position

The Group's current assets stood at US\$1,330.30 million as at 31 December 2018 compared to US\$1,575.92 million as at 31 December 2017. The decrease of US\$245.62 million in current assets resulted mainly from the decrease of US\$303.26 million in trade and other receivables and inventories, partially offset by the increase of US\$57.64 million in cash and cash equivalents.

Non-current assets was US\$322.86 million as at 31 December 2018 compared to US\$333.89 million as at 31 December 2017. The decrease of US\$11.03 million was mainly attributable to the dividend distribution of US\$71.04 million, the decrease in foreign currency translation reserve of US\$16.29 million and the decrease in deferred tax assets of US\$1.50 million, partially offset by the share of profits in associates of US\$72.11 million and US\$5.50 million on the acquisition of associated company, AFS in June 2018.

Current liabilities which comprised trade and other payables, bank borrowings and tax payables, decreased by US\$305.19 million to US\$875.97 million as at 31 December 2018 compared to US\$1,181.16 million as at 31 December 2017, mainly due to the decrease in trade and other payables as a result of lower monthly trading volumes and oil prices in December 2018 compared to in December 2017 and the decrease in loans and borrowings which was repaid in 1Q 2018.

Non-current liabilities, which is the recognition of deferred tax liabilities on the Company's share of undistributed retained earnings in associates, was US\$8.05 million as at 31 December 2018. The undistributed retained earnings from associates is subject to withholding tax.

The Group's net assets stood at US\$769.14 million as at 31 December 2018, or 89.42 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

4Q 2018 v 4Q 2017

The net cash generated from operating activities was US\$52.76 million in 4Q 2018 compared to cash flow used in operating activities of US\$43.13 million in 4Q 2017, attributable mainly to lower working capital requirements for trading activities and improvement in collections from receivables.

Cash flows generated from investing activities amounted to US\$65.45 million in 4Q 2018 compared to US\$44.93 million in 4Q 2017, mainly attributable to higher bank interest income and dividends received from associates.

Cash flows used in financing activities in 4Q 2018 was US\$0.42 million compared to cash flows from financing activities of US\$119.04 million in 4Q 2017 attributable mainly to higher net proceeds from bank borrowings in 4Q 2017.

FY 2018 v FY 2017

The net cash generated from operating activities was US\$146.47 million in FY 2018 compared to cash flow used in operating activities of US\$27.24 million in FY 2017, attributable mainly to lower working capital requirements for trading activities, higher trading profits and improvement in collections from receivables.

Cash flows generated from investing activities amounted to US\$63.23 million in FY 2018 compared to US\$48.67 million in FY 2017, an increase of US\$14.56 million mainly attributable to higher bank interest income and dividends received from associates, partially offset by the cash flow used for the acquisition of CAFEU in June 2018.

Cash flows used in financing activities in FY 2018 was US\$152.29 million compared to US\$9.29 million in FY 2017, attributable mainly to 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.

Volatility in the oil markets continues into the fourth quarter of 2018. Crude oil price jumped to a four-year high in early October 2018 on concern that renewed US sanctions would tighten supply; but a surprise move to grant waivers pushed prices into a bear market within weeks capping oil price worst annual showing since 2015 as fears of scarcity turned into concern about a glut.

Notwithstanding the uncertainties in the oil markets and geopolitical economics, CAO continues to build on its strength in China's civil aviation industry and further expands its global jet supply and trading value chain. Within an acceptable risk level and under vigilant risks control, CAO will persist in its global expansion in jet fuel supply and trading network complemented with trading in other oil products as well as seek opportunities for expansion through investments. 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

Yes

- (b) (i) Amount per share cents

Name of dividend	Proposed Final One-tier Tax Exempt Ordinary
Dividend Type	Cash
Net Dividend Amount (Singapore cents per share)	4.50

- (ii) Previous corresponding period cents

Name of dividend	Final One-tier Tax Exempt Ordinary
Dividend Type	Cash
Net Dividend Amount (Singapore cents per share)	4.50

- (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).

The Directors have proposed a first and final dividend of S\$0.045 per ordinary share, tax exempt (one-tier) for approval by shareholders at the forthcoming annual general meeting to be convened. Details on payment of the dividend will be announced in due course.

- (d) The date the dividend is payable

To be announced in due course.

- (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.

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.

	Middle distillates		Other oil products		Investment in oil related assets		Total	
	2018 US\$'000	2017 US\$'000	2018 \$'000	2017 \$'000	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000
Revenue	12,354,638	10,233,209	8,257,316	6,034,397	-	-	20,611,954	16,267,606
Gross profit	45,278	35,787	4,716	2,916	-	-	49,994	38,703
Other administrative/operating expenses	(18,988)	(14,075)	(83)	(999)	(920)	(3,643)	(19,991)	(18,717)
Depreciation and amortisation	(926)	(937)	-	-	-	-	(926)	(937)
Foreign exchange loss	34	(31)	(12)	-	(632)	-	(610)	(31)
Interest income	4,562	3,727	-	-	-	-	4,562	3,727
Other income	26	52	-	-	-	-	26	52
Finance costs	(559)	(1,268)	(4,064)	(1,258)	(2)	-	(4,625)	(2,526)
Share of results of associates (net of tax)	-	-	-	-	72,109	71,534	72,109	71,534
Profit before taxation	29,427	23,255	557	659	70,555	67,891	100,539	91,805
Income tax expense	(2,902)	(2,603)	-	-	(3,779)	(4,275)	(6,681)	(6,878)
Profit after taxation	26,525	20,652	557	659	66,776	63,616	93,858	84,927

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	2018	2017	%
	US\$'000	US\$'000	Increase/ (Decrease)
Sales reported for first half year	9,902,387	6,983,816	41.79%
Profit after tax before deducting minority interests reported for first half year	56,205	49,878	12.68%
Sales reported for second half year	10,709,567	9,283,790	15.36%
Profit after tax before deducting minority interests reported for second half year	37,653	35,450	6.21%

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 Annual Dividend:

	Latest Full Year US\$'000	Previous Full Year US\$'000
Ordinary - interim dividend	-	-
Ordinary - final dividend	28,373*	29,148
Total:	28,373	29,148

* Estimated based on a total number of issued ordinary shares of 860,183,628 at the end of the financial year at the current SGD:USD exchange rate.

17. 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 31 December 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)
	4Q 2018 US\$'000	4Q 2018 US\$'000	YTD 4Q 2018 US\$'000	YTD 4Q 2018 US\$'000
Sales revenue from related corporations	-	978,098	-	4,120,762
Sales revenue from related corporation of a corporate shareholder	-	-	-	9,680
Purchases from related corporation	-	437,541	-	2,553,581
Purchases from related corporation of a corporate shareholder	-	63,467	-	256,254
Services rendered from related corporation	283	-	283	-
Services rendered from related corporation of a corporate shareholder	-	60	-	288
Interest income earned from principal deposited with related corporations	-	6,512	-	6,812
Supply chain services rendered from related corporation	-	3,084	-	13,798
Transportation revenue earned by associate from related corporations	-	2,265	-	9,677
Principal deposited with related corporations	-	460,342	-	483,819

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

The Company confirms that it has procured undertakings from all its Directors and Executive Officers pursuant to Rule 720(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

19. 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
28 February 2019