



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

	3Q 2018	3Q 2017	Variance		YTD 3Q 2018	YTD 3Q 2017	Variance	
	US\$'000	US\$'000	+ / -	%	US\$'000	US\$'000	+ / -	%
		(Restated)*				(Restated)*		
Revenue (Note 1)	6,332,432	5,223,052	21.24%		16,234,819	12,206,868	33.00%	
Cost of sales	(6,321,357)	(5,218,720)	21.13%		(16,194,153)	(12,176,502)	33.00%	
Gross Profit	11,075	4,332	155.66%		40,666	30,366	33.92%	
Other operating income (Note 2)	80	786	-89.82%		2,662	2,786	-4.45%	
Administrative expenses	(3,749)	(3,584)	4.60%		(11,440)	(11,179)	2.33%	
Other operating expenses (Note 3)	(2,109)	(637)	231.08%		(5,726)	(1,863)	207.35%	
Finance costs	(2,373)	(420)	465.00%		(4,007)	(1,467)	173.14%	
Operating Profit	2,924	477	513.00%		22,155	18,643	18.84%	
Share of results of associates (net of tax) (Note 4)	17,497	21,513	-18.67%		57,068	54,716	4.30%	
Profit before tax	20,421	21,990	-7.14%		79,223	73,359	7.99%	
Tax expense (Note 5)	(1,493)	(1,418)	5.29%		(4,090)	(3,548)	15.28%	
Profit for the period	18,928	20,572	-7.99%		75,133	69,811	7.62%	
Attributable to:								
Equity holders of the Company	18,928	20,572	-7.99%		75,133	69,811	7.62%	

* 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

	3Q 2018	3Q 2017	Variance		YTD 3Q 2018	YTD 3Q 2017	Variance	
	US\$'000	US\$'000	+ / -	%	US\$'000	US\$'000	+ / -	%
		(Restated)				(Restated)		
PROFIT FOR THE PERIOD	18,928	20,572	-7.99%		75,133	69,811	7.62%	
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))	(9,588)	3,395	NM		(17,048)	7,862	NM	
Other comprehensive (loss)/income for the period, net of tax	(9,588)	3,395	NM		(17,048)	7,862	NM	
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	9,340	23,967	-61.03%		58,085	77,673	-25.22%	
Total comprehensive income attributable to:								
Owners of the Company	9,340	23,967	-61.03%		58,085	77,673	-25.22%	

Note (a): For the nine months ended 30 September 2018, RMB and Korean Won depreciated by approximately 5.61% 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 4.17% 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):

	3Q 2018	3Q 2017	Var		YTD 3Q 2018	YTD 3Q 2017	Var	
	US\$'000	US\$'000	+ / -	%	US\$'000	US\$'000	+ / -	%
Depreciation of property, plant and equipment	(178)	(171)	4.09%		(502)	(504)	-0.40%	
Amortisation of intangible assets	(53)	(71)	-25.35%		(167)	(199)	-16.08%	
Bank interest income	923	777	18.79%		3,225	2,796	15.34%	
Interest expense	(2,009)	(81)	NM		(2,931)	(660)	344.09%	
Net foreign exchange (loss)/gain	(843)	94	NM		(563)	(10)	NM	
Allowance for doubtful debts - net	(1,621)	(307)	428.01%		(4,597)	(946)	385.94%	

Note 1: Revenue

	3Q 2018	3Q 2017	Var		YTD 3Q 2018	YTD 3Q 2017	Var	
	US\$'000	US\$'000	+ / -	%	US\$'000	US\$'000	+ / -	%
Revenue from middle distillates	3,580,019	2,573,148	39.13%		9,376,765	7,454,427	25.79%	
Revenue from other oil products	2,752,413	2,649,904	3.87%		6,858,054	4,752,441	44.31%	
	6,332,432	5,223,052	21.24%		16,234,819	12,206,868	33.00%	

Note 2: Other operating income

	3Q 2018	3Q 2017	Var	YTD 3Q 2018	YTD 3Q 2017	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Bank interest income	923	777	18.79%	3,225	2,796	15.34%
Net foreign exchange (loss)/gain	(843)	94	NM	(563)	(10)	NM
Other income	-	(85)	-	-	-	-
	80	786	-89.82%	2,662	2,786	-4.45%

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\$4.60 million on receivables in YTD 3Q 2018 under SFRS(I) 9. With retrospective application, other operating expenses in YTD Sep 2017 was restated from US\$0.37 million to US\$1.86 million with the impairment provision of US\$1.49 million.

Note 4: Share of results of associates

	3Q 2018	3Q 2017	Var	YTD 3Q 2018	YTD 3Q 2017	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong")	16,486	18,854	-12.56%	51,057	47,892	6.61%
Immaterial associates	1,011	2,659	-61.98%	6,011	6,824	-11.91%
	17,497	21,513	-18.67%	57,068	54,716	4.30%

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 Sep 18 US\$'000	As at 31 Dec 17 US\$'000	As at 1 Jan 17* US\$'000	As at 30 Sep 18 US\$'000	As at 31 Dec 17 US\$'000	As at 1 Jan 17* US\$'000
		(restated)	(restated)		(restated)	(restated)
ASSETS						
Non-current assets						
Property, plant and equipment	5,179	5,194	5,654	4,952	5,101	5,555
Intangible assets	1,488	1,525	1,580	307	344	399
Subsidiaries	-	-	-	50,848	43,318	37,975
Associates	295,653	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
	308,324	333,894	295,848	180,212	172,868	169,634
Current assets						
Inventories	170,838	209,613	170,733	90,806	181,587	164,809
Trade and other receivables	2,011,551	1,066,260	588,103	2,019,092	1,030,605	565,779
Cash and cash equivalents	239,988	300,042	287,286	210,265	276,781	244,164
	2,422,377	1,575,915	1,046,122	2,320,163	1,488,973	974,752
Total assets	2,730,701	1,909,809	1,341,970	2,500,375	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	534,091	505,154	431,661	366,312	310,265	274,880
Total equity	749,664	720,727	647,234	581,885	525,838	490,453
Non-current liabilities						
Deferred tax liabilities	7,267	7,919	6,311	-	-	-
Current liabilities						
Trade and other payables	1,972,644	1,060,213	587,810	1,918,490	1,016,003	553,933
Loans and borrowings	-	120,000	100,000	-	120,000	100,000
Current tax liabilities	1,126	950	615	-	-	-
	1,973,770	1,181,163	688,425	1,918,490	1,136,003	653,933
Total liabilities	1,981,037	1,189,082	694,736	1,918,490	1,136,003	653,933
Total equity and liabilities	2,730,701	1,909,809	1,341,970	2,500,375	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 Sep 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 Sep 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

	3Q 2018 US\$'000	3Q 2017 US\$'000	YTD 3Q 2018 US\$'000	YTD 3Q 2017 US\$'000
		(restated)		(restated)
Cash flows from operating activities				
Profit for the period	18,928	20,572	75,133	69,811
Adjustments for:-				
Depreciation of property, plant and equipment	178	171	502	504
Amortisation of intangible assets	53	71	167	199
Allowance on doubtful debts - net	1,621	307	4,597	946
Fair value gain on derivative instruments	36,511	23,868	26,165	4,036
Share of results of associates (net of tax)	(17,497)	(21,513)	(57,068)	(54,716)
Interest income	(923)	(777)	(3,225)	(2,796)
Interest expense	2,009	81	2,931	660
Tax expense	1,493	1,418	4,090	3,548
Unrealised exchange differences	(343)	17	(326)	278
	42,030	24,215	52,966	22,470
Change in inventories	(43,279)	12,204	44,709	64,763
Change in trade and other receivables	(446,020)	(288,807)	(900,248)	(577,328)
Change in trade and other payables	477,707	170,360	896,509	506,032
Cash from operating activities	30,438	(82,028)	93,936	15,937
Tax paid	(31)	(9)	(230)	(46)
Net cash from/(used in) operating activities	30,407	(82,037)	93,706	15,891
Cash flows from investing activities				
Interest received	172	216	1,227	1,196
Purchase of property, plant and equipment	(324)	(19)	(487)	(162)
Purchase of intangible assets	(26)	(80)	(131)	(194)
Acquisition of subsidiaries, net of cash acquired	-	-	(7,597)	-
Dividends received from associates	4,771	-	4,771	2,899
Net cash from/(used in) investing activities	4,593	117	(2,217)	3,739
Cash flows from financing activities				
Interest paid	(1,799)	(81)	(2,721)	(660)
Proceeds from loans and borrowing	-	12,000	25,000	62,000
Repayment of loans and borrowing	-	(12,000)	(145,000)	(162,000)
Dividend paid	-	-	(29,148)	(27,676)
Net cash used in financing activities	(1,799)	(81)	(151,869)	(128,336)
Net increase/(decrease) in cash and cash equivalents	33,201	(82,001)	(60,380)	(108,706)
Cash and cash equivalents at beginning of the period	206,444	260,320	300,042	287,286
Net effect of exchange rate fluctuations on cash held	343	(17)	326	(278)
Cash and cash equivalents at end of the period	239,988	178,302	239,988	178,302

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	-	75,133	-	(17,048)	-	58,085
Dividend paid in respect of 2017, representing total transactions with shareholders recognised directly in equity	-	(29,148)	-	-	-	(29,148)
As at 30 September 2018	215,573	500,296	(5,482)	3,820	35,457	749,664

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	-	85,195	-	85,195
Dividend paid in respect of 2017, representing total transactions with shareholders recognised directly in equity	-	(29,148)	-	(29,148)
As at 30 September 2018	215,573	371,794	(5,482)	581,885

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 September 2018.

Treasury shares

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

As at 30 September 2018, the Company held 6,000,000 ordinary shares (30 September 2017: 6,000,000) which represents 0.69% (30 September 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 September 2018 and 30 September 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	30 Sep 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.

	3Q 2018		3Q 2017 (restated)		YTD 3Q 2018		YTD 3Q 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	2.20	US cents	2.39	US cents	8.73	US cents	8.12	US cents
- Weighted average number of shares ('000)	860,184		860,184		860,184		860,184	
(b) On a fully diluted basis	2.20	US cents	2.39	US cents	8.73	US cents	8.12	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 Sep 2018	31 Dec 2017 (restated)	30 Sep 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)	87.15	83.79	67.65	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 September 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

3rd Qtr 2018 v 3rd Qtr 2017

Total supply and trading volume decreased by 2.99 million tonnes (22.21%) to 10.47 million tonnes for the third quarter ended 30 September 2018 ("3Q 2018") compared to 13.46 million tonnes for the third quarter ended 30 September 2017 ("3Q 2017"). Volume for middle distillates decreased 0.08 million tonnes (1.53%) to 5.14 million tonnes from 5.22 million tonnes, of which, the volume of jet fuel supply and trading decreased by 0.45 million tonnes (10.14%) to 3.99 million tonnes for 3Q 2018 compared to 4.44 million tonnes for 3Q 2017. Trading volume for gas oil increased by 0.37 million tonnes (47.44%) to 1.15 million tonnes for 3Q 2018 from 0.78 million tonnes for 3Q 2017. Trading volume for other oil products decreased by 2.91 million tonnes (35.32%) to 5.33 million tonnes for 3Q 2018 compared to 8.24 million tonnes for 3Q 2017 attributable mainly to the decrease in trading volume for fuel oil.

Total revenue increased by US\$1,109.38 million (21.24%) to US\$6,332.43 million for 3Q 2018 from US\$5,223.05 million for 3Q 2017, attributable primarily to higher oil prices.

Total gross profit was US\$11.08 million for 3Q 2018, an increase of US\$6.75 million (155.66%) compared to US\$4.33 million for 3Q 2017 mainly due to higher jet fuel volume supplied to China and higher profits from trading and optimisation activities.

Other operating income decreased by US\$0.71 million (89.82%) to US\$0.08 million for 3Q 2018 compared to US\$0.79 million for 3Q 2017, mainly attributable to higher interest income partially offset by foreign exchange loss compared to foreign exchange gain for 3Q 2017.

Total expenses increased by US\$3.59 million (77.37%) to US\$8.23 million for 3Q 2018 compared to US\$4.64 million for 3Q 2017. Provision for credit loss impairment were US\$1.62 million and US\$0.85 million for 3Q 2018 and 3Q 2017 respectively as a result of the adoption of SFRS(I) 9 effective 1 January 2018. Other increases in expenses were mainly due to higher bank charges and higher interest expenses incurred on discounting Letters of Credit as part of working capital management.

The share of profits from associates was US\$17.50 million for 3Q 2018 compared to US\$21.51 million for 3Q 2017, a decrease of 18.67% mainly due to lower profit contributions from Pudong and OKYC. The share of profits from Pudong was US\$16.49 million for 3Q 2018 compared to US\$18.85 million for 3Q 2017, decreased by 12.56% mainly attributable to foreign exchange loss and higher operating expenses despite increase in refuelling volumes. Share of profits from other associates decreased by US\$1.65 million (61.98%) to US\$1.01 million for 3Q 2018 compared to US\$2.66 million for 3Q 2017 mainly due to lower contribution from OKYC as leasing fees from its tank storage leasing activities declined.

Income tax expense was US\$1.49 million for 3Q 2018 compared to US\$1.42 million for 3Q 2017, an increase of US\$0.07 million (5.29%) mainly due to higher income tax provision in one of the subsidiaries.

The Group's net profit for 3Q 2018 decreased by US\$1.64 million (7.99%) to US\$18.93 million compared to US\$20.57 million for 3Q 2017, mainly attributable to lower contributions from associates. Earnings per share was 2.20 US cents for 3Q 2018 compared to 2.39 US cents for 3Q 2017 (restated).

3rd Qtr 2018 v 2nd Qtr 2018

Total supply and trading volume increased by 0.50 million tonnes (5.02%) to 10.47 million tonnes for 3Q 2018 compared to 9.97 million tonnes for the second quarter ended 30 June 2018 ("2Q 2018"). Volume for middle distillates increased 0.59 million tonnes (12.97%) to 5.14 million tonnes from 4.55 million tonnes, of which, supply and trading volume for jet fuel increased by 0.59 million tonnes (17.35%) to 3.99 million tonnes for 3Q 2018 from 3.40 million tonnes for 2Q 2018. The volume of gas oil was constant at 1.15 million tonnes for 3Q 2018 and 2Q 2018. Trading volume for other oil products decreased by 0.09 million tonnes (1.66%) to 5.33 million tonnes for 3Q 2018 compared to 5.42 million tonnes for 2Q 2018 attributable mainly to lower trading volume for crude oil.

Total revenue increased by US\$532.52 million (9.18%) to US\$6,332.43 million for 3Q 2018 from US\$5,799.91 million for 2Q 2018, primarily due to higher oil prices and increase in volumes.

Total gross profit was US\$11.08 million for 3Q 2018, a decrease of US\$5.30 million (32.36%) compared to US\$16.38 million for 2Q 2018 mainly due to lower profits from trading and optimisation activities.

Other operating income decreased by US\$1.16 million (93.54%) to US\$0.08 million for 3Q 2018 compared to US\$1.24 million for 2Q 2018, mainly attributable to foreign exchange loss in 3Q 2018.

Total expenses increased by US\$2.33 million (39.49%) to US\$8.23 million for 3Q 2018 compared to US\$5.90 million for 2Q 2018. The increase in expenses was mainly due to higher professional fees incurred for business development and higher interest expenses incurred on discounting Letters of Credit as part of working capital management.

The share of profits from associates was US\$17.50 million for 3Q 2018 compared to US\$18.61 million for 3Q 2017, a decrease of US\$1.11 million (5.96%) mainly due to lower profit contributions from OKYC as leasing fees from its tank storage leasing activities declined.

Income tax expense was US\$1.49 million for 3Q 2018 compared to US\$1.02 million for 2Q 2018, an increase of US\$0.47 million (46.08%) mainly due to higher income tax provision in subsidiaries.

The Group's net profit for 3Q 2018 was US\$18.93 million compared to US\$29.30 million for 2Q 2018, a decrease of US\$10.37 million (35.39%) attributable mainly to lower gross profit and higher operating expenses

and lower share of results from associates. Earnings per share was 2.20 US cents for 3Q 2018 compared to 3.40 US cents for 2Q 2018.

YTD 3Q 2018 v YTD 3Q 2017

The total supply and trading volume decreased by 1.09 million tonnes (3.74%) to 28.03 million tonnes for the nine months ended 30 September 2018 (“YTD 3Q 2018”) compared to 29.12 million tonnes for the nine months ended 30 September 2017 (“YTD 3Q 2017”). Volume for middle distillates decreased 0.79 million tonnes (5.36%) to 13.96 million tonnes from 14.75 million tonnes, of which jet fuel supply and trading volume decreased by 1.58 million tonnes (12.84%) to 10.73 million tonnes for YTD 3Q 2018 compared to 12.31 million tonnes for YTD 3Q 2017. Trading volume for gas oil increased by 0.79 million tonnes (32.38%) to 3.23 million tonnes for YTD 3Q 2018 from 2.44 million tonnes for YTD 3Q 2017. The trading volume for other oil products decreased by 0.30 million tonnes (2.09%) to 14.07 million tonnes for YTD 3Q 2018 compared to 14.37 million tonnes for YTD 3Q 2017 attributable mainly to lower trading volume for fuel oil.

Total revenue increased by US\$4,027.95 million (33.00%) to US\$16,234.82 million for YTD 3Q 2018 from US\$12,206.87 million for YTD 3Q 2017, mainly attributable to the increase in oil prices.

Total gross profit was US\$40.67 million for YTD 3Q 2018, an increase of US\$10.30 million (33.92%) compared to US\$30.37 million for YTD 3Q 2017, mainly due to higher gains derived from trading and optimisation activities.

Other operating income was lower at US\$2.66 million for YTD 3Q 2018 compared to US\$2.79 million for YTD 3Q 2017, a decrease of US\$0.13 million (4.45%) attributable mainly to higher foreign exchange loss in YTD 3Q 2018. Bank interest income was US\$3.23 million for YTD 3Q 2018 compared to US\$2.80 million for YTD 3Q 2017, an increase of US\$0.43 million (15.34%) from time deposits placed with banks and financial institutions.

Total expenses increased by US\$6.66 million (45.93%) to US\$21.17 million for YTD 3Q 2018 compared to US\$14.51 million for YTD 3Q 2017 mainly attributable to higher provision for credit loss impairment and the discounting of Letters of Credit as part of working capital management resulted in the increase in finance costs.

The share of profits from associates was US\$57.07 million for YTD 3Q 2018 compared to US\$54.72 million for YTD 3Q 2017, an increase of US\$2.35 million (4.30%) mainly attributable to higher profit contribution from Pudong. The share of profits in Pudong was US\$51.06 million for YTD 3Q 2018 compared to US\$47.89 million for YTD 3Q 2017, an increase of US\$3.17 million (6.61%) mainly due to higher gross profit from higher refuelling volumes and investment income. Share of profits from the other associates was US\$6.01 million for YTD 3Q 2018, a decrease of US\$0.81 million (11.91%) compared to US\$6.82 million for YTD 3Q 2017, mainly due to lower profit contributions from OKYC as its tank storage leasing activities were affected by the decline in leasing fees and higher operating expenses.

Income tax expense was US\$4.09 million for YTD 3Q 2018 compared to US\$3.55 million for YTD 3Q 2017, an increase of US\$0.54 million (15.28%) due mainly to higher income tax provision in one of the subsidiaries and higher deferred tax liabilities recognised on the Company’s share of undistributed retained earnings in associates.

The Group’s net profit increased by US\$5.32 million (7.62%) to US\$75.13 million for YTD 3Q 2018 compared to US\$69.81 million for YTD 3Q 2017, mainly attributable to the increase in gross profit and share of results from associates. Earnings per share was 8.73 US cents for YTD 3Q 2018 compared to 8.12 US cents for YTD 3Q 2017.

Statement of Financial Position

The Group’s current assets stood at US\$2,422.38 million as at 30 September 2018 compared to US\$1,575.92 million as at 31 December 2017. The increase of US\$846.46 million in current assets resulted mainly from the increase of US\$945.29 million in trade and other receivables to US\$2,011.55 million as at 30 September 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 was US\$308.32 million as at 30 September 2018 compared to US\$333.89 million as at 31 December 2017. The decrease of US\$25.57 million was mainly attributable to the dividend distribution of US\$71.04 million and the decrease in foreign currency translation reserve of US\$17.05 million partially offset by the share of profits in associates of US\$57.07 million and US\$5.50 million on the acquisition of new associated company, AFS.

Current liabilities which comprised trade and other payables, bank borrowings and tax payables, increased by US\$792.61 million to US\$1,973.77 million as at 30 September 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 volumes and oil prices in September 2018 compared to in December 2017, partially offset by 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\$7.27 million as at 30 September 2018. The undistributed retained earnings from associates is subject to withholding tax.

The Group's net assets stood at US\$749.66 million as at 30 September 2018, or 87.15 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

3Q 2018 v 3Q 2017

The net cash generated from operating activities was US\$30.41 million in 3Q 2018 compared to cash flow used in operating activities of US\$82.04 million in 3Q 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\$4.59 million in 3Q 2018 compared to US\$0.12 million in 3Q 2017 mainly attributable to the receipt of dividends from associates.

Cash flows used in financing activities in 3Q 2018 was US\$1.80 million compared to US\$0.08 million in 3Q 2017 attributable mainly to higher interest expense.

YTD 3Q 2018 v YTD 3Q 2017

The net cash generated from operating activities was US\$93.71 million in YTD 3Q 2018 compared to US\$15.89 million in YTD 3Q 2017, attributable mainly to lower working capital requirements for trading activities, higher trading profits and improvement in collections from receivables.

Cash flows used in investing activities amounted to US\$2.21 million in YTD 3Q 2018 compared to cash flows generated from investing activities of US\$3.74 million in YTD 3Q 2017, mainly attributable to the acquisition of CAFEU in 2Q 2018 partially offset by higher dividends received from associates.

Cash flows used in financing activities in YTD 3Q 2018 was US\$151.87 million compared to US\$128.34 million in YTD 3Q 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.

In the third quarter of 2018, Brent crude prices were range bound averaging US\$75.10 per barrel until the last week of September 2018, when it moved past US\$80 per barrel and surged to a four-year high hitting US\$86.29 per barrel on 3 October 2018. OPEC's reassurance that the oil markets remain amply supplied without specifying the quantum of the extra production, undermined its efforts to stabilise prices. Concerns over trade wars, geopolitical tensions as well as global economic uncertainties further exacerbated the volatility in oil prices and heightened risks in the trading.

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 expanding its aviation marketing business outside of mainland China. At an acceptable risk level and under vigilant risks control, the Group will continue to expand its global jet fuel supply and trading network complemented with trading in other oil products as well as 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 September 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 September 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)
	3Q 2018 US\$'000	3Q 2018 US\$'000	YTD 3Q 2018 US\$'000	YTD 3Q 2018 US\$'000
Sales revenue from related Corporations	0	1,111,711	0	3,142,665
Sale revenue from related corporation of a corporate shareholder	0	0	0	9,680
Purchases from related corporation	0	627,937	0	2,116,040
Purchase from related corporation of a corporate shareholder	0	25,128	0	192,787
Services rendered from related corporation of a corporate shareholder	0	-29*	0	228
Supply chain services rendered from related corporation	0	3,690	0	10,714
Transportation revenue earned by associate from related corporations	0	2,493	0	7,411
Principal deposited with related corporations	0	2,850	0	26,422
Interest earned on principal deposited with related corporations	0	85	0	300

*Overprovision for secondment services made in first half of 2018 which led to an adjustment in 3Q 2018

BY ORDER OF THE BOARD

Doreen Nah
Company Secretary
1 November 2018