



**CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD**  
**(Company Registration No. 199303293Z)**  
**Second Quarter/Half Year Financial Statement For The Period Ended 30 June 2017**

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

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

These figures have not been audited:

**Consolidated Statement of Profit or Loss**

	Group				Group			
	2Q 2017	2Q 2016	Variance		1H 2017	1H 2016	Variance	
	US\$'000	US\$'000	+/-	%	US\$'000	US\$'000	+/-	%
Revenue (Note 1)	3,672,653	3,023,349	21.48%		6,983,816	4,487,588	55.63%	
Cost of sales	(3,662,088)	(3,013,448)	21.52%		(6,957,782)	(4,464,509)	55.85%	
<b>Gross Profit</b>	10,565	9,901	6.71%		26,034	23,079	12.80%	
Other income (Note 2)	1,213	323	275.54%		2,000	454	340.53%	
Administrative expenses	(3,847)	(3,883)	-0.93%		(7,595)	(7,293)	4.14%	
Other operating expenses (Note 3)	(165)	(719)	-77.05%		(587)	216	NM	
Finance costs	(417)	(223)	87.00%		(1,047)	(365)	186.85%	
<b>Operating Profit</b>	7,349	5,399	36.12%		18,805	16,091	16.87%	
Share of results of associates (net of tax) (Note 4)	18,304	19,368	-5.49%		33,203	33,547	-1.03%	
<b>Profit before tax</b>	25,653	24,767	3.58%		52,008	49,638	4.77%	
Tax expense (Note 5)	(1,063)	(1,146)	-7.24%		(2,130)	(1,868)	14.03%	
<b>Profit for the period</b>	24,590	23,621	4.10%		49,878	47,770	4.41%	
<b>Attributable to:</b>								
Owners of the Company	24,590	23,621	4.10%		49,878	47,770	4.41%	

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

#### Consolidated Statement of Comprehensive Income

	Group				Group			
	2Q 2017	2Q 2016	Variance		1H 2017	1H 2016	Variance	
	US\$'000	US\$'000	+ / -	%	US\$'000	US\$'000	+ / -	%
<b>PROFIT FOR THE PERIOD</b>	24,590	23,621	4.10%		49,878	47,770	4.41%	
<b>Other comprehensive income/(loss):</b>								
<b>Items that are or may be reclassified subsequently to profit or loss:</b>								
Translation differences relating to financial statements of foreign associates (note (a))	1,254	(6,607)	NM		4,467	(4,238)	NM	
<b>Other comprehensive income/(loss) for the period, net of tax</b>	1,254	(6,607)	NM		4,467	(4,238)	NM	
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	25,844	17,014	51.90%		54,345	43,532	24.84%	
<b>Total comprehensive income attributable to:</b>								
Owners of the parent	25,844	17,014	51.90%		54,345	43,532	24.84%	

Note (a): For the six months ended 30 June 2017, RMB and Korean Won appreciated by approximately 2.08% (2016: -2.60%) and 4.82% (2016: 2.35%) respectively against US Dollar at end of December 2016 giving rise to the translation gain on foreign associates denominated in RMB and Korean Won to US Dollar.

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

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

	Group			Group		
	2Q 2017	2Q 2016	Var	1H 2017	1H 2016	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Depreciation of property, plant and equipment	(168)	(178)	-5.62%	(333)	(354)	-5.93%
Amortisation of intangible assets	(67)	(116)	-42.24%	(128)	(311)	-58.84%
Interest expense	(271)	(26)	942.31%	(579)	(29)	NM
Bank interest income	1,293	287	350.52%	2,019	483	318.01%
Write back of allowance for doubtful debts	-	-	-	-	1,140	-
Net foreign exchange (loss)/gain	(123)	36	NM	(104)	(29)	258.62%

#### Note 1: Revenue

	Group			Group		
	2Q 2017	2Q 2016	Var	1H 2017	1H 2016	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Revenue from middle distillates	2,504,789	2,055,743	21.84%	4,881,279	3,309,506	47.49%
Revenue from other oil products	1,167,864	967,606	20.70%	2,102,537	1,178,082	78.47%
	3,672,653	3,023,349	21.48%	6,983,816	4,487,588	55.63%

**Note 2: Other income**

	Group			Group		
	2Q 2017 US\$'000	2Q 2016 US\$'000	Var + / - %	1H 2017 US\$'000	1H 2016 US\$'000	Var + / - %
Bank interest income	1,293	287	350.52%	2,019	483	318.01%
Other income	43	-	-	85	-	-
Net foreign exchange (loss)/gain	(123)	36	NM	(104)	(29)	258.62%
	1,213	323	275.54%	2,000	454	340.53%

**Note 3: Other operating expenses**

The recovery of monies due from MF Global was US\$1.14 million in last year's 1H 2016. Excluding this amount, other operating expenses for 1H 2017 would be a reduction of 35.87% compared to 1H 2016.

**Note 4: Share of results of associates**

	Group			Group		
	2Q 2017 US\$'000	2Q 2016 US\$'000	Var + / - %	1H 2017 US\$'000	1H 2016 US\$'000	Var + / - %
Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong")	16,092	17,519	-8.15%	29,038	29,606	-1.92%
China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL")	781	912	-14.36%	1,563	1,806	-13.46%
China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan")	195	50	290.00%	236	120	96.67%
Oilhub Korea Yeosu Co., Ltd ("OKYC")	1,404	1,143	22.83%	2,739	2,499	9.60%
CNAF Hong Kong Refuelling Limited ("CNAF HKR")	(168)	(256)	34.38%	(373)	(484)	22.93%
	18,304	19,368	-5.49%	33,203	33,547	-1.03%

**Note 5: Tax expense**

The tax expense was mainly attributable to the recognition of deferred tax liabilities on the Company's share of undistributed retained earnings from associates and provision of income tax by a subsidiary during the period. The undistributed retained earnings from associates incorporated in China is subject to withholding tax.

NM denotes "not meaningful"

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at end of the immediately preceding financial year.

**Statement of Financial Position**

	<b>Group</b>		<b>Company</b>	
	<b>As at 30 Jun 17 US\$'000 (unaudited)</b>	<b>As at 31 Dec 16 US\$'000 (audited)</b>	<b>As at 30 Jun 17 US\$'000 (unaudited)</b>	<b>As at 31 Dec 16 US\$'000 (audited)</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	5,464	5,654	5,377	5,555
Intangible assets	1,566	1,580	385	399
Subsidiaries	-	-	37,975	37,975
Associates	270,873	281,010	82,625	82,625
Trade and other receivables	-	-	35,480	35,480
Deferred tax assets	7,604	7,604	7,600	7,600
	<u>285,507</u>	<u>295,848</u>	<u>169,442</u>	<u>169,634</u>
<b>Current assets</b>				
Inventories	118,174	170,733	95,588	164,809
Trade and other receivables	996,818	590,554	951,552	568,230
Cash and cash equivalents	260,320	287,286	233,911	244,164
	<u>1,375,312</u>	<u>1,048,573</u>	<u>1,281,051</u>	<u>977,203</u>
<b>Total assets</b>	<u>1,660,819</u>	<u>1,344,421</u>	<u>1,450,493</u>	<u>1,146,837</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the Company</b>				
Share capital	215,573	215,573	215,573	215,573
Reserves	460,781	434,112	309,997	277,331
<b>Total equity</b>	<u>676,354</u>	<u>649,685</u>	<u>525,570</u>	<u>492,904</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities	5,724	6,311	-	-
<b>Current liabilities</b>				
Trade and other payables	977,760	587,810	924,923	553,933
Loans and borrowings	-	100,000	-	100,000
Current tax liabilities	981	615	-	-
	<u>978,741</u>	<u>688,425</u>	<u>924,923</u>	<u>653,933</u>
<b>Total liabilities</b>	<u>984,465</u>	<u>694,736</u>	<u>924,923</u>	<u>653,933</u>
<b>Total equity and liabilities</b>	<u>1,660,819</u>	<u>1,344,421</u>	<u>1,450,493</u>	<u>1,146,837</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

<b>As at 30 Jun 2017</b>		<b>As at 31 Dec 2016</b>	
<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>	<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>
0	0	0	100,000

Amount repayable after one year

<b>As at 30 Jun 2017</b>		<b>As at 31 Dec 2016</b>	
<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>	<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>
0	0	0	0

1(c) A consolidated statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Consolidated Statement of Cash Flows**

	<b>2Q 2017</b>	<b>2Q 2016</b>	<b>1H 2017</b>	<b>1H 2016</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from operating activities</b>				
Profit for the period	24,590	23,621	49,878	47,770
Adjustments for :-				
Depreciation of property, plant and equipment	168	178	333	354
Amortisation of intangible assets	67	116	128	311
Reversal of impairment loss on doubtful debts	-	-	-	(1,140)
Share of results of associates (net of tax)	(18,304)	(19,368)	(33,203)	(33,547)
Interest income	(1,293)	(287)	(2,019)	(483)
Interest expense	271	26	579	29
Tax expense	1,063	1,146	2,130	1,868
Unrealised exchange differences	173	137	261	212
	<u>6,735</u>	<u>5,569</u>	<u>18,087</u>	<u>15,374</u>
Change in inventories	3,627	(463)	52,559	(69,220)
Change in trade and other receivables	(164,565)	(460,903)	(362,631)	(705,176)
Change in trade and other payables	212,958	416,599	389,950	777,301
Cash generated from/(used in) operating activities	<u>58,755</u>	<u>(39,198)</u>	<u>97,965</u>	<u>18,279</u>
Tax paid	(34)	(21)	(37)	(27)
<b>Net cash from/(used in) operating activities</b>	<u>58,721</u>	<u>(39,219)</u>	<u>97,928</u>	<u>18,252</u>
<b>Cash flows from investing activities</b>				
Interest received	762	127	980	271
Acquisition of property, plant and equipment	(85)	(24)	(143)	(24)
Acquisition of intangible assets	-	(11)	(114)	(89)
Dividends from associate (net of withholding tax paid)	2,899	251	2,899	251
<b>Net cash from investing activities</b>	<u>3,576</u>	<u>343</u>	<u>3,622</u>	<u>409</u>
<b>Cash flows from financing activities</b>				
Interest paid	(271)	(26)	(579)	(29)
Proceeds from loans and bank borrowings	-	41,713	50,000	41,713
Repayment of loans and bank borrowings	(50,000)	-	(150,000)	-
Dividends paid	(27,676)	(19,251)	(27,676)	(19,251)
<b>Net cash (used in)/from financing activities</b>	<u>(77,947)</u>	<u>22,436</u>	<u>(128,255)</u>	<u>22,433</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(15,650)	(16,440)	(26,705)	41,094
Cash and cash equivalents at beginning of the period	276,143	227,964	287,286	170,505
Net effect of exchange rate fluctuations on cash held	(173)	(137)	(261)	(212)
<b>Cash and cash equivalents at end of the period</b>	<u>260,320</u>	<u>211,387</u>	<u>260,320</u>	<u>211,387</u>

1 (d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

#### Consolidated Statement of Changes in Equity

	Share capital US\$'000	Retained earnings US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Statutory reserve US\$'000	Total equity US\$'000
<b>THE GROUP</b>						
<b>As at 1 January 2016</b>	215,573	346,488	(5,482)	17,238	18,824	592,641
Total comprehensive income for the period	-	47,770	-	(4,238)	-	43,532
Share of associates' accumulated profits transferred to statutory reserve	-	(1,226)	-	-	1,226	-
Dividend paid in respect of 2015, representing total transactions with shareholders recognised directly in equity	-	(19,251)	-	-	-	(19,251)
<b>As at 30 June 2016</b>	<b>215,573</b>	<b>373,781</b>	<b>(5,482)</b>	<b>13,000</b>	<b>20,050</b>	<b>616,922</b>
<b>As at 1 January 2017</b>	215,573	399,578	(5,482)	4,625	35,391	649,685
Total comprehensive income for the period	-	49,878	-	4,467	-	54,345
Share of associates' accumulated profits transferred to statutory reserve	-	(4)	-	-	4	-
Dividend paid in respect of 2016, representing total transactions with shareholders recognised directly in equity	-	(27,676)	-	-	-	(27,676)
<b>As at 30 June 2017</b>	<b>215,573</b>	<b>421,776</b>	<b>(5,482)</b>	<b>9,092</b>	<b>35,395</b>	<b>676,354</b>

#### Statement of Changes in Equity

	Share capital US\$'000	Retained earnings US\$'000	Treasury shares US\$'000	Total equity US\$'000
<b>THE COMPANY</b>				
<b>As at 1 January 2016</b>	215,573	243,795	(5,482)	453,886
Total comprehensive income for the period	-	15,200	-	15,200
Dividend paid in respect of 2015, representing total transactions with shareholders recognised directly in equity	-	(19,251)	-	(19,251)
<b>As at 30 June 2016</b>	<b>215,573</b>	<b>239,744</b>	<b>(5,482)</b>	<b>449,835</b>
<b>As at 1 January 2017</b>	215,573	282,813	(5,482)	492,904
Total comprehensive income for the period	-	60,342	-	60,342
Dividend paid in respect of 2016, representing total transactions with shareholders recognised directly in equity	-	(27,676)	-	(27,676)
<b>As at 30 June 2017</b>	<b>215,573</b>	<b>315,479</b>	<b>(5,482)</b>	<b>525,570</b>

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

### Share Capital

There was no change in the Company's share capital for the quarter ended 30 June 2017.

### Treasury shares

The Company did not make any purchase of its own ordinary shares during the quarter ended 30 June 2017.

As at 30 June 2017, the Company held 6,000,000 ordinary shares (31 December 2016: 6,000,000) which represents 0.69% (31 December 2016: 0.69%) of the total number of issued shares of the Company (excluding treasury shares).

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Number of Shares	2Q 2017	2Q 2016	1H 2017	1H 2016
<b>Issued ordinary shares</b>				
<b>Balance at beginning/end of period</b>	866,183,628	866,183,628	866,183,628	866,183,628
<b>Treasury shares</b>				
Balance at beginning	(6,000,000)	(6,000,000)	(6,000,000)	(6,000,000)
Additions during the period	-	-	-	-
<b>Balance at end of period</b>	(6,000,000)	(6,000,000)	(6,000,000)	(6,000,000)
<b>Total</b>	860,183,628	860,183,628	860,183,628	860,183,628

- 2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

These figures have not been audited or reviewed.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except for the adoption of new and revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT-FRS") as mentioned in item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those adopted for the audited consolidated financial statements for the year ended 31 December 2016.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.



The Group has adopted all new and revised FRS and INT-FRS that are relevant to its operations and effective for annual periods beginning after 1 January 2017. The adoption of the new and revised FRS had no significant impact on the financial statements of the Group.

- 6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	2Q 2017		2Q 2016		1H 2017		1H 2016	
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	2.86	US cents	2.74	US cents	5.80	US cents	5.55	US cents
- Weighted average number of shares ('000)	860,184		860,184		860,184		860,184	
(b) On a fully diluted basis	2.86	US cents	2.74	US cents	5.80	US cents	5.55	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 issued share capital of the issuer at the end of the:
- (a) current financial period reported on; and
- (b) immediately preceding financial year.

	Group		Company	
	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
Net asset value per ordinary share based on issued share capital at the end of the period reported on (US cents)	78.63	75.53	61.10	57.30
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 2017 and 31 December 2016 (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 CAOT Pte Ltd ("CAOT") respectively.

In addition, CAO Group owns investments in strategic oil-related businesses, which include Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong"), China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL"), 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 2017 v 2nd Qtr 2016***

The total supply and trading volume decreased by 0.35 million tonnes (4.00%) to 8.39 million tonnes for the second quarter ended 30 June 2017 ("2Q 2017") compared to 8.74 million tonnes for the second quarter ended 30 June 2016 ("2Q 2016"). Volume for middle distillates products increased 0.10 million tonnes (2.05%) to 4.98 million tonnes from 4.88 million tonnes, of which, the volume of jet fuel supply and trading increased by 0.27 million tonnes (7.26%) to 3.99 million tonnes for 2Q 2017 compared to 3.72 million tonnes for 2Q 2016. Trading volume of other oil products decreased by 0.45 million tonnes (11.66%) to 3.41 million tonnes for 2Q 2017 compared to 3.86 million tonnes for 2Q 2016 attributable mainly to the lower volume in fuel oil.

Total revenue increased by US\$649.30 million (21.48%) to US\$3,672.65 million for 2Q 2017 from US\$3,023.35 million for 2Q 2016, primarily attributable to higher oil prices.

Gross profit derived from jet fuel supply and trading of middle distillates and other oil products was US\$10.57 million for 2Q 2017, an increase of 6.71% compared to US\$9.90 million for 2Q 2016, attributable mainly to higher profits from trading and optimisation activities.

Other income was US\$1.21 million for 2Q 2017 compared to US\$0.32 million for 2Q 2016, an increase of US\$0.89 million (275.54%) attributable mainly to higher bank interest income. Bank interest income derived from time deposits placed with banks and financial institutions, was US\$1.29 million for 2Q 2017 compared to US\$0.29 million for 2Q 2016. This was partially offset by higher finance costs from short-term borrowings to meet working capital needs.

Total expenses decreased by US\$0.40 million (8.28%) to US\$4.43 million for 2Q 2017 compared to US\$4.83 million for 2Q 2016. The decrease in expenses was mainly attributable to lower professional fees incurred for business development.

The share of profits from associates decreased 5.49% to US\$18.30 million for 2Q 2017 compared to US\$19.37 million for 2Q 2016, mainly attributable to lower profit contributions from Pudong. The share of profits from Pudong was US\$16.09 million for 2Q 2017 compared to US\$17.52 million for 2Q 2016, decreased by 8.15%

mainly attributable to weaker RMB against US dollar which translated to lower share of results despite higher revenue from increased refuelling volume.

Share of profits from OKYC was US\$1.40 million for 2Q 2017 compared to US\$1.14 million for 2Q 2016, an increase of US\$0.26 million (22.83%) mainly attributable to higher operating profits from its tank storage leasing activities. The oil tank storage facilities was operating at full capacity at the end of 2Q 2017.

Share of profits from TSN-PEKCL for 2Q 2017 was US\$0.78 million compared to US\$0.91 million for 2Q 2016, a decrease of 14.36%, mainly due to lower pipeline transportation volume. The share of results in Xinyuan was US\$0.20 million for 2Q 2017 compared to US\$0.05 million for 2Q 2016, an increase of 290.00% attributable mainly to the increase in sales volume.

The share of loss from CNAF HKR was lower at US\$0.17 million in 2Q 2017 compared to US\$0.26 million in 2Q 2016, mainly due to higher revenue generated from the increased refuelling volume which was still insufficient to offset the administrative expenses and finance costs.

Income tax expense was US\$1.06 million for 2Q 2017 compared to US\$1.15 million for 2Q 2016, a decrease of US\$0.09 million (7.24%) mainly due to lower provision for income tax by a subsidiary.

The Group's net profit for 2Q 2017 was US\$24.59 million compared to US\$23.62 million for 2Q 2016, an increase of US\$0.97 million (4.10%) mainly attributable to the increase in gross profit and higher other income. Earnings per share was 2.86 US cents for 2Q 2017 compared to 2.74 US cents for 2Q 2016.

#### ***2nd Qtr 2017 v 1st Qtr 2017***

The total supply and trading volume for middle distillates and other oil products increased by 1.12 million tonnes (15.41%) to 8.39 million tonnes for 2Q 2017 from 7.27 million tonnes for the first quarter ended 31 March 2017 ("1Q 2017"), mainly due to higher trading volume in other oil products.

Total revenue increased by US\$361.49 million (10.92%) to US\$3,672.65 million for 2Q 2017 from US\$3,311.16 million for 1Q 2017 attributable mainly to the increase in trading volume of other oil product.

Gross profit derived from jet fuel supply and trading of middle distillates and other oil products was US\$10.57 million for 2Q 2017, a decrease of 31.67% compared to US\$15.47 million for 1Q 2017 mainly attributable to lower optimisation gains from jet fuel trading.

Other income was US\$1.21 million for 2Q 2017 compared to US\$0.79 million for 1Q 2017, an increase of US\$0.42 million (53.16%) attributable mainly to higher bank interest income.

Total expenses decreased by US\$0.37 million (8.35%) to US\$4.43 million for 2Q 2017, compared to US\$4.80 million for 1Q 2017, mainly due to lower professional fees incurred for business development and lower finance costs relating to bank charges and interest expense.

The share of profits from associates was US\$18.30 million for 2Q 2017 compared to US\$14.89 million for 1Q 2017, an increase of US\$3.41 million (22.90%) attributable mainly to higher share of results from Pudong. The share of profits from Pudong was US\$16.09 million for 2Q 2017 compared to US\$12.95 million for 1Q 2017, increased by 24.30% mainly attributable to higher gross profit as a result of higher refuelling volume and higher other operating income.

Share of results from OKYC was slightly higher at US\$1.40 million for 2Q 2017 compared to US\$1.34 million for 1Q 2017, attributable mainly to higher operating profits from its tank storage leasing activities. The oil tank storage facilities were operating at full capacity in the first half of 2017.

Share of profits from TSN-PEKCL was level at US\$0.78 million for 2Q 2017 and 1Q 2017. The share of profits in Xinyuan was US\$0.17 million for 2Q 2017 compared to US\$0.04 million for 1Q 2017, an increase of US\$0.13 million (923.53%) mainly attributable to the increase in sales volume.

The share of loss from CNAF HKR was lower at US\$0.17 million for 2Q 2017 compared to US\$0.21 million for 1Q 2017 as revenue improved from higher refuelling volume.

Income tax expense was slightly lower at US\$1.06 million for 2Q 2017 compared to US\$1.07 million for 1Q 2017.

The Group's net profit decreased by US\$0.70 million (2.77%) to US\$24.59 million for 2Q 2017 compared to US\$25.29 million for 1Q 2017, mainly due to the decrease in gross profit. Earnings per share was 2.86 US cents for 2Q 2017 compared to 2.94 US cents for 1Q 2017.

### ***1H 2017 v 1H 2016***

The total supply and trading volume increased by 2.03 million tonnes (14.89%) to 15.66 million tonnes for the first half year ended 30 June 2017 ("1H 2017") compared to 13.63 million tonnes for the first half year ended 30 June 2016 ("1H 2016"). Volume for middle distillates increased 0.99 million tonnes (11.59%) to 9.53 million tonnes from 8.54 million tonnes, of which jet fuel supply and trading volume increased by 1.13 million tonnes (16.77%) to 7.87 million tonnes for 1H 2017 compared to 6.74 million tonnes for 1H 2016. The trading volume of other oil products increased by 1.04 million tonnes (20.43%) to 6.12 million tonnes for 1H 2017 compared to 5.09 million tonnes for 1H 2016 attributable mainly to the increase in trading volume of crude oil and fuel oil in China and the Middle East markets respectively.

Total revenue increased by US\$2,496.23 million (55.63%) to US\$6,983.82 million for 1H 2017 from US\$4,487.59 million for 1H 2016. This was mainly attributable to the increase in oil price and trading volume. Please see breakdown under note 1 on page 2.

Gross profit derived from jet fuel supply and trading of middle distillates and other oil products was US\$26.03 million for 1H 2017, an increase of 12.80% compared to US\$23.08 million for 1H 2016 mainly due to higher gains derived from trading and optimisation activities.

Other operating income was higher at US\$2.00 million for 1H 2017 compared to US\$0.45 million for 1H 2016, an increase of US\$1.55 million (340.53%) attributable mainly to higher bank interest income. Bank interest income was US\$2.02 million for 1H 2017 compared to US\$0.48 million for 1H 2016, an increase of US\$1.54 million (318.01%) 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\$1.79 million (24.06%) to US\$9.23 million for 1H 2017 compared to US\$7.44 million for 1H 2016 mainly attributable to higher finance costs relating to bank charges and interest expense and a recovery of monies due from MF Global in 1H 2016. Excluding the amount recovered of US\$1.14 million in 1H 2016, the year-on-year increase in total expenses would be US\$0.65 million (7.58%).

The share of profits from associates was slightly lower at US\$33.20 million for 1H 2017 compared to US\$33.55 million for 1H 2016, a decrease of 1.03% mainly due to slightly lower profit contribution from Pudong. The share of profits in Pudong was US\$29.04 million for 1H 2017 compared to US\$29.61 million for 1H 2016, a decrease of US\$0.57 million (1.92%) mainly due to weaker RMB against US dollar which translated to lower share of results despite higher gross profit from higher refuelling volume and profit margin from the higher oil price in 1H 2017.

Share of profits from OKYC for 1H 2017 was US\$2.74 million, an increase of US\$0.24 million (9.60%) compared to US\$2.50 million for 1H 2016, mainly attributable to higher operating profits from its tank storage leasing activities and mark-to-market ("MTM") gain from its cross currency interest rate swap contracts ("CRS") in 1H 2017 compared to MTM loss in 1H 2016. The CRS contracts have fully matured in March 2017.

Share of profits from TSN-PEKCL for 1H 2017 was US\$1.56 million, a decrease of US\$0.25 million (13.46%) compared to US\$1.81 million for 1H 2016 mainly due to lower pipeline transportation volume and other operating income.

The share of results in Xinyuan increased by US\$0.12 million (96.67%) to US\$0.24 million for 1H 2017 compared to US\$0.12 million for 1H 2016, mainly due to the increase in gross profit resulted from higher sales volume.

The share of loss from CNAF HKR was lower at US\$0.37 million in 1H 2017 compared to US\$0.48 million in 1H 2016, mainly due to higher revenue generated from the increased refuelling volume which was still insufficient to offset the administrative expenses and finance costs.

Income tax expense was US\$2.13 million for 1H 2017 compared to US\$1.87 million for 1H 2016, an increase of 14.03% due mainly to higher provision of income tax of a subsidiary and higher recognition of deferred tax liabilities on the Company's share of undistributed retained earnings from associates.

The Group's net profit increased by US\$2.11 million (4.41%) to US\$49.88 million for 1H 2017 compared to US\$47.77 million for 1H 2016, mainly attributable to the increase in gross profit. Earnings per share was 5.80 US cents for 1H 2017 compared to 5.55 US cents for 1H 2016.

### **Statement of Financial Position**

The Group's current assets stood at US\$1,375.31 million as at 30 June 2017 compared to US\$1,048.57 million as at 31 December 2016. The increase of US\$326.74 million in current assets resulted mainly from:

- (i) a decrease of US\$52.56 million in inventories held for trading; and
- (ii) an increase of US\$406.27 million in trade and other receivables to US\$996.82 million as at 30 June 2017 from US\$590.55 million as at 31 December 2016 mainly due to higher working capital requirements in trade financing.

Non-current assets stood at US\$285.51 million as at 30 June 2017, compared to US\$295.85 million as at 31 December 2016. The decrease of US\$10.34 million was mainly attributable to the distribution of dividends of US\$47.89 million partially offset by the share of profits in associates of US\$33.20 million and the increase in foreign currency translation reserve of US\$4.47 million.

Current liabilities comprised trade and other payables, bank borrowings and tax payables, increased by US\$290.31 million to US\$978.74 million as at 30 June 2017 compared to US\$688.43 million as at 31 December 2016, mainly due to higher working capital requirements in trade financing.

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\$676.35 million as at 30 June 2017, or 78.63 US cents per share, compared to US\$649.69 million as at 31 December 2016 or 75.53 US cents per share.

### **Consolidated Statement of Cash Flows**

#### ***2Q 2017 v 2Q 2016***

The net cash generated from operating activities was US\$58.72 million in 2Q 2017 compared to cash used in operating activities of US\$39.22 million in 2Q 2016, attributable mainly to higher working capital requirements for trading activities.

Cash flows generated from investing activities amounted to US\$3.58 million in 2Q 2017 compared to US\$0.34 million in 2Q 2016, mainly attributable to higher interest income and dividend received from an associate in 2Q 2017.

Cash flows used in financing activities was US\$77.95 million in 2Q 2017 compared to cash flows generated from financing activities of US\$22.44 million in 2Q 2016, mainly attributable to repayment of bank borrowings and higher dividend payout in 2Q 2017.

#### ***1H 2017 v 1H 2016***

The net cash generated from operating activities was US\$97.93 million in 1H 2017 compared to US\$18.25 million generated in 1H 2016 mainly due to higher working capital requirements for trading activities.

Cash flows generated from investing activities amounted to US\$3.62 million in 1H 2017 compared to US\$0.41 million in 1H 2016 mainly due to higher interest income and dividend received from an associate in 1H 2017.

Cash flows used in financing activities was US\$128.26 million in 1H 2017 compared to cash flows generated from financing activities of US\$22.43 million in 1H 2016, mainly attributable to repayment of bank borrowings and higher dividend payout in 1H 2017.

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.

Persistent high crude and gasoline inventories in the oil market has resulted in bearish oil prices in 2Q 2017, with prices falling to below US\$50 per barrel in the first week of May (US\$46.64) and in June (US\$47.40). Only measures by OPEC members to rebalance and the announcement of a nine-month production cut extension that saw crude price peaked twice to US\$56.65 in mid-April and US\$54.67 in the last week of May. However, production cut falls short of market expectation, and high inventories resulted in continued volatility in crude oil price, with Futures falling below US\$44 in late June, paring the longest run of gains in a month making it the worst June performance in almost 30 years.

Notwithstanding the oil price volatility and uncertain economic and geopolitical outlook, CAO continues to build on its stable jet fuel supply business in tandem with the rapid growth in China's civil aviation industry and continue to expand its aviation marketing business outside of mainland China. As the Group continues to expand its global jet supply and trading network, ongoing efforts are also being made to diversify its earnings base through trading in other oil products. To complement its global expansion, CAO will persist in seeking opportunities for expansion in its 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 Dividend

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

Any dividend declared for the current financial period reported on? No

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

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) **Date payable**

Not applicable.

(d) **Book closure date**

Not applicable.

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

No interim dividend has been declared for the period ended 30 June 2017.

13 Interested Person Transactions.

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

Aggregate value of interested person transactions entered from 1 January 2017 to 30 June 2017.

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)
	<b>2Q 2017 US\$'000</b>	<b>2Q 2017 US\$'000</b>	<b>1H 2017 US\$'000</b>	<b>1H 2017 US\$'000</b>
Sales revenue from related corporations	0	661,316	0	1,382,170
Sales revenue from related corporation of a corporate shareholder	0	19,906	0	19,906
Purchases from related corporation	0	537,392	0	1,233,639
Purchases from related corporation of a corporate shareholder	0	21,880	0	71,140
Services rendered from related corporation of a corporate shareholder	0	122	0	242
Interest income earned from principal deposited with related corporations	0	823	0	1,482
Interest income earned by Associate from related corporations	0	45	0	102
Supply chain services rendered from related corporation	0	5,288	0	7,060
Transportation revenue earned by associate from related corporations	0	2,177	0	4,328
Cash pledge for loan facility to associate	0	0	1,019	0
Principal deposited with related corporations	0	52,541	0	170,418
Loan granted to related corporation	0	1,441	0	1,441
Loan granted to associate	0	0	0	2,750

BY ORDER OF THE BOARD

Doreen Nah  
Company Secretary  
27 July 2017