



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
(Company Registration No. 199303293Z)
Second Quarter/Half Year Financial Statement For The Period Ended 30 June 2015

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:

	Group				Group			
	2Q 2015	2Q 2014	Variance		1H 2015	1H 2014	Variance	
	US\$'000	US\$'000	+/-	%	US\$'000	US\$'000	+/-	%
Revenue (Note 1)	2,524,019	3,933,856	-35.84%		4,605,001	7,960,717	-42.15%	
Cost of sales	(2,514,814)	(3,922,684)	-35.89%		(4,590,493)	(7,935,058)	-42.15%	
Gross Profit	9,205	11,172	-17.61%		14,508	25,659	-43.46%	
Other operating income (Note 2)	(215)	(76)	182.89%		744	197	277.66%	
Administrative expenses	(3,384)	(4,489)	-24.62%		(6,667)	(7,499)	-11.09%	
Other operating expenses	(246)	(1,294)	-80.99%		2,656	(1,490)	NM	
Finance costs	(267)	(549)	-51.37%		(621)	(1,389)	-55.29%	
Operating Profit	5,093	4,764	6.91%		10,620	15,478	-31.39%	
Share of results of associates and joint venture (net of tax) (Note 3)	13,497	13,792	-2.14%		22,822	23,399	-2.47%	
Profit before income tax	18,590	18,556	0.18%		33,442	38,877	-13.98%	
Tax expense (Note 4)	(805)	(813)	-0.98%		(1,301)	(1,466)	-11.26%	
PROFIT FOR THE PERIOD	17,785	17,743	0.24%		32,141	37,411	-14.09%	
Attributable to:								
Equity holders of the Company	17,785	17,743	0.24%		32,141	37,411	-14.09%	

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 2015	2Q 2014	Variance	1H 2015	1H 2014	Variance
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
PROFIT FOR THE PERIOD	17,785	17,743	0.24%	32,141	37,411	-14.09%
Other comprehensive income:						
Items that are or may be reclassified subsequently to profit or loss:						
Exchange differences on translation of the financial statements of foreign associates	(4)	1,789	NM	(632)	(2,913)	-78.30%
Other comprehensive income for the period, net of tax	(4)	1,789	NM	(632)	(2,913)	-78.30%
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	17,781	19,532	-8.96%	31,509	34,498	-8.66%
Total comprehensive income attributable to:						
Owners of the parent	17,781	19,532	-8.96%	31,509	34,498	-8.66%

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

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

	Group			Group		
	2Q 2015	2Q 2014	Var	1H 2015	1H 2014	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Depreciation of property, plant and equipment	(211)	(201)	4.98%	(420)	(403)	4.22%
Amortisation of intangible assets	(178)	(172)	3.49%	(353)	(343)	2.92%
Interest expense	(40)	(200)	-80.00%	(125)	(446)	-71.97%
Bank interest income	37	89	-58.43%	87	131	-33.59%
Write back of allowance for doubtful debts	-	-	-	3,100	-	NM
Foreign exchange (loss)/gain	(252)	(165)	52.73%	657	66	895.45%

Note 1: Revenue

	Group			Group		
	2Q 2015	2Q 2014	Var	1H 2015	1H 2014	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Revenue from middle distillates	2,091,482	2,976,173	-29.73%	3,893,867	5,718,209	-31.90%
Revenue from other oil products	432,537	957,683	-54.84%	711,134	2,242,508	-68.29%
	2,524,019	3,933,856	-35.84%	4,605,001	7,960,717	-42.15%

Note 2: Other operating income

	Group			Group		
	2Q 2015 US\$'000	2Q 2014 US\$'000	Var + / - %	1H 2015 US\$'000	1H 2014 US\$'000	Var + / - %
Bank interest income	37	89	-58.43%	87	131	-33.59%
Foreign exchange (loss)/gain	(252)	(165)	52.73%	657	66	895.45%
	(215)	(76)	182.89%	744	197	277.66%

Note 3: Share of results of associates and joint venture

	Group			Group		
	2Q 2015 US\$'000	2Q 2014 US\$'000	Var + / - %	1H 2015 US\$'000	1H 2014 US\$'000	Var + / - %
Associates:						
Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong")	12,686	11,518	10.14%	20,935	21,666	-3.37%
China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL")	488	498	-2.01%	1,037	984	5.39%
China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan")	56	44	27.27%	436	111	292.79%
Oilhub Korea Yeosu Co., Ltd ("OKYC")	422	1,732	-75.64%	665	638	4.23%
Joint venture:						
CNAF Hong Kong Refuelling Limited ("CNAF HKR")	(155)	-	NM	(251)	-	NM
	13,497	13,792	-2.14%	22,822	23,399	-2.47%

Note 4: Tax expense

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

NM denotes "not meaningful"

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

Statement of Financial Position

	Group		Company	
	As at 30 Jun 15 US\$'000	As at 31 Dec 14 US\$'000	As at 30 Jun 15 US\$'000	As at 31 Dec 14 US\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	6,448	6,790	6,360	6,726
Intangible assets	2,059	2,369	878	1,188
Subsidiaries	-	-	33,435	33,435
Associates and joint venture	255,096	270,143	82,625	82,625
Trade and other receivables	-	-	35,480	35,480
Deferred tax assets	7,587	7,587	7,583	7,583
	<u>271,190</u>	<u>286,889</u>	<u>166,361</u>	<u>167,037</u>
Current assets				
Inventories	169,668	38,098	166,180	34,214
Trade and other receivables	822,259	959,442	725,209	913,373
Cash and cash equivalents	101,883	94,286	69,579	84,043
	<u>1,093,810</u>	<u>1,091,826</u>	<u>960,968</u>	<u>1,031,630</u>
Total assets	<u>1,365,000</u>	<u>1,378,715</u>	<u>1,127,329</u>	<u>1,198,667</u>
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	215,573	215,573	215,573	215,573
Reserves	356,685	337,941	225,648	193,020
Total equity	<u>572,258</u>	<u>553,514</u>	<u>441,221</u>	<u>408,593</u>
Non-current liabilities				
Deferred tax liabilities	5,468	6,238	-	-
Current liabilities				
Trade and other payables	782,051	818,948	684,887	788,853
Loans and borrowings	5,000	-	1,221	1,221
Current tax liabilities	223	15	-	-
	<u>787,274</u>	<u>818,963</u>	<u>686,108</u>	<u>790,074</u>
Total liabilities	<u>792,742</u>	<u>825,201</u>	<u>686,108</u>	<u>790,074</u>
Total equity and liabilities	<u>1,365,000</u>	<u>1,378,715</u>	<u>1,127,329</u>	<u>1,198,667</u>

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

Amount repayable in one year or less, or on demand

As at 30 Jun 2015		As at 31 Dec 2014	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	5,000	0	0

Amount repayable after one year

As at 30 Jun 2015		As at 31 Dec 2014	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	0	0	0

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

Consolidated Statement of Cash Flows

	2Q 2015	2Q 2014	1H 2015	1H 2014
	US\$'000	US\$'000	US\$'000	US\$'000
Operating activities				
Profit for the period	17,785	17,743	32,141	37,411
Adjustments for items not involving outlay of funds:-				
Depreciation of property, plant and equipment	211	201	420	403
Amortisation of intangible assets	178	172	353	343
Write back of allowance for doubtful debts	-	-	(3,100)	-
Share of results of associates (net of tax)	(13,497)	(13,792)	(22,822)	(23,399)
Interest income	(37)	(89)	(87)	(131)
Interest expense	40	200	125	446
Tax expense	805	813	1,301	1,466
Share-based payment	-	-	-	-
Unrealised exchange differences	(60)	(40)	134	(123)
	<u>5,425</u>	<u>5,208</u>	<u>8,465</u>	<u>16,416</u>
Changes in working capital				
Inventories	(36,181)	(33,230)	(131,570)	(11,383)
Trade and other receivables	(90,794)	(43,088)	175,658	(150,331)
Trade and other payables	120,354	66,656	(36,897)	176,272
	<u>(1,196)</u>	<u>(4,454)</u>	<u>15,656</u>	<u>30,974</u>
Tax paid	(1)	(2)	(1)	(2)
Cash flows (used in)/from operating activities	<u>(1,197)</u>	<u>(4,456)</u>	<u>15,655</u>	<u>30,972</u>
Investing activities				
Interest received	37	89	87	137
Purchase of property, plant and equipment	(62)	(18)	(78)	(37)
Purchase of intangible assets	(43)	-	(43)	(216)
Cash flows (used in)/from investing activities	<u>(68)</u>	<u>71</u>	<u>(34)</u>	<u>(116)</u>
Financing activities				
Interest paid	(40)	(200)	(125)	(446)
Proceeds from loans and bank borrowings	5,000	80,152	5,000	141,309
Repayment of loans and bank borrowings	-	(86,660)	-	(146,660)
Dividend paid	(12,765)	(13,694)	(12,765)	(13,694)
Cash flows (used in)/from financing activities	<u>(7,805)</u>	<u>(20,402)</u>	<u>(7,890)</u>	<u>(19,491)</u>
Net (decrease)/increase in cash and cash equivalents	(9,070)	(24,787)	7,731	11,365
Cash and cash equivalents at beginning of the period	110,893	92,534	94,286	56,299
Net effect of exchange rate fluctuations on cash held	60	40	(134)	123
Cash and cash equivalents at end of the period	<u>101,883</u>	<u>67,787</u>	<u>101,883</u>	<u>67,787</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
THE GROUP						
As at 1 January 2014	215,573	272,241	(5,482)	32,141	9,089	523,562
Total comprehensive income for the period	-	37,411	-	(2,913)	-	34,498
Dividend paid in respect of 2013	-	(13,694)	-	-	-	(13,694)
Transfer from retained earnings to other reserve	-	(2)	-	-	2	-
As at 30 June 2014	215,573	295,956	(5,482)	29,228	9,091	544,366
As at 1 January 2015	215,573	300,829	(5,482)	26,627	15,967	553,514
Total comprehensive income for the period	-	32,141	-	(632)	-	31,509
Dividend paid in respect of 2014	-	(12,765)	-	-	-	(12,765)
Transfer from retained earnings to other reserve	-	(1,624)	-	-	1,624	-
As at 30 June 2015	215,573	318,581	(5,482)	25,995	17,591	572,258

Statement of Changes in Equity

	Share capital US\$'000	Retained earnings US\$'000	Treasury shares US\$'000	Total equity US\$'000
THE COMPANY				
As at 1 January 2014	215,573	170,016	(5,482)	380,107
Total comprehensive income for the period	-	45,809	-	45,809
Dividend paid in respect of 2013	-	(13,694)	-	(13,694)
As at 30 June 2014	215,573	202,131	(5,482)	412,222
As at 1 January 2015	215,573	198,502	(5,482)	408,593
Total comprehensive income for the period	-	45,393	-	45,393
Dividend paid in respect of 2014	-	(12,765)	-	(12,765)
As at 30 June 2015	215,573	231,130	(5,482)	441,221

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

Share Capital

There were no movements in the Company's share capital for the quarter ended 30 June 2015.

Treasury shares

During the quarter ended 30 June 2015, the Company did not make any purchase of its own ordinary shares pursuant to the Share Purchase Mandate renewed at the Annual General Meeting of the Company held on 22 April 2015.

As at 30 June 2015, a total of 6,000,000 ordinary shares (31 December 2014: 6,000,000 ordinary shares) were held by the Company as treasury shares.

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

Number of Shares	2Q 2015	2Q 2014	1H 2015	1H 2014
Issued ordinary shares				
Balance at beginning	866,183,628	866,183,628	866,183,628	722,820,537
Bonus share issue	-	-	-	143,363,091
Balance at end of period	866,183,628	866,183,628	866,183,628	866,183,628
Treasury shares				
Balance at beginning	(6,000,000)	(6,000,000)	(6,000,000)	(6,000,000)
Additions during the period	-	-	-	-
Balance at end of period	(6,000,000)	(6,000,000)	(6,000,000)	(6,000,000)
Total	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 2014.

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 2015. 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 2015		2Q 2014		1H 2015		1H 2014	
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	2.07	US cents	2.06	US cents	3.74	US cents	4.35	US cents
- Weighted average number of shares ('000)		860,184		860,184		860,184		860,184
(b) On a fully diluted basis	2.07	US cents	2.06	US cents	3.74	US cents	4.35	US cents
- Adjusted weighted average number of shares ('000)		860,184		860,184		860,184		860,184

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding. There are no outstanding share options as at 30 June 2015.

- 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 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
Net asset value per ordinary share based on issued share capital at the end of the period reported on (US cents)	66.53	64.35	51.29	47.50
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 2015 and 31 December 2014 (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 purchaser and trader of physical jet fuel in Asia Pacific region and the sole supplier of imported jet fuel to the civil aviation industry of the People's Republic of China ("PRC"). CAO also engages in international trading of jet fuel and other oil products. The Company has wholly-owned subsidiaries located in Hong Kong, North America and United Kingdom; viz. China Aviation Oil (Hong Kong) Company Limited ("CAOHK"), North American Fuel Corporation ("NAFCO") and China Aviation Oil (Europe) Limited ("CAO Europe") respectively.

In addition, CAO Group owns investments in strategic oil-related businesses, which include Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong"), China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL"), China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan") and Oilhub Korea Yeosu Co., Ltd ("OKYC"). The Group had also entered into a joint venture contract on 4 September 2013 for the establishment of a joint venture company in Hong Kong known as CNAF Hong Kong Refuelling Limited ("CNAF HKR") through its subsidiary, CAOHK. The construction of CNAF HKR's refuelling facilities is near its completion and expected to commence operation in 3Q 2015.

Consolidated Statement of Comprehensive Income

2nd Qtr 2015 v 2nd Qtr 2014

The total supply and trading volume for jet fuel and other oil products increased by 0.24 million tonnes (5.33%) to 4.74 million tonnes for the second quarter ended 30 June 2015 ("2Q 2015") compared to 4.50 million tonnes for the second quarter ended 30 June 2014 ("2Q 2014"). The volume of jet fuel supply and trading increased by 0.47 million tonnes (17.53%) to 3.15 million tonnes for 2Q 2015 compared to 2.68 million tonnes for 2Q 2014. The trading volume of other oil products decreased by 0.23 million tonnes (12.64%) to 1.59 million tonnes for 2Q 2015 compared to 1.82 million tonnes for 2Q 2014.

Total revenue decreased by US\$1,409.84 million (35.84%) to US\$2,524.02 million for 2Q 2015 from US\$3,933.86 million for 2Q 2014, primarily attributable to the decline in oil price.

Gross profit derived from jet fuel supply and trading and trading of other oil products was US\$9.21 million for 2Q 2015, decrease of 17.61% compared to US\$11.17 million for 2Q 2014, attributable mainly to the decrease in trading gains from other oil products.

Bank interest income derived from time deposits placed with banks was US\$0.04 million for 2Q 2015 compared to US\$0.09 million for 2Q 2014. After offsetting higher foreign exchange loss due to revaluation differences on foreign currency balances against the US Dollar, other operating income was negative US\$0.22 million for 2Q 2015 compared to negative US\$0.08 million for 2Q 2014.

Total expenses decreased by US\$2.43 million (38.39%) to US\$3.90 million for 2Q 2015 compared to US\$6.33 million for 2Q 2014. The decrease in expenses was mainly attributable to lower professional fees incurred for business development, provision for staff related costs and finance costs relating to bank charges and interest expense.

The share of profits from associates and joint venture was US\$13.50 million for 2Q 2015 compared to US\$13.79 million for 2Q 2014, a decrease of 2.14% mainly attributable to lower share of profits from OKYC. Share of profits from OKYC was US\$0.42 million for 2Q 2015 compared to US\$1.73 million for 2Q 2014, mainly due to

higher mark-to-market (“MTM”) gain in 2Q 2014 from its cross currency interest rate swap contracts (“CRS”). OKYC entered into CRS contracts to hedge against future revenue in US Dollar. However, it could not qualify for hedge effectiveness in accordance with International Financial Reporting Standards (“IFRS”). As such, accounting treatment requires the MTM gain or loss to be recorded in the Income Statement.

The share of profits in Pudong was US\$12.69 million for 2Q 2015 compared to US\$11.52 million for 2Q 2014, an increase of US\$1.17 million (10.14%) mainly due to the increase in refuelling volume.

Share of profits from TSN-PEKCL for 2Q 2015 was US\$0.49 million compared to US\$0.50 million for 2Q 2014, a decrease of 2.01%, attributable mainly to lower other operating income. The share of results in Xinyuan increased by US\$0.01 million (27.27%) to US\$0.05 million for 2Q 2015 compared to US\$0.04 million for 2Q 2014.

The share of loss of US\$0.16 million from CNAF HKR was mainly due to the pre-operating expenses incurred in 2Q 2015. CNAF HKR was incorporated on 10 September 2013 and the construction of its refuelling facilities was still underway in 2Q 2015. The facility is expected to commence operation in 3Q 2015.

Income tax expense was US\$0.81 million for 2Q 2015, same as 2Q 2014, mainly attributable to the recognition of deferred tax liabilities on the Company’s share of undistributed retained earnings from associates.

The Group’s net profit for 2Q 2015 was US\$17.79 million compared to US\$17.74 million for 2Q 2014, an increase of US\$0.05 million (0.24%). Earnings per share was 2.07 US cents for 2Q 2015 compared to 2.06 US cents for 2Q 2014.

2nd Qtr 2015 v 1st Qtr 2015

The total supply and trading volume for jet fuel and other oil products increased by 0.73 million tonnes (18.20%) to 4.74 million tonnes for 2Q 2015 compared to 4.01 million tonnes for the first quarter ended 31 March 2015 (“1Q 2015”).

Consequently, total revenue increased by US\$443.04 million (21.29%) to US\$2,524.02 million for 2Q 2015 from US\$2,080.98 million for 1Q 2015.

Gross profit derived from jet fuel supply and trading and trading of other oil products was US\$9.21 million for 2Q 2015, an increase of 73.77% compared to US\$5.30 million for 1Q 2015. This was mainly due to higher trading gains.

Other operating income was negative US\$0.22 million for 2Q 2015 compared to a credit of US\$0.96 million for 1Q 2015, mainly due to foreign exchange loss of US\$0.25 million in 2Q 2015 compared to foreign exchange gain of US\$0.91 million in 1Q 2015, which was due to revaluation differences on the foreign currency balances against the US Dollar. Bank interest income was US\$0.04 million for 2Q 2015 compared to US\$0.05 million for 1Q 2015.

Total expenses was US\$3.90 million for 2Q 2015 compared to US\$0.74 million for 1Q 2015, an increase of US\$3.16 million (427.03%), mainly due to the recovery of doubtful debts of US\$3.10 million recorded in 1Q 2015. The Company made a doubtful debt provision of US\$4.28 million in 2011 when MF Global went under bankruptcy proceedings.

The share of profits from associates and joint venture was US\$13.50 million for 2Q 2015 compared to US\$9.33 million for 1Q 2015, an increase of 44.69%. This was mainly attributable to the share of profits from Pudong of US\$12.69 million for 2Q 2015 compared to US\$8.25 million for 1Q 2015, an increase of US\$4.44 million (53.82%) due to the increase in refuelling volume and higher oil price in 2Q 2015 compared to the previous quarter that led to higher revenue coupled with lower cost of sales attributable to lower procurement costs.

Share of profits from OKYC was US\$0.42 million for 2Q 2015 compared to US\$0.24 million for 1Q 2015, an increase of US\$0.18 million attributable mainly to higher operating profits from its tank storage leasing activities.

Share of profits from TSN-PEKCL for 2Q 2015 was US\$0.49 million, a decrease of US\$0.06 million (10.91%) compared to US\$0.55 million for 1Q 2015 mainly due to higher operating expenses.

The share of results in Xinyuan decreased by US\$0.33 million (86.84%) to US\$0.05 million for 2Q 2015 compared to US\$0.38 million for 1Q 2015 owing to lower profit margin.

The share of loss from CNAF HKR due to pre-operating expenses was US\$0.16 million for 2Q 2015 compared to US\$0.10 million for 1Q 2015.

Income tax expense was US\$0.81 million for 2Q 2015 compared to US\$0.50 million for 1Q 2015, an increase of 62.00% 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 for 2Q 2015 was US\$17.79 million compared to US\$14.36 million for 1Q 2015, an increase of US\$3.43 million (23.89%), mainly due to the increase in gross profit, higher share of results from associates partially offset by higher operating expenses. Earnings per share was 2.07 US cents for 2Q 2015 compared to 1.67 US cents for 1Q 2015.

1H 2015 v 1H 2014

The total supply and trading volume for jet fuel and other oil products decreased by 0.36 million tonnes (3.96%) to 8.74 million tonnes for the first half year ended 30 June 2015 ("1H 2015") compared to 9.10 million tonnes for the first half year ended 30 June 2014 ("1H 2014"). Jet fuel supply and trading volume increased by 1.22 million tonnes (25.36%) to 6.03 million tonnes for 1H 2015 compared to 4.81 million tonnes for 1H 2014. The trading volume of other oil products decreased by 1.58 million tonnes (36.83%) to 2.71 million tonnes for 1H 2015 compared to 4.29 million tonnes for 1H 2014.

Total revenue decreased by US\$3,355.72 million (42.15%) to US\$4,605.00 million for 1H 2015 from US\$7,960.72 million for 1H 2014. This was mainly attributable to the decrease in oil price and trading volumes. Please see breakdown under note 1 on page 2.

Gross profit derived from jet fuel supply and trading and trading of other oil products was US\$14.51 million for 1H 2015, a decrease of 43.46% compared to US\$25.66 million for 1H 2014. This was mainly attributable to the Company moderating its trading strategy as a result of overall weakness in the oil market that led to the decrease in trading gains from jet fuel and other oil products and lower volumes.

Other operating income was higher at US\$0.74 million for 1H 2015 compared to US\$0.20 million for 1H 2014, an increase of US\$0.54 million (277.66%) attributable mainly to higher foreign exchange gain recorded in 1Q 2015, which was due to revaluation differences on the foreign currency balances against the US Dollar.

Total expenses decreased by US\$5.75 million (55.39%) to US\$4.63 million for 1H 2015 compared to US\$10.38 million for 1H 2014, mainly due to the recovery of monies due from MF Global amounting to US\$3.10 million, lower professional fees incurred for business development and the reduction in finance cost relating to bank charges and interest expense.

The share of profits from associates and joint venture decreased by US\$0.58 million (2.47%) to US\$22.82 million for 1H 2015 compared to US\$23.40 million for 1H 2014, mainly due to lower share of profits from Pudong. The share of profits in Pudong was US\$20.94 million for 1H 2015 compared to US\$21.67 million for 1H 2014, a decrease of US\$0.73 million (3.37%) mainly due to lower refuelling sales price and decline in oil price in 1Q 2015 that resulted in lower gross profit.

Share of profits from OKYC for 1H 2015 was US\$0.67 million contributed mainly from the operating profits from its tank storage leasing activities compared to US\$0.64 million for 1H 2014 which was attributable mainly to MTM gain from its CRS contracts in 1H 2014.

Share of profits from TSN-PEKCL for 1H 2015 was US\$1.04 million, an increase of US\$0.06 million (5.39%) compared to US\$0.98 million for 1H 2014 mainly due to higher pipeline transportation volume.

The share of results in Xinyuan increased by US\$0.33 million (292.79%) to US\$0.44 million for 1H 2015 compared to US\$0.11 million for 1H 2014, mainly due to the increase in sales volume and higher rental income from oil storage tanks.

The share of loss from CNAF HKR due to pre-operating expenses was US\$0.25 million for 1H 2015.

Income tax expense was US\$1.30 million for 1H 2015 compared to US\$1.47 million for 1H 2014, a decrease of 11.26% due mainly to lower provision of income tax of a subsidiary and lower recognition of deferred tax liabilities on the Company's share of undistributed retained earnings from associates.

The Group's net profit decreased by US\$5.27 million (14.09%) to US\$32.14 million for 1H 2015 compared to US\$37.41 million for 1H 2014, mainly attributable to the decrease in gross profit. Earnings per share was 3.74 US cents for 1H 2015 compared to 4.35 US cents for 1H 2014.

Statement of Financial Position

The Group's current assets stood at US\$1,093.81 million as at 30 June 2015 compared to US\$1,091.83 million as at 31 December 2014. The increase of US\$1.98 million in current assets resulted mainly from:

- (i) an increase of US\$131.57 million in inventories held for trading;
- (ii) a decrease of US\$137.18 million in trade and other receivables to US\$822.26 million as at 30 June 2015 from US\$959.44 million as at 31 December 2014 mainly due to lower oil prices in June 2015 compared to December 2014; and
- (iii) an increase of US\$7.59 million in cash and cash equivalents which was mainly attributable to the cash inflow of US\$15.66 million generated from operating activities, partially offset by the aggregate cash outflow of US\$7.92 million used in investing activities and financing activities.

Non-current assets stood at US\$271.19 million as at 30 June 2015, compared to US\$286.89 million as at 31 December 2014. The decrease of US\$15.70 million was mainly attributable to the dividends of US\$37.24 million declared by associates and the impact of foreign currency translation reserve of US\$0.63 million, partially offset by the share of profits in associates of US\$22.82 million for 1H 2015.

Current liabilities comprised trade and other payables, bank borrowings and tax payables, decreased by US\$31.69 million to US\$787.27 million as at 30 June 2015 compared to US\$818.96 million as at 31 December 2014. This was mainly due to decrease in trade payables in June 2015 compared to December 2014.

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\$572.26 million as at 30 June 2015, or 66.53 US cents per share, compared to US\$553.51 million as at 31 December 2014 or 64.35 US cents per share.

Consolidated Statement of Cash Flows

2Q 2015 v 2Q 2014

The net cash used in operating activities was US\$1.20 million in 2Q 2015 compared to US\$4.46 million in 2Q 2014, attributable mainly to lower working capital requirements for trading activities.

Cash flows used in investing activities amounted to US\$0.07 million in 2Q 2015, compared to cash flows generated from investing activities of US\$0.07 million in 2Q 2014, mainly attributable to the purchase of IT software and lower interest income.

Cash flows used in financing activities in 2Q 2015 was US\$7.81 million compared to US\$20.40 million for 2Q 2014. The US\$12.59 million decrease in cash used in financing activities was mainly due to lower repayment of bank borrowings and bank interest and lower US dollar equivalent required for dividend payout.

1H 2015 v 1H 2014

The net cash generated from operating activities was US\$15.66 million in 1H 2015 compared to US\$30.97 million generated in 1H 2014 mainly due to lower profits from trading activities.

Cash flows used in investing activities amounted to US\$0.03 million in 1H 2015 compared to US\$0.12 million used in 1H 2014 mainly due to lower cash used for IT software.

Cash flows used in financing activities of US\$7.89 million in 1H 2015 was principally due to dividend payout of US\$12.77 million and payment of bank interest of US\$0.12 million, partially offset by US\$5.00 million proceeds from bank borrowings. In 1H 2014, cash flows used in financing activities of US\$19.49 million in 1H 2014 was

principally due to aggregate of US\$146.66 million used in repayment of bank borrowings, US\$13.69 million used in dividend payout of two Singapore cents per share and US\$0.45 million used in payment of bank interest, partially offset by aggregate proceeds of US\$141.31 million from bank borrowings.

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

Not Applicable.

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

China's strong demand for jet fuel continues to render support to CAO's business. However, volatility remained in the oil markets as macroeconomic weakness restrains global oil demand growth and uncertainties continued to surround oil output projections. We expect the oil trading environment to remain challenging for the rest of the year amidst uncertainties in oil supply and demand as well as geopolitical instability.

CAO will continue to focus on building a global trading network so as to expand its core jet supply and trading business globally, including expanding its aviation marketing business into more airports outside China. On the back of stringent risk control measures, the Company will continue its diversification into trading activities in other oil products, whilst seeking opportunities to invest in synergetic and strategic assets and synergetic businesses. It will continue to focus on pursuing its long term strategy to ensure sustainable and stable development of the Company.

- 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 2015.

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

Aggregate value of interested person transactions entered from 1 January 2015 to 30 June 2015.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than US\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 92	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than US\$100,000)	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than US\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than US\$100,000)
	2Q 2015 US\$'000	2Q 2015 US\$'000	1H 2015 US\$'000	1H 2015 US\$'000
Sales revenue from related corporations	0	610,969	0	1,212,611
Purchases from related corporations	0	41,461	0	286,514
Purchases from related corporation of a corporate shareholder	0	1,640	0	3,215
Services rendered from related corporation of a corporate shareholder	0	126	0	253
Supply chain services rendered from related corporation	0	0	0	433
Interest income earned by associate from related corporations	0	99	0	181
Transportation revenue earned by associate from related corporations	0	2,337	0	4,615
Loan granted by associate to related corporation	0	3,298	0	6,595
Principal deposited with interested person	0	4,119	0	5,063

BY ORDER OF THE BOARD

Doreen Nah
Company Secretary
30 July 2015