



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
(Company Registration No. 199303293Z)
Second Quarter/Half Year Financial Statement For The Period Ended 30 June 2019

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

These figures have not been audited:

Consolidated Statement of Profit or Loss

	2Q 2019		2Q 2018		Variance		1H 2019		1H 2018		Variance	
	US\$'000	US\$'000	US\$'000	US\$'000	+ / -	%	US\$'000	US\$'000	+ / -	%	+ / -	%
Revenue (Note 1)	5,965,395		5,799,913			2.85%	9,683,287		9,902,387			-2.21%
Cost of sales	(5,948,317)		(5,783,531)			2.85%	(9,654,590)		(9,872,796)			-2.21%
Gross Profit	17,078		16,382			4.25%	28,697		29,591			-3.02%
Other operating income (Note 2)	1,892		1,239			52.70%	4,224		2,582			63.59%
Administrative expenses	(2,680)		(3,813)			-29.71%	(5,902)		(7,691)			-23.26%
Other operating expenses	(4,579)		(1,398)			227.54%	(6,551)		(3,617)			81.12%
Finance costs	(768)		(693)			10.82%	(1,177)		(1,634)			-27.97%
Operating Profit	10,943		11,717			-6.61%	19,291		19,231			0.31%
Share of results of associates (net of tax) (Note 3)	19,154		18,606			2.95%	38,277		39,571			-3.27%
Profit before tax	30,097		30,323			-0.75%	57,568		58,802			-2.10%
Tax expense (Note 4)	(1,648)		(1,023)			61.09%	(2,784)		(2,597)			7.20%
Profit for the period	28,449		29,300			-2.90%	54,784		56,205			-2.53%
Attributable to:												
Equity holders of the Company	28,449		29,300			-2.90%	54,784		56,205			-2.53%

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

Consolidated Statement of Comprehensive Income

	2Q 2019	2Q 2018	Variance	1H 2019	1H 2018	Variance
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
PROFIT FOR THE PERIOD	28,449	29,300	-2.90%	54,784	56,205	-2.53%
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))	(5,533)	(15,372)	-64.01%	(2,215)	(7,460)	-70.31%
Other comprehensive loss for the period, net of tax	(5,533)	(15,372)	-64.01%	(2,215)	(7,460)	-70.31%
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	22,916	13,928	64.53%	52,569	48,745	7.84%
Total comprehensive income attributable to:						
Owners of the Company	22,916	13,928	64.53%	52,569	48,745	7.84%

Note (a): For the six months ended 30 June 2019, RMB and Korean Won depreciated by approximately 0.17% and 3.33% respectively against the US Dollar compared to end of December 2018 giving rise to the translation loss on foreign associates. RMB and Korean Won both depreciated by 1.86% and 4.26% respectively against the US Dollar in the same period last year.

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

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

	2Q 2019	2Q 2018	Var	1H 2019	1H 2018	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Depreciation of property, plant and equipment	(192)	(162)	18.52%	(385)	(324)	18.83%
Depreciation of right-of-use assets	(2,728)	-	NM	(5,229)	-	NM
Amortisation of intangible assets	(65)	(58)	12.07%	(129)	(114)	13.16%
Property, plant and equipment written off	-	-	-	-	(4)	NM
Bank interest income	2,000	907	120.51%	4,476	2,302	94.44%
Interest expense	(290)	(271)	7.01%	(290)	(922)	-68.55%
Interest expense - lease liabilities	(155)	-	NM	(318)	-	NM
Net foreign exchange loss	(137)	332	NM	(281)	280	NM
Allowance for doubtful debts	(4,324)	(1,401)	208.64%	(6,228)	(2,972)	109.56%

Note 1: Revenue

	2Q 2019	2Q 2018	Var	1H 2019	1H 2018	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Revenue from middle distillates	3,637,549	3,117,550	16.68%	6,394,771	5,796,746	10.32%
Revenue from other oil products	2,327,846	2,682,363	-13.22%	3,288,516	4,105,641	-19.90%
	5,965,395	5,799,913	2.85%	9,683,287	9,902,387	-2.21%

Note 2: Other operating income

	2Q 2019	2Q 2018	Var	1H 2019	1H 2018	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Bank interest income	2,000	907	120.51%	4,476	2,302	94.44%
Net foreign exchange gain/(loss)	(137)	332	NM	(281)	280	NM
Other income	29	-	NM	29	-	NM
	1,892	1,239	52.70%	4,224	2,582	63.59%

Note 3: Share of results of associates

	2Q 2019	2Q 2018	Var	1H 2019	1H 2018	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd (“Pudong”)	16,975	15,676	8.29%	34,187	34,571	-1.11%
Other associates	2,179	2,930	-25.63%	4,090	5,000	-18.20%
	19,154	18,606	2.95%	38,277	39,571	-3.27%

Note 4: 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. 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 2019 US\$'000	As at 31 Dec 2018 US\$'000	As at 30 Jun 2019 US\$'000	As at 31 Dec 2018 US\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	4,907	5,246	4,656	4,964
Intangible assets	1,564	1,662	383	481
Subsidiaries	-	-	66,411	66,411
Associates	344,790	311,449	337,837	304,076
Trade and other receivables	-	-	5,035	5,035
Right-of-use Assets*	20,098	-	17,709	-
Deferred tax assets	4,504	4,504	4,500	4,500
	375,863	322,861	436,531	385,467
Current assets				
Inventories	68,529	110,768	2,462	92,536
Trade and other receivables	2,093,993	862,249	2,006,584	842,999
Cash and cash equivalents	210,396	357,690	171,118	334,747
	2,372,918	1,330,707	2,180,164	1,270,282
Total assets	2,748,781	1,653,568	2,616,695	1,655,749
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	215,573	215,573	215,573	215,573
Reserves	577,690	553,571	593,820	570,362
Total equity	793,263	769,144	809,393	785,935
Non-current liabilities				
Lease liabilities*	9,424	-	7,924	-
Deferred tax liabilities	10,127	8,051	10,127	8,051
	19,551	8,051	18,051	8,051
Current liabilities				
Trade and other payables	1,907,380	875,540	1,778,962	861,554
Contract liabilities	16,405	-	137	-
Lease liabilities*	10,833	-	9,943	-
Loans and borrowings	-	-	209	209
Current tax liabilities	1,349	833	-	-
	1,935,967	876,373	1,789,251	861,763
Total liabilities	1,955,518	884,424	1,807,302	869,814
Total equity and liabilities	2,748,781	1,653,568	2,616,695	1,655,749

* The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 *Leases* for the financial year beginning on or after 1 January 2019. SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of right-of-use assets and a lease liability at commencement of all leases, except for short-term leases and leases of low value assets.

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

Amount repayable in one year or less, or on demand

As at 30 Jun 2019		As at 31 Dec 2018	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	0	0	0

Amount repayable after one year

As at 30 Jun 2019		As at 31 Dec 2018	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	0	0	0

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

Consolidated Statement of Cash Flows

	2Q 2019	2Q 2018	1H 2019	1H 2018
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Profit for the period	28,449	29,300	54,784	56,205
Adjustments for:-				
Depreciation of property, plant and equipment	192	162	385	324
Depreciation of right-of-use assets	2,728	-	5,229	-
Amortisation of intangible assets	65	58	129	114
Property, plant and equipment written off	-	-	-	4
Allowance on doubtful debts	4,324	1,401	6,228	2,972
Fair value loss/(gain) on derivative instruments	5,372	(4,103)	14,972	(10,346)
Share of results of associates (net of tax)	(19,154)	(18,606)	(38,277)	(39,571)
Interest income	(2,000)	(907)	(4,476)	(2,302)
Interest expense	290	271	290	922
Lease interest expense	155	-	318	-
Tax expense	1,648	1,023	2,784	2,597
Unrealised exchange differences	(988)	26	(956)	17
	21,081	8,625	41,410	10,936
Change in inventories	46,811	(22,791)	42,238	88,326
Change in trade and other receivables	(818,243)	(145,879)	(1,225,258)	(455,849)
Change in trade and other payables	609,010	236,332	1,023,582	424,453
Cash (used in)/from operating activities	(141,341)	76,287	(118,028)	67,866
Tax paid	(49)	(19)	(117)	(199)
Net cash (used in)/from operating activities	(141,390)	76,268	(118,145)	67,667
Cash flows from investing activities				
Interest received	639	241	1,514	1,055
Purchase of property, plant and equipment	(40)	(121)	(46)	(163)
Purchase of intangible assets	(31)	(81)	(31)	(105)
Acquisition of subsidiaries, net of cash acquired	-	(11,965)	-	(11,965)
Dividends received from associates	2,585	-	2,585	-
Net cash from/(used in) investing activities	3,153	(11,926)	4,022	(11,178)
Cash flows from financing activities				
Interest paid	(290)	(271)	(290)	(922)
Interest paid on lease liabilities	(155)	-	(318)	-
Repayment of lease liabilities	(2,673)	-	(5,069)	-
Proceeds from loans and borrowing	-	-	-	25,000
Repayment of loans and borrowing	-	(25,000)	-	(145,000)
Dividend paid	(28,450)	(29,148)	(28,450)	(29,148)
Net cash used in financing activities	(31,568)	(54,419)	(34,127)	(150,070)
Net (decrease)/increase in cash and cash equivalents	(169,805)	9,923	(148,250)	(93,581)
Cash and cash equivalents at beginning of the period	379,213	196,547	357,690	300,042
Net effect of exchange rate fluctuations on cash held	988	(26)	956	(17)
Cash and cash equivalents at end of the period	210,396	206,444	210,396	206,444

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 2018	215,573	454,311	(5,482)	20,868	35,457	720,727
Total comprehensive income for the year	-	93,858	-	(16,293)	-	77,565
Share of associates' accumulated profits transferred to statutory reserve	-	(355)	-	-	355	-
Dividend paid in respect of 2017, representing total transactions with shareholders recognised directly in equity	-	(29,148)	-	-	-	(29,148)
As at 31 December 2018	215,573	518,666	(5,482)	4,575	35,812	769,144
As at 1 January 2019	215,573	518,666	(5,482)	4,575	35,812	769,144
Total comprehensive income for the year	-	54,784	-	(2,215)	-	52,569
Share of associates' accumulated profits transferred to statutory reserve	-	(366)	-	-	366	-
Dividend paid in respect of 2018, representing total transactions with shareholders recognised directly in equity	-	(28,450)	-	-	-	(28,450)
As at 30 June 2019	215,573	544,634	(5,482)	2,360	36,178	793,263

Statement of Changes in Equity

THE COMPANY	Share capital US\$'000	Retained earnings US\$'000	Treasury shares US\$'000	Foreign Currency translation reserve US\$'000	Statutory reserve US\$'000	Total equity US\$'000
As at 1 January 2018	215,573	457,330	(5,482)	20,869	35,457	723,747
Total comprehensive income for the year	-	107,561	-	(16,225)	-	91,336
Share of associates' accumulated profits transferred to statutory reserve	-	(355)	-	-	355	-
Dividend paid in respect of 2017, representing total transactions with shareholders recognised directly in equity	-	(29,148)	-	-	-	(29,148)
As at 31 December 2018	215,573	535,388	(5,482)	4,644	35,812	785,935
As at 1 January 2019	215,573	535,388	(5,482)	4,644	35,812	785,935
Total comprehensive income for the year	-	54,122	-	(2,214)	-	51,908
Share of associates' accumulated profits transferred to statutory reserve	-	(366)	-	-	366	-
Dividend paid in respect of 2018, representing total transactions with shareholders recognised directly in equity	-	(28,450)	-	-	-	(28,450)
As at 30 June 2019	215,573	560,694	(5,482)	2,430	36,178	809,393

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

Share Capital

There was no change in the Company's share capital for the quarter ended 30 June 2019.

Treasury shares

The Company did not make any purchase of its own ordinary shares during the quarter ended 30 June 2019.

As at 30 June 2019, the Company held 6,000,000 ordinary shares (30 June 2018: 6,000,000) which represents 0.69% (30 June 2018: 0.69%) of the total number of issued shares of the Company (excluding treasury shares).

The Company has no subsidiary holdings as at 30 June 2019 and 30 June 2018.

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 2019	4Q 2018
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

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

- 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 2018.

- 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 2019. The adoption of the new and revised SFRS(I) had no significant impact on the financial statements of the Group.

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

	2Q 2019		2Q 2018		1H 2019		1H 2018	
Earnings per ordinary share for the period based on net profit attributable to owners of the Company:-								
(a) Based on weighted average number of ordinary share on issue	3.31	US cents	3.40	US cents	6.37	US cents	6.53	US cents
- Weighted average number of shares ('000)	860,184		860,184		860,184		860,184	
(b) On a fully diluted basis	3.31	US cents	3.40	US cents	6.37	US cents	6.53	US cents
- Adjusted weighted average number of shares ('000)	860,184		860,184		860,184		860,184	

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
Net asset value per ordinary share based on issued share capital at the end of the period reported on (US cents)	92.22	89.42	94.10	91.37
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 2019 and 31 December 2018 (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:
- 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
 - 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.

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"), CNAF Hong Kong Refuelling Limited ("CNAF HKR") and Aviation Fuel Supply B.V. ("AFS").

Consolidated Statement of Comprehensive Income 2nd Qtr 2019 v 2nd Qtr 2018

The total supply and trading volume increased by 0.66 million tonnes (6.62%) to 10.63 million tonnes for the second quarter ended 30 June 2019 ("2Q 2019") compared to 9.97 million tonnes for the second quarter ended 30 June 2018 ("2Q 2018"). Volume for middle distillates products increased 1.17 million tonnes (25.71%) to 5.72 million tonnes from 4.55 million tonnes, of which, the volume of jet fuel supply and trading increased by 0.66 million tonnes (19.41%) to 4.06 million tonnes for 2Q 2019 compared to 3.40 million tonnes for 2Q 2018. Trading volume for gas oil increased by 0.51 million tonnes (44.35%) to 1.66 million tonnes for 2Q 2019 from 1.15 million tonnes for 2Q 2018. Trading volume of other oil products decreased by 0.51 million tonnes (9.41%) to 4.91 million tonnes for 2Q 2019 compared to 5.42 million tonnes for 2Q 2018 attributable mainly to lower trading volume for fuel oil and crude oil.

Total revenue increased by US\$165.49 million (2.85%) to US\$5,965.40 million for 2Q 2019 from US\$5,799.91 million for 2Q 2018, primarily due to the increase in volume.

Total gross profit was US\$17.08 million for 2Q 2019, an increase of US\$0.70 million (4.25%) compared to US\$16.38 million for 2Q 2018 mainly due to higher profits from trading and optimisation activities.

Other operating income increased by US\$0.65 million (52.70%) to US\$1.89 million for 2Q 2019 compared to US\$1.24 million for 2Q 2018, mainly attributable to higher interest income partially offset by foreign exchange loss. Interest income which was derived from time deposits placed with banks was US\$2.00 million for 2Q 2019 compared to US\$0.91 million for 2Q 2018, an increase of US\$1.09 million (120.51%).

Total expenses increased by US\$2.13 million (35.96%) to US\$8.03 million for 2Q 2019 compared to US\$5.90 million for 2Q 2018, mainly attributable to higher provision for expected credit loss (“ECL”) of US\$4.32 million in 2Q 2019 compared to US\$1.40 million in 2Q 2018.

The share of profits from associates was US\$19.16 million for 2Q 2019 compared to US\$18.61 million for 2Q 2018, an increase of US\$0.55 million (2.95%) mainly due to higher profit contributions from Pudong. The share of profits from Pudong was US\$16.98 million for 2Q 2019 compared to US\$15.68 million for 2Q 2018, increased by US\$1.30 million (8.29%) attributable mainly to higher refueling volumes and lower operating expenses. Share of profits from other associates decreased by US\$0.75 million (25.63%) to US\$2.18 million for 2Q 2019 compared to US\$2.93 million for 2Q 2018 mainly attributable to lower contribution from OKYC as its earnings were partly affected by foreign exchange loss.

Income tax expense was US\$1.65 million for 2Q 2019 compared to US\$1.02 million for 2Q 2018, an increase of US\$0.63 million (61.09%) mainly due to higher deferred tax liabilities on the Company’s share of undistributed retained earnings from associates incorporated in China.

The Group’s net profit for 2Q 2019 decreased by US\$0.85 million (2.90%) to US\$28.45 million compared to US\$29.30 million for 2Q 2018, mainly due to higher operating expenses that resulted from higher ECL provision. Earnings per share was 3.31 US cents for 2Q 2019 compared to 3.40 US cents for 2Q 2018.

2nd Qtr 2019 v 1st Qtr 2019

Total supply and trading volume increased by 3.85 million tonnes (56.78%) to 10.63 million tonnes for 2Q 2019 compared to 6.78 million tonnes for the first quarter ended 31 March 2019 (“1Q 2019”). Volume for middle distillates increased 1.08 million tonnes (23.28%) to 5.72 million tonnes from 4.64 million tonnes, of which, supply and trading volume for jet fuel increased by 0.52 million tonnes (14.69%) to 4.06 million tonnes for 2Q 2019 from 3.54 million tonnes for 1Q 2019. The volume of gas oil increased by 0.56 million tonnes (50.91%) to 1.66 million tonnes for 2Q 2019 compared to 1.10 million tonnes for 1Q 2019. Trading volume of other oil products increased by 2.77 million tonnes (129.44%) to 4.91 million tonnes for 2Q 2019 compared to 2.14 million tonnes for 1Q 2019 attributable mainly to higher trading volume for crude oil and fuel oil.

Total revenue increased by US\$2,247.51 million (60.45%) to US\$5,965.40 million for 2Q 2019 from US\$3,717.89 million for 1Q 2019, primarily due to the increase in trading volume.

Total gross profit was US\$17.08 million for 2Q 2019, an increase of US\$5.46 million (46.99%) compared to US\$11.62 million for 1Q 2019 mainly due to higher profits from supply of jet fuel to China and higher gains from trading and optimisation activities.

Other operating income decreased by US\$0.44 million (18.89%) to US\$1.89 million for 2Q 2019 compared to US\$2.33 million for 1Q 2019, mainly attributable to lower interest income.

Total expenses increased by US\$2.43 million (43.39%) to US\$8.03 million for 2Q 2019 compared to US\$5.60 million for 1Q 2019, mainly attributable to higher provision for ECL of US\$4.32 million in 2Q 2019 compared to US\$1.90 million in 1Q 2019.

The share of profits from associates was US\$19.16 million for 2Q 2019 compared to US\$19.12 million for 1Q 2019, an increase of US\$0.04 million (0.21%) mainly due to higher profit contributions from OKYC.

Income tax expense was US\$1.65 million for 2Q 2019 compared to US\$1.14 million for 1Q 2019, an increase of US\$0.51 million (44.74%) mainly due to the higher deferred tax liabilities on the Company's share of undistributed retained earnings from associates incorporated in China.

The Group's net profit for 2Q 2019 was US\$28.45 million compared to US\$26.33 million for 1Q 2019, an increase of US\$2.12 million (8.05%) attributable mainly to higher gross profit. Earnings per share was 3.31 US cents for 2Q 2019 compared to 3.06 US cents for 1Q 2019.

1H 2019 v 1H 2018

The total supply and trading volume decreased by 0.15 million tonnes (0.87%) to 17.41 million tonnes for the first half year ended 30 June 2019 ("1H 2019") compared to 17.56 million tonnes for the first half year ended 30 June 2018 ("1H 2018"). Volume for middle distillates increased 1.54 million tonnes (17.46%) to 10.36 million tonnes from 8.82 million tonnes, of which jet fuel supply and trading volume increased by 0.86 million tonnes (12.76%) to 7.60 million tonnes for 1H 2019 compared to 6.74 million tonnes for 1H 2018. Trading volume for gas oil increased by 0.68 million tonnes (32.69%) to 2.76 million tonnes for 1H 2019 from 2.08 million tonnes for 1H 2018. The trading volume of other oil products decreased by 1.69 million tonnes (19.34%) to 7.05 million tonnes for 1H 2019 compared to 8.74 million tonnes for 1H 2018 attributable mainly to lower trading volume for fuel oil.

Total revenue decreased by US\$219.10 million (2.21%) to US\$9,683.29 million for 1H 2019 from US\$9,902.39 million for 1H 2018, mainly attributable to the decrease in oil price and volume.

Total gross profit was US\$28.70 million for 1H 2019, a decrease of US\$0.89 million (3.02%) compared to US\$29.59 million for 1H 2018 mainly due to lower gains derived from trading and optimisation activities.

Other operating income was higher at US\$4.22 million for 1H 2019 compared to US\$2.58 million for 1H 2018, an increase of US\$1.64 million (63.59%) attributable mainly to higher bank interest income partially offset by foreign exchange loss. Bank interest income was US\$4.48 million for 1H 2019 compared to US\$2.30 million for 1H 2018, an increase of US\$2.17 million (94.44%) from time deposits placed with banks and financial institutions.

Total expenses increased by US\$0.69 million (5.32%) to US\$13.63 million for 1H 2019 compared to US\$12.94 million for 1H 2018 mainly attributable to the increase in provision for ECL of US\$6.23 million in 1H 2019 compared to US\$2.97 million in 1H 2018, an increase of US\$3.26 million partially offset by the decrease in staff cost and interest expenses.

The share of profits from associates was US\$38.28 million for 1H 2019 compared to US\$39.57 million for 1H 2018, a decrease of US\$1.29 million (3.27%) mainly attributable to lower contributions from OKYC owing to high operating expenses and foreign exchange loss.

Income tax expense was US\$2.78 million for 1H 2019 compared to US\$2.60 million for 1H 2018, an increase of US\$0.18 million (7.20%) due mainly to higher deferred tax liabilities recognised on the Company's share of undistributed retained earnings of China associates.

The Group's net profit decreased by US\$1.43 million (2.53%) to US\$54.78 million for 1H 2019 compared to US\$56.21 million for 1H 2018, mainly attributable to the decrease in gross profit and share of results from associates. Earnings per share was 6.37 US cents for 1H 2019 compared to 6.53 US cents for 1H 2018.

Statement of Financial Position

The Group's current assets stood at US\$2,372.92 million as at 30 June 2019 compared to US\$1,330.71 million as at 31 December 2018. The increase of US\$1,042.21 million in current assets resulted mainly from the increase of US\$1,231.74 million in trade and other receivables, the decrease of US\$42.24 million in inventories and US\$147.29 million in cash and cash equivalents.

Non-current assets stood at US\$375.86 million as at 30 June 2019, compared to US\$322.86 million as at 31 December 2018. The increase of US\$53.00 million was mainly attributable to the share of profits in associates of US\$38.28 million and the increase in right-of-use assets of US\$20.10 million following the adoption of SFRS(I) 16 – *Leases*, partially offset by the reduction of US\$2.22 million in foreign exchange translation reserve and US\$2.59 million dividend received from an associate.

Current liabilities which comprised trade and other payables, contract liabilities, short term leased liabilities and tax payables, increased by US\$1,059.60 million to US\$1,935.97 million as at 30 June 2019 compared to US\$876.37 million as at 31 December 2018, attributable mainly to the increase of US\$1,048.25 million in trade and other payables and contract liabilities as a result of higher monthly trading volume and oil prices in June 2019 compared to in December 2018. Short term leased liabilities as a result of adopting SFRS(I) 16, was US\$10.83 million as at 30 June 2019.

Non-current liabilities which comprised of leased liabilities and deferred tax liabilities increased by US\$11.50 million to US\$19.55 million as at 30 June 2019 compared to US\$8.05 million as at 31 December 2018. The increase was mainly due to the recognition of leased liabilities of US\$9.42 million as at 30 June 2019. Deferred tax liabilities were from the recognition of the Company's share of undistributed retained earnings of associates which is subject to withholding tax.

The Group's net assets stood at US\$793.26 million as at 30 June 2019, or 92.22 US cents per share, compared to US\$769.14 million as at 31 December 2018 or 89.42 US cents per share.

Consolidated Statement of Cash Flows

2Q 2019 v 2Q 2018

The net cash used in operating activities was US\$141.39 million in 2Q 2019 compared to net cash generated from operating activities of US\$76.27 million in 2Q 2018, attributable mainly to higher working capital requirements for trading activities.

Cash flows generated from investing activities amounted to US\$3.15 million in 2Q 2019, mainly attributable to the receipt of dividend from an associate. Net cash used in investing activities of US\$11.93 million in 2Q 2018 was mainly due to the acquisition of CAFEU.

Cash flows used in financing activities in 2Q 2019 was US\$31.57 million compared to US\$54.42 million in 2Q 2018 attributable mainly to the repayment of bank borrowings and dividends payout.

1H 2019 v 1H 2018

The net cash used in operating activities was US\$118.15 million in 1H 2019 compared to net cash generated from operating activities of US\$67.67 million in 1H 2018, attributable mainly to higher working capital requirements for trading activities.

Cash flows generated from investing activities was US\$4.02 million in 1H 2019, mainly attributable to interest income and the receipt of dividend from an associate in 2Q 2019. Cash flows used in investing activities amounted to US\$11.18 million in 1H 2018 was mainly attributable to the acquisition of CAFEU in 2Q 2018.

Cash flows used in financing activities in 1H 2019 was US\$34.13 million compared to US\$150.07 million in 1H 2018 attributable mainly to the repayment of bank borrowings and dividends payout.

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

Not applicable.

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

Oil prices had been moving downwards in second quarter 2019 since the Brent crude price reached US\$72 per barrel in early April 2019. It rallied slightly in early July 2019, but it is recently testing the US\$60 per barrel level. Oil prices remain low as weather conditions caused oil production in the U.S. Gulf of Mexico to shut down and concerns persist over the slowdown in China's demand.

While the challenges of slower economic growth and geopolitical tensions remained, CAO will continue in its global expansion in jet fuel supply and trading network complemented with trading in other oil products. The Group will also continue to seek opportunities for expansion through investments in synergetic and strategic oil related assets and businesses and will remain focused on pursuing its long term strategy to ensure steady and sustainable growth and development of its businesses.

11 If a decision regarding dividend has been made:—

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

No.

(b) (i) Amount per share cents

(ii) Previous corresponding period cents

Not applicable.

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

Not applicable.

(d) The date the dividend is payable

Not Applicable.

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

Not Applicable.

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

No interim dividend has been declared for the period ended 30 June 2019.

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 2019 to 30 June 2019.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	2Q 2019 US\$'000	2Q 2019 US\$'000	1H 2019 US\$'000	1H 2019 US\$'000
Sales revenue from related Corporations	0	982,792	0	1,905,991
Sale revenue from related corporation of a corporate shareholder	0	140,290	0	140,290
Purchases from related corporation	0	949,135	0	1,930,669
Purchase from related corporation of a corporate shareholder	0	279,833	0	323,782
Services rendered from related corporation of a corporate shareholder	0	0	0	241
Supply chain services rendered from related corporation	0	1,953	0	5,251
Transportation revenue earned by associate from related corporations	0	2,308	0	4,746
Principal deposited with related corporations	0	14,459	0	30,641
Interest earned on principal deposited with related corporations	0	254	0	595

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

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

BY ORDER OF THE BOARD

Doreen Nah
Company Secretary
7 August 2019