



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
(Company Registration No. 199303293Z)
Full Year Financial Statement For The Period Ended 31 March 2018

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

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

These figures have not been audited:

Consolidated Statement of Profit or Loss

	1Q 2018	1Q 2017	Variance	
	US\$'000	US\$'000	+ / -	%
		(Restated)		
Revenue (Note 1)	4,102,474	3,311,163		23.90%
Cost of sales	(4,089,265)	(3,295,694)		24.08%
Gross Profit	13,209	15,469		-14.61%
Other operating income (Note 2)	1,343	787		70.65%
Administrative expenses	(3,878)	(3,748)		3.47%
Other operating expenses (Note 3)	(2,219)	(2,085)		6.43%
Finance costs	(941)	(630)		49.37%
Operating Profit	7,514	9,793		-23.27%
Share of results of associates (net of tax) (Note 4)	20,965	14,899		40.71%
Profit before tax	28,479	24,692		15.34%
Tax expense (Note 5)	(1,574)	(1,067)		47.52%
Profit for the period	26,905	23,625		13.88%
Attributable to:				
Equity holders of the Company	26,905	23,625		13.88%

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

	1Q 2018	1Q 2017	Variance
	US\$'000	US\$'000	+ / - %
	(Restated)		
PROFIT FOR THE PERIOD	26,905	23,625	13.88%
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))	7,912	3,213	146.25%
Other comprehensive income for the period, net of tax	7,912	3,213	146.25%
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	34,817	26,838	29.73%
Total comprehensive income attributable to:			
Owners of the Company	34,817	26,838	29.73%

Note (a): For the three months ended 31 March 2018, RMB appreciated by approximately 3.27% (2017: 0.69%) against the US Dollar compared to at end of December 2017 giving rise to the translation gain on RMB foreign associates. Korean Won remained constant against US Dollar compared to end of December 2017 but appreciated 7.23% against US Dollar 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):

	1Q 2018	1Q 2017	Var
	US\$'000	US\$'000	+ / - %
Depreciation of property, plant and equipment	(162)	(165)	-1.82%
Amortisation of intangible assets	(56)	(61)	-8.20%
Bank interest income	1,395	726	92.15%
Interest expense	(651)	(308)	111.36%
Net foreign exchange (loss)/gain	(52)	61	NM
Allowance for doubtful debts - net	(1,575)	(1,663)	-5.29%

Note 1: Revenue

	1Q 2018	1Q 2017	Var
	US\$'000	US\$'000	+ / - %
Revenue from middle distillates	2,679,196	2,376,490	12.74%
Revenue from other oil products	1,423,278	934,673	52.28%
	4,102,474	3,311,163	23.90%

Note 2: Other operating income

	1Q 2018	1Q 2017	Var
	US\$'000	US\$'000	+ / - %
Bank interest income	1,395	726	92.15%
Net foreign exchange (loss)/gain	(52)	61	NM
	1,343	787	70.65%

Note 3: Other operating expenses

In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model to be applied. An entity is expected to account for credit losses and changes in the expected credit loss at each reporting date to reflect changes in credit risk since initial recognition as it is no longer necessary for a credit event to have occurred before credit losses are recognized. In adopting (SFRS(I)) effective 1 January 2018, the Group has assessed and made an impairment provision of US\$1.57 million on receivables in 1Q 2018 under SFRS(I) 9. With retrospective application, other operating expenses in 1Q 2017 was restated from US\$0.42 million to US\$2.08 million with the impairment provision of US\$1.66 million.

Note 4: Share of results of associates

	1Q 2018	1Q 2017	Var
	US\$'000	US\$'000	+ / - %
Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong")	18,895	12,946	45.95%
China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL")	610	782	-21.99%
China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan")	199	41	385.37%
Oilhub Korea Yeosu Co., Ltd ("OKYC")	1,427	1,335	6.89%
CNAF Hong Kong Refuelling Limited ("CNAF HKR")	(166)	(205)	19.02%
	20,965	14,899	40.71%

Note 5: Tax expense

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

NM denotes "not meaningful"

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

Statement of Financial Position

	Group			Company		
	As at 31 Mar 18 US\$'000	As at 31 Dec 17 US\$'000	As at 1 Jan 17* US\$'000	As at 31 Mar 18 US\$'000	As at 31 Dec 17 US\$'000	As at 1 Jan 17* US\$'000
		(restated)	(restated)		(restated)	(restated)
ASSETS						
Non-current assets						
Property, plant and equipment	5,074	5,194	5,654	4,973	5,101	5,555
Intangible assets	1,493	1,525	1,580	312	344	399
Subsidiaries	-	-	-	43,318	43,318	37,975
Associates	350,048	321,171	281,010	113,070	113,070	82,625
Trade and other receivables	-	-	-	5,035	5,035	35,480
Deferred tax assets	6,004	6,004	7,604	6,000	6,000	7,600
	362,619	333,894	295,848	172,708	172,868	169,634
Current assets						
Inventories	98,496	209,613	170,733	54,693	181,587	164,809
Trade and other receivables	1,365,900	1,066,260	588,103	1,374,722	1,030,605	565,779
Cash and cash equivalents	196,547	300,042	287,286	136,262	276,781	244,164
	1,660,943	1,575,915	1,046,122	1,565,677	1,488,973	974,752
Total assets	2,023,562	1,909,809	1,341,970	1,738,385	1,661,841	1,144,386
EQUITY AND LIABILITIES						
Equity attributable to owners of the Company						
Share capital	215,573	215,573	215,573	215,573	215,573	215,573
Reserves	539,971	505,154	431,661	314,274	310,265	274,880
Total equity	755,544	720,727	647,234	529,847	525,838	490,453
Non-current liabilities						
Deferred tax liabilities	8,917	7,919	6,311	-	-	-
Current liabilities						
Trade and other payables	1,232,755	1,060,213	587,810	1,208,441	1,016,003	553,933
Loans and borrowings	25,000	120,000	100,000	-	120,000	100,000
Current tax liabilities	1,346	950	615	97	-	-
	1,259,101	1,181,163	688,425	1,208,538	1,136,003	653,933
Total liabilities	1,268,018	1,189,082	694,736	1,208,538	1,136,003	653,933
Total equity and liabilities	2,023,562	1,909,809	1,341,970	1,738,385	1,661,841	1,144,386

* The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") framework for the financial year ending 31 December 2018 and has applied SFRS(I) 1 with 1 January 2017 as the date of transition, which requires the first SFRS(I) financial statements to comprise of an *opening SFRS(I) statement of financial position at the date of transition to SFRS(I)s*. (Please refer to pages 7 for more details)

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

Amount repayable in one year or less, or on demand

As at 31 Mar 2018		As at 31 Dec 2017	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	25,000	0	120,000

Amount repayable after one year

As at 31 Mar 2018		As at 31 Dec 2017	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	0	0	0

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

Consolidated Statement of Cash Flows

	1Q 2018	1Q 2017
	US\$'000	US\$'000
		(restated)
Cash flows from operating activities		
Profit for the period	26,905	23,625
Adjustments for:-		
Depreciation of property, plant and equipment	162	165
Amortisation of intangible assets	56	61
Allowance on doubtful debts - net	1,575	1,663
Fair value gain on derivative instruments	(6,243)	(4,089)
Share of results of associates (net of tax)	(20,965)	(14,899)
Interest income	(1,395)	(726)
Interest expense	651	308
Tax expense	1,574	1,067
Unrealised exchange differences	(9)	88
	2,311	7,263
Change in inventories	111,117	48,932
Change in trade and other receivables	(309,970)	(189,295)
Change in trade and other payables	188,121	172,310
Cash (used in)/from operating activities	(8,421)	39,210
Tax paid	(180)	(3)
Net cash used in operating activities	(8,601)	39,207
Cash flows from investing activities		
Interest received	814	218
Purchase of property, plant and equipment	(42)	(58)
Purchase of intangible assets	(24)	(114)
Net cash from investing activities	748	46
Cash flows from financing activities		
Interest paid	(651)	(308)
Proceeds from loans and borrowing	25,000	50,000
Repayment of loans and borrowing	(120,000)	(100,000)
Net cash used in financing activities	(95,651)	(50,308)
Net increase in cash and cash equivalents	(103,504)	(11,055)
Cash and cash equivalents at beginning of the period	300,042	287,286
Net effect of exchange rate fluctuations on cash held	9	(88)
Cash and cash equivalents at end of the period	196,547	276,143

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

Consolidated Statement of Changes in Equity						
THE GROUP	Share capital US\$'000	Retained earnings US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Statutory reserve US\$'000	Total equity US\$'000
As at 1 January 2017 - previously reported	215,573	399,578	(5,482)	4,625	35,391	649,685
Effect on adoption of SFRS(I) 9 (Note 1)	-	(2,451)	-	-	-	(2,451)
As at 1 January 2017 - restated	215,573	397,127	(5,482)	4,625	35,391	647,234
Effect on adoption of SFRS(I) 9 (Note 1)	-	(401)	-	-	-	(401)
Total comprehensive income for the year	-	85,328	-	16,243	-	101,571
Share of associates' accumulated profits transferred to statutory reserve	-	(66)	-	-	66	-
Dividend paid in respect of 2016, representing total transactions with shareholders recognised directly in equity	-	(27,677)	-	-	-	(27,677)
As at 31 December 2017 - restated	215,573	454,311	(5,482)	20,868	35,457	720,727
As at 1 January 2018 - restated	215,573	454,311	(5,482)	20,868	35,457	720,727
Total comprehensive income for the year	-	26,905	-	7,912	-	34,817
As at 31 March 2018	215,573	481,216	(5,482)	28,780	35,457	755,544

Statement of Changes in Equity				
THE COMPANY	Share capital US\$'000	Retained earnings US\$'000	Treasury shares US\$'000	Total equity US\$'000
As at 1 January 2017 - previously reported	215,573	282,813	(5,482)	492,904
Effects on adoption of SFRS(I) 9 - Note 1	-	(2,451)	-	(2,451)
As at 1 January 2017 - restated	215,573	280,362	(5,482)	490,453
Effects on adoption of SFRS(I) 9 - Note 1	-	(401)	-	(401)
Total comprehensive income for the year	-	63,463	-	63,463
Dividend paid in respect of 2016, representing total transactions with shareholders recognised directly in equity	-	(27,677)	-	(27,677)
As at 31 December 2017 - restated	215,573	315,747	(5,482)	525,838
As at 1 January 2018 - restated	215,573	315,747	(5,482)	525,838
Total comprehensive income for the year	-	4,009	-	4,009
As at 31 March 2018	215,573	319,756	(5,482)	529,847

Note 1: SFRS(I) 9 replaces the current 'incurred loss' model with a forward-looking expected credit loss ("ECL") model. The new impairment model applies to financial assets measured at amortised cost or fair value through other comprehensive income ("FVOCI"), except for investments in equity instruments, and certain loan commitments and financial guarantee contracts.

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

Share Capital

There was no change in the Company's share capital for the quarter ended 31 March 2018.

Treasury shares

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

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

The Company has no subsidiary holdings as at 31 March 2018 and 31 March 2017.

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

Number of Shares	1Q 2018	4Q 2017
Issued ordinary shares		
Balance at beginning/end of period	866,183,628	866,183,628
Treasury shares		
Balance at beginning	(6,000,000)	(6,000,000)
Additions during the period	-	-
Balance at end of period	(6,000,000)	(6,000,000)
Total	860,183,628	860,183,628

- 2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.
- These figures have not been audited or reviewed.
- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).
- Not applicable.
- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except for the adoption of new and revised Singapore Financial Reporting Standards (International) (“SFRS(I)”) and Interpretations to FRS (“INT-FRS”) as mentioned in item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those adopted for the audited consolidated financial statements for the year ended 31 December 2017.

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

The Group has adopted all new and revised SFRS(I) and INT-FRS that are relevant to its operations and effective for annual periods beginning after 1 January 2018. The adoption of the new and revised SFRS(I) had no significant impact on the financial statements of the Group.

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

	1Q 2018		1Q 2017 (restated)	
Earnings per ordinary share for the period based on net profit attributable to owners of the Company:-				
(a) Based on weighted average number of ordinary share on issue	3.13	US cents	2.75	US cents
- Weighted average number of shares ('000)	860,184		860,184	
(b) On a fully diluted basis	3.13	US cents	2.75	US cents
- Adjusted weighted average number of shares ('000)	860,184		860,184	

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
 (a) current financial period reported on; and
 (b) immediately preceding financial year.

	Group		Company	
	31 Mar 2018	31 Dec 2017 (restated)	31 Mar 2018	31 Dec 2017 (restated)
Net asset value per ordinary share based on issued share capital at the end of the period reported on (US cents)	87.84	83.79	61.60	61.43
Number of ordinary shares issued ('000)	860,184	860,184	860,184	860,184

Net asset value per ordinary share is determined based on net asset value attributable to owners of the Company and the number of shares in issue of the Company as at 31 March 2018 and 31 December 2017 (excluding treasury shares).

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

PERFORMANCE REVIEW

BACKGROUND

The principal activities of the Group are jet fuel supply and trading, trading of other oil products and investments in oil-related assets. Consequently, income is derived from (i) supply and trading of jet fuel (ii) trading in other oil products and (iii) investments in oil related businesses.

CAO is the largest physical jet fuel trader in the Asia Pacific region and the key supplier of imported jet fuel to the civil aviation industry of the People's Republic of China ("PRC"). CAO also engages in trading of jet fuel and other oil products. The Company has wholly-owned subsidiaries located in Hong Kong, North America, 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. As part of the Group's ongoing efforts to streamline its group structure, CAOT was placed under members' voluntarily liquidation ("MVL") on 22 December 2017 and is expected to be completed in May 2018.

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

1st Qtr 2018 v 1st Qtr 2017

Total supply and trading volume increased by 0.32 million tonnes (4.40%) to 7.59 million tonnes for the first quarter ended 31 March 2018 ("1Q 2018") compared to 7.27 million tonnes for the first quarter ended 31 March 2017 ("1Q 2017"). Volume for middle distillates decreased 0.29 million tonnes (6.36%) to 4.27 million tonnes from 4.56 million tonnes, of which, the volume of jet fuel supply and trading decreased by 0.55 million tonnes (14.14%) to 3.34 million tonnes for 1Q 2018 compared to 3.89 million tonnes for 1Q 2017. Trading volume for gas oil increased by 0.26 million tonnes (38.81%) to 0.93 million tonnes for 1Q 2018 from 0.67 million tonnes for 1Q 2017. Trading volume of other oil products increased by 0.61 million tonnes (22.43%) to 3.33 million tonnes for 1Q 2018 compared to 2.72 million tonnes for 1Q 2017 attributable mainly to higher trading volume for crude oil.

Total revenue increased by US\$791.31 million (23.90%) to US\$4,102.47 million for 1Q 2018 from US\$3,311.16 million for 1Q 2017, primarily due to higher oil prices.

Total gross profit was US\$13.21 million for 1Q 2018, a decrease of US\$2.26 million (14.61%) compared to US\$15.47 million for 1Q 2017 mainly due to lower profits from trading and optimisation activities.

Other operating income increased by US\$0.55 million (70.65%) to US\$1.34 million for 1Q 2018 compared to US\$0.79 million for 1Q 2017, mainly attributable to higher interest income partially offset by foreign exchange loss. Bank interest income which was derived from time deposits placed with banks was US\$1.40 million for 1Q 2018 compared to US\$0.73 million for 1Q 2017, an increase of 92.15%.

Total expenses increased by US\$0.58 million (8.98%) to US\$7.04 million for 1Q 2018 compared to US\$6.46 million for 1Q 2017. Credit loss impairment provision for 1Q 2018 and 1Q 2017 were US\$1.57 million and US\$1.66 million respectively following the adoption of SFRS(I) 9 effective 1 January 2018. The increase in expenses was mainly due to higher professional fees incurred for business development and higher interest expenses from short-term bank borrowings drawdown for working capital purposes.

The share of profits from associates was US\$20.97 million for 1Q 2018 compared to US\$14.90 million for 1Q 2017, an increase of 40.71% mainly due to higher profit contributions from Pudong. The share of profits from Pudong was US\$18.90 million for 1Q 2018 compared to US\$12.95 million for 1Q 2017, increased by 45.95% mainly attributable to higher foreign exchange gain and investment income.

Share of profits from OKYC was higher at US\$1.43 million for 1Q 2018 compared to US\$1.34 million for 1Q 2017, mainly attributable to higher profit from its tank storage leasing activities. The oil tank storage facilities was operating at full capacity at the end of 1Q 2018.

Share of profits from TSN-PEKCL decreased by US\$0.17 million (21.99%) to US\$0.61 million for 1Q 2018 compared to US\$0.78 million for 1Q 2017 mainly due to higher operating expenses.

The share of results in Xinyuan increased by US\$0.16 million (385.37%) to US\$0.20 million for 1Q 2018 compared to US\$0.04 million for 1Q 2017, mainly due to the increase in profit margin and higher rental income from its oil storage tanks.

The share of loss from CNAF HKR was lower at US\$0.17 million in 1Q 2018 compared to US\$0.21 million in 1Q 2017, 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\$1.57 million for 1Q 2018 compared to US\$1.07 million for 1Q 2017, an increase of US\$0.50 million (47.52%) mainly due to the higher deferred tax liabilities on the Company's share of undistributed retained earnings from associates and higher provision for income tax expense by a subsidiary.

The Group's net profit for 1Q 2018 increased US\$3.78 million (13.88%) to US\$26.91 million compared to US\$23.63 million for 1Q 2017, mainly attributable to higher share of results from associates. Earnings per share was 3.13 US cents for 1Q 2018 compared to 2.75 US cents for 1Q 2017 (restated).

1st Qtr 2018 v 4th Qtr 2017

Total supply and trading volume decreased by 0.61 million tonnes (7.44%) to 7.59 million tonnes for 1Q 2018 compared to 8.20 million tonnes for the fourth quarter ended 31 December 2017 ("4Q 2017"). Volume for middle distillates decreased 0.79 million tonnes (15.62%) to 4.27 million tonnes from 5.06 million tonnes, of which, supply and trading volume for jet fuel decreased by 0.47 million tonnes (12.33%) to 3.34 million tonnes for 1Q 2018 from 3.81 million tonnes for 4Q 2017. The volume of gas oil decreased by 0.32 million tonnes (25.60%) to 0.93 million tonnes for 1Q 2018 compared to 1.25 million tonnes for 4Q 2017. Trading volume of other oil products increased by 0.18 million tonnes (5.73%) to 3.32 million tonnes for 1Q 2018 compared to 3.14 million tonnes for 4Q 2017 attributable mainly to higher trading volume for fuel oil.

Total revenue increased by US\$41.73 million (1.03%) to US\$4,102.47 million for 1Q 2018 from US\$4,060.74 million for 4Q 2017, primarily due to higher oil prices.

Total gross profit was US\$13.21 million for 1Q 2018, an increase of US\$4.87 million (58.39%) compared to US\$8.34 million for 4Q 2017 mainly due to higher profits from trading and optimisation activities.

Other operating income increased by US\$0.38 million (39.58%) to US\$1.34 million for 1Q 2018 compared to US\$0.96 million for 4Q 2017, mainly attributable to higher interest income partially offset by foreign exchange loss. Bank interest income which was derived from time deposits placed with banks was US\$1.40 million for 1Q 2018 compared to US\$0.93 million for 4Q 2017, an increase of 50.54%.

Total expenses decreased by US\$1.72 million (19.63%) to US\$7.04 million for 1Q 2018 compared to US\$8.76 million for 4Q 2017. The decrease in expenses was mainly due to lower professional fees incurred for business development and lower interest expenses from short-term bank borrowings drawdown for working capital purposes.

The share of profits from associates was US\$20.97 million for 1Q 2018 compared to US\$16.82 million for 4Q 2017, an increase of US\$4.15 million (24.67%) mainly due to higher profit contributions from Pudong and OKYC. The share of profits from Pudong was US\$18.90 million for 1Q 2018 compared to US\$16.28 million for 4Q 2017, increased by 16.09% mainly attributable to higher foreign exchange gain and investment income.

Share of results from OKYC was US\$1.43 million for 1Q 2018 compared to US\$0.41 million for 4Q 2017, an increase of US\$1.02 million (248.78%) mainly attributable to higher operating profit from its tank storage leasing.

Share of results from TSN-PEKCL was US\$0.61 million for 1Q 2018 compared to US\$0.10 million for 4Q 2017, mainly due to lower operating expenses.

The share of results in Xinyuan decreased by US\$0.05 million (20.00%) to US\$0.20 million for 1Q 2018 compared to US\$0.25 million for 4Q 2017, mainly due to lower profit margin.

The share of loss from CNAF HKR was lower at US\$0.17 million for 1Q 2018 compared to US\$0.23 million for 4Q 2017, mainly due to higher revenue generated from the increase in refuelling volume.

Income tax expense was US\$1.57 million for 1Q 2018 compared to US\$3.33 million for 4Q 2017, a decrease of US\$1.76 million (52.85%). Higher income tax expense in 4Q 2017 was mainly due to the reversal of deferred tax assets as a result of the utilisation of unabsorbed tax losses from prior years to offset current year's profits and a one-off tax expense incurred on the transfer of shares in OKYC when CAOT was put under MVL.

The Group's net profit for 1Q 2018 was US\$26.91 million compared to US\$14.03 million for 4Q 2017, an increase of US\$12.88 million (91.80%) attributable mainly to higher gross profit and share of results from associates. Earnings per share was 3.13 US cents for 1Q 2018 compared to 1.63 US cents for 4Q 2017.

Statement of Financial Position

The Group's current assets stood at US\$1,660.94 million as at 31 March 2018 compared to US\$1,575.92 million as at 31 December 2017. The increase of US\$85.02 million in current assets resulted mainly from the increase of US\$299.64 million in trade and other receivables to US\$1,365.90 million as at 31 March 2018 from US\$1,066.26 million as at 31 December 2017 partially offset by the decrease in cash and cash equivalents and inventories.

Non-current assets stood at US\$362.62 million as at 31 March 2018, compared to US\$333.89 million as at 31 December 2017. The increase of US\$28.73 million was mainly attributable to the share of profits in associates of US\$20.97 million and the increase in foreign currency translation reserve of US\$7.91 million.

Current liabilities which comprised trade and other payables, bank borrowings and tax payables, increased by US\$77.94 million to US\$1,259.10 million as at 31 March 2018 compared to US\$1,181.16 million as at 31 December 2017, mainly due to the increase in trade and other payables as a result of higher monthly trading volume and oil prices in March 2018 compared to in December 2017, partially offset by the decrease in loans and borrowings resulting from the repayment of bank borrowings in 1Q 2018.

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\$755.54 million as at 31 March 2018, or 87.84 US cents per share, compared to US\$720.73 million as at 31 December 2017 or 83.79 US cents per share.

Consolidated Statement of Cash Flows

1Q 2018 v 1Q 2017

The net cash used in operating activities was US\$8.60 million in 1Q 2018 compared to cash flows generated from operating activities of S\$39.21 million in 1Q 2017, attributable mainly to higher working capital requirements for

trading activities and relatively higher trade receivables as at 31 March 2018 partly due to higher revenue driven by higher oil prices.

Cash flows generated from investing activities amounted to US\$0.75 million in 1Q 2018 compared to US\$0.05 million in 1Q 2017, mainly attributable to higher bank interest income.

Cash flows used in financing activities in 1Q 2018 was US\$95.65 million compared to US\$50.31 million in 1Q 2017 attributable mainly to higher repayment of 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.

Oil prices have been range bound with Brent crude averaging US\$66 per barrel after briefly reaching US\$70 per barrel in late January 2018 as oil markets responded positively to OPEC members' agreement to keep production cuts through 2018. Geopolitical tensions and global economic uncertainties have also contributed to the volatility in oil prices during first quarter 2018.

Notwithstanding the uncertainties in the oil markets and global economic and geopolitical outlook, CAO will continue to build on its stable jet fuel supply business benefiting from the growth in China's civil aviation industry and expanding its aviation marketing business outside of mainland China. As the Group persists on its expansion in the global jet supply and trading network complemented with trading in other oil products, it endeavours to seek opportunities for expansion through investments in synergetic and strategic oil related assets and businesses. The Group will remain focused on pursuing its long term strategy to ensure steady and sustainable growth as well as the development of its businesses.

11 If a decision regarding dividend has been made:—

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

No.

(b) (i) Amount per share cents

(ii) Previous corresponding period cents

Not applicable.

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

Not applicable.

(d) The date the dividend is payable

Not Applicable.

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

Not Applicable.

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

No interim dividend has been declared for the period ended 31 March 2018.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

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

Aggregate value of interested person transactions entered from 1 January 2018 to 31 March 2018.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	1Q 2018 US\$'000	1Q 2018 US\$'000
Sales revenue from related corporations	-	981,698
Sales revenue from related corporation of a corporate shareholder	-	5,245
Purchases from related corporation	-	819,160
Purchases from related corporation of a corporate shareholder	-	140,774
Services rendered from related corporation of a corporate shareholder	-	128
Supply chain services rendered from related corporation	-	3,760
Transportation revenue earned by associate from related corporations	-	2,392
Principal deposited with related corporations	-	25,065

BY ORDER OF THE BOARD

Doreen Nah
Company Secretary
9 May 2018