



**CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD**  
**(Company Registration No. 199303293Z)**  
**First Quarter Financial Statement For The Period Ended 31 March 2017**

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

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

These figures have not been audited:

	<b>Group</b>		
	<b>1Q 2017</b>	<b>1Q 2016</b>	<b>Variance + / -</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>%</b>
Revenue (Note 1)	3,311,163	1,464,239	126.14%
Cost of sales	(3,295,694)	(1,451,061)	127.12%
<b>Gross Profit</b>	15,469	13,178	17.39%
Other income (Note 2)	787	131	500.76%
Administrative expenses	(3,748)	(3,410)	9.91%
Other operating expenses (Note 3)	(422)	935	NM
Finance costs	(630)	(142)	343.66%
<b>Operating Profit</b>	11,456	10,692	7.15%
Share of results of associates (net of tax) (Note 4)	14,899	14,179	5.08%
<b>Profit before tax</b>	26,355	24,871	5.97%
Tax expense (Note 5)	(1,067)	(722)	47.78%
<b>Profit for the period</b>	25,288	24,149	4.72%
<b>Attributable to:</b>			
Owners of the Company	25,288	24,149	4.72%

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

	<b>Group</b>		
	<b>1Q 2017</b>	<b>1Q 2016</b>	<b>Variance</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>+ / - %</b>
<b>PROFIT FOR THE PERIOD</b>	25,288	24,149	4.72%
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Translation differences relating to financial statements of foreign associates (Note (a))	3,213	2,369	35.63%
<b>Other comprehensive income for the period, net of tax</b>	3,213	2,369	35.63%
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	28,501	26,518	7.48%
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	28,501	26,518	7.48%

Note (a): For the three months ended 31 March 2017, RMB and Korean Won appreciated by approximately 0.69% (2016: 0.65%) and 7.23% (2016: 3.53%) respectively against US Dollar at end of December 2016 giving rise to the translation gain on foreign associates denominated in RMB and Korean Won to US Dollar.

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

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

	<b>Group</b>		
	<b>1Q 2017</b>	<b>1Q 2016</b>	<b>Var</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>+ / - %</b>
Depreciation of property, plant and equipment	(165)	(176)	-6.25%
Amortisation of intangible assets	(61)	(195)	-68.72%
Bank interest income	726	196	270.41%
Interest expense	(308)	(3)	NM
Net foreign exchange gain/(loss)	61	(65)	NM
Write back of allowance for doubtful debts	-	1,140	NM

### Note 1: Revenue

	<b>Group</b>		
	<b>1Q 2017</b>	<b>1Q 2016</b>	<b>Var</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>+ / - %</b>
Revenue from middle distillates	2,376,490	1,253,763	89.55%
Revenue from other oil products	934,673	210,476	344.08%
	3,311,163	1,464,239	126.14%

The increase in revenue was primarily due to the increase in trading volume.

**Note 2: Other income**

	<b>Group</b>		
	<b>1Q 2017</b>	<b>1Q 2016</b>	<b>Var + / - %</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>%</b>
Bank interest income	726	196	270.41%
Net foreign exchange gain/(loss)	61	(65)	NM
	<b>787</b>	<b>131</b>	<b>500.76%</b>

**Note 3: Other operating expenses**

Excluding the recovery of monies due from MF Global of US\$1.14 million in 1Q 2016, other operating expenses for 1Q 2016 would be US\$205,000. Compared to US\$422,000 for 1Q 2017, the increase in other operating expenses would have been 105.85%.

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

	<b>Group</b>		
	<b>1Q 2017</b>	<b>1Q 2016</b>	<b>Var + / - %</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>%</b>
Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong")	12,946	12,087	7.11%
China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL")	782	894	-12.53%
China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan")	41	70	-41.43%
Oilhub Korea Yeosu Co., Ltd ("OKYC")	1,335	1,356	-1.55%
CNAF Hong Kong Refuelling Limited ("CNAF HKR")	(205)	(228)	10.09%
	<b>14,899</b>	<b>14,179</b>	<b>5.08%</b>

**Note 5: Tax expense**

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

NM denotes "not meaningful"

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

**Statement of Financial Position**

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 Mar 17 US\$'000 (unaudited)</b>	<b>As at 31 Dec 16 US\$'000 (audited)</b>	<b>As at 31 Mar 17 US\$'000 (unaudited)</b>	<b>As at 31 Dec 16 US\$'000 (audited)</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	5,547	5,654	5,453	5,555
Intangible assets	1,633	1,580	452	399
Subsidiaries	-	-	37,975	37,975
Associates	296,113	281,010	82,625	82,625
Trade and other receivables	-	-	35,480	35,480
Deferred tax assets	7,604	7,604	7,600	7,600
	<b>310,897</b>	<b>295,848</b>	<b>169,585</b>	<b>169,634</b>
<b>Current assets</b>				
Inventories	121,801	170,733	113,510	164,809
Trade and other receivables	792,027	590,554	642,546	568,230
Cash and cash equivalents	276,143	287,286	196,198	244,164
	<b>1,189,971</b>	<b>1,048,573</b>	<b>952,254</b>	<b>977,203</b>
<b>Total assets</b>	<b>1,500,868</b>	<b>1,344,421</b>	<b>1,121,839</b>	<b>1,146,837</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the Company</b>				
Share capital	215,573	215,573	215,573	215,573
Reserves	462,613	434,112	288,854	277,331
<b>Total equity</b>	<b>678,186</b>	<b>649,685</b>	<b>504,427</b>	<b>492,904</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	7,036	6,311	-	-
<b>Current liabilities</b>				
Trade and other payables	764,802	587,810	617,412	553,933
Loans and borrowings	50,000	100,000	-	100,000
Current tax liabilities	844	615	-	-
	<b>815,646</b>	<b>688,425</b>	<b>617,412</b>	<b>653,933</b>
<b>Total liabilities</b>	<b>822,682</b>	<b>694,736</b>	<b>617,412</b>	<b>653,933</b>
<b>Total equity and liabilities</b>	<b>1,500,868</b>	<b>1,344,421</b>	<b>1,121,839</b>	<b>1,146,837</b>

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

Amount repayable in one year or less, or on demand

<b>As at 31 Mar 2017</b>		<b>As at 31 Dec 2016</b>	
<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>	<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>
0	50,000	0	100,000

Amount repayable after one year

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

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

**Consolidated Statement of Cash Flows**

	<b>1Q 2017</b>	<b>1Q 2016</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Operating activities</b>		
Profit for the period	25,288	24,149
Adjustments for items not involving outlay of funds:-		
Depreciation of property, plant and equipment	165	176
Amortisation of intangible assets	61	195
Write back of allowance for doubtful debts	-	(1,140)
Share of profit of associates (net of tax)	(14,899)	(14,179)
Bank interest income	(726)	(196)
Interest expense	308	3
Tax expense	1,067	722
Exchange differences	88	75
	<u>11,352</u>	<u>9,805</u>
Changes in working capital		
Inventories	48,932	(68,757)
Trade and other receivables	(198,066)	(244,273)
Trade and other payables	176,992	360,702
Cash generated from operations	<u>39,210</u>	<u>57,477</u>
Tax paid	(3)	(6)
<b>Cash flows generated from operating activities</b>	<u><u>39,207</u></u>	<u><u>57,471</u></u>
<b>Investing activities</b>		
Interest received	218	144
Purchase of property, plant and equipment	(58)	-
Purchase of intangible assets	(114)	(78)
<b>Cash flows generated from investing activities</b>	<u><u>46</u></u>	<u><u>66</u></u>
<b>Financing activities</b>		
Interest paid	(308)	(3)
Proceeds from loans and bank borrowings	50,000	-
Repayment of loans and bank borrowings	(100,000)	-
<b>Cash flows used in financing activities</b>	<u><u>(50,308)</u></u>	<u><u>(3)</u></u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(11,055)	57,534
Cash and cash equivalents at beginning of the period	287,286	170,505
Net effect of exchange rate fluctuations on cash held	(88)	(75)
<b>Cash and cash equivalents at end of the period</b>	<u><u>276,143</u></u>	<u><u>227,964</u></u>

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

**Consolidated Statement of Changes in Equity**

	Share capital US\$'000	Retained earnings US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Statutory reserve US\$'000	Total equity US\$'000
<b>THE GROUP</b>						
<b>As at 1 January 2016</b>	215,573	346,488	(5,482)	17,238	18,824	592,641
Total comprehensive income for the period	-	24,149	-	2,369	-	26,518
Share of associates' accumulated profits transferred to statutory reserve	-	(817)	-	-	817	-
<b>As at 31 March 2016</b>	215,573	369,820	(5,482)	19,607	19,641	619,159
<b>As at 1 January 2017</b>	215,573	399,578	(5,482)	4,625	35,391	649,685
Total comprehensive income for the period	-	25,288	-	3,213	-	28,501
Share of associates' accumulated profits transferred to statutory reserve	-	(4)	-	-	4	-
<b>As at 31 March 2017</b>	215,573	424,862	(5,482)	7,838	35,395	678,186

**Statement of Changes in Equity**

	Share capital US\$'000	Retained earnings US\$'000	Treasury shares US\$'000	Total equity US\$'000
<b>THE COMPANY</b>				
<b>As at 1 January 2016</b>	215,573	243,795	(5,482)	453,886
Total comprehensive income for the period	-	10,692	-	10,692
<b>As at 31 March 2016</b>	215,573	254,487	(5,482)	464,578
<b>As at 1 January 2017</b>	215,573	282,813	(5,482)	492,904
Total comprehensive income for the period	-	11,523	-	11,523
<b>As at 31 March 2017</b>	215,573	294,336	(5,482)	504,427

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

### Share Capital

There was no change in the Company's share capital for the quarter ended 31 March 2017.

### Treasury shares

The Company did not make any purchase of its own ordinary shares during the quarter ended 31 March 2017.

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

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

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

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

These figures have not been audited or reviewed.

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

Not applicable.

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

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

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



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

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

	1Q 2017		1Q 2016	
Earnings per ordinary share for the period based on net profit attributable to owners of the Company:-				
(a) Based on weighted average number of ordinary share on issue	2.94	US cents	2.81	US cents
- Weighted average number of shares ('000)		860,184		860,184
(b) On a fully diluted basis	2.94	US cents	2.81	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 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	
	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
Net asset value per ordinary share based on issued share capital at the end of the period reported on (US cents)	78.84	75.53	58.64	57.30
Number of ordinary shares issued ('000)	860,184	860,184	860,184	860,184

Net asset value per ordinary share is determined based on net asset value attributable to owners of the Company and the number of shares in issue of the Company as at 31 March 2017 and 31 December 2016 (excluding treasury shares).

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

## **PERFORMANCE REVIEW**

### **BACKGROUND**

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

CAO is the largest physical jet fuel trader in the Asia Pacific region and the sole supplier of imported jet fuel to the civil aviation industry of the People's Republic of China ("PRC"). CAO also engages in trading of jet fuel and other oil products. The Company has wholly-owned subsidiaries located in Hong Kong, North America, United Kingdom, and Singapore; viz. China Aviation Oil (Hong Kong) Company Limited ("CAOHK"), North American Fuel Corporation ("NAFCO"), China Aviation Oil (Europe) Limited ("CAO Europe") and CAOT Pte Ltd ("CAOT") respectively.

In addition, CAO Group owns investments in strategic oil-related businesses, which include Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong"), China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL"), Oilhub Korea Yeosu Co., Ltd ("OKYC"), China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan") and CNAF Hong Kong Refuelling Limited ("CNAF HKR").

### **Consolidated Statement of Comprehensive Income**

#### ***1st Qtr 2017 v 1st Qtr 2016***

The total supply and trading volume increased by 2.39 million tonnes (48.98%) to 7.27 million tonnes for the first quarter ended 31 March 2017 ("1Q 2017") compared to 4.88 million tonnes for the first quarter ended 31 March 2016 ("1Q 2016"). Volume for middle distillates increased 0.90 million tonnes (24.59%) to 4.56 million tonnes from 3.66 million tonnes, of which, the volume of jet fuel supply and trading increased by 0.88 million tonnes (29.24%) to 3.89 million tonnes for 1Q 2017 compared to 3.01 million tonnes for 1Q 2016. Trading volume of other oil products increased by 1.50 million tonnes (122.95%) to 2.72 million tonnes for 1Q 2017 compared to 1.22 million tonnes for 1Q 2016 attributable mainly to the expansion of trading in crude oil to China and fuel oil to Middle East respectively.

Total revenue increased by US\$1,846.92 million (126.14%) to US\$3,311.16 million for 1Q 2017 from US\$1,464.24 million for 1Q 2016, attributable mainly to the increase in trading volume. Please see breakdown under note 1 on page 3.

Gross profit derived from jet fuel supply and trading of middle distillates and other oil products was US\$15.47 million for 1Q 2017, an increase of 17.39% compared to US\$13.18 million for 1Q 2016. This was mainly attributable to higher gains derived from trading and optimisation activities.

Other income was US\$0.79 million for 1Q 2017 compared to US\$0.13 million for 1Q 2016, an increase of US\$0.66 million (500.76%) attributable mainly to higher bank interest income and revaluation differences on foreign currency balances against the US Dollar which resulted in foreign exchange gain of US\$0.06 million in 1Q 2017 compared to foreign exchange loss of US\$0.07 million in 1Q 2016. Bank interest income derived from time deposits placed with banks and financial institution, was US\$0.73 million for 1Q 2017 compared to US\$0.20 million for 1Q 2016.

Total expenses increased by US\$2.18 million (83.42%) to US\$4.80 million for 1Q 2017 compared to US\$2.62 million for 1Q 2016. Excluding the recovery of monies due from MF Global amounting to US\$1.14 million in 1Q 2016, total expenses increased by US\$1.04 million (27.66%) mainly attributable to higher finance costs relating to bank charges and interest expense, higher professional fees incurred for business development and higher information technology expenses.

The share of profits from associates was US\$14.90 million for 1Q 2017 compared to US\$14.18 million for 1Q 2016, an increase of 5.08% mainly due to higher profit contributions from Pudong. The share of profits from Pudong was US\$12.95 million for 1Q 2017 compared to US\$12.09 million for 1Q 2016, increased by 7.11% mainly attributable to higher gross profit as a result of higher refuelling volume and higher revenue due to the rebound in oil price.

Share of profits from OKYC was slightly lower at US\$1.34 million for 1Q 2017 compared to US\$1.36 million for 1Q 2016, mainly attributable to the exchange loss incurred in 1Q 2017 despite higher profit from its tank storage leasing activities and mark-to-market (“MTM”) gain from its cross currency interest rate swap contracts (“CRS”) in 1Q 2017 compared to MTM loss in 1Q 2016. The CRS contracts were fully matured towards the end of March 2017. The oil tank storage facilities was operating at full capacity at the end of 1Q 2017.

Share of profits from TSN-PEKCL decreased by US\$0.11 million (12.53%) to US\$0.78 million for 1Q 2017 compared to US\$0.89 million for 1Q 2016 mainly due to lower pipeline transportation volume and lower other operating income.

The share of results in Xinyuan decreased by US\$0.03 million (41.43%) to US\$0.04 million for 1Q 2017 compared to US\$0.07 million for 1Q 2016, mainly due to a reduction in gross profit resulted from lower sales volume.

The share of loss from CNAF HKR was slightly lower at US\$0.21 million in 1Q 2017 compared to US\$0.23 million in 1Q 2016, mainly due to higher revenue generate from the increased refuelling volume which was still insufficient to offset the administrative expense and finance costs.

Income tax expense was US\$1.07 million for 1Q 2017 compared to US\$0.72 million for 1Q 2016, an increase of US\$0.35 million (47.78%) due mainly to the higher deferred tax liabilities on the Company’s share of undistributed retained earnings from associates and higher provision for income tax by a subsidiary.

The Group’s net profit for 1Q 2017 increased US\$1.49 million (4.72%) to US\$25.29 million compared to US\$24.15 million for 1Q 2016, mainly attributable to the increase in gross profit and higher share of results from associates. Earnings per share was 2.94 US cents for 1Q 2017 compared to 2.81 US cents for 1Q 2016.

#### ***1st Qtr 2017 v 4th Qtr 2016***

The total supply and trading volume for middle distillates and other oil products decreased by 0.98 million tonnes (11.88%) to 7.27 million tonnes for 1Q 2017 from 8.25 million tonnes for the fourth quarter ended 31 December 2016 (“4Q 2016”), mainly due to lower trading volume in other oil products.

Total revenue decreased by US\$35.42 million (1.08%) to US\$3,311.16 million for 1Q 2017 from US\$3,275.74 million for 4Q 2016, mainly attributable to lower trading volume partially offset by the impact of higher oil price in 1Q 2017.

Gross profit derived from jet fuel supply and trading of middle distillates and other oil products was US\$15.47 million for 1Q 2017, an increase of 46.08% compared to US\$10.59 million for 4Q 2016 mainly attributable to higher optimisation gains from jet fuel trading.

Other income for 1Q 2017 was US\$0.79 million comprised mainly bank interest income of US\$0.73 million and foreign exchange gain of US\$0.06 million compared to bank interest income of US\$0.76 million for 4Q 2016 partially offset by foreign exchange loss of US\$0.30 million.

Total expenses decreased by US\$1.23 million (20.40%) to US\$4.80 million for 1Q 2017, compared to US\$6.03 million for 4Q 2016, mainly due to lower information technology expenses and staff costs partially offset by higher finance costs relating to bank charges and interest expense.

The share of profits from associates was US\$14.89 million for 1Q 2017 compared to US\$13.33 million for 4Q 2016, an increase of US\$1.56 million (11.70%) attributable mainly to higher share of results from OKYC and contribution from TSN-PEKCL. Share of results from OKYC was US\$1.34 million for 1Q 2017 compared to US\$0.23 million for 4Q 2016, mainly due to MTM gain from its CRS contracts in 1Q 2017 compared to MTM loss in 4Q 2016. The oil tank storage facilities was operating at full capacity for both quarters and contribution

from the leasing of storage tanks was relatively higher at US\$1.25 million for 1Q 2017 compared to US\$0.91 million for 4Q 2016.

The share of profits from Pudong was US\$12.95 million for 1Q 2017 compared to US\$13.60 million for 4Q 2016, decreased by 4.78% mainly attributable to lower gross profit as a result of lower refuelling volume and higher operating expenses.

Share of profits from TSN-PEKCL for 1Q 2017 was US\$0.78 million compared to share of loss of US\$0.34 million for 4Q 2016, mainly due to higher operating expenses incurred in 4Q 2016.

The share of profits in Xinyuan was US\$0.04 million for 1Q 2017 compared to US\$0.06 million for 4Q 2016, a decrease of US\$0.02 million (33.33%) was mainly due to the decline in sales volume.

The share of loss from CNAF HKR was US\$0.21 million for 1Q 2017 compared to US\$0.23 million for 4Q 2016 mainly due to losses incurred from its refuelling activities.

Income tax expense was US\$1.07 million for 1Q 2017 compared to US\$0.42 million for 4Q 2016, an increase of 154.76% mainly due to the recognition of higher deferred tax liabilities on the Company's share of undistributed retained earnings from associates and higher provision for income tax by a subsidiary.

The Group's net profit increased by US\$7.37 million (41.13%) to US\$25.29 million for 1Q 2017 compared to US\$17.92 million for 4Q 2016, mainly attributable to the increase in gross profit, lower operating expenses and higher share of results from associates. Earnings per share was 2.94 US cents for 1Q 2017 compared to 2.08 US cents for 4Q 2016.

#### **Statement of Financial Position**

The Group's current assets stood at US\$1,189.97 million as at 31 March 2017 compared to US\$1,048.57 million as at 31 December 2016. The increase of US\$141.40 million in current assets resulted mainly from:

- (i) a decrease of US\$48.93 million in inventories held for trading; and
- (ii) an increase of US\$201.47 million in trade and other receivables to US\$792.02 million as at 31 March 2017 from US\$590.55 million as at 31 December 2016 mainly due to higher working capital requirements in trade financing.

Non-current assets stood at US\$310.90 million as at 31 March 2017, compared to US\$295.85 million as at 31 December 2016. The increase of US\$15.05 million was mainly attributable to the share of profits in associates of US\$14.90 million.

Current liabilities comprised trade and other payables, bank borrowings and tax payables, increased by US\$127.22 million to US\$815.65 million as at 31 March 2017 compared to US\$688.43 million as at 31 December 2016, mainly due to higher working capital requirements in trade financing.

Non-current liabilities were attributable to the recognition of deferred tax liabilities on the Company's share of undistributed retained earnings of associates. The undistributed retained earnings from associates is subject to withholding tax.

The Group's net assets stood at US\$678.19 million as at 31 March 2017, or 78.84 US cents per share, compared to US\$649.49 million as at 31 December 2016 or 75.53 US cents per share.

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

##### ***1st Qtr 2017 v 1st Qtr 2016***

The net cash generated from operating activities was US\$39.21 million in 1Q 2017 compared to US\$57.47 million in 1Q 2016, attributable mainly to higher working capital requirements for trading activities.

Cash flows generated from investing activities amounted to US\$0.05 million in 1Q 2017 compared to US\$0.07 million in 1Q 2016, mainly attributable to higher cash flow used for purchase of office equipment and software for the trading system.

Cash flows used in financing activities was US\$50.31 million in 1Q 2017, mainly incurred for the repayment of bank borrowings and payment of interest expense.

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.

Whilst the December 2016 accord by OPEC and a number of non-OPEC members including Russia, to limit crude outputs from January 2017, had helped lift crude oil prices from last year's lows, burgeoning US shale production and high US crude stockpiles had dampened oil price rally, causing volatilities in oil prices. Amid global economic and geopolitical uncertainties and instabilities, including in particular the escalating tensions in the Korean Peninsula, we will continue to carefully navigate through this increasingly challenging business environment.

Notwithstanding the continued uncertainties in the global oil markets, CAO continues to further expand its aviation marketing business outside of China and diversify its business activities through building a global jet fuel supply and trading network as well as trading in other oil products.

CAO will continue to pursue opportunities to further propel its investments in synergetic and strategic oil-related assets and synergetic businesses to expand its income streams and focus on pursuing its long term strategy to grow and develop sustainable businesses.

11 Dividend

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

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

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

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

(c) **Date payable**

Not applicable.

(d) **Book closure date**

Not applicable.

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

No interim dividend has been declared for the period ended 31 March 2017.

13 Interested Person Transactions.

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

Aggregate value of interested person transactions entered from 1 January 2017 to 31 March 2017.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	US\$'000	US\$'000
Sales revenue from related corporations	0	720,854
Purchases from related corporations	0	696,247
Purchases from related corporation of a corporate shareholder	0	49,260
Services rendered from related corporation of a corporate shareholder	0	120
Interest income earned from principal deposited with related corporations	0	658
Supply chain services rendered from related corporation	0	1,772
Transportation revenue earned by associate from related corporation	0	2,151
Cash pledge for loan facility to associate	1,019	0
Principal deposited with related corporations	0	70,255

BY ORDER OF THE BOARD

Doreen Nah  
 Company Secretary  
 19 April 2017