



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
(Company Registration No. 199303293Z)
Second Quarter/Half Year Financial Statement For The Period Ended 30 June 2007

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

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

These figures have not been audited:

	Group			Group		
	2Q 2007 US\$'000	2Q 2006 US\$'000	Variance + / - %	1H 2007 US\$'000	1H 2006 US\$'000	Variance + / - %
Revenue (Note 1)	597,526	62,809	NM	1,145,853	66,145	NM
Cost of sales	(594,723)	(58,892)	NM	(1,140,363)	(59,013)	NM
Gross Profit (Note 2)	2,803	3,917	-28%	5,490	7,132	-23%
Other operating income						
- Bank interest income (Note 3)	2,061	811	154%	3,749	936	301%
- Dividends received	-	3,164	NM	-	3,164	NM
- Gain on disposal of investment (Note 4)	160,165	-	NM	160,165	-	NM
- Waiver of debts by creditors (Note 5)	-	-	NM	-	192,008	NM
- Others (Note 6)	4,113	128	3113%	4,067	6,377	-36%
Administrative expenses (Note 7)	(2,387)	(1,422)	68%	(4,396)	(2,612)	68%
Other operating expenses (Note 8)	(3,146)	(389)	709%	(3,090)	(1,528)	102%
Finance costs (Note 9)	(3,997)	(2,120)	89%	(6,429)	(2,128)	202%
Share of results of associate (net of tax) (Note 10)	7,113	5,302	34%	12,786	11,145	15%
Profit before taxation	166,725	9,391	NM	172,342	214,494	-20%
Income tax expense (Note 11)	(27,064)	(1,114)	NM	(27,064)	(1,671)	NM
Profit after taxation	139,661	8,277	NM	145,278	212,823	-32%
Attributable to:						
Equity holders of the Company	140,222	8,290	NM	145,873	212,852	-31%
Minority interests	(561)	(13)	NM	(595)	(29)	NM
Profit for the year	139,661	8,277	NM	145,278	212,823	-32%

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

	Group					
	2Q 2007	2Q 2006	Variance	1H 2007	1H 2006	Variance
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Depreciation of property, plant and equipment	(122)	(145)	-16%	(247)	(295)	-16%
Foreign exchange gain (Note 6)	3,799	42	NM	3,706	817	354%
Fair value adjustment on amounts due to scheme creditors (Note 6)	-	-	-	-	5,011	NM
Impairment of plant, property and equipment (Note 8)	(2,715)	-	NM	(2,715)	-	NM
Interest expense (Note 9)	(3,934)	(2,106)	87%	(6,145)	(2,106)	192%
Underprovision of current taxation in respect of prior years (Note 11)	(1,723)	-	NM	(1,723)	-	NM

Note 1: Revenue in 1H 2007 was derived mainly from the invoicing of jet fuel sales. The Group changed its jet fuel procurement system from agency to principal model in May 2006. Consequently, the underlying value of the contracts was recorded as revenue with effect from end June 2006, as opposed to recording only commission income as revenue from January 2005 to June 2006 under the agency model. Notwithstanding the change to principal model, the fixed margin per barrel remains unchanged.

Note 2: Gross profit in 1H 2007, derived mainly from jet fuel procurement was lower than 1H 2006, due primarily to the adjustment of the fixed margin per barrel for supplies to a major customer to be in line with other key customers. The agreement was signed during the restructuring and took effect on 29 March 2006.

Note 3: Bank interest income was the fixed deposit interest earned from short-term placements of the cash balances as time deposits with financial institutions.

Note 4: This was the gain on the sale of the 5% interest in Compania Logistica de Hidrocarburos, S.A. ("CLH").

Note 5: This was the debts waived by the creditors pursuant to the Scheme of Arrangement with the Company's creditors under Section 210 of the Companies Act (Cap. 50), which was approved by the creditors on 8 June 2005 and sanctioned by the High Court on 13 June 2005. The Scheme of Arrangement became effective on 28 March 2006.

Note 6: Others comprised mainly foreign exchange gain for 1H 2007. In 1H 2006, this item comprised mainly the fair value adjustment on amounts due to scheme creditors and foreign exchange gain.

Note 7: Administration expenses increased mainly due to the increase in the number of staff, which is in line with the growth in the business operations of the Group.

Note 8: Other operating expenses increased mainly due to impairment loss made on the oil storage properties held by China Aviation Oil Xinyuan Petrochemical Co. Ltd. ("Xinyuan"). In 1H 2006, this comprised mainly professional fees.

Note 9: Finance costs increased due mainly to interest payment made on deferred debts under the Scheme of Arrangement. It commenced on 28 March 2006. Increase in 1H 2007 was also due to accelerated amortisation of the fair value interest adjustment on deferred debts following the full repayment of the debt.

Note 10: This relates to the Group's share of results for the current financial period in its 33% equity interest in Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong").

Note 11: This was due mainly to US\$25.4 million capital gain tax paid on the disposal of the 5% interest in CLH and additional income tax provision of US\$1.7 million for prior year assessments.

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

	Group		Company	
	As at 30 Jun 07 US\$'000	As at 31 Dec 06 US\$'000	As at 30 Jun 07 US\$'000	As at 31 Dec 06 US\$'000
Non-current assets				
Property, plant and equipment	6,831	9,661	6,761	6,905
Subsidiaries	-	-	1,987	4,939
Associate	84,001	72,154	34,941	34,941
	90,832	81,815	43,689	46,785
Current assets				
Inventories (Note 1)	446	-	-	-
Trade and other receivables (Note 2)	184,866	237,699	183,240	237,579
Cash and cash equivalents	163,837	89,495	162,148	72,316
	349,149	327,194	345,388	309,895
Non-current asset held for sale				
Investment in Compania Logistica de Hidrocarburos, S.A.(Note 3)	-	64,498	-	64,498
Total assets	439,981	473,507	389,077	421,178
Equity attributable to equity holders of the Company				
Share capital	215,573	215,573	215,573	215,573
Currency translation reserve	7,825	8,705	-	-
Accumulated profit/(losses)	23,260	(113,084)	(17,641)	(153,677)
	246,658	111,194	197,932	61,896
Minority interests	492	1,073	-	-
Total equity	247,150	112,267	197,932	61,896
Non-current liabilities				
Scheme creditors (Note 4)	-	67,831	-	67,831
Current liabilities				
Trade and other payables (Note 2)	187,310	224,191	187,288	224,078
Scheme creditors (Note 4)	-	65,013	-	65,013
Current tax payable	5,521	4,205	3,857	2,360
	192,831	293,409	191,145	291,451
Total liabilities	192,831	361,240	191,145	359,282
Total equity and liabilities	439,981	473,507	389,077	421,178

Note 1 – Inventories relate to current inventory on hand at Xinyuan.

Note 2 - Accounts receivables and payables represent sales and cost of sales within the month of June 2007. The rest of the balances were made up of other receivables, accruals and other payables.

Note 3 – As at 31 December 2006, the investment in Compania Logistica de Hidrocarburos, S.A. (“CLH”) was classified as non-current asset held for sale. The sale was completed and the proceeds were received on 17 April 2007. The aggregate consideration was Euros 171 million (US\$224.7 million), which resulted in a gain, before capital gain tax, of US\$160.2 million.

Note 4 - The Company paid the first principal repayment of US\$60 million to the scheme creditors pursuant to the Scheme of Arrangement in March 2007. The remaining debt of US\$72.8 million was fully repaid in May 2007.

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

Amount repayable in one year or less, or on demand

As at 30 Jun 2007		As at 31 Dec 2006	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	0	0	65,013

Amount repayable after one year

As at 30 Jun 2007		As at 31 Dec 2006	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	0	0	67,831

Details of any collateral:

Pursuant to the Scheme of Arrangement, the deferred debt of approximately US\$132.8 million owing to Scheme Creditors, excluding CAO's immediate and ultimate holding company China National Aviation Fuel Group Corporation ("CNAF"), were restructured and repayable in US\$ to Scheme Creditors over a 5 year period starting from 28 March 2006, with interest at LIBOR. The outstanding debts and interest were guaranteed by CNAF.

The Company paid the first principal repayment of US\$60 million on 28 March 2007 and fully repaid the balance on 16 May 2007, 4 years ahead of the debt repayment schedule.

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

	Group			
	2Q 2007 US\$'000	2Q 2006 US\$'000	1H 2007 US\$'000	1H 2006 US\$'000
Operating Activities				
Profit before taxation	166,725	9,391	172,342	214,494
Adjustments for items not involving outlay of funds:-				
Depreciation of property, plant and equipment	122	145	247	295
Profit on disposal of assets held for sale	(160,165)	-	(160,165)	-
Share of profits of associate	(7,113)	(5,302)	(12,786)	(11,145)
Extinguishment of liabilities under Restructuring Plan	-	-	-	(192,008)
Fair value adjustment on amounts due to scheme creditors	-	-	-	(5,011)
Impairment loss made on property, plant and equipment	2,715	-	2,715	-
Dividend income	-	(3,164)	-	(3,164)
Interest income	(2,061)	(811)	(3,749)	(936)
Finance costs	3,997	2,120	6,429	2,128
	<u>4,220</u>	<u>2,379</u>	<u>5,033</u>	<u>4,653</u>
Changes in working capital				
Inventories	(59)	(95)	(446)	(878)
Trade and other receivables	(29,242)	(55,244)	53,093	(58,344)
Trade and other payables	5,343	54,196	(36,464)	60,298
Cash (used in)/generated from operations	<u>(19,738)</u>	<u>1,236</u>	<u>21,216</u>	<u>5,729</u>
Income tax paid	(25,778)	(1,458)	(25,778)	(1,458)
Cash flows generated/(used in) from operating activities	<u>(45,516)</u>	<u>(222)</u>	<u>(4,562)</u>	<u>4,271</u>
Investing Activities				
Interest received	1,849	811	3,505	936
Purchase of property, plant and equipment	(61)	(70)	(114)	(70)
Addition in assets held for sale	-	(1,906)	-	(1,906)
Proceeds from disposal of assets held for sale	224,663	-	224,663	-
Dividend received	-	2,689	-	39,711
Cash flows generated/(used in) from investing activities	<u>226,451</u>	<u>1,524</u>	<u>228,054</u>	<u>38,671</u>
Financing Activities				
Interest paid	(978)	(1,627)	(2,743)	(1,627)
Dividend paid	(9,529)	-	(9,529)	-
Repayment to scheme creditors	(76,978)	-	(136,963)	(116,470)
Proceeds from issue of shares	-	-	-	130,000
Proceeds from issue of shares placed in Escrow Account for payment to scheme creditors	-	-	-	(11,182)
Decrease/(Increase) in Escrow account balance	4,171	(109)	4,119	(109)
Cash flows generated/(used in) from financing activities	<u>(83,314)</u>	<u>(1,736)</u>	<u>(145,116)</u>	<u>612</u>
Net increase/(decrease) in cash and cash equivalents	97,621	(434)	78,376	43,554
Cash and cash equivalents at beginning of the period	66,168	72,717	85,376	28,618
Net effect of exchange rate changes on balances held in foreign currencies	48	72	85	183
Cash and cash equivalents at end of the period (Note 1)	<u>163,837</u>	<u>72,355</u>	<u>163,837</u>	<u>72,355</u>
Note 1 :			1H 2007 US\$'000	1H 2006 US\$'000
Cash and cash equivalents in the balance sheet			163,837	83,646
Less: balance in Escrow account			-	(11,291)
Cash and cash equivalents in the cash flow statement			<u>163,837</u>	<u>72,355</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	Share premium US\$'000	Currency translation reserve US\$'000	Accumulated (losses)/profit US\$'000	Total attributable to equity holders of the Company US\$'000	Minority interests US\$'000	Total equity US\$'000
Group							
At 1 January 2006	26,915	27,152	2,830	(452,473)	(395,576)	1,107	(394,469)
Translation differences relating to financial statements of foreign subsidiary and associate	-	-	3,143	-	3,143	(2)	3,141
Waiver of debts by immediate and ultimate holding company pursuant to the restructuring exercise	-	-	-	111,156	111,156	-	111,156
Net gain/(loss) recognised directly in equity	-	-	3,143	111,156	114,299	(2)	114,297
Profit/(loss) for the period	-	-	-	212,852	212,852	(29)	212,823
Total recognised income and expense for the period	-	-	3,143	324,008	327,151	(31)	327,120
Issue of ordinary shares	130,000	-	-	-	130,000	-	130,000
Issue of ordinary shares to immediate and ultimate holding company pursuant to the restructuring exercise	9,506	-	-	-	9,506	-	9,506
Issue of ordinary shares to scheme creditors	22,000	-	-	-	22,000	-	22,000
Transfer from share premium to share capital (*)	27,152	(27,152)	-	-	-	-	-
At 30 June 2006	215,573	-	5,973	(128,465)	93,081	1,076	94,157
At 1 January 2007	215,573	-	8,705	(113,084)	111,194	1,073	112,267
Translation differences relating to financial statements of foreign subsidiary and associate	-	-	(880)	-	(880)	14	(866)
Net gain/(loss) recognised directly in equity	-	-	(880)	-	(880)	14	(866)
Profit/(loss) for the period	-	-	-	145,873	145,873	(595)	145,278
Total recognised income and expense for the period	-	-	(880)	145,873	144,993	(581)	144,412
Dividend paid	-	-	-	(9,529)	(9,529)	-	(9,529)
At 30 June 2007	215,573	-	7,825	23,260	246,658	492	247,150

Statement of Changes in Equity

	Share capital US\$'000	Share premium US\$'000	Accumulated losses US\$'000	Total attributable to equity holders of the Company US\$'000
Company				
At 1 January 2006	26,915	27,152	(486,965)	(432,898)
Waiver of debts by immediate and ultimate holding company pursuant to the restructuring exercise	-	-	111,156	111,156
Net gain recognised directly in equity	-	-	111,156	111,156
Profit for the period	-	-	196,636	196,636
Total recognised income for the period	-	-	307,792	307,792
Issue of ordinary shares	130,000	-	-	130,000
Issue of ordinary shares to immediate and ultimate holding company pursuant to the restructuring exercise	9,506	-	-	9,506
Issue of ordinary shares to scheme creditors	22,000	-	-	22,000
Transfer from share premium to share capital (*)	27,152	(27,152)	-	-
At 30 June 2006	215,573	-	(179,173)	36,400
At 1 January 2007	215,573	-	(153,677)	61,896
Profit for the period	-	-	145,565	145,565
Total recognised income for the period	-	-	145,565	145,565
Dividend paid			(9,529)	(9,529)
At 30 June 2007	215,573	-	(17,641)	197,932

(*) Under the Companies (Amendment) Act 2005, effective 30 January 2006, the concepts of par value and authorized share capital were abolished. Hence the amount in the share premium account as at 30 January 2006 is now part of the Company's share capital.

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.

- a. Pursuant to the Shareholders' Circular dated 8 February 2006 that was approved at the EGM on 3 March 2006, the number of issued ordinary shares of the Company was reduced from 967,679,992 shares to 193,535,998 shares (i.e. consolidation of every 5 ordinary shares into 1 ordinary share) on 23 March 2006. In addition, 529,284,539 new ordinary shares were issued by the Company on 28 March 2006 pursuant to the Investment Agreement, Subscription Agreement and the Creditors' Share Invitation. The Company's share capital structures pre and post-restructuring, are as follows:

PRE AND POST-RESTRUCTURING SHARE CAPITAL STRUCTURE

	Pre-Restructuring		Post-Restructuring	
	No. of Shares	% Shareholding	No. of Shares	% Shareholding
CNAF	580,608,000	60.00	367,777,427	50.88
BP	-	-	144,564,119	20.00
Aranda	-	-	33,611,158	4.65
Creditors	-	-	72,282,000	10.00
Minority Shareholders	387,071,992	40.00	104,585,833	14.47
Total	967,679,992	100.00	722,820,537	100.00

CNAF - China National Aviation Fuel Group Corporation, formerly known as China National Aviation Fuel Holding Company or China Aviation Oil Holding Company

BP – BP Investments Asia Limited, a wholly-owned subsidiary of BP Global Investments Limited

Aranda – Aranda Investments Pte Ltd, an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited

Creditors – Creditors of the Company under the Creditors' Scheme

No shares were issued since 31 December 2006.

- 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 as disclosed 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 2006.

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 adopted the following new/revised Singapore Financial Reporting Statements (“FRS”):

FRS 40	<i>Investment Property</i>
FRS 107	<i>Financial Instruments: Disclosures and the Amendment to FRS 1 Presentation of Financial Statements: Capital Disclosures</i>
INT FRS 107	<i>Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies</i>
INT FRS 108	<i>Scope of FRS 102 Share-based Payment</i>
INT FRS 109	<i>Reassessment of Embedded Derivatives</i>
INT FRS 110	<i>Interim Financial Reporting and Impairment</i>

The adoption of the above new/revised FRSs during the period did not result in any material impact on the Group’s financial statements.

- 6 Earning 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.

	IN US \$			
	2Q 2007	2Q 2006	1H 2007	1H 2006
Earnings per ordinary share for the period after deducting any provision for preference dividends:				
(a) Based on weighted average number of ordinary share on issue; and	19.40 cents	1.15 cents	20.18 cents	45.16 cents
(b) On a fully diluted basis	19.40 cents	1.15 cents	20.18 cents	45.16 cents
Weighted average number of shares ('000)	722,821	722,821	722,821	471,337

Basic earnings per share and earnings per share on a fully diluted basis for the financial year ended 30 Jun 2007 were computed based on net profit attributable to shareholders of US\$145,873,000 (2006: US\$212,852,000) and weighted average share capital of 722,820,537 (2006: 471,337,276) ordinary shares

There were no dilutive potential ordinary shares for the current and previous periods.

- 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	
	Jun 07	Dec 06	Jun 07	Dec 06
Net asset value per ordinary share based on issued share capital at the end of the period reported on (U.S.cents)	34.12	15.38	27.38	8.56
Number of ordinary shares issued ('000)	722,821	722,821	722,821	722,821

Net asset value per ordinary share is determined based on net asset value attributable to equity holders of the Company and the number of shares in issue of the Company as at 30 June 2007 and 31 December 2006.

- 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

The principal activities of the Group remain the procurement of jet fuel and investment holding. Revenue streams comprise (i) jet fuel procurement and (ii) strategic investments in oil related businesses. The Group commenced reporting its results in US\$ with effect from the current Financial Year, 2007.

The Group's revenue for 2Q 2007 was US\$597.5 million. This was derived mainly from jet fuel procured and invoiced on a principal basis, where the value of the underlying contracts was recorded as revenue. In 2Q 2006, revenue was US\$62.8 million. This was derived mainly from jet fuel procured through its wholly owned subsidiary, CAOT Pte Ltd ("CAOT") on an agency basis, where only commission income received was recorded as revenue. This activity was discontinued in June 2006 when the Company resumed procurement on a principal basis. The quantity procured in 2Q 2007 was 914,500 Metric Tonnes ("MT") against 1.14 million MT procured in 2Q 2006.

The Group's revenue was US\$1.1 billion for 1H 2007 compared to US\$66.1 million for 1H 2006. This is not comparable due to the reason mentioned in the preceding paragraph. The total volume procured was 1.83 million MT in 1H 2007 compared to 2.06 million MT in 1H 2006, a reduction of 11.2%.

Interest income derived from deposits placed with banks and financial institutions was US\$2.1 million for 2Q 2007 compared to US\$0.8 million for 2Q 2006, attributable to higher bank balances. Bank interest earned for 1H 2007 was US\$3.7 million against US\$0.9 million for 1H 2006.

On 17 April 2007, the Group announced the completion of the sale transaction of its 5% investment in Compania Logistica de Hidrocarburos, S.A. ("CLH") under the SPA with Caixanova. The gain on disposal of CLH was US\$160.2 million before capital gain tax and US\$134.8 million after deducting capital gain tax.

As a result of the sale, the Group ceased to receive further dividends from CLH. The amount of dividends received in 1H 2006 was US\$ 3.2 million.

In 1H 2006, other income from the waiver of debts by the creditors of CAO following the completion of the restructuring exercise was US\$192.0 million and US\$5.0 million arose from fair value adjustment on interest in respect of the amount due to the scheme creditors, in accordance with Financial Reporting Standard ("FRS") 39.

Other operating income also included the exchange gain of US\$3.8 million mainly attributable to the appreciation of the Euro against US\$.

Administrative expenses increased mainly due to the increase in the number of staff from 32 in 2Q 2006 to 44 in 2Q 2007 and payments in-lieu of notice for some redundant staff.

Higher other operating expenses were mainly due to the impairment loss made on the oil storage properties held by the Group's 80% subsidiary, China Aviation Oil Xinyuan Petrochemical Co. Ltd ("Xinyuan") pursuant to FRS 36. There is a reduction in professional fees for 1H 2007 against 1H 2006 as the Company completed its restructuring in 2006.

Finance cost was higher mainly due to the interest payment made to deferred debt scheme creditors in 1H 2007 and the accelerated amortisation of the fair value interest adjustment in accordance with FRS 39 as a result of the full settlement of the deferred debt in May 2007. Interest expense was lower for 1H 2006 as the interest payment to scheme creditors commenced on 28 March 2006.

The Group's share of the results of its associate, Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong") was US\$7.1 million for 2Q 2007 compared to US\$5.3 million for 2Q 2006, an increase of 34.2% and US\$12.8 million for 1H 2007 compared to US\$11.1 million for 1H 2006, an increase 14.7%. This is mainly attributable

to the short-term rise in China's domestic supply in jet fuel, which has helped to lower SPIA's average cost of sales and thus resulted in an improvement in its gross profit.

Financial position and Cash Flow review

The Group's net equity increased by 121.9% from US\$111.2 million at 31 December 2006 to US\$246.7 million at 30 June 2007. This was mainly attributable to the net gain of US\$134.8 million from the sale of the 5% investment in CLH as well as the share of results of its associate, Pudong of US\$12.8 million. The Group's accumulated retained earnings was US\$23.3 million as at 30 June 2007, which was a significant improvement compared to the accumulated losses of US\$113.1 million as at 31 December 2006.

In March 2007, the Company paid US\$60 million for the first principal repayment to the scheme creditors. In May 2007, the Company made accelerated repayment in full amounting to US\$77 million using part of the net proceeds from the sale of CLH shares. The total deferred debt was fully repaid 4 years ahead of the repayment schedule.

Pursuant to FRS 36, Xinyuan made impairment loss of US\$2.7 million against the net book value of its oil storage properties located at Shuidong, Maoming city in China's Guangzhou province. This has partly resulted in the reduction of minority's interest from US\$1.1 million to US\$0.5 million.

As at 30 June 2007, the Group's cash and cash equivalents was US\$163.8 million. This was generated mainly from the net proceeds arising from the sale of CLH shares of US\$224.7 million, which was partly used to make full repayment to the scheme creditors.

As at 30 June 2006, cash and cash equivalents was US\$72.4 million, excluding US\$11.3 million held in Escrow account. This resulted mainly from the aggregate share issue proceeds of US\$130 million pursuant to the Investment Agreement and Subscription Agreement with CNAF (US\$75.77 million), BP Investments Asia Limited (US\$44 million) and Aranda Investments Pte Ltd (US\$10.23 million). Under the Scheme of Arrangement with its creditors, CAO paid its creditors a total of US\$116.5 million in cash. The Company also received US\$39.7 million in dividends from investments in CLH and in Pudong.

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.

On 29 January 2007, the Company announced its 41% partial divestment of its 80% stake in Xinyuan to Shenzhen Juzhengyuan Petrochemical Co. Ltd ("Juzhengyuan"), an existing shareholder in Xinyuan. The completion of the said divestment is pending regulatory approval. Upon completion, Xinyuan will cease to be a subsidiary of the Company and shall become an associate.

Jet Fuel demand in China is expected to grow with increased air travel. However, the import level is dependent on domestic production. Overall, we expect the import volume to remain stable.

11 Dividend

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

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

(b) Corresponding period of the immediately preceding financial year

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

(c) Date payable

Not applicable.

(d) Book closure date

Not applicable.

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

No interim dividend has been declared for the period ended 30 June 2007.

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 2007 to 30 June 2007.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than US\$100,000 and transactions conducted under shareholders mandate pursuant to Rule 920)	Aggregate value of interested person transactions conducted under shareholders mandate pursuant to Rule 920 (excluding transactions less than US\$100,000)
Sales revenue from related corporations	US\$'000 0	US\$'000 567,653

BY ORDER OF THE BOARD

Doreen Nah
Company Secretary

14 August 2007



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
(Company Registration No. 199303293Z)

**DIRECTORS' NEGATIVE ASSURANCE CONFIRMATION ON THE INTERIM
FINANCIAL RESULTS UNDER RULE 705(4) OF THE LISTING MANUAL**

Pursuant to Rule 705 (4) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of China Aviation Oil (Singapore) Corporation Ltd hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the Company's interim financial results for the half year ended 30 June 2007 to be false or misleading in any material respect.

On behalf of the Board of Directors

CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD

Lim Jit Poh
Director

Zhang Zhenqi
Director

14 August 2007