



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
(Company Registration No. 199303293Z)
Third Quarter Financial Statement For The Period Ended 30 September 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		
	3Q 07 US\$'000	3Q 06 US\$'000	Variance + / -%	YTD 3Q 07 US\$'000	YTD 3Q 06 US\$'000	Variance + / -%
Revenue (Note 1)	747,440	925,181	-19%	1,893,293	991,326	91%
Cost of sales	(743,952)	(921,859)	-19%	(1,884,315)	(980,870)	92%
Gross Profit (Note 2)	3,488	3,322	5%	8,978	10,456	-14%
Other operating income						
- Bank interest income (Note 3)	2,480	1,452	71%	6,229	2,388	161%
- Dividends received	-	-	-	-	3,164	NM
- Gain on disposal of investment (Note 4)	-	-	-	160,165	-	NM
- Waiver of debts by creditors (Note 5)	-	-	-	-	192,008	NM
- Others (Note 6)	(325)	(36)	NM	3,659	6,339	-42%
Administrative expenses (Note 7)	(2,045)	(1,338)	53%	(6,358)	(3,950)	61%
Other operating expenses (Note 8)	(297)	(442)	-33%	(3,387)	(1,970)	72%
Finance costs (Note 9)	(120)	(2,485)	-95%	(6,549)	(4,613)	42%
Share of results of associate (net of tax) (Note 10)	7,485	7,074	6%	20,271	18,219	11%
Profit before taxation	10,666	7,547	41%	183,008	222,041	-18%
Income tax expense (Note 11)	(145)	(6)	NM	(27,209)	(1,677)	NM
Profit after taxation	10,521	7,541	40%	155,799	220,364	-29%
Attributable to:						
Equity holders of the Company	10,528	7,558	39%	156,400	220,411	-29%
Minority interests	(7)	(17)	-59%	(601)	(47)	NM
Profit for the year	10,521	7,541	40%	155,799	220,364	-29%

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

	Group					
	3Q 07	3Q 06	Var	YTD3Q07	YTD3Q06	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Depreciation of property, plant and equipment	(100)	(137)	-27%	(347)	(432)	-20%
Foreign exchange (loss)/gain (Note 6)	(97)	(44)	120%	3,610	772	368%
Fair value adjustment on amounts due to scheme creditors (Note 6)		-	-	-	5,011	NM
Impairment of plant, property and equipment (Note 8)	(21)	-	NM	(2,736)	-	NM
Interest expense (Note 9)	-	(2,234)	NM	(6,145)	(4,339)	42%
Underprovision of current taxation in respect of prior years (Note 11)	-	-	-	(1,723)	-	NM

Note 1: Revenue 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: Despite lower volume in 3Q 2007 against 3Q 2006, gross profit for 3Q 2007 was higher than 3Q 2006 as the downward adjustment of the fixed margin per barrel for supplies to a major customer for the period April to June 2006 was recorded in 3Q 2006. The purpose of the adjustment was to bring the pricing in line with other key customers. The agreement was signed during the restructuring and took effect on 29 March 2006. Gross profit for YTD 3Q 2007 was lower than YTD 3Q 2006, due primarily to the adjustment of the fixed margin per barrel and lower volume in YTD 3Q 2007 against YTD 3Q 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 in 3Q 2007 and 3Q 2006 comprised mainly foreign exchange losses incurred during the quarters. For YTD 3Q 2007, others comprised mainly net foreign exchange gain whilst for YTD 3Q 2006, this item comprised mainly the recognition of fair value adjustment on amounts due to Scheme Creditors pursuant to the Scheme of Arrangement and net foreign exchange gain.

Note 7: Administration expenses increased mainly due to the increase in the number of staff, which is in line with the business development 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"). For YTD 3Q 2006, this comprised mainly professional fees.

Note 9: There was no interest paid in 3Q 2007 as the deferred debts under the Scheme of Arrangement were fully repaid in May 2007. Increase in finance costs for YTD 3Q 2007 was due mainly to interest payment made on the deferred debts, which commenced on 28 March 2006 and accelerated amortisation of the fair value interest adjustment on the deferred debts following the full repayment of the debts.

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 Sep 07 US\$'000	As at 31 Dec 06 US\$'000	As at 30 Sep 07 US\$'000	As at 31 Dec 06 US\$'000
Non-current assets				
Property, plant and equipment	7,047	9,661	6,979	6,905
Subsidiaries	-	-	1,990	4,939
Associate	93,081	72,154	34,941	34,941
	<u>100,128</u>	<u>81,815</u>	<u>43,910</u>	<u>46,785</u>
Current assets				
Trade and other receivables (Note 1)	258,625	237,699	256,743	237,579
Cash and cash equivalents	187,001	89,495	185,486	72,316
	<u>445,626</u>	<u>327,194</u>	<u>442,229</u>	<u>309,895</u>
Non-current asset held for sale				
Investment in Compania Logistica de Hidrocarburos, S.A.(Note 2)	-	64,498	-	64,498
	<u>545,754</u>	<u>473,507</u>	<u>486,139</u>	<u>421,178</u>
Equity attributable to equity holders of the Company				
Share capital	215,573	215,573	215,573	215,573
Currency translation reserve	9,468	8,705	-	-
Accumulated profit/(losses)	33,787	(113,084)	(14,541)	(153,677)
	<u>258,828</u>	<u>111,194</u>	<u>201,032</u>	<u>61,896</u>
Minority interests	498	1,073	-	-
Total equity	<u>259,326</u>	<u>112,267</u>	<u>201,032</u>	<u>61,896</u>
Non-current liabilities				
Scheme creditors (Note 3)	-	67,831	-	67,831
Current liabilities				
Trade and other payables (Note 1)	281,030	224,191	280,999	224,078
Scheme creditors (Note 3)	-	65,013	-	65,013
Current tax payable	5,398	4,205	4,108	2,360
	<u>286,428</u>	<u>293,409</u>	<u>285,107</u>	<u>291,451</u>
Total liabilities	<u>286,428</u>	<u>361,240</u>	<u>285,107</u>	<u>359,282</u>
Total equity and liabilities	<u>545,754</u>	<u>473,507</u>	<u>486,139</u>	<u>421,178</u>

Note 1 - Accounts receivables and payables represent sales and cost of sales within the month of September 2007. The rest of the balances was made up of other receivables, accruals and other payables.

Note 2 - 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 3 - 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 Sep 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 Sep 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 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			
	3Q 07 US\$'000	3Q 06 US\$'000	YTD 3Q 07 US\$'000	YTD 3Q 06 US\$'000
Operating Activities				
Profit before taxation	10,666	7,547	183,008	222,041
Adjustments for items not involving outlay of funds:-				
Depreciation of property, plant and equipment	100	137	347	432
Profit on disposal of assets held for sale	-	-	(160,165)	-
Share of profits of associate	(7,485)	(7,074)	(20,271)	(18,219)
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	21	-	2,736	-
Dividend income	-	-	-	(3,164)
Interest income	(2,480)	(1,452)	(6,229)	(2,388)
Interest expense	-	2,234	6,145	4,339
	<u>822</u>	<u>1,392</u>	<u>5,571</u>	<u>6,022</u>
Changes in working capital				
Inventories	446	(89)	-	(967)
Trade and other receivables	(73,675)	(248,973)	(20,582)	(307,317)
Trade and other payables	93,720	325,871	57,256	386,228
Cash generated from operations	<u>21,313</u>	<u>78,201</u>	<u>42,245</u>	<u>83,966</u>
Income tax paid	(412)	-	(26,190)	(1,458)
Cash flows generated from operating activities	<u>20,901</u>	<u>78,201</u>	<u>16,055</u>	<u>82,508</u>
Investing Activities				
Interest received	2,396	1,452	5,901	2,388
Purchase of property, plant and equipment	(317)	(67)	(431)	(137)
Reversal/(addition) in assets held for sale	-	913	-	(993)
Proceeds from disposal of assets held for sale	-	-	224,663	-
Dividend received	-	20,796	-	60,507
Cash flows generated from investing activities	<u>2,079</u>	<u>23,094</u>	<u>230,133</u>	<u>61,765</u>
Financing Activities				
Interest paid	-	(1,792)	(2,459)	(3,456)
Dividend paid	-	-	(9,529)	-
Repayment to scheme creditors	-	-	(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	-	(148)	4,119	(257)
Cash flows used in financing activities	<u>-</u>	<u>(1,940)</u>	<u>(144,832)</u>	<u>(1,365)</u>
Net increase in cash and cash equivalents	22,980	99,355	101,356	142,908
Cash and cash equivalents at beginning of the period	163,837	72,355	85,376	28,618
Net effect of exchange rate changes on balances held in foreign currencies	184	86	269	270
Cash and cash equivalents at end of the period (Note 1)	<u>187,001</u>	<u>171,796</u>	<u>187,001</u>	<u>171,796</u>

Note 1 :

	YTD 3Q 07 US\$'000	YTD 3Q 06 US\$'000
Cash and cash equivalents in the balance sheet	187,001	183,235
Less: balance in Escrow account	-	(11,439)
Cash and cash equivalents in the cash flow statement	<u>187,001</u>	<u>171,796</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	-	-	3,328	-	3,328	18	3,346
Waiver of debts by immediate and ultimate holding company pursuant to the Restructuring Plan	-	-	-	111,156	111,156	-	111,156
Net gain recognised directly in equity	-	-	3,328	111,156	114,484	18	114,502
Profit/(loss) for the period	-	-	-	220,411	220,411	(47)	220,364
Total recognised income and expense for the period	-	-	3,328	331,567	334,895	(29)	334,866
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 September 2006	215,573	-	6,158	(120,906)	100,825	1,078	101,903
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/Net gain recognised directly in equity	-	-	763	-	763	26	789
Profit/(loss) for the period	-	-	-	156,400	156,400	(601)	155,799
Total recognised income and expense for the period	-	-	763	156,400	157,163	(575)	156,588
Dividend paid	-	-	-	(9,529)	(9,529)	-	(9,529)
At 30 September 2007	215,573	-	9,468	33,787	258,828	498	259,326

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 Plan/Net gain recognised directly in equity	-	-	111,156	111,156
Profit for the period	-	-	218,509	218,509
Total recognised income for the period	-	-	329,665	329,665
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 September 2006	215,573	-	(157,300)	58,273
At 1 January 2007	215,573	-	(153,677)	61,896
Profit for the period/Total recognised income for the period	-	-	148,665	148,665
Dividend paid			(9,529)	(9,529)
At 30 September 2007	215,573	-	(14,541)	201,032

(*) 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.

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.

	I N U S \$			
	3Q 07	3Q 06	YTD 3Q 07	YTD 3Q 06
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	1.46 cents	1.05 cents	21.64 cents	39.64 cents
(b) On a fully diluted basis	1.46 cents	1.05 cents	21.64 cents	39.64 cents
Weighted average number of shares ('000)	722,821	722,821	722,821	556,086

Basic earnings per share and earnings per share on a fully diluted basis for the financial year ended 30 Sep 2007 were computed based on net profit attributable to shareholders of US\$156,400,000 (2006: US\$220,411,000) and weighted average share capital of 722,820,537 (2006: 556,086,214) 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	
	Sep 07	Dec 06	Sep 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)	35.81	15.38	27.81	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 September 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.

3Q 2007 vs 3Q 2006

Revenue from the billing of jet fuel sales was US\$747.4 million in 3Q 2007 compared to US\$925.2 million in 3Q 2006. A total of 1.07 million Metric Tonnes ("MT") of jet fuel oil was procured and supplied in 3Q 2007 as compared to 1.29 million MT in 3Q 2006. This represents a decrease of 17.1% over the same quarter last year.

Interest income derived from deposits placed with banks and financial institutions was US\$2.5 million for 3Q 2007 compared to US\$1.5 million for 3Q 2006, attributable to higher bank balances.

Administrative expenses increased mainly due to the increase in payroll and related costs resulting from the increase in the number of staff, increase in travelling expenses and implementation costs of new software in 3Q 2007 as compared to 3Q 2006.

Other operating expenses that comprised mainly professional fees was US\$0.3 million in 3Q 2007 as compared to US\$0.4 million in 3Q 2006.

Finance costs was US\$0.1 million in 3Q 2007 as compared to US\$2.5 million in 3Q 2006. The decrease was due to the full repayment of debt in May 2007. Interest payment made on deferred debts under the Scheme of Arrangement and FRS 39 fair value interest adjustment was US\$2.2 million in 3Q 2006.

The Group's 33% share of the results of its associated company, Pudong was US\$7.5 million in 3Q 2007 compared to US\$7.1 million in 3Q 2006.

Taxation of US\$0.1 million for the current period ending 30 September 2007 was provided in 3Q 2007.

YTD 3Q 2007 vs YTD 3Q 2006

The Group's revenue for YTD 3Q 2007 was US\$1.9 billion. 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. For YTD 3Q 2006, revenue was approximately US\$1.0 billion. This was derived mainly from jet fuel procured through 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 revenue of the two corresponding periods was not comparable due to the reason mentioned in the preceding paragraph. The total volume procured and supplied was 2.90 million MT in YTD 3Q 2007 as compared to 3.34 million MT in YTD 3Q 2006, a reduction of 13.2%. The decline in total volume of jet fuel procured and supplied for YTD 3Q 2007 was due to a decrease in demand for jet fuel imports in China corresponding to an increase in China's domestic production of jet fuel.

Interest income derived from deposits placed with banks and financial institutions was US\$6.2 million for YTD 3Q 2007 compared to US\$2.4 million for YTD 3Q 2006, attributable to higher bank balances.

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"). 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 YTD 3Q 2006 was US\$3.2 million.

In YTD 3Q 2006, other income from the waiver of debts under the Restructuring Plan was US\$192.0 million.

Other operating income also included the exchange gain of US\$3.6 million mainly attributable to the appreciation of the Euro against US\$ in YTD 3Q 2007. In YTD 3Q 2006, it was mainly attributable to the US\$5.0 million fair value adjustment relating to the non-current amounts due to Scheme Creditors in accordance with Financial Reporting Standard ("FRS") 39.

Administrative expenses increased mainly due to the increase in the number of staff from 35 in 3Q 2006 to 41 in 3Q 2007 and payments in-lieu of notice for some redundant staff, travelling expenses and implementation costs of new software.

Higher other operating expenses were mainly due to the impairment loss made on the oil storage properties held by the Group's 80% subsidiary, Xinyuan pursuant to FRS 36. There is a reduction in professional fees for YTD 3Q 2007 against YTD 3Q 2006 as the Company completed its restructuring in 2006.

Finance cost was higher mainly due to the interest payment made to Scheme Creditors in YTD 3Q 2007 and the accelerated amortisation of the fair value adjustment in accordance with FRS 39 as a result of the full settlement of the deferred debt in May 2007. Fair value adjustment was US\$3.7 million in YTD 3Q 2007 as compared to US\$0.9 million in YTD 3Q 2006. Total interest expense was US\$6.1 million in YTD 3Q 2007 as compared to US\$4.3 million in YTD 3Q 2006.

The Group's share of the results of its associate, Pudong was US\$20.3 million for YTD 3Q 2007 compared to US\$18.2 million for YTD 3Q 2006, an increase of 11.5%. This is mainly attributable to the short-term rise in China's domestic supply in jet fuel, which has helped to lower Pudong'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 132.7% from US\$111.2 million at 31 December 2006 to US\$258.8 million at 30 September 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\$20.3 million. The Group's accumulated retained earnings was US\$33.8 million as at 30 September 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\$73 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 to US\$0.5 million as at 30 September 2007 from US\$1.1 million as at 31 December 2006.

As at 30 September 2007, the Group's cash and cash equivalents was US\$187.0 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 September 2006, cash and cash equivalents was US\$171.8 million, excluding US\$11.4 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\$60.5 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 remittance of the sale proceed. 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.

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 September 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 September 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\$'000 943,022

BY ORDER OF THE BOARD

Doreen Nah
Company Secretary

5 November 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 period ended 30 September 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

5 November 2007