



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

## MEDIA RELEASE

### China Aviation Oil Reports 2Q 2006 Net Profits of S\$14.8 million

(Singapore, 14 August 2006) China Aviation Oil (Singapore) Corporation Ltd (“CAO” or the “Company”) announced its results for the second quarter (April-June 2006) and Half Year 2006 as follows:

S\$ '000	2Q 2006	2Q 2005	± %	1H 2006	1H 2005	± %
Revenues	99,236	6,193	NM	104,649	9,272	NM
Gross Profit	6,213	3,535	+76	11,431	6,614	+73
Other operating income	8,161	(14,302)	+157	340,399	(9,711)	NM
Share of results of associate	8,390	8,320	+1	17,870	17,469	+2
Profit before tax	16,529	(18,109)	+191	359,655	(6,876)	NM
Profit after tax	14,766	(18,541)	+180	356,987	(7,308)	NM

Commissions earned by CAOT Pte Ltd (“CAOT”), CAO’s wholly-owned subsidiary for jet fuel procurement on an agency basis, contributed S\$5.9 million to the gross profit in 2Q 2006, up 69% year-on-year and 12% over 1Q 2006. The Company commenced invoicing on principal basis during the second quarter amounting to S\$87.4 million.

Jet fuel oil supplied in 2Q 2006 was approximately 1.14 million MT, an increase of 83% year-on-year and 26% over 1Q 2006. A total of approximately 2.06 million MT of jet fuel oil was supplied in 1H 2006, an increase of 69% over 1H 2005.

The Company recognised S\$4.99 million dividend income from its 5% investment in Compania Logistica de Hidrocarburos, S.A. (“CLH”) of Spain under other operating income. This represents 73% increase over the same period last year.

Other operating income also includes foreign exchange gains of S\$1.7 million and S\$13.3 million in 2Q 2006 and 1H 2006 respectively, compared to foreign exchange losses of S\$17.3 million and S\$13.3 million in 2Q 2005 and 1H 2005 respectively.

The Company’s 33% share of the results of its associated company, Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd (“Pudong”) contributed approximately S\$8.4 million (net of tax) in 2Q 2006, a slight increase of S\$70,000 or about 1% over 2Q 2005. 1H 2006’s share of results of its associated company of S\$17.9 million compared to 1H 2005 was an increase of S\$401,000 or 2%.

Other operating expenses reduced significantly due to lower professional fees compared to the same period in the preceding year, and fees paid to special investigative accountant in 2005.

The Company's restructuring plan was implemented and became effective on 28 March 2006 following the issuance of new ordinary shares to existing shareholders, the investors and creditors under the Investment Agreement, Subscription Agreement, Creditors' Share Invitation and Shareholders' Scheme. On the same day, the Company made a cash distribution to creditors. The balance amount of creditors' debts (S\$221.5 million) is deferred and repayable to creditors over a five-year period starting from 28 March 2006.

Pursuant to the restructuring plan, the Group recorded a one-off waiver of debts of S\$311.6 million (after a slight adjustment in 2Q 2006 for excess provision against proof of debts). The Group paid its 1st interest on the deferred debt of US\$1.7 million during the second quarter.

The Chairman of CAO, Mr Lim Jit Poh, said: "The Group has turned in a decent set of figures for the second quarter and the first half year. Jet fuel procurement has changed from agency to principal model. The growth prospect of the business is strong. Under the new Board and the new management, action to implement what had been approved at the EGM on 3 March 06 is progressing well."

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