



**CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD**  
**Registration No. 199303293Z**  
**Full Year Financial Statement For The Period Ended 31 December 2006**

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.

	<b>Group</b>		
	<b>Jan-Dec 06</b>	<b>Jan-Dec 05</b>	<b>Variance</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>+ / -%</b>
	<b>(Restated)</b>		
Revenue (Note 1)	2,935,082	20,749	NM
Cost of sales	(2,912,678)	(3,650)	NM
<b>Gross Profit</b>	22,404	17,099	31%
Other operating income			
- Waiver of debts by creditors (Note 2)	311,630	-	NM
- Bank interest income	6,465	492	NM
- Dividend income	15,206	10,968	39%
- Others (Note 3)	9,802	775	NM
Distribution expenses	(57)	(43)	33%
Administrative expenses	(11,617)	(9,470)	23%
Other operating expenses	(3,698)	(17,037)	-78%
Finance costs	(11,191)	(7,058)	59%
Share of results of associate	35,471	38,809	-9%
<b>Profit before taxation</b>	374,415	34,535	NM
Income tax expense (Note 4)	(5,521)	(5,111)	8%
<b>Profit after taxation</b>	368,894	29,424	NM
<b>Attributable to:</b>			
Equity holders of the Company	369,003	29,557	NM
Minority interests	(109)	(133)	-18%
<b>Profit for the year</b>	368,894	29,424	NM

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

	<b>Group</b>	
	<b>Jan-Dec 06</b> <b>S\$'000</b>	<b>Jan-Dec 05</b> <b>S\$'000</b> <b>(Restated)</b>
Depreciation of property, plant and equipment	(709)	(1,076)
Foreign exchange gain (note 3)	366	265
Fair value adjustment on amounts due to scheme creditors (Note 3)	8,133	-
Interest expense	(10,489)	(6,579)
Allowance for impairment of trade receivables and bad debts written off	(1,295)	-
Reversal of impairment loss on property, plant and equipment	2,513	-
Loss on disposal of property, plant and equipment	-	(6)
Adjustments for underprovision of tax in respect of prior year	(1,125)	-

Note 1: The Group commenced sale and purchase of jet fuel procurement on principal basis with effect from end June 06 as opposed to being a commission agent from Jan 05 to June 06.

Note 2: This relates to the waiver of debts pursuant to the Scheme of Arrangement with the Company's creditors under Section 210 of the Companies Act (Cap. 50), which was approved by 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 3: The remaining other operating income mainly include foreign exchange gain and fair value adjustment on amounts due to scheme creditors.

Note 4: Income tax expense comprised an estimated potential tax exposure of approximately S\$1.1 million in respect of prior year, current year tax provision of S\$1.9 million on CAOT's profits and withholding taxes on dividend distributions from CLH of S\$2.2 million and on interest payments to foreign creditors under the Creditors Scheme of S\$0.3 million.

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.

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 Dec 06 S\$'000</b>	<b>As at 31 Dec 05 S\$'000 (Restated)</b>	<b>As at 31 Dec 06 S\$'000</b>	<b>As at 31 Dec 05 S\$'000 (Restated)</b>
<b>Non-current assets</b>				
Property, plant and equipment	14,835	13,761	10,603	9,000
Subsidiaries	-	-	7,584	8,232
Associate	110,793	108,044	53,652	58,230
Other investments	89	105,927	89	105,927
	<u>125,717</u>	<u>227,732</u>	<u>71,928</u>	<u>181,389</u>
<b>Current assets</b>				
Trade and other receivables	364,897	68,189	364,712	64,596
Cash and cash equivalents (Note 1)	137,419	47,692	111,041	30,275
	<u>502,316</u>	<u>115,881</u>	<u>475,753</u>	<u>94,871</u>
<b>Non-current asset held for sale</b>				
Investment in Compania Logistica de Hidrocarburos, S.A.	99,037	-	99,037	-
	<u>601,353</u>	<u>115,881</u>	<u>574,790</u>	<u>94,871</u>
<b>Total assets</b>	<u>727,070</u>	<u>343,613</u>	<u>646,718</u>	<u>276,260</u>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	371,119	48,384	371,119	48,384
Share premium	-	50,153	-	50,153
Currency translation reserve	8,052	2,830	1,339	(46)
Accumulated losses	(208,432)	(760,594)	(277,418)	(819,916)
	<u>170,739</u>	<u>(659,227)</u>	<u>95,040</u>	<u>(721,425)</u>
<b>Minority interests</b>	1,647	1,844	-	-
<b>Total equity/ (deficit in equity)</b>	<u>172,386</u>	<u>(657,383)</u>	<u>95,040</u>	<u>(721,425)</u>
<b>Non-current liability</b>				
Scheme creditors (Note 2)	104,155	-	104,155	-
<b>Current liabilities</b>				
Trade and other payables	344,246	217,302	344,072	217,183
Scheme creditors (Note 2)	99,827	778,003	99,827	778,003
Current tax payable	6,456	5,691	3,624	2,499
	<u>450,529</u>	<u>1,000,996</u>	<u>447,523</u>	<u>997,685</u>
<b>Total liabilities</b>	<u>554,684</u>	<u>1,000,996</u>	<u>551,678</u>	<u>997,685</u>
<b>Total equity and liabilities</b>	<u>727,070</u>	<u>343,613</u>	<u>646,718</u>	<u>276,260</u>

Note 1

Cash and cash equivalents as at 31 December 2006 include an amount of approximately S\$6.3 million placed in an Escrow Account. This Account was set up to receive proceeds from the issuance of new shares by the Company, which will be used to make payments to creditors pursuant to the Scheme of Arrangement with creditors.

Note 2

Following the completion of the restructuring exercise, bank borrowings, including bank overdraft, and trade and other payables for which their repayments have been restructured, are grouped as scheme creditors. Comparatives have been restated to enhance comparability.

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 Dec 2006</b>		<b>As at 31 Dec 2005</b>	
<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
0	99,827	0	376,896

Amount repayable after one year

<b>As at 31 Dec 2006</b>		<b>As at 31 Dec 2005</b>	
<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
0	104,155	0	0

Details of any collateral:

Pursuant to the Scheme of Arrangement, the outstanding debts of approximately S\$204 million owing to Scheme Creditors [excluding CAO's immediate and ultimate holding company, China National Aviation Fuel Holding Company ("CNAF") formerly known as, China Aviation Oil Holding Company ("CAOHC")] were restructured and will be 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 are guaranteed by CNAF.

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

	<b>Group</b>	
	<b>2006</b> <b>S\$'000</b>	<b>2005</b> <b>S\$'000</b> <b>(restated)</b>
<b>Operating Activities</b>		
Profit before taxation	374,415	34,535
Adjustments for items not involving outlay of funds:-		
Depreciation of property, plant and equipment	709	1,076
Loss on disposal of property, plant and equipment	-	6
Reversal of impairment loss on property, plant and equipment	(2,513)	-
Bad debts written-off	1,066	-
Share of results of associate	(35,471)	(38,809)
Waiver of debts by scheme creditors	(311,630)	-
Fair value adjustment on amounts due to scheme creditors	(8,133)	-
Dividend income	(15,206)	(10,968)
Interest income	(6,465)	(492)
Interest expense	11,191	7,058
Operating profit/(loss) before working capital changes	<u>7,963</u>	<u>(7,594)</u>
Changes in working capital		
(Increase)/decrease in trade and other receivables	(366,448)	10,945
Increase in trade and other payables	<u>323,688</u>	<u>6,314</u>
Cash (used in)/generated from operations	<u>(34,797)</u>	<u>9,665</u>
Income tax paid	<u>(4,478)</u>	<u>(2,338)</u>
<b>Cash flows (used in)/generated from operating activities</b>	<u><u>(39,275)</u></u>	<u><u>7,327</u></u>
<b>Investing Activities</b>		
Interest received	6,408	446
Purchases of property, plant and equipment	(267)	(85)
Purchase of additional investment	(2,181)	-
Dividend received	109,576	17,283
<b>Cash flows generated from investing activities</b>	<u><u>113,536</u></u>	<u><u>17,644</u></u>
<b>Financing Activities</b>		
Interest paid	(9,092)	(7,058)
Repayment to scheme creditors	(188,735)	-
Proceeds from issue of shares	219,967	-
Proceeds from issue of shares placed in Escrow Account for payment to scheme creditors	(18,149)	-
Decrease in Escrow account balance	11,825	-
<b>Cash flows generated from/(used in) financing activities</b>	<u><u>15,816</u></u>	<u><u>(7,058)</u></u>
<b>Net increase in cash and cash equivalents</b>	90,077	17,913
Cash and cash equivalents at beginning of year	47,692	29,242
Net effect of exchange rate changes on balances held in foreign currencies	(6,674)	537
<b>Cash and cash equivalents at end of year (Note 1)</b>	<u><u>131,095</u></u>	<u><u>47,692</u></u>

**Note 1 :**

	<b>As at 31 Dec 2006 S\$'000</b>	<b>As at 31 Dec 2005 S\$'000 Restated</b>
Cash and cash equivalents in the balance sheet	137,419	47,692
Less: balance in Escrow account	(6,324)	-
Cash and cash equivalents in the statement of cash flows	<b>131,095</b>	<b>47,692</b>

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**  
**Year ended 31 December 2006**

	Share capital S\$'000	Share premium S\$'000	Currency translation reserve S\$'000	Accumulated losses S\$'000	Total attributable to equity holders of the Company S\$'000	Minority interests S\$'000	Total equity S\$'000
<b>Group</b>							
<b>At 1 January 2005, as previously reported</b>	48,384	50,153	(1,506)	(762,352)	(665,321)	1,892	(663,429)
Effect of adoption of FRS 21	-	-	18,573	(27,799)	(9,226)	-	(9,226)
At 1 January 2005, as restated	48,384	50,153	17,067	(790,151)	(674,547)	1,892	(672,655)
Translation differences relating to financial statements of foreign subsidiary and associate	-	-	186	-	186	46	232
Exchange differences arising on translation from the functional currency to presentation currency	-	-	(14,423)	-	(14,423)	39	(14,384)
Net gain/(loss) recognised directly in equity	-	-	(14,237)	-	(14,237)	85	(14,152)
Profit/(Loss) for the year, as previously reported	-	-	-	12,805	12,805	(133)	12,672
Exchange differences arising on translation from the functional currency to presentation currency	-	-	-	16,752	16,752	-	16,752
<b>Profit/(loss) for the year, as restated</b>	-	-	-	29,557	29,557	(133)	29,424
Total recognised income and expense for the year	-	-	(14,237)	29,557	15,320	(48)	15,272
<b>At 31 December 2005, as restated</b>	48,384	50,153	2,830	(760,594)	(659,227)	1,844	(657,383)
<b>At 1 January 2006, as previously reported</b>	48,384	50,153	603	(749,547)	(650,407)	1,844	(648,563)
Effect of adoption of FRS 21	-	-	2,227	(11,047)	(8,820)	-	(8,820)
At 1 January 2006, as restated	48,384	50,153	2,830	(760,594)	(659,227)	1,844	(657,383)
Translation differences relating to financial statements of foreign subsidiary and associate	-	-	252	-	252	63	315
Exchange differences arising on translation from the functional currency to presentation currency	-	-	4,970	-	4,970	(151)	4,819
Waiver of debts by immediate and ultimate holding company pursuant to the restructuring exercise	-	-	-	183,159	183,159	-	183,159
Net gain/(loss) recognised directly in equity	-	-	5,222	183,159	188,381	(88)	188,293
Profit/(loss) for the year	-	-	-	369,003	369,003	(109)	368,894
Total recognised income and expense for the year	-	-	5,222	552,162	557,384	(197)	557,187
Issue of ordinary shares	219,967	-	-	-	219,967	-	219,967
Issue of ordinary shares to immediate and ultimate holding company pursuant to the restructuring exercise	15,390	-	-	-	15,390	-	15,390
Issue of ordinary shares to scheme creditors	37,225	-	-	-	37,225	-	37,225
Transfer from share premium to share capital (*)	50,153	(50,153)	-	-	-	-	-
<b>At 31 December 2006</b>	371,119	-	8,052	(208,432)	170,739	1,647	172,386

## Statement of Changes in Equity

	Share capital S\$'000	Share premium S\$'000	Currency translation reserve S\$'000	Accumulated losses S\$'000	Total attributable to equity holders of the Company S\$'000
<b>Company</b>					
<b>At 1 January 2005, as previously reported</b>	48,384	50,153	-	(803,400)	(704,863)
Effect of adoption of FRS 21	-	-	13,363	(27,800)	(14,437)
<b>At 1 January 2005, as restated</b>	48,384	50,153	13,363	(831,200)	(719,300)
Exchange differences arising on translation from the functional currency to presentation currency	-	-	(13,409)	-	(13,409)
<b>Net loss recognised directly in equity</b>	-	-	(13,409)	-	(13,409)
<b>Loss for the year, as previously reported</b>	-	-	-	(5,497)	(5,497)
Effect of adoption of FRS 21	-	-	-	16,781	16,781
<b>Profit for the year, as restated</b>	-	-	-	11,284	11,284
Total recognised income and expense for the year	-	-	(13,409)	11,284	(2,125)
<b>At 31 December 2005, as restated</b>	48,384	50,153	(46)	(819,916)	(721,425)
<b>At 1 January 2006, as previously reported</b>	48,384	50,153	-	(808,899)	(710,362)
Effect of adoption of FRS 21	-	-	(46)	(11,017)	(11,063)
<b>At 1 January 2006, as restated</b>	48,384	50,153	(46)	(819,916)	(721,425)
Exchange differences arising on translation from the functional currency to presentation currency	-	-	1,385	-	1,385
Waiver of debts by immediate and ultimate holding company pursuant to the restructuring exercise	-	-	-	183,159	183,159
<b>Net gains recognised directly in equity</b>	-	-	1,385	183,159	184,544
Profit for the year	-	-	-	359,339	359,339
Total recognised income for the year	-	-	1,385	542,498	543,883
Issue of ordinary shares	219,967	-	-	-	219,967
Issue of ordinary shares to immediate and ultimate holding company pursuant to the restructuring exercise	15,390	-	-	-	15,390
Issue of ordinary shares to scheme creditors	37,225	-	-	-	37,225
Transfer from share premium to share capital (*)	50,153	(50,153)	-	-	-
<b>At 31 December 2006</b>	371,119	-	1,339	(277,418)	95,040

(\*) 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 (ie 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
<b>CNAF</b>	580,608,000	60.00	367,777,427	50.88
<b>BP</b>	-	-	144,564,119	20.00
<b>Aranda</b>	-	-	33,611,158	4.65
<b>Creditors</b>	-	-	72,282,000	10.00
<b>Minority Shareholders</b>	387,071,992	40.00	104,585,833	14.47
<b>Total</b>	<b>967,679,992</b>	<b>100.00</b>	<b>722,820,537</b>	<b>100.00</b>

CNAF - China National Aviation Fuel Holding Company, formerly known as China Aviation Oil Holding Company "CAOHC"

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

- 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. The audit is in progress.

- 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 2005.

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.

Pursuant to FRS 21 (revised) – The Effects of Changes in Foreign Exchange Rates, the Group has reassessed the appropriateness of the functional currency of CAO and concluded that US Dollars reflects the economic substance of the underlying events and circumstances relevant to the Company. Consequent to the adoption of US Dollars as the functional currency, the Company has re-measured all its transactions into US Dollars in accordance with the requirement of FRS21 (revised), as if the accounting records had been kept in US Dollars since incorporation. The change in accounting policy has been accounted for by restating comparatives and adjusting the opening balances of accumulated losses at 1 January 2006.

The effects arising from the adoption of FRS 21 are summarised in the statement of changes in equity in paragraph 1(d)(i).

The Group has previously announced that the Company's and the Groups' financial statements will be presented in US Dollars with effect from 1 January 07. The Company's shares listed on the SGX shall continue to be quoted in Singapore Dollars and all future dividends, if declared, shall continue to be paid in Singapore Dollars.

Other than the adoption of various new/revised Financial Reporting Standards issued by the Council on Corporate Disclosure and Governance, which took effect from 1 January 2006, there has been no change in the accounting policies and methods of computation adopted by the Group. Except for FRS21 (revised), the adoption of the other new/revised Financial Reporting Standards did not have a significant impact on the financial statements of the Group.

- 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.

	<b>As at 31 Dec 06</b>	<b>As at 31 Dec 05</b>
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	61.69 cents	15.27 cents
(b) On a fully diluted basis	61.69 cents	15.27 cents
Weighted average number of shares ('000)	598,112	193,536
Basic earnings per share and earnings per share on a fully diluted basis for the year ended 31 December 2006 were computed based on net profit attributable to shareholders of S\$369,003,000 (2005: S\$29,557,000) and weighted average share capital of 598,112,400 (2005: 193,535,998) 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.

	<b>Group</b>		<b>Company</b>	
	<b>Dec 06</b>	<b>Dec 05</b>	<b>Dec 06</b>	<b>Dec 05</b>
Net asset value per ordinary share based on issued share capital at the end of the period reported on (cents)	23.62	(68.12)	13.15	(74.60)
Number of ordinary shares issued ('000)	722,821	967,680	722,821	967,680

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 31 December 2006 and 31 December 2005.

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**

### **FY 2006 vs FY 2005**

The principal activities of the Group remain as the procurement of jet fuel and investment holding. Revenue streams comprise (i) jet fuel procurement and (ii) strategic investments in oil related businesses.

In June 06, the Group discontinued the procurement of Jet Fuel carried on by CAO's wholly-owned subsidiary, CAOT Pte Ltd ("CAOT") on an agency basis and resumed procurement on a principal basis.

The Group's revenue for FY 06 was almost S\$3 billion, as compared to S\$21 million for FY 05. 4.66 million Metric Tonnes ("MT") of jet fuel was procured in FY 06 against 3.04 million MT in FY 05, representing an increase of 53% over the same period last year.

Other operating income includes an amount of S\$311.6 million arising from the waiver of debts by the scheme creditors following the completion of the restructuring exercise on 28 March 06.

Interest income derived from short-term placements of the cash balances in time deposits with financial institutions amounted to approximately S\$6.5 million for FY 06. This represents a substantial increase compared to about S\$0.5 million in FY 05.

The Group received dividend distributions in June and December 06 from its 5% investment in Compania Logistica de Hidrocarburos, S.A. ("CLH"), which aggregated to approximately S\$15.2 million, representing an increase of 38% over last year

The remaining other operating income comprised mainly fair value adjustment pursuant to FRS 39 amounting to S\$8.1 million. Foreign exchange gain was S\$366,000 in FY 06, an increase of S\$101,000 compared to S\$265,000 in FY 05, resulted mainly from the respective appreciation of Euro, RMB and Singapore Dollar against the US Dollars. The re-measurement to US Dollars pursuant to FRS 21 has resulted in the elimination of translation differences previously recognised in the income statement for all transactions that were denominated in US Dollars.

Administration expenses increased due to higher staff remuneration, resulting from the increase in the number of staff from 33 in 2005 to 39 in 2006. Higher directors' fees and travelling expenses have also contributed to the increase in administration expenses.

Other operating expenses have reduced significantly, primarily due to lower professional fees incurred following the completion of the restructuring exercise and a reversal of impairment loss amounting to S\$2.5 million based on an independent valuation of the office premises at Suntec Tower 3, conducted by an independent valuer.

Finance costs of S\$11.2 million comprised mainly interest payments made to scheme creditors totalled S\$8.4 million and FRS 39 fair value adjustment of S\$2.1 million for FY 06. Finance costs of S\$7.1 million incurred in FY 05 was mainly due to interest charges in servicing the US\$152 million syndicated loan and bank overdrafts.

The Group's 33% share of the results in its associate, Shanghai Pudong International Aviation Fuel Supply Company Ltd ("Pudong"), was S\$35.5 million for FY 06 compared to S\$38.8 million for FY 05.

Income tax expense comprised an estimated potential tax exposure of approximately S\$1.1 million in respect of prior year, current year tax provision of S\$1.9 million on CAOT's profits and withholding taxes on dividend distributions from CLH of S\$2.2 million and on interest payments to foreign creditors under the Creditors Scheme of S\$0.3 million.

The Group's profit before tax was S\$374.4 million in FY 06 compared to S\$ 34.5 million in FY 05. If the waiver of debts by creditors of S\$311.6 million is excluded, the Group's profit after tax in FY 06 would be S\$57.3 million, representing an increase of S\$27.9 million as compared to S\$29.4 million achieved in 2005.

### **Financial position and Cash Flow review**

In March 06, CAO raised an aggregate amount 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\$109 million in cash as of 31 March 06. The amount of debts (after waiver) which were restructured into debts that are repayable over a 5 year period amounted to approximately US\$132 million as at 31 December 06.

The investment in CLH has been classified as non-current asset held for sale. On 24 January 07, the Company entered into a conditional Share Purchase Agreement ("SPA") with Caixa De Afforros De Vigo Ourense E Pontevedra ("Caixanova") for the sale of its 5% interest in CLH for an aggregate consideration of Euros 171 million (S\$342 million). On 1 February 07, the Company obtained SGX-ST's waiver from seeking Shareholders' approval at an EGM for this particular transaction.

The Group's net assets (excluding Minority Interest's share) amounted to S\$170.7 million as at 31 December 06, as compared to net liabilities of S\$659.2 million as at 31 December 05.

The 3<sup>rd</sup> quarterly interest instalment paid in December 06 to the scheme creditors amounted to approximately S\$2.9 million. The aggregate of the 3 interest instalments to service the outstanding Deferred Debts was S\$8.4 million for FY 06.

- 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 07, 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. Upon the effective transfer of the 41% share to Juzhengyuan, Xinyuan will cease to be a subsidiary of the Company and shall become an associate.

The Group will cease to receive further dividends from CLH following the sale of its 5% stake in CLH.

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

Barring any unforeseen circumstances, the Group will continue to be profitable in 2007.

11 Dividend

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

Any dividend declared for the current financial period reported on?

The Directors proposed a first and final dividend of S\$0.02 per share for the financial year ended 31 December 2006.

Name of dividend	Proposed Final Ordinary	Proposed Final Ordinary Tax exempt	Total
Dividend Type	Cash	Cash	Cash
Gross Dividend Amount (cents per share)	0.48	1.61	2.09
Tax Rate	18%	-	-
Net Dividend Amount (cents per share)	0.39	1.61	2.00

**(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**

To be determined.

**(d) Book closure date**

To be determined.

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

Not applicable.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT  
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segment revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year.

Group Business segments	<u>Clean Petroleum Products</u>		<u>Commission</u>		<u>Total</u>	
	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to external customers	2,925,025	3,675	10,057	17,074	2,935,082	20,749
Total external revenue	2,925,025	3,675	10,057	17,074	2,935,082	20,749
Segment result	12,347	25	10,057	17,074	22,404	17,099
Unallocated expenses					(15,372)	(26,550)
Other operating income						
-Waiver of debts by creditors					311,630	-
-Other					31,473	12,235
Finance costs					(11,191)	(7,058)
Share of results of associate					35,471	38,809
Profit before tax					374,415	34,535
Tax expense					(5,521)	(5,111)
Net profit					368,894	29,424

Group Geographical segments	<u>People's republic of china</u>		<u>Other region*</u>		<u>Total</u>	
	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Segment revenue:</b>						
Sales to external customers	2,935,082	20,749	-	-	2,935,082	20,749
Other geographical information:						
Capital expenditure	-	76	267	9	267	85

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not Applicable.

15. A breakdown of sales as follows:

	Group		%
	2006 \$'000	2005 \$'000	Increase/ (Decrease)
Sales reported for first half year	104,649	9,272	NM
Operating profit after tax before deducting minority interests reported for first half year	*343,724	5,952	NM
Sales reported for second half year	2,830,433	11,503	NM
Operating profit after tax before deducting minority interests reported for second half year	25,170	23,472	7.2%

\* This amount has been restated to take into account the effect on the adoption of FRS 21(revised).

16. A breakdown of the total annual dividend (in dollar value) for the issuer's most latest full year and its previous full year as follows: (a) ordinary, (b) preference and (c) total.

	Latest Full Year S\$'000 (Proposed)	Previous Full Year S\$'000
Ordinary	14,456	0
Preference	0	0
Total:	14,456	0

17. Interested Person Transactions

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

Aggregate value of interested person transactions entered from 1 January 2006 to 31 December 2006.

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)
	S\$'000	S\$'000
Commission income earned from related corporations	0	5,692
Sales revenue from related corporations	0	1,243,114
Jet fuel procurement from related corporation	0	57,969

BY ORDER OF THE BOARD

Adrian Chang  
Company Secretary

27 February 2007