

# Group at a glance

## SPC registered a strong PATMI of \$284.6 million with a ROE of 19% and a proposed dividend of 35 cents, approximately 63% of PATMI.

### SPC

The refining of crude oil to petroleum products remains central to the Group's operations. Through its jointly-owned refinery, SRC, the Group processed more than 51 million barrels of crude in 2006. During the year, SRC conducted a scheduled major revamp of its Residue Catalytic Cracker (RCC) unit. This enabled the refinery to increase the RCC throughput as well as the percentage of high value products. Despite the scheduled downtime, the refinery was still able to process 29 different types of crude and utilisation was maintained at above 96%.

The Group uses production from the refinery to meet the marketing and distribution requirements of its well-established product channels. In addition, the trading units will actively trade products from the refinery not required in these channels in the spot trading market. In 2006, more than 79.8 million barrels of crudes and refined petroleum products were handled in these downstream product channels and its overseas subsidiaries. Downstream trading and sales activities registered a realisation of US\$66.75 per barrel. These activities contributed \$8.5 billion in revenue and \$338.2 million in operating profit.

In exploration and production (E&P) activities, the Group continues to grow its portfolio and currently owns six E&P assets. The Group increased its production by approximately 10% in 2006. With an active drilling programme, the Group has also achieved an exploration success of 50% with gas discoveries in three of its six wells drilled. For 2006, the E&P business achieved an average realisation of US\$58.22 per barrel and contributed \$49.2 million in revenue and \$14.6 million in operating profit.

### Businesses



#### Refining, Supply & Trading

With over thirty years of experience in the downstream sector, the Refining, Supply & Trading Business Unit is tasked with the sourcing of crude and feedstock, refining, jet fuel sales, trading and sales of distillates, fuel oil and oil price risk management, terminalling of products as well as shipping and distribution logistics.



#### Marketing

The Marketing Business Unit strives to add value through enhancing and improving the Group's brand image and equity. Its objectives are to build a premium brand, develop professional partnerships with its suppliers, deliver value to all its customers, and maximise returns on capital invested in the business.



#### Exploration & production

The Exploration & Production Business Unit endeavours to participate in the entire value chain of the oil and gas industry. Its activities involve exploration, development, production, gas transmission and sale of oil and gas. It focuses on strategic assets acquisition with a balance of low to moderate risk.

## Highlights

- Increased RCC throughput as well as the percentage of high value products after a revamp of the RCC unit.
- Achieved six million man-hours without any loss time injury for employees and contractors.

- Established Singapore Petroleum (Guangdong) Private Limited in Guangzhou in December 2006.
- Secured a provisional business licence for PT Sumber Prestasi Cemerlang, a wholly-owned subsidiary to market fuels in Indonesia.

- Acquired Block 101-100/04, Vietnam in October 2006 and awarded Block T06-3, Australia in February 2007.
- An active programme with eight wells drilled.

## Vision and focus

- To strengthen refining capabilities and power ahead in regional refining.**
- To maintain SPC's reputation as a reliable supplier of quality petroleum products.
  - To operate all its facilities safely and reliably.

- To reinforce brand image and equity.**
- Differentiate product offerings
  - Build presence in niche markets.

- To grow SPC's profile in exploration and production activities.**
- To venture to new frontiers and acquire high potential acreages.
  - To preserve and enhance the value of existing assets.

## Results

- First company to receive Quality Management for Bunker Supply Certificate (SS 524:2006), a new Singapore standard for bunker suppliers in Singapore.
- Received 'IATA Strategic Partner – 5 year award' in November 2006

- Received the American Petroleum Institute new 'SM' quality standard for new range of lubricant products
- Received Original Equipment Manufacturer approvals for automotive lubricants.

- Achieved an exploration success of 50%, higher than industry norm.
- Increased production by approximately 10% to 2,540 barrels of oil equivalent per day.