Chemoil Energy Limited Annual Report 2011

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CHAIRMAN'S MESSAGE

Dear Shareholders,

Overview and Achievements in FY2011

On behalf of the Board of Directors of Chemoil Energy Limited, I am pleased to report that the Group recorded revenue of US$11 billion for the financial year ended 31 December 2011 ("FY2011").

Chemoil had a good year and our profitability demonstrates the positive results from several initiatives instituted by the Group. Although our core fuel supply and delivery business was impacted by a weak shipping market, our margins improved compared to last year and direct costs, particularly barging, demurrage and rentals have shown healthy reductions due to our efforts at improving operational efficiency.

In 2011, we underwent significant restructuring. Chemoil recruited new talent across all business units and delegated regional management greater responsibility, commercial focus and provided more local back-office support. This has led to better accountability and incentives for performances. Previously underperforming business units, which are now under new local management, are showing positive improvements.

Strategic Developments

The growth prospects of Chemoil for 2012 and beyond are promising. We continue to work hard strengthening our marine fuels business whilst restructuring or exiting non-core activities. Ocean Connect Marine, a bunker trading organization acquired in January 2011, is growing and has delivered good results. Additionally, we are diversifying Chemoil's long term profitability through related fuel sales businesses such as our new start-ups Chemoil Aviation (jet fuel) and Chemoil Energy (land diesel sales).

Chemoil has strengthened its global bunker sales business by further diversifying our business lines in 2011 and we will continue to do so this year. We now offer a full range of risk management products and services to our customers including derivatives such as fixed forward price contracts, swaps, and maximum price agreements. These derivative products will provide Chemoil with an additional revenue stream with attractive margins.

At the corporate level, the appointment of Mr. Thomas K. Reilly as CEO in January 2011 and the separation of the roles of Chairman and CEO have significantly strengthened the governance process focusing the Company on its core business and growth.

CHAIRMAN'S MESSAGE

Looking Ahead

The Company's streamlining initiatives have translated into a profitable bottom line and shareholder value creation. 2011 was a positive year in many ways – the improving margin environment, the stable income stream from our optimized logistics assets, and from some of our joint ventures and associates' continued positive contributions. We are invigorated by the many potential new business opportunities on the horizon, and we aim to seize the opportunities to reach new milestones for the Company. That said, 2012 will be an extremely challenging year for the shipping industry and global economy. Chemoil is working hard to mitigate these challenges but, in many ways, the general market will be more difficult in 2012 than 2011.

Together with a new and energized leadership team, we remain committed to drive change through the organization and create sustainable businesses to deliver enduring shareholder value.

Acknowledgements

Most importantly, I want to thank both Management and Staff for the energy and support they have demonstrated to enable the Group to achieve its excellent financial results in FY2011.

I also wish to thank all my colleagues on the Board for their spirited participation in all the Board discussions on the strategic direction of the Group, and last but not least, I would like to express my personal appreciation to all our shareholders, customers and business partners for their continued support of Chemoil through 2011 and look forward to your continued support and expansion in the future.

Mark Jonathan Catton
Chairman

BOARD OF DIRECTORS

MARK JONATHAN CATTON
Chairman / Non-Executive Director

Mark Catton is currently the Managing Director of Glencore Singapore Pte Ltd. He has been with Glencore since 1990, taking on an initial role as a Business Analyst before moving on in 1993 to operations as a Crude & Products Operations Manager with Glencore UK Ltd. From 1995, Mr Catton was a Trader in London, and in 1997 he was appointed to the position of Senior Naphtha & Gasoline Trading Manager in Glencore Singapore Pte Ltd. He moved into the role of Global Manager – Naphtha in 2002, and from 2004 onwards, helmed Glencore Singapore as Managing Director. Mr Catton holds an Electrical & Electronic Engineering, B Eng (Hons) from Nottingham University, UK. He was appointed to the Board on 31 March 2010 and as Chairman of the Board on 29 April 2011. He was last re-elected as a Director on 23 April 2010.

THOMAS KEVIN REILLY
CEO / Director

Tom Reilly was the former CEO of OceanConnect Holdings, Inc – the only company which combines state of the art on-line technology as well as 24/7 traditional expertise to provide global energy and risk management products and services. With his appointment as Chemoil's CEO, he brings to the business his deep industry experience, with the aim to strengthen the company's bunker trading, risk product and brokering services. Prior to his role as CEO of OceanConnect Holdings Inc, he was Vice President for Fuel and Marine Marketing LLC, a Texaco and Chevron joint venture, and was responsible for bunkering and fuel trading in the Pacific Rim and the Middle East regions. Mr. Reilly began his career as an attorney in New York City and holds a BA from St. Lawrence University, USA; a Juris Doctorate from Fordham University School of Law, USA; and a Masters of Environmental Law from Pace University, USA. He joined the Board on 3 January 2011 and was last re-elected as a Director on 29 April 2011.

ALEXANDER FRANK BEARD
Non-Executive Director

Alex Beard is Glencore's Global Head of Oil, and has more than 20 years of experience in the industry. After five years with British Petroleum's Crude Oil Department, he joined Glencore UK Ltd in 1995. For the next 13 years, he specialized in his position as a FSU Trading Manager. In 2007, with extensive experience garnered, he was appointed to his current role as Global Head of Oil, leading Glencore's activities in Oil and Product Trading and Investments. Mr Beard holds an MA (Hons) in Biochemistry awarded by Christ Church, Oxford. He was appointed to the Board on 31 March 2010. He was last re-elected as a Director on 23 April 2010.

USMANTO NJO
Non-Executive Director

Usmanto Njo is currently Head of Distillates – Asia of Glencore Singapore Pte Ltd. He has been with Glencore since 1997. His previous positions include Head of Trade with Mabanaft Singapore and various trading roles in Costal Petroleum and Cargill. Mr. Njo holds an MBA from the Indonesian Institute for Management Development and a degree in Civil Engineering from Parahyangan Catholic University Bandung, Indonesia. He was appointed to the Board on 14 February 2012.

BOARD OF DIRECTORS

PETER MICHAEL MEADE
Lead Independent Director

Peter Meade is the Lead Independent Director and he has been Chemoil's Independent Director since March 2008. He is also the Chairman of the Nominating and Remuneration Committee. Mr. Meade is also Chairman and Independent Director of OceanConnect Holdings Inc, a worldwide brokerage for marine fuel, gas oil, clean products, biofuel and risk management services. Prior to this, he was Vice President and Chief Financial Officer of Fuel and Marine Marketing LLC (FAMM) from 1998 to 2002. He held various management, financial and treasury roles in Texaco after embarking on his career in 1980, the last of which was Assistant General Manager of the Marine Lubricant Group. He has also worked at General Foods Corporation and Chase Manhattan Bank. Mr. Meade holds a BA in Liberal Arts from Saint Leo University and an MBA in Finance from Long Island University. He was appointed to the Board on 26 February 2008 and was last re-elected as a Director on 29 April 2011.

STEVEN BARRY SIMPSON
Independent Director

Steve Simpson is an Independent Director and Chairman of the Audit Committee. He is the Managing Director and Principal of Triton Advisory Group Pte Ltd and holds or has held Chairman or Independent Director positions on several NSDAQ, SGX and Canadian listed companies over the last 15 years. Mr. Simpson has over 25 years of experience in the Asia-Pacific region. Previously he was Managing Partner of Price Waterhouse Consulting in Indonesia and Australia, and Partner-In-Charge of manufacturing sector consulting for the firm's Australian and Asian practices. Mr. Simpson has a Bachelor of Commerce degree from University of New South Wales, Australia. He is a Certified Public Accountant, a Chartered Secretary and a member of the International Chartered Directors. He was appointed to the Board on 19 November 2010 and was last re-elected as a Director on 29 April 2011.

LIM AH DOO
Independent Director

Lim Ah Doo is a member of Chemoil's Nominating and Remuneration Committee as well as the Audit Committee. He is presently also a Director of EDBI Pte Ltd and a Director of and the Chairman of the Audit Committee of Sembcorp Marine Ltd. In addition, he is also a member of the Board of Directors of other Asian companies spanning a wide range of industries including shipping and logistics REIT. Mr. Lim holds a BS degree with Honours in Engineering from Queen Mary College, University of London and an MBA from Cranfield School of Management, England. He was appointed to the Board on 30 April 2011.

EXECUTIVE OFFICERS

MATS BERGLUND
Chief Operating Officer & Chief Financial Officer

Prior to Chemoil, Mr Berglund was Senior Vice President and Head of Crude Transportation Strategic Business Unit at OSG, the international shipping company listed on the New York Stock Exchange, with responsibility for its crude oil tanker business. He has also held senior positions with the Stena AB Group, including President of Stena Rederi AB. In Concordia Maritime AB, a public listed tanker company, Mr Berglund was Vice President and CFO, and in 2004, he also structured and led Arlington Tankers' successful IPO on the New York Stock Exchange. Mr. Berglund graduated in 1986 with a Master's Degree in Business and Finance from the University of Gothenburg, Sweden, and also attended the Advanced Management Program from Harvard in 2000.

SANJAY ANAND
Senior Vice President,
Global Operations

Sanjay Anand has headed Chemoil's logistics operations since 2007 and was appointed Managing Director of Asia and Middle East operations in 2008. He joined Chemoil in 2007 when the Group acquired Link Marine, a company he established in 2003. Prior to joining Chemoil, Mr Anand was Operations and Technical Director for Univan Ship Management for 11 years and Engineering Surveyor at Lloyd's Register of Shipping for 6 years. Mr Anand holds an MBA from Newcastle Business School; a Master's Degree in Law in International Trade with commendation from Northumbria University; and graduated in Marine Engineering from the Directorate of Marine Engineering Training.

YEAR IN REVIEW

For the first quarter of 2011, Chemoil recorded the strongest profit after tax of the Company since the IPO at US$22.7 million. The Gross Contribution Per Metric Ton (GCMT), the Company's key margin indicator, climbed to US$14.4 per metric ton, compared to US$1.7 per metric ton in the same quarter of 2010. The positive operating results achieved in the fourth quarter of 2010 not only continued into 2011, but also accelerated in the first quarter of 2011, resulting in one of the best GCMT ever reported by the Company. The Group also achieved sales volumes of 4.6 million metric tons as compared to 3.7 million metric tons in the first quarter of 2010, representing an increase of 25%. This volume expansion was generated in part by OceanConnect Marine bunker trading group which Chemoil acquired in January 2011. The Company's performance was strongly influenced by improving market conditions coupled with restructuring initiatives.

The Company recorded profit after tax of US$1.8 million for the second quarter of 2011, The GCMT climbed to US$6.3 per metric ton during the second quarter of 2011 compared to US$4.9 per metric ton for the second quarter of 2010. The Group also achieved sales volumes of 4.2 million metric tons for the second quarter as compared to 4.0 million metric tons in the second quarter of 2010. Although the second quarter presented a difficult market environment, Chemoil's new businesses contributed strongly to the second quarter performance as OceanConnect Marine accounted for the volume growth for the quarter as well as for a good portion of the Group's profitability.

For the third quarter of 2011, the Company recorded profit after tax of US$2.6 million. The GCMT climbed to US$8.2 per metric ton during the third quarter of 2011 compared to US$5.6 per metric ton for the same quarter in 2010. Volume growth was healthy with 4.1 million metric tons compared to 3.8 million metric tons in the same quarter of 2010. As in the second quarter, Chemoil's new businesses, including OceanConnect Marine, Chemoil's bunker trading arm, also contributed strongly to the Group's profitability.

The Company recorded profit after tax of US$18.5 million for the fourth quarter of 2011. The GCMT was US$12.1 per metric ton during the quarter compared to US$6.7 for the same quarter in 2010. Volumes were also higher at 4.6 million metric tons compared to 4.1 million metric tons in the same quarter of 2010.

On an annual basis, the company achieved a profit after tax of US$45.7 million against a loss of US$11.5 million in 2010. Annual GCMT was US$10.4 per metric ton against US$4.8 in 2010 and volumes grew to 17.5 million metric tons against 15.6 million metric tons in 2010. Improved profitability from all our marine fuel supply regions, stable results from our marine terminals, and positive results from our new businesses, OceanConnect Marine and renewables trading, all contributed to the improved results. It's a decisive turn-around with EBITDA increasing from US$16.4 million in 2010 to US$105.6 million in 2011, a swing of US$89.2 million.

Sale of IPC (USA) Inc.

Shareholders' approval was received at the Extraordinary General Meeting on 9 November 2011 for the sale of ownership of 50% of IPC (USA) Inc. by Chemoil Corporation to Itochu Corporation pursuant to a stock purchase agreement entered into between Chemoil Corporation, Itochu Corporation and IPC (USA) Inc. on 15 September 2011. The profit after tax from the sale was $3.9 million included in the fourth quarter results.

Itochu's exit from Chemoil

In February 2012, Itochu sold its entire 37.5% stakeholding of 484,729,000 Chemoil shares to Glencore. This raised Glencore's stake from 51.54% to 89.04%. The deal was made by way of a private transaction.

RISK MANAGEMENT

Running a stable ship

Chemoil's risk management program aims to achieve long-term business goals and deliver optimal value to shareholders. Our risk management system is designed to address the key steps of identification, measurement, control, monitoring and reporting with speed and efficiency. Our framework of internal controls provides an additional layer of reinforcement to the process.

Our risk management system focuses on realizing optimal GCMT from our global supply chain operations, while hedging against price volatility of our underlying inventories, by far our most critical financial risk. A flexible hedging strategy, together with the limits and controls, enables us to adapt swiftly to an environment of fast changing needs.

Key features of our risk management

Our risk management structure follows a top-down approach wherein our Board of Directors provides the broad framework that governs the management level Executive Risk Management Committee (ERMC). The core risk management department reports to the ERMC.

Aided by its structure, the risk management department has a clear segregation of roles and responsibilities whereby the activities are clearly demarcated from the commercial functions. This characteristic is critical for the success of our risk management in promoting accountability.

Our risk management operates in an independent fashion, fully removed from the hierarchy of our commercial teams who represent the risk taking function. Risk management independence is crucial for its efficient functioning as well as to provide reliable assurance on the risk exposures of the company.

Risk Management depends on independent channels of information in order to present a fair and representative view, both on the quantification as well as the valuation of our exposures. This feature is imperative in our efforts to establish a sound control infrastructure.

Our key risk management operations take place at the same site as our trading, supply and marketing activities. This design is followed across all our key commercial centres around the globe and proves to be invaluable in minimizing lapses and gaps.

Recent developments

The year 2011 was a significant milestone in the history of risk management at Chemoil. This period witnessed the successful completion of some key developments that took us towards our goals of enhanced efficiency, accountability and reliability.

Many critical improvements to our trading and risk management IT systems were taken up and completed during 2011. The improved usage of technology helped us achieve greater speed, accuracy and transparency in our risk management process of capture, identification, understanding and communication of our exposures.

Also during the year, we have made significant advances in terms of the balance between our central and regional risk management activities. Increased emphasis is placed on the onsite risk management operations that are co-located along with our commercial activities. This development has inspired a culture of increased accountability as well as promoted the productivity, timeliness and accuracy of our operations.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Chairman
MARK JONATHAN CATTON

Chief Executive Officer
THOMAS KEVIN REILLY

Non-Executive
PETER MICHAEL MEADE (Lead Independent)
STEVEN BARRY SIMPSON (Independent)
LIM AH DOO (Independent)
ALEXANDER FRANK BEARD
USMANTO NJO

AUDIT COMMITTEE
STEVEN BARRY SIMPSON (Chairman)
LIM AH DOO
PETER MICHAEL MEADE

NOMINATING & REMUNERATION COMMITTEE
PETER MICHAEL MEADE (Chairman)
LIM AH DOO
MARK JONATHAN CATTON

EXECUTIVE OFFICERS & MANAGEMENT
Chief Executive Officer
THOMAS KEVIN REILLY

Chief Operating Officer & Chief Financial Officer
MATS BERGLUND

Senior Vice President, Global Operations
SANJAY ANAND

COMPANY SECRETARY
KARALON LIMITED

REPRESENTATIVES OF THE COMPANY SECRETARY
JAMES E. BAKER
TAN SAN-JU

REGISTERED OFFICE
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Audit Partner-In-Charge
NG PECK HOON (MS)

Date of Appointment
APRIL 29, 2011

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Bank of America Leasing and Capital LLC
Banque Cantonale de Geneve
BNP Paribas, Singapore Branch
BNP Paribas (Suisse) SA
Canara Bank
Credit Suisse
GE Artesia Bank
ICICI Bank Limited
ING Bank NV
ING Belgium (Brussels)
JPMorgan Chase Bank NA
Mizuho Corporate Bank, Ltd
NIBC Bank Ltd
Rabobank International
Raiffeisen Bank International AG
RHB Bank Bhd
Security Bank Corporation
Sumitomo Mitsui Banking Corporation
Taiwan Cooperative Bank
The Bank of East Asia Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd
UBS AG
Union Bank of California
WestLB AG

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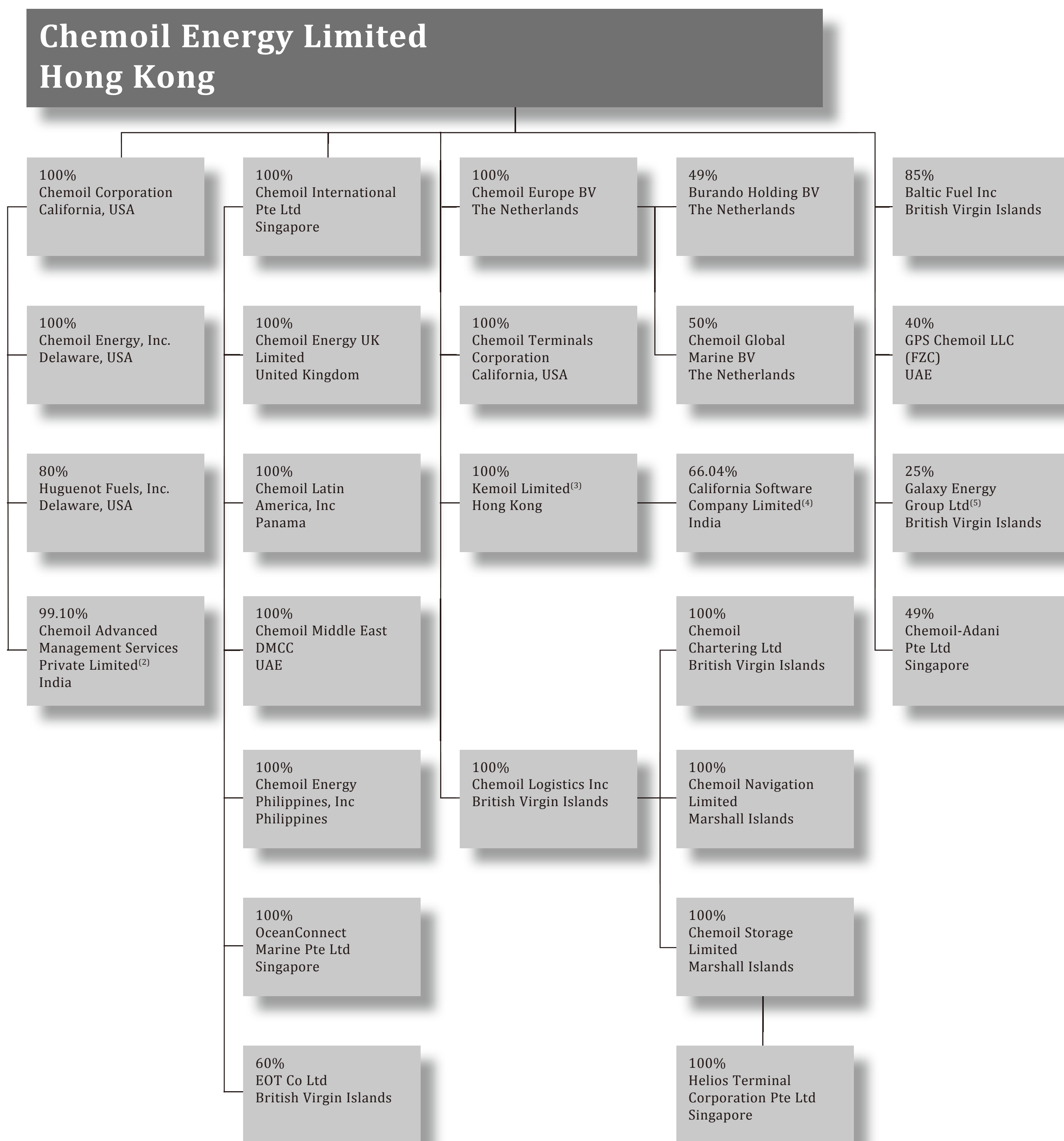
CORPORATE STRUCTURE[1]



(1) Key subsidiaries, joint ventures and associated companies as at 16 March 2011.
(2) Kemoil Limited holds the remaining 0.9% ownership interest in Chemoil Advanced Management Services Private Limited.
(3) 10% ownership interest in Kemoil Limited is held by Overseas Nominees Limited on behalf of Chemoil Energy Limited.
(4) The Group, through its subsidiary, Chemoil Advanced Management Services Private Limited also holds a 1.65% ownership interest in this company, resulting in total ownership by the Group of 67.69%. This company holds ownership interest in other entities.
(5) This company holds ownership interest in other entities.

CORPORATE GOVERNANCE

Chemoil Energy Limited (the "Company"), is committed to continuing to maintain high standards of corporate governance through practices underpinned by integrity, transparency and accountability benchmarked to the Code of Corporate Governance 2005 (the "Code").

Board's Conduct of its Affairs

Principle 1: The Company requires an effective Board to lead the company with due diligence

Chemoil is led by an entrepreneurial Board that establishes the corporate policies and strategic direction to build sustainable value for all shareholders. The Board sets the direction and goals, as well as supervises and monitors the performance of the executive management.

The Board's principal functions are:

- approving major investments, acquisitions, divestments and funding proposals
- approving the annual budgets and business plans
- regularly reviewing the performance of the Group's business
- approving the periodic and full-year financial results for release to the Singapore Exchange Securities Trading Limited ("SGX-ST")
- recommending dividend payments for shareholders' approval
- ensuring the adequacy and integrity of internal controls, risk management, financial reporting and compliance processes
- assuming responsibility for corporate governance

Two main sub-Board Committees support the Board in the execution of their responsibilities, namely:

1. Audit Committee
2. Nominating and Remuneration Committee

The membership and attendance of the directors at the Board and Board Committee meetings held in FY2011 are set out in the table below:

Name of Director	Board Meeting	Audit Committee Meeting	Nominating and Remuneration Committee Meeting
Mark Catton	6	–	6
Thomas Reilly[1]	6	–	–
Alexander Beard	2	–	–
Peter Meade[*]	6	3	6
Steven Simpson	6	6	–
Raymond Bartoszek[2]	–	–	–
Hon Kim Weng[3]	6	–	–
Philip Anderson[4]	3	–	4
Lim Ah Doo[5]	3	3	2
Masanobu Takagi[6]	2	–	–
Takashi Yasuda[7]	4	3	–
Fuminobu Oda[8]	4	3	–
Takumi Hiraga[9]	2	–	–
Michael Bandy[10]	3	–	–
Usmanto Njo[11]	N/A	N/A	N/A
No. of Meetings Held	**6**	**6**	**6**

Notes:
[1.] Appointed with effect from 3 January 2011.
[2.] Resigned with effect from 9 February 2011.
[3.] Appointed with effect from 9 February 2011 and resigned with effect from 14 February 2012.
[4.] Resigned with effect from 30 April 2011.
[5.] Appointed with effect from 30 April 2011.
[6.] Resigned with effect from 31 March 2011.
[7.] Appointed with effect from 31 March 2011. Appointed as a member of the Audit Committee ("AC") with effect from 30 April 2011. Resigned with effect from 10 February 2012.
[8.] Resigned with effect from 17 June 2011.
[9.] Appointed with effect from 17 June 2011 and resigned with effect from 10 February 2012.
[10.] Retired following the conclusion of the Annual General Meeting ("AGM") held on 29 April 2011.
[11.] Appointed with effect from 14 February 2012
[*] Ceased to be a member of the AC with effect from 30 April 2011 and has since been re-appointed as a member of the AC with effect from 14 February 2012.

Attendance at Board meetings by telephone and conferencing via audio-visual communication are allowed under the Company's Articles of Association.

Board Composition and Balance

Principle 2: The Company values an independent element on the Board

As at 31 December 2011, the Board comprised 9 Directors, one of whom is the Chief Executive Officer, with the remaining 8 directors being Non-Executive Directors. 3 of the 8 Non-Executive Directors are also Independent Directors. The Company has adopted the Code's definition of "Independent Director" and its guidance in respect of relationships which would deem a Director to be regarded as non-independent. As 3 out of its 9 directors were independent directors, the Company did have one-third of its Board Members staffed by independent directors and was Code-compliant for FY2011. As at the time of this report, the Board comprises 7 Directors, one of whom is the Chief Executive Officer, with the remaining 6 directors being Non-Executive Directors. One-third of the Board is independent as 3 out of the 7 directors are independent directors. This reduction in board size is as a result of the resignation of the two nominee directors from Itochu Corporation after the sale of their 37.5 per cent shares to Glencore's subsidiary, Singfuel Investment Pte. Ltd. through a share purchase agreement dated 3 February 2012.

The composition of the Board takes into consideration the nature and scope of the Group's operations to ensure diversity and relevant skill set for effective decision making. The Directors of the Board have varied qualifications and expertise in accounting, finance, business management, strategic planning, engineering, biochemistry and most also have experience in the marine fuel industry. All newly appointed Director will be briefed by Management on the business operations of the Group.

The Board confirms that the following factors sufficiently ensure that power is not concentrated in the hands of one individual and that there is accountability and independent decision making by the Board:

- Active participation by Independent Directors during Board meetings, who challenge the assumptions and proposals of the management on all issues affecting the affairs and businesses of the Group.

- The appointment of a Lead Independent Director to address shareholder concerns which could not have been resolved through the normal channels of the Chairman and CEO, or for which such contact is inappropriate. The Lead Independent Director also acts as the principal liaison between the Independent Directors and the Chairman on sensitive issues.

Brief profiles of the current Board of Directors are provided under the section "Board of Directors" in this annual report.

CORPORATE GOVERNANCE

Chairman and Chief Executive Officer

Principle 3: Chairman and Chief Executive Officer to be separate persons to ensure appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making

Mr. Michael Bandy stepped down as Chairman at the last Annual General Meeting. This was in line with the Board's request for Mr. Bandy to stay on for a period of time as the Chairman to facilitate a smooth transition of management leadership. Upon the retirement of Mr. Bandy, the Board decided to appoint Mr. Mark Catton, a non-executive non-independent director, to succeed Mr. Bandy as the Chairman of the Company immediately upon the retirement of Mr. Bandy.

With the appointment of Mr. Thomas Reilly as the Chief Executive Officer ("CEO") on 3 January 2011, the Company has complied with the Code to separate the roles of Chairman and CEO.

With the separation of roles, the Chairman will bear responsibility for providing leadership to the Board, and the CEO will have executive responsibility for the Company's business. The Chairman ensures that Board meetings are held when necessary and sets the agenda in consultation with the other Directors. He reviews all Board papers, prior to their being presented to the Board, and ensures that Board members are provided with complete, accurate and timely information on a regular basis to enable them to be fully cognisant of the affairs of the Group.

Board Membership

Principle 4: The process for the appointment of new directors to the Board should be formal and transparent

The Nominating and Remuneration Committee ("NRC") is wholly comprised of non-executive directors, the majority of whom, including the Chairman, are independent.

The members of the NRC are:

- Mr. Peter Meade — Chairman
- Mr. Mark Catton — Member
- Mr. Lim Ah Doo* — Member

* Appointed with effect from 30 April 2011 in replacement of Mr. Philip Anderson who resigned on the same date.

The NRC ensures that directors appointed to the Board possess the relevant background, experience and expertise to make fair and sound decisions.

New directors of the Company are appointed after a review and recommendation by the NRC to the Board of Directors. New directors are required to submit themselves for re-election at the next annual general meeting ("AGM") of the Company in accordance with the Company's Memorandum and Articles of Association. The Articles also provide that at least one-third of the directors retire from office and are subject to re-election at every AGM. All directors are required to retire from office at least once every three years. The shareholders approve the re-election of directors at the AGM.

The NRC has assessed the independence of the non-executive directors, namely, Mr. Peter Meade, Mr. Steven Simpson and Mr. Lim Ah Doo and is satisfied that there are no relationships which would deem them not to be independent.

Board Performance

Principle 5: Formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board

The NRC has in previous years undertaken an annual formal review of both the Board's performance as a whole, as well as individual director's performance and reports the outcome to the Board. However, in view that there were 5 new directors who joined the Board at different times in 2011, the NRC proposed to hold the review in abeyance.

Access to Information

Principle 6: Board members should have complete, adequate and timely information

The Board has separate and independent access to senior management and the representatives of the Company Secretary at all times. The management provides information requested by the Board promptly and keeps the Board informed of all material events and transactions as these occur. The management consults Board members as necessary and appropriate. The Board is provided with Board papers prior to Board meetings to enable them to be informed, and accorded sufficient time to seek clarification and arrange consultations if required.

The representatives of the Company Secretary attend and document all Board meetings. The Company Secretary assists the Chairman in implementing appropriate Board procedures to facilitate the effective functioning of the Board, and compliance with the Company's Memorandum and Articles of Association and the relevant rules and regulations applicable to the Company.

The appointment and removal of the Company Secretary is subject to the approval of the Board as a whole.

The Board in fulfilling its responsibilities can, as a group or individually, when deemed fit, direct the Company to appoint external professionals to render advice.

Remuneration Matters

Principle 7: The policy on executive remuneration and for fixing remuneration packages of individual directors should be formal and transparent

Principle 8: Remuneration of directors should be adequate but not excessive

Principle 9: Disclosure on remuneration policy, level and mix of remuneration, and procedure for setting remuneration

Framework of Remuneration and Remuneration Packages

The NRC makes recommendations on the remuneration of directors based on expert industry and company advice, ensuring a transparent and sound policy that maximizes shareholders' value and talent retention. It has recommended a framework of remuneration, and specific remuneration packages, which include performance-related components for the Chief Executive Officer ("CEO"), approved by the Board.

CORPORATE GOVERNANCE

Policy in Respect of Directors' Remuneration

Directors' fees are subject to the approval of shareholders at the Company's Annual General Meetings. The framework for determining director's fees in FY2011 is set out below:

All amounts in US$	Base fee	Lead Independent Director	Committee Chair	Non–chair Committee Member
Mark Catton	–	–	–	–
Alexander Beard	–	–	–	–
Raymond Bartoszek	–	–	–	–
Hon Kim Weng	–	–	–	–
Thomas Reilly[1]	–	–	–	–
Peter Meade	50,000	10,000	6,694	4,959
Steven Simpson	50,000	–	20,000	–
Philip Anderson*	16,528	–	3,306	–
Lim Ah Doo**	33,472	–	–	10,041
Fuminobu Oda	–	–	–	–
Takashi Yasuda	–	–	–	–
Masanobu Takagi	–	–	–	–
Takumi Hiraga	–	–	–	–
Michael Bandy***	–	–	–	–

Directors are paid attendance fees for all scheduled and ad-hoc physical and telephonic meetings.

1 Remuneration under separate agreement as CEO.
* Resigned on 30 April 2011.
** Appointed Independent Director on 30 April 2011.
*** Retired following the conclusion of the AGM held on 29 April 2011.

Level and Mix of Remuneration for Key Executives and Directors for the Year Ended 31 December 2011

The level and mix for each key executive or director's remuneration in bands of S$250,000 are set out below:

Key Executives

Name	Directors' Fees %	Base/ Fixed Salary %	Variable or Related Income/ Bonus %	Benefits in Kind %	Value of Share Options Granted %	Total %
Between S$2,750,001 and S$3,000,000						
Thomas Reilly (CEO)	–	31.29	65.37	3.34	0.00	100.00
Between S$2,250,001 and S$2,500,000						
Mats Berglund (CFO/COO)	–	28.37	69.32	2.20	0.11	100.00
Between S$1,250,001 and S$1,500,000						
Sanjay Anand (Senior VP, Global Operations)	–	35.97	62.99	0.00	1.04	100.00

Chemoil Group has many valued key executives worldwide. In FY2011, two primary key executives resigned, namely, Mr. Jerome Lorenzo and Mr. Adrian Tolson; also Mr. Michael Bandy retired at the conclusion of the last AGM. Mr. Sanjay Anand and Mr. Mats Berglund are the Executive Officers of the Group and considered the primary key executives, apart from the Chief Executive Officer whose remuneration is already disclosed above. The Nominating and Remuneration Committee has recommended to the Board and the Board accepts the recommendation to disclose the remuneration of these 2 Executive Officers in bands of S$250,000. Due to the sensitive nature of this subject, the Board is of the opinion that such disclosure would be adequate for purposes of Code compliance.

There are no employee who are related to the Chief Executive Officer or a Director whose remuneration exceeds S$150,000 in the Group's employment during the financial year.

Non-Executive Directors

Name	Directors' Fees %	Base/ Fixed Salary %	Variable or Related Income/ Bonus %	Benefits in Kind %	Value of Share Options Granted %	Total %
Below S$250,000						
Philip Anderson	75.32	–	–	–	24.68	100.00
Alexander Beard	–	–	–	–	–	–
Mark Catton	–	–	–	–	–	–
Hon Kim Weng	–	–	–	–	–	–
Peter Meade	91.89	–	–	–	8.11	100.00
Steven Simpson	98.31	–	–	–	1.69	100.00
Lim Ah Doo	97.38	–	–	–	2.62	100.00
Takashi Yasuda	–	–	–	–	–	–
Takumi Hiraga	–	–	–	–	–	–

CORPORATE GOVERNANCE

The Directors holding office as at 31 December 2011 had no interests in the shares, warrants, share options in or debentures of the Company and/or its subsidiaries except the following:

	Direct interest as at			Deemed interest as at		
	1.1.2011	**31.12.2011**	**21.1.2012**	**1.1.2011**	**31.12.2011**	**21.1.2012**
Interest in the Company's ordinary shares of HK$0.0000125 each.						
Mark Catton	–	–	–	–	–	–
Alexander Beard	–	–	–	–	–	–
Hon Kim Weng[1]	–	–	–	–	–	–
Thomas Reilly[2]	–	–	–	–	–	–
Peter Meade	–	–	–	–	–	–
Steven Simpson	–	–	–	–	–	–
Lim Ah Doo[3]	–	–	–	–	–	–
Takashi Yasuda[4]	–	–	–	–	–	–
Takumi Hiraga[5]	–	–	–	–	–	–
(Options to subscribe for ordinary shares)						
Peter Meade	528,000	704,000	704,000	–	–	–
Steven Simpson	–	176,000	176,000	–	–	–
Lim Ah Doo[3]	–	176,000	176,000	–	–	–

1 Appointed with effect from 9 February 2011 and resigned with effect from 14 February 2012
2 Appointed with effect from 3 January 2011
3 Appointed with effect from 30 April 2011
4 Appointed with effect from 31 March 2011 and resigned with effect from 10 February 2012
5 Appointed with effect from 17 June 2011 and resigned with effect from 10 February 2012

Details of the 2006 Share Option Scheme

The NRC administers the 2006 Share Option Scheme. Please refer to Note 20 of the Notes to the Financial Statements for details of the Scheme.

The aggregate number of share options that may be granted shall not exceed 5% of the issued share capital of the Company. There are no employees who received 5% or more of the total number of options available under the Scheme.

Information on Directors participating in the Scheme is as follows:

	Options granted during the financial year under review (including terms)	Aggregate options granted since commencement of Scheme to the end of the financial year under review	Aggregate options exercised since commencement of Scheme to the end of the financial year under review	Aggregate options outstanding as at the end of the financial year under review
Michael Bandy[1]	–	9,781,945	–	9,781,945
Philip Anderson[2]	–	692,000	–	516,000
Peter Meade	176,000	528,000	–	528,000
Steven Simpson	176,000	176,000	–	176,000
Lim Ah Doo[3]	176,000	176,000	–	176,000

1 Retired on 29 April 2011
2 Resigned on 30 April 2011, 176,000 options lapsed
3 Appointed on 30 April 2011

As at 31 December 2011, no options have been granted to controlling shareholders (as defined in the Listing Manual of the SGX-ST) of the Company or their associates (as defined in the Listing Manual of the SGX-ST).

As at 31 December 2011, no options have been granted at a discount.

Accountability and Audit

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects

Principle 11: Establishment of Audit Committee with written terms of reference

The Board is provided with management accounts that present a balanced and comprehensible assessment of the Group's performance, position and prospects on a quarterly basis.

Financial results of the Company and the Group are disseminated through announcements via SGXNET, by news releases, through media and analyst briefings as well as postings on the Chemoil website.

CORPORATE GOVERNANCE

Audit Committee

The Audit Committee ("AC") comprises 3 members, the majority of whom, including the Chairman, are independent. The members of the AC are:

- Mr. Steven Simpson Chairman
- Mr. Lim Ah Doo[1] Member
- Mr. Peter Meade[2] Member

[1] Mr. Lim Ah Doo was appointed as a member of the AC on 30 April 2011.
[2] Mr. Peter Meade ceased to be AC member on 30 April 2011 and has since been re-appointed as a member with effect from 14 February 2012.
Mr. Takashi Yasuda, who replaced Mr. Fuminobu Oda as a member of the AC with effect from 30 April 2011 ceased to be member of the AC with effect from 10 February 2012.

The AC undertook a review of all non-audit services provided by the external auditors during the financial year, and is of the view that these would not affect the independence of the external auditors. Fees paid/payable to Deloitte Touche Tohmatsu and other auditors, including Deloitte Touche Tohmatsu firms outside Singapore in 2011 for audit services was S$720,000 and US$254,000 respectively. The non-audit fees paid/payable to Deloitte Touche Tohmatsu and other auditors, including Deloitte Touche Tohmatsu firms outside Singapore in 2011 was US$62,918 and US$89,000 respectively.

The Company has complied with Rules 712 and 716 of the SGX-ST Listing Manual.

The AC has the power to conduct or authorize investigations into any matters within its scope of responsibility. The AC is authorized to obtain independent professional advice whenever deemed necessary for the discharge of its responsibilities. Such expenses will be borne by the Company.

The AC has the co-operation of and complete access to the Company's management. It has full discretion to invite any director or executive officer to attend the meetings, and has been given reasonable resources to enable the discharge of its functions.

The AC was established and operates in accordance with written terms of reference which set out its duties and responsibilities clearly.

Internal Controls and Risk Management

Principle 12: Maintain a sound system of internal controls

The Company maintains a sound internal control system with a view to safeguarding its assets and Shareholders' investments.

The Audit Committee, through the assistance of both internal and external auditors, reviews and reports to the Board on the adequacy of the Company's system of controls, including financial, operational and compliance controls, and risk management policies and systems established by Management. In assessing the effectiveness of internal controls, the Audit Committee ensures that key objectives are met, material assets are properly safeguarded, fraud or errors in the accounting records are prevented or detected, accounting records are accurate and complete, and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations.

The Company places high importance and emphasis on internal controls taking into account the findings of both internal and external auditors and the number of unresolved or outstanding issues raised in the process.

The Board is satisfied that the current Company's framework of internal controls is adequate to provide reasonable assurance of the integrity, effectiveness and efficiency of the Company in safeguarding its assets and Shareholders' investments, as well as to provide reasonable assurance against material misstatement or loss.

Risk Management Committee

Also an Executive Risk Management Committee ("ERMC") has been set up to assist the Board in fulfilling its responsibilities by identifying, reviewing, recommending and approving:

(a) the types and levels of business risks of the Company, its subsidiaries, joint ventures and associated companies in the course of business
(b) the policies, procedures and methodologies for identifying, measuring, monitoring and managing risks that are consistent with its risk appetite

Internal Audit
Principle 13: Independent internal audit function

The internal audit function is outsourced to Protiviti, an independent global provider of internal audit and consulting services.

The major elements in place which support the independence, quality assurance, and effective execution of the internal audit function include:

(a) A formal Internal Audit Charter, drafted in accordance with the International Standards for the Professional Practice for Internal Auditing set by the Institute of Internal Auditors. The Charter sets out the roles and responsibilities, authority, and other matters pertaining to the internal audit function as well as management's responsibilities.
(b) Functional reporting lines for the internal audit function to the CEO and Chairman of the Audit Committee.
(c) Opportunities for private discussions between the AC and the Internal Audit function without management's presence.
(d) Both the Protiviti Engagement Managing Director and Engagement Manager are Certified Internal Auditors and IIA Qualified Quality Assessors, and have experience in assessing quality programs for large corporate internal audit functions. They ensure that the function is adequately staffed and resourced.

The AC is therefore satisfied with the adequacy of internal controls and the internal audit function.

CORPORATE GOVERNANCE

Communication with Shareholders
Principle 14: Regular, effective and fair communication with shareholders

Principle 15: Greater shareholder participation at annual general meetings

In line with the Singapore Exchange's Listing Rules, the Board's policy is to ensure that all shareholders should be equally informed of all major developments impacting the Group.

Information is disseminated to shareholders on a timely basis through:

- SGXNET announcements and news release
- Annual reports prepared and issued to all shareholders
- Company's website at www.chemoil.com where shareholders can access information on the Group

At general meetings, each distinct issue is proposed as a separate resolution.

At the Company's annual general meetings, shareholders are given the opportunity and have expressed their views, comments and raised enquiries to directors and management. The Chairmen of the Audit and the Nominating and Remuneration Committees are required to be and have been present at annual general meetings to answer any questions relating to the work of their committees.

Other Governance Practices

Securities Transactions
Insider trading policy

The Company has in place a policy prohibiting share dealings by directors and employees of the Group in the two weeks before the release of quarterly results and one month before the release of the full-year results, with the restriction ending on the day after the announcement of the relevant results. Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading periods. An officer should also not deal in the Company's securities on short-term considerations.

Interested Person Transactions

The Company has established procedures to ensure that all interested person transactions are reported in a timely and thorough manner to the AC and that these transactions are conducted at arm's length and are not prejudicial to the interests of other shareholders.

During the financial year ended 31 December 2011, the following interested person transactions were entered into by the Group:

Name of interested persons	Aggregate value of all interested person transactions entered into during the financial year under review (excluding transactions of value less than S$ 100,000 and transactions entered into pursuant to the IPT mandate) US$'000	Aggregate value of all interested person transactions entered into under the IPT mandate during the financial year under review (excluding transactions of value less than S$ 100,000) US$'000
Itochu Corporation, Japan	240	-
Itochu Petroleum Company Singapore Ltd	7,237	26,170
Itochu Enex Ltd.	–	71,085
IPC (USA) Inc.	2,033	–
Total	**9,510**	**97,255**

Name of interested persons	Aggregate value of all interested person transactions entered into during the financial year under review (excluding transactions entered into pursuant to the SPS agreement) US$'000	Aggregate value of all interested person transactions entered into under the SPS agreement during the financial year under review US$'000
Glencore Ltd.	1,332,672	145
Glencore Singapore Pte Ltd.	203,835	–
Glencore Energy UK Ltd.	21,931	–
Glencore Grain Rotterdam BV	64,741	–
Glencore Commodities Ltd. – Singapore	167,492	–
Glencore Commodities Ltd.	688,359	57
ST Shipping & Transport Inc.	9,064	–
ST Shipping & Transport Pte Ltd. (Singapore)	62,513	–
ST Shipping & Transport Pte Ltd. (US)	142	–
ST Shipping & Transport Pte Ltd. (UK)	11,283	–
Total	**2,562,032**	**202**

Material Contracts

Apart from the interested person transactions disclosed above, there were no other material contracts entered into by the Company and its subsidiaries involving the interests of its Chief Executive Officer, Directors or controlling shareholders, which are either still subsisting at the end of the financial year or entered into since the end of the previous financial year, save for the acquisition of the marine fuel group business from OceanConnect Holdings Inc., details of which were set out in the announcement released on SGXNet on 3 January 2011.

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STATEMENT OF DIRECTORS

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position of the Company as set out on pages 26 to 98 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2011 and of the results, changes in equity and cash flows of the Group for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

On behalf of the directors

Mark Jonathon Catton
Chairman

Thomas Kevin Reilly
Chief Executive Officer

March 20, 2012

INDEPENDENT AUDITORS' REPORT

Report on the financial statements

We have audited the accompanying consolidated financial statements of Chemoil Energy Limited (the "**Company**") and its subsidiaries (the "**Group**") which comprise the statements of financial position of the Group and the Company as at December 31, 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 26 to 98.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying statement of financial position of the Company and the consolidated financial statements give a true and fair view of the financial position of the Company and of the Group as at December 31, 2011 and of the financial performance and cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards.

Other Matters

The financial statements for the year ended December 31, 2010 were audited by another auditor whose report dated March 18, 2011 expressed an unmodified opinion on those financial statements.

Deloitte & Touche LLP

Public Accountants and
Certified Public Accountants

Ng Peck Hoon
Partner

Singapore
March 20, 2012

STATEMENTS OF FINANCIAL POSITION

December 31, 2011

(In US$'000, unless otherwise stated)

	Note	Group		Company	
		2011	**2010**	**2011**	**2010**
ASSETS					
Current assets					
Cash and cash equivalents	4	137,567	56,204	2,753	846
Derivative financial instruments	5	10,786	8,268	–	–
Financial assets at fair value through profit or loss	6	939	1,039	939	1,039
Trade and other receivables	7	1,077,698	638,040	76,995	87,287
Inventories	8	300,280	192,439	–	–
Other current assets	9	22,944	17,381	1	153
Total current assets		1,550,214	913,371	80,688	89,325
Non-current assets					
Trade and other receivables	7	–	5,164	–	–
Other non-current assets	10	2,556	2,056	–	–
Investments in associates	11	37,256	38,333	13,198	13,513
Investments in joint ventures	12	33,976	34,211	22,028	16,127
Investments in subsidiaries	13	–	–	204,257	211,921
Intangible assets	14	37,117	15,795	–	–
Property, plant and equipment	15	222,303	232,328	–	–
Deferred income tax assets	16	5,112	10,449	–	–
Total non-current assets		338,320	338,336	239,483	241,561
Total assets		1,888,534	1,251,707	320,171	330,886
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	17	849,068	431,241	126,035	56,203
Derivative financial instruments	5	13,911	13,718	2,606	3,139
Current income tax liabilities		7,252	466	–	–
Borrowings	18	547,275	345,966	4,144	66,144
Provisions for other liabilities and charges	19	2,871	3,414	–	–
Total current liabilities		1,420,377	794,805	132,785	125,486
Non-current liabilities					
Trade and other payables	17	10,000	–	–	–
Borrowings	18	95,237	138,265	32,688	36,595
Derivative financial instruments	5	2,402	4,648	1,968	4,077
Deferred income tax liabilities	16	6,884	7,349	–	–
Provisions for other liabilities and charges	19	6,129	6,470	–	–
Total non-current liabilities		120,652	156,732	34,656	40,672
Total liabilities		1,541,029	951,537	167,441	166,158

	Note	Group		Company	
		2011	2010	2011	2010
Capital, reserves and non-controlling interests					
Share capital	20	2	2	2	2
Share premium	20	85,816	85,816	85,816	85,816
Treasury shares	20	(3,675)	(2,504)	–	–
Merger reserve	21	3,529	3,529	–	–
Other reserves	22	12,825	9,003	(97)	569
Retained earnings	23	246,556	200,273	67,009	78,341
Equity attributable to owners of the Company		345,053	296,119	152,730	164,728
Non-controlling interests		2,452	4,051	–	–
Total equity		347,505	300,170	152,730	164,728
Total liabilities and equity		1,888,534	1,251,707	320,171	330,886

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2011

(In US$'000, unless otherwise stated)

	Note	2011	2010
Revenue	25	10,991,862	7,295,537
Other gains (losses) – net	25	(310)	7,632
		10,991,552	7,303,169
Expenses:			
– Inventories recognised as an expense		10,639,351	7,031,478
– Barging and pipelines costs		56,081	69,670
– Chartering and other shipping related expenses		12,577	16,647
– Rentals for office premises, storage tanks and motor vehicles		34,252	37,282
– Demurrage costs		7,099	11,312
– Employee benefits	26	58,495	46,222
– Marketing and communication expenses		7,210	7,375
– Service and commission expenses		17,818	16,418
– Other expenses		52,070	49,327
– Depreciation, impairment and amortisation		23,897	16,326
– Finance expense	27	19,645	20,668
Total expenses		10,928,495	7,322,725
Share of results of associates and joint ventures – net		4,633	7,799
Profit (Loss) before income tax		67,690	(11,757)
Income tax (expense) credit	28	(22,019)	272
Profit (Loss) for the year		45,671	(11,485)
Attributable to:			
Owners of the Company		46,283	(9,490)
Non-controlling interests		(612)	(1,995)
		45,671	(11,485)
Earnings/(Loss) per share for profit attributable to the owners of the Company (expressed in cents per share)	30		
– Basic		3.613	(0.737)
– Diluted		3.598	(0.734)
Profit (Loss) for the year		45,671	(11,485)
Other comprehensive income:			
Cash flow hedges	22	2,980	257
Currency translation differences	22	(485)	7,204
Other comprehensive income for the year		2,495	7,461
Total comprehensive income (loss) for the year		48,166	(4,024)
Attributable to:			
Owners of the Company		49,765	(1,222)
Non-controlling interests		(1,599)	(2,802)
		48,166	(4,024)

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended December 31, 2011

(In US$'000, unless otherwise stated)

	Note	Share capital	Treasury shares held by trust (i)	Merger reserve	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at January 1, 2011		2	(2,504)	3,529	85,816	9,003	200,273	296,119	4,051	300,170
Purchase of treasury shares		–	(1,262)	–	–	–	–	(1,262)	–	(1,262)
Employee share option scheme:										
– Value of services rendered	22	–	–	–	–	379	–	379	–	379
– Treasury shares re-issued		–	91	–	–	(39)	–	52	–	52
Total comprehensive income for the year		–	–	–	–	3,482	46,283	49,765	(1,599)	48,166
Balance at December 31, 2011		2	(3,675)	3,529	85,816	12,825	246,556	345,053	2,452	347,505
Balance at January 1, 2010		2	(1,230)	3,529	85,816	(570)	209,763	297,310	6,853	304,163
Purchase of treasury shares		–	(1,327)	–	–	–	–	(1,327)	–	(1,327)
Employee share option scheme:										
– Value of services rendered	22	–	–	–	–	1,319	–	1,319	–	1,319
– Treasury shares re-issued		–	53	–	–	(14)	–	39	–	39
Total comprehensive income (loss) for the year		–	–	–	–	8,268	(9,490)	(1,222)	(2,802)	(4,024)
Balance at December 31, 2010		2	(2,504)	3,529	85,816	9,003	200,273	296,119	4,051	300,170

(i) Amicorp Trustee (Singapore) Limited is the trustee of a trust established to purchase and hold the Company's shares from the open market for delivery to employees under the share option plan. Such shares are designated as treasury shares.

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2011

(In US$'000, unless otherwise stated)

	Note	2011	2010
Operating activities			
Profit (Loss) for the year		45,671	(11,485)
Adjustments for:			
Income tax expense (credit)		22,019	(272)
Share option expense	26	379	1,319
Depreciation and amortisation		16,433	16,326
Impairment of goodwill		7,464	–
Bad debt expense		10,890	3,434
Net loss on disposal of property, plant and equipment	25	–	2,916
Net gain on disposal of a joint venture	25	(10,985)	–
Net gain on disposal of a division of a non-core subsidiary	25	(8,091)	–
Fair value gains on financial assets at fair value through profit or loss	25	100	(13)
Unrealised translation losses (gains)		53	(3,997)
Share of results of associates and joint ventures		(4,633)	(7,799)
Interest income	25	(969)	(1,054)
Finance expense	27	19,645	20,668
Operating cash flows before movements in working capital		97,976	20,043
Changes in working capital, net of effects of disposal			
Derivative financial instruments		(1,591)	(19,567)
Other assets		(7,794)	35,147
Trade and other receivables		(446,991)	(55,564)
Inventories		(107,841)	166,938
Trade and other payables		414,666	104,507
Provision for other liabilities and charges		(884)	(916)
Cash (used in)/generated from operations		(52,459)	250,588
Income tax paid		(9,265)	(4,613)
Net cash (used in) from operating activities		(61,724)	245,975

	Note	2011	2010
Investing activities			
Purchase of property, plant and equipment		(4,965)	(5,499)
Proceeds on disposal of property, plant and equipment		1,112	3,022
Purchases of intangible assets		(1,006)	(1,258)
Proceeds from disposal of a division of a non-core subsidiary	4	7,266	–
Proceeds from disposal of a joint venture		20,574	123
Additional investment in an associate	11	(100)	(251)
Investments in joint ventures	12	(6,251)	(454)
Acquisition of a business	3(d)	(15,000)	–
Other receivables		–	(964)
Interest received		969	1,054
Dividends received from associates		93	1,897
Dividends received from joint ventures		915	2,560
Net cash from investing activities		3,607	230
Financing activities			
Proceeds from borrowings		338,193	123,211
Repayment of borrowings		(329,505)	(285,246)
Purchase of treasury shares		(1,262)	(1,327)
Proceeds from re-issue of treasury shares		52	39
Interest paid		(19,645)	(20,668)
Bank balances and deposits pledged with banks for bank loans		25,792	(11,796)
Net cash from (used in) financing activities		13,625	(195,787)
Net (decrease) increase in cash and cash equivalents		(44,492)	50,418
Cash and cash equivalents (overdrawn) at beginning of the year		(32,043)	(82,461)
Cash and cash equivalents (overdrawn) at end of the year	4	(76,535)	(32,043)

See accompanying notes to financial statements.

1 GENERAL INFORMATION

Chemoil Energy Limited (the "**Company**") and its subsidiaries (together the "**Group**") are mainly global traders in marine fuel products. The Group operates in major ports such as Long Beach, Houston, New Orleans, New York, Panama, Rotterdam, Fujairah and Singapore. The principal activity of the Company is to carry on the business of an investment holding company.

The Company is a limited liability company incorporated and domiciled in Hong Kong. The address of its registered office is 12/F, The Lee Gardens, 33 Hysan Avenue, Causeway Bay, Hong Kong.

The Company is listed on the main board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

These financial statements were authorised for issue by the Board of Directors of the Company on March 20, 2012.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). They have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The acquisition of the entire equity interest in Chemoil Corporation by the Company on August 31, 2006 was accounted for using the "pooling-of-interest" method as the Company and Chemoil Corporation were under the common control of the same controlling shareholders before and after the acquisition (Note 2.15).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.1.1 Adoption of new and revised standards

In the current financial year, the Group has adopted all the new and revised IFRSs that are relevant to its operations and effective for annual periods beginning on or after January 1, 2011. The adoption of these new/revised IFRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

Amendments to IFRS 3 Business Combinations

As part of *Improvements to IFRSs* issued in 2010, IFRS 3 was amended to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards. In addition, IFRS 3 was amended to provide guidance regarding the accounting for share-based payment awards held by the acquiree's employees. Specifically, the amendments specify that share-based payment transactions of the acquiree that are not replaced should be measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date ('market-based measure').

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition of subsidiaries under the common control of the Company's shareholders have been consolidated using the "pooling of interests" method as explained in Note 2.1.

The acquisition of subsidiaries not under the common control of the Company's shareholders is accounted using the acquisition method of accounting. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration which the acquirer transferred in exchange for the acquiree includes any asset or liability resulting from a contingent consideration arrangement. The acquirer shall recognise the acquisition-date fair value of contingent consideration as part of the consideration transferred in exchange for the acquiree. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the acquirer shall also recognise additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

The measurement period is the period after the acquisition date during which the acquirer may adjust the provisional amounts recognised for a business combination. The measurement period provides the acquirer with a reasonable time to obtain the information necessary to identify and measure the following as of the acquisition date in accordance with the requirements of this IFRS:

a. the identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree;

b. the consideration transferred for the acquiree (or the other amount used in measuring goodwill);

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation (Continued)

(a) Subsidiaries (Continued)

c. in a business combination achieved in stages, the equity interest in the acquiree previously held by the acquirer; and

d. the resulting goodwill or gain on a bargain purchase.

Some changes in the fair value of contingent consideration that the acquirer recognises after the acquisition date may be the result of additional information that the acquirer obtained after that date about facts and circumstances that existed at the acquisition date. Such changes are measurement period adjustments. However, changes resulting from events after the acquisition date, such as meeting an earnings target, reaching a specified share price or reaching a milestone on a research and development project, are not measurement period adjustments. The acquirer shall account for changes in the fair value of contingent consideration that are not measurement period adjustments as follows:

a. Contingent consideration classified as equity shall not be remeasured and its subsequent settlement shall be accounted for within equity.

b. Contingent consideration classified as an asset or a liability that:

   i. is a financial instrument and is within the scope of IAS 39 shall be measured at fair value, with any resulting gain or loss recognised either in profit or loss or in other comprehensive income in accordance with that IFRS.

   ii. is not within the scope of IAS 39 shall be accounted for in accordance with IAS 37 or other IFRSs as appropriate.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes directly attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (see Note 2.6(a)). If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation (Continued)

(b) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Associates and joint ventures

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between and including 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss (see Note 2.7).

The Group's joint ventures are entities over which the Group has contractual arrangements to jointly share the control over the economic activity of the entities with one or more parties. The Group's interests in joint ventures are accounted for using equity method of accounting, net of any accumulated impairment loss (see Note 2.7), and are initially recognised at cost.

The Group's share of its associates' and joint ventures' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with policies adopted by the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided for the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer who makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollar ('US$'), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of fair value gain or loss.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Property, plant and equipment

Freehold land is initially recognised at cost and subsequently stated at cost less accumulated impairment losses (Note 2.7). Other property, plant and equipment are initially recognised at cost and subsequently stated at historical cost less accumulated depreciation and accumulated impairment losses (Note 2.7). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the profit or loss during the financial period in which they are incurred.

Freehold land and construction work in progress are not depreciated. Depreciation on other items of property, plant and equipment are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings and improvements	5 to 30 years
Office and computer equipment, furniture and fittings	3 to 5 years
Equipment and terminals	15 years
Vessels	5 to 30 years
Motor vehicles	10 years

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

The assets' residual values, useful lives, and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains/(losses) – net' in the profit or loss.

2.6 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'Intangible assets'. Goodwill on acquisitions of associates and joint ventures is included in 'Investments in associates' and 'Investments in joint ventures' and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Intangible assets (Continued)

(b) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

(i) it is technically feasible to complete the software product so that it will be available for use;

(ii) management intends to complete the software product and use or sell it;

(iii) there is an ability to use or sell the software product;

(iv) it can be demonstrated how the software product will generate probable future economic benefits;

(v) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and

(vi) the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed three years.

(c) Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relationships have a finite useful life and are at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over three to five years, which is the expected life of the customer relationships.

(d) Licenses

Separately acquired licenses are shown at historical cost. Licenses acquired in a business combination are recognised at fair value at the acquisition date. Licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives of 10 years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life, for example goodwill, or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

In a subsequent period, if the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the non-financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2.8 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Derivatives are categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'Trade and other receivables' (Note 2.12) and 'Cash and cash equivalents' (Note 2.13) in the statement of financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial assets (Continued)

(b) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the profit or loss. Any amount in the fair value reserve relating to that asset is transferred to the profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in the profit or loss within 'Other gains/(losses) – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss as part of other income when the Group's right to receive payments is established.

(e) Determination of fair value

The fair values of quoted financial assets are based on current bid prices.

(f) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial assets (Continued)

(f) Impairment (Continued)

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the profit or loss.

The allowance for impairment loss account is reduced through the profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

2.9 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's statement of financial position.

Financial guarantees are subsequently amortised to the profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's statement of financial position.

Intragroup transactions are eliminated on consolidation.

2.10 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at fair value on the date the contract is entered into and is subsequently remeasured at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Derivative financial instruments and hedging activities (Continued)

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. Trading derivatives are presented as a current asset or liability.

(a) Cash flow hedge

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of interest rate swaps designated as cash flow hedges are recognised in other comprehensive income and transferred to the profit or loss when the interest expense on the borrowings is recognised in the profit or loss within "Finance expenses". The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in the profit or loss within "Other gains/(losses) – net".

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity.

(b) Derivatives that do not qualify for hedge accounting

The Group also uses derivative instruments for risk management purposes. Although these derivatives are linked to the inventory or underlying transactions, they do not meet the criteria for hedge accounting as defined by the International Accounting Standard ("IAS") 39 "Financial Instruments: Recognition and measurement" and thus do not qualify for hedge accounting. Changes in the fair value of these derivative instruments are recognised immediately in the profit or loss within 'Other gains/(losses) – net'.

2.11 Inventories

Inventories, comprising of commodities held for resale, are stated at fair value less costs to sell, with changes in fair value less costs to sell recognised in the profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less allowance for impairment.

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less, net of bank overdrafts and bank balances and deposits pledged with banks for bank loans. Bank overdrafts are presented as current borrowings on the statement of financial position.

2.14 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

When any group company purchases the Company's ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's owners, until they are cancelled, sold or re-issued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or re-issued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or re-issue, net of any directly attributable incremental transaction costs and related income tax, is included in equity attributable to the Company's owners.

2.15 Merger reserve

In applying the pooling of interests method (Note 2.1), the consolidated statement of comprehensive income and consolidated statement of cash flows include the results of operations and cash flows of the companies comprising the Group as at 31 August 2006 as if the structure of the Group had been in existence prior to that date. The assets and liabilities are brought into the statements of financial position at their existing carrying amounts. Any difference between the amount recorded as share capital issued and the amount for the share capital acquired are adjusted against equity. Expenditure incurred in relation to a uniting of interests is recognised as an expense in the period incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

Borrowing costs incurred to finance the construction of property, plant and equipment are capitalised during the period of time that is required to complete and prepare the asset for its intended use. The amount of borrowing cost capitalised in an asset is the actual borrowing costs incurred during the period less any investment income on the temporary investment of those borrowings.

Other borrowing costs are recognised on a time-proportion basis in the profit or loss using the effective interest method

2.18 Current and deferred income taxes

Income tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Current and deferred income taxes (Continued)

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority or either the taxable entity or different taxable entities where there is an intention to settle the balances in a net basis.

2.19 Employee benefits

(a) Defined benefit plans

The Group operates various pension schemes, including defined benefit plans. These defined benefit plans provide defined pension benefits to employees on or after retirement, the amount of which depends on one or more factors such as age, salary and years of service.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. When plan assets, together with adjustments for unrecognised actuarial gains or losses and unrecognised past-service costs, exceed pension obligations, the balance is classified as a current asset.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the profit or loss in the period in which they arise.

Past-service costs are recognised immediately in profit or loss, unless the changes in the pension plan are conditional on the employees remaining in service for a specific period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

(b) Defined contribution plans

The Group has defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Employee benefits (Continued)

(c) *Share-based compensation*

The Group operates a share-based compensation plan in which the terms of the arrangement provide the Group with the choice of whether to settle in cash or by issuing equity instruments. If the Group has a present obligation to settle in cash, the fair value of the employee services received in exchange for the grant of the options is recognised as an expense with the recognition of a corresponding liability over the vesting period. Until the liability is settled, it is re-measured at the end of each reporting period with changes in fair value recognised in profit or loss. If the Group does not have a present obligation to settle in cash, the fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the profit or loss with a corresponding increase in the share option reserve over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the assumptions about the number of options that are expected to vest. The total amount to be expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

(d) *Bonus plans*

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.20 Provisions

Provisions for reinstatement, restructuring and legal claims are recognised when: the Group has a present legal or constructive present obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the profit or loss when the changes arise.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Investments in subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in subsidiaries, joint ventures and associated companies, the difference between disposal proceeds and the carrying amounts of the investments is recognised in the profit or loss.

2.22 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of sales tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised as follows:

(a) Sales of marine fuel products are recognised upon passing of title to the customer which generally coincides with delivery and acceptance of the goods sold.

(b) Chartering income on time charters is recognised when the services are rendered, on a time proportion basis according to the agreements in place.

(c) Demurrage income is recognised if a claim is considered probable.

(d) Revenue from the sale of software products is recognised when the sale is completed with the passing of the title. Revenue from software development is recognised based on software developed and billed to clients as per the terms of the specific contracts.

(e) Revenue from the provision of services is recognised when the services are rendered

(f) Other rental income, including terminal income, from operating leases is recognised on a straight-line basis over the lease term.

(g) Interest income is recognised on a time proportion basis, using the effective interest method.

(h) Dividend income is recognised when the right to receive payment is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Leases

(a) *When the Group is the lessee:*

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are charged to the profit or loss a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment made to the lessor as penalty is recognised as an expense when termination takes place.

Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statement of financial position as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in the profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(b) *When the Group is the lessor:*

Operating leases

Leases of property, plant and equipment where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases.

Rental income from operating leases (net of any incentives given to lessees) is recognised in the profit or loss on a straightline basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in the profit or loss over the lease term on the same basis as the lease income.

2.24 Dividend distribution

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market prices used for financial assets held by the Group are the current bid prices; the quoted market prices used for financial liabilities held by the Group are the current ask prices.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

2.26 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.27 New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective at the date of authorisation of the consolidated financial statements:

Amendments to IFRS 7	Disclosures – Transfers of Financial Assets[1]
IFRS 9	Financial Instruments[2]
IFRS 10	Consolidated Financial Statements[3]
IFRS 11	Joint Arrangements[3]
IFRS 12	Disclosure of Interests in Other Entities[3]
IFRS 13	Fair Value Measurement[3]
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to IAS 12	Deferred Tax – Recovery of Underlying Assets[5]
IAS 19 (as revised in 2011)	Employee Benefits[3]
IAS 27 (as revised in 2011)	Separate Financial Statements[3]
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[3]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2015
[3] Effective for annual periods beginning on or after 1 January 2013
[4] Effective for annual periods beginning on or after 1 July 2012
[5] Effective for annual periods beginning on or after 1 January 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 New and revised IFRSs in issue but not yet effective (Continued)

The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors do not anticipate that these amendments to IFRS 7 will have a significant effect on the Group's disclosures regarding transfers of trade receivables previously affected. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

- IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.

- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 9 is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

The directors anticipate that IFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning January 1, 2015 and that the application of IFRS 9 may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities (eg. the Group's investments in redeemable notes that are currently classified as available-for-sale investments will have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss). However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 New and revised IFRSs in issue but not yet effective (Continued)

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five Standards are described below.

IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. SIC-12 *Consolidation – Special Purpose Entities* has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation, that is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 *Interests in Joint Ventures*, IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers* has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning January 1, 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. The application of IFRS 10 may result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated. However, the directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRS require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 *Financial Instruments:* Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 New and revised IFRSs in issue but not yet effective (Continued)

IFRS 13 effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

The directors anticipate that IFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning January 1, 2013 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss, and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The amendments to IAS 12 provide an exception to the general principles in IAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with IAS 40 *Investment Property* are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to IAS 12 are effective for annual periods beginning on or after January 1, 2012. The directors anticipate that the application of the amendments to IAS 12 in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognised in prior years regarding the Group's investment properties of which the carrying amounts are presumed to be recovered through sale. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of plan deficit or surplus.

The amendments to IAS 19 are effective for annual periods beginning on or after January 1, 2013 and require retrospective application with certain exceptions. The directors anticipate that the amendments to IAS 19 will be adopted in the Group's consolidated financial statements for the annual period beginning January 1, 2013 and that the application of the amendments to IAS 19 may have impact on amounts reported in respect of the Group's defined benefit plans. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 14).

If the management's estimated growth rate had been lower by 1%, the carrying value of goodwill would not be materially affected.

If the management's estimated pre-tax discount rate applied to the discounted cash flows had been raised by 1%, the carrying values of goodwill would not be materially affected.

(b) Income taxes

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(c) Residual values and useful lives of property, plant and equipment

The Group reviews the residual values and useful lives of property, plant and equipment at the end of each annual reporting period. During the financial year, management determined that the estimated residual values and useful lives of property, plant and equipment are appropriate and no material revision is required (Note 15).

(d) Purchase Price Allocation for acquisition of a business

On January 1, 2011, the Group entered into an Asset Purchase Agreement to acquire certain assets related to a marine fuel business for a consideration in the range of US$20 million to US$30 million based on future earnings targets of the business acquired.

Estimation of total consideration payable and allocation of intangible assets requires management's judgment. Based on the earnings before interests and income taxes projections of the business for the remaining 8 quarters up to December 31, 2013, management consider the US$30 million consideration as reasonable.

As at 31 December 2011, US$15 million has been paid. Based on prevailing interest rates, management consider the impact of discounting the deferred portion to be immaterial and hence no discounting has been done. The payable of US$15 million will be split into current portion – US$5 million and non-current portion – US$10 million (Note 17).

The carrying value of the tangible assets was US$0.05 million. Management has assessed that the fair value adjustment of tangible assets acquired to be insignificant as most of the assets acquired are intangible and mainly represent employees who are traders. Accordingly management has included the excess of purchase consideration over the net carrying value of business acquired which amounted to US$30 million under goodwill (Note 14(a)). Management has concluded that there is no impairment of goodwill.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(e) Consideration for disposal of a division of a subsidiary

The agreement to sell certain assets and liabilities of a division of a subsidiary was finalised in April 2011 for a consideration of US$10 million plus potential contingent consideration of approximately US$10.5 million based on future earnings in 2011 and 2012 of US$3.5 million and US$7.0 million respectively. Management has exercised judgement and has estimated the total consideration to be US$13.6 million and also have fully impaired an amount of US$7.2 million of goodwill attributable to the subsidiary.

Management assessed that they have already met the 2011 earnings target and, on a prudent basis, have excluded the 2012 earn-out consideration and accordingly estimated the total consideration to be US$13.6 million.

Out of the consideration amount, US$10.1 million has been collected and US$3.5 million is disputed by the acquiree. The purchase price adjustment of US$3.5 million which was contractually due before 31 December 2011 has not been collected till date. Based on management assessment, an allowance of US$1.5 million has been considered against the amount of consideration receivable balance of US$3.5 million. Management is hopeful of the recovery of the balance amount pending negotiation with the acquiree (Note 4).

(f) Allowance for doubtful debts

The Group makes allowances for bad and doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debts expense in the period in which such estimate has been changed. The carrying amounts of trade and other receivables are disclosed in Note 7 to the financial statements.

(g) Impairment of investment in subsidiary

Determining whether investments in subsidiaries are impaired requires an estimation of the value in use of these investments if there exist any indication of impairment. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the investments (cash-generating units) and a suitable discount rate in order to calculate present value. The carrying amount of investment in subsidiaries was $204.3 million (2010: $211.9 million) as at the end of the reporting period.

(h) Impairment of property, plant and equipment

Significant property, plant and equipment with impairment indicators relate primarily to land and buildings of certain subsidiaries of approximately US$16.2 million as at December 31, 2011. An independent valuation carried out in April 2011 indicated a fair value of approximately US$14.5 million, which was determined based on a consideration of both the discounted cash flows method and income capitalization method.

Due to certain improvements done to the building, three floors had been successfully leased out to external parties at a higher rate than that used in the valuation. Management then requested the same valuer to provide a revised valuation in December 2011. Based on the revised valuation using the latest rental rates, the valuation was approximately US$16.4 million. Management is of the opinion that the valuation is reasonable and accordingly, management conclude that no impairment existed for the land and buildings.

The carrying values of property, plant and equipment are disclosed in Note 15.

4 CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	2010	2011	2010
Cash at bank and on hand	70,751	29,994	992	827
Short term deposits with financial institutions	66,816	26,210	1,761	19
	137,567	56,204	2,753	846

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2011	2010	2011	2010
United States dollar	99,340	43,259	2,105	185
Euro	10,424	2,165	–	–
Singapore dollar	21,845	7,926	648	661
Others	5,958	2,854	–	–
	137,567	56,204	2,753	846

Short term deposits with financial institutions have the following weighted average effective interest rates at the end of the reporting period:

	Group		Company	
	2011	2010	2011	2010
	%	%	%	%
United States dollar	0.27	0.13	0.05	0.10
Others	0.30	0.48	–	–

Short term deposits with financial institutions mature within 2 months (2010: 2.3 months) from the end of the reporting period.

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	Group	
	2011	2010
Cash and cash equivalents	137,567	56,204
Less: Bank balances and deposits pledged with banks for bank loans	(6,745)	(32,537)
Less: Bank overdrafts (Note 18)	(207,357)	(55,710)
	(76,535)	(32,043)

Disposal of a division of a non-core subsidiary

In April 2011, the Group disposed of certain assets and liabilities of a division of a non-core subsidiary for a consideration of US$13.6 million.

4 CASH AND CASH EQUIVALENTS (Continued)

Details of the disposal are as follows:

Book values of net assets over which control was lost:

	Group 2011
Identifiable assets and liabilities	
Cash and cash equivalents	(630)
Trade and other receivables	(4,517)
Property, plant and equipment	(933)
Intangible assets (Note 14(b))	(529)
Other current assets	(563)
Total assets	(7,172)
Trade and other payables	1,838
Borrowings	2,055
Total liabilities	3,893
Net assets derecognised	(3,279)
Consideration received:	
Cash	10,085
Deferred consideration	3,474
Total consideration	13,559
Gain on disposal:	
Consideration	13,559
Net assets derecognised	(3,279)
Legal and incidental expenses	(2,189)
Gain on disposal	8,091
Net cash inflow arising on disposal:	
– Cash consideration received	10,085
– Cash and cash equivalents disposed of	(630)
– Legal fees and incidental expenses	(2,189)
	7,266

There were no disposals in 2010.

5 DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2011	2010	2011	2010
Cash flow hedge:				
Interest-rate swaps (Note 2.10 and 22)	(4,289)	(7,269)	–	–
Non-hedging derivative instruments:				
Derivative commodity contracts (Note 2.10)	(599)	1,504	–	–
Forward fixed priced physical contracts	279	(3,636)	–	–
Interest-rate swaps (Note 2.10)	(918)	(697)	(4,574)	(7,216)
Total	(5,527)	(10,098)	(4,574)	(7,216)

	2011			2010		
	Notional principal amount	Fair Values Assets	Fair Values Liabilities	Notional principal amount	Fair Values Assets	Fair Values Liabilities
Analysed as:						
Group						
Commodity swaps[1]	636,694	3,480	(3,555)	451,395	5,874	(3,459)
Commodity futures[1]	173,085	564	(1,088)	74,522	–	(911)
Interest-rate swaps[2]	104,170	–	(5,207)	156,046	–	(7,966)
Forward fixed priced physical contracts[3]	1,910,748	6,742	(6,463)	275,466	2,394	(6,030)
		10,786	(16,313)		8,268	(18,366)
Comprises:						
Current portion		10,786	(13,911)		8,268	(13,718)
Non-current portion		–	(2,402)		–	(4,648)
		10,786	(16,313)		8,268	(18,366)
Company						
Interest-rate swaps[2]	95,289	–	(4,574)	145,343	–	(7,216)
		–	(4,574)		–	(7,216)
Comprises:						
Current portion		–	(2,606)		–	(3,139)
Non-current portion		–	(1,968)		–	(4,077)
		–	(4,574)		–	(7,216)

1 Derivative commodity contracts mature within 6 months (2010: 7 months) from the end of the reporting period.

2 Interest rate swaps are entered into to hedge floating quarterly interest payments on borrowings. Fair value gains and losses on the interest rate swaps recognised in the hedging reserve are transferred to the profit or loss as part of interest expense over the period of the borrowings. The swaps will mature within 1 to 3 years (2010: 1 to 5 years) from the end of the reporting period.

3 Forward fixed priced physical contracts mature within 6 months (2010: 7) from the end of the reporting period.

Derivative financial instruments are denominated in United States Dollar.

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2011	2010	2011	2010
Held for trading				
Listed securities:				
– Equity securities – Singapore	939	1,039	939	1,039

Changes in fair values of other financial assets at fair value through profit or loss are recorded within 'Other gains/(losses) – net' in the income statement (Note 25). The fair values of all equity securities are based on their current bid prices in an active market.

Financial assets at fair value through profit or loss are denominated in Singapore Dollar.

7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011	2010	2011	2010
Current				
Trade receivables:				
– Subsidiaries	–	–	392	984
– Associates	225	46	–	–
– Joint ventures	27,501	4,860	–	35
– Fellow subsidiaries (Note 35)	63,126	17,968	–	–
– Other related parties	15,349	601	63	50
– Third parties	942,171	582,851	50	–
	1,048,372	606,326	505	1,069
Less: Allowance for impairment of trade receivables – third parties	(4,511)	(2,219)	–	–
Trade receivables net	1,043,861	604,107	505	1,069
Other receivables:				
– Subsidiaries	–	–	70,701	77,204
– Associates	695	1,498	–	–
– Joint ventures	–	13	12	12
– Fellow subsidiaries (Note 35)	–	321	–	–
– Other related parties	52	–	–	–
– Third parties	34,590	32,101	5,777	9,002
	35,337	33,933	76,490	86,218
Less: Allowance for impairment of other receivables – third parties	(1,500)	–	–	–
	33,837	33,933	76,490	86,218
	1,077,698	638,040	76,995	87,287
Non-current				
Other receivables:				
– Associates	–	907	–	–
– Third parties	–	4,257	–	–
	–	5,164	–	–
Total	1,077,698	643,204	76,995	87,287

7 TRADE AND OTHER RECEIVABLES (Continued)

Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers who are internationally dispersed. The average credit period is 30 days (2010: 30 days).

Trade receivables of the Group amounting to US$60,191 (2010: US$23,742) at end of the reporting period have been pledged as security for bank borrowings (Note 18).

Trade receivables of the Group amounting to US$179,347 (2010: US$186,000) have been sold to a financial institution pursuant to a Receivables Purchase Agreement. The gross amount of trade receivables secured under the agreement is US$179,889 (2010: US$236,091). As the sale of these receivables does not qualify for derecognition under the provisions of IAS 39, 'Financial Instruments: Recognition and Measurement', they continue to be included as the Group's trade receivables and the proceeds received from the financial institution are recognised as borrowings (Note 18).

Current non-trade receivables from subsidiaries, associates, joint ventures and other related parties are unsecured, interest-free and are repayable on demand.

Non-current other receivables from associates are unsecured, interest-free and due within three years. These receivables have been fully collected during the year.

Non-current other receivables from third parties are unsecured, interest-bearing at an average rate of 8% and due within two years. These receivables, amounting to US$5.1 million (2010: US$4.3 million) have been fully written off during the year.

Fellow subsidiaries comprise subsidiaries of the Company's immediate and ultimate holding companies (Note 35).

Other related parties comprise the Company's controlling shareholders, other than the immediate and ultimate holding companies, and entities controlled/significantly influenced by these controlling shareholders. A controlling shareholder is defined in the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") as a person who holds directly or indirectly 15% or more of the total number of issued shares in the Company.

The fair values of non-current trade and other receivables are computed based on cash flows discounted at market borrowings rates. The fair values and the market borrowing rates used are as follows:

	Group		**Borrowing rates**	
	2011	**2010**	**2011**	**2010**
			%	%
Other receivables from associates	–	785	–	7.50
Other receivables from third parties	–	4,694	–	2.85

Trade and other receivables are predominantly denominated in United States Dollar.

Impairment loss on trade receivables of the Group of US$10,890 (2010: US$3,434) was recognised and included in "Other expenses".

8 INVENTORIES

	Group	
	2011	**2010**
Marine fuels at fair value less costs to sell	300,280	192,439

Inventories amounting to US$168,955 (2010: US$80,977) at end of the reporting period have been pledged as security for bank borrowings (Note 18).

9 OTHER CURRENT ASSETS

	Group		Company	
	2011	**2010**	**2011**	**2010**
Advances to suppliers	12,795	4,853	–	–
Deposits	713	1,395	–	–
Prepayments	9,436	11,133	1	153
	22,944	17,381	1	153

10 OTHER NON-CURRENT ASSETS

	Group	
	2011	**2010**
Prepayments	1,377	1,365
Deposits	1,179	691
	2,556	2,056

11 INVESTMENTS IN ASSOCIATES

	Group		Company	
	2011	**2010**	**2011**	**2010**
Equity investments at cost			13,198	13,513
Beginning of financial year	38,333	42,314		
Currency translation differences	(42)	(2,010)		
Additions during the financial year	100	251		
Share of results	(1,042)	(325)		
Dividends received	(93)	(1,897)		
End of financial year	37,256	38,333		
Investments in associates include goodwill of	12,854	12,854		

11 INVESTMENTS IN ASSOCIATES (Continued)

The summarised financial information of associates is as follows:

	Group 2011	Group 2010
– Assets	704,645	910,537
– Liabilities	640,172	836,885
– Revenue	4,550,472	4,456,518
– Net loss	(8,047)	(3,432)
Share of associates' contingent liabilities incurred jointly with other investors	–	–
Contingent liabilities in which the Group is severally liable	–	–

Details of significant associates of the Group are as follows:

Name of company	Principal activities	Country of business/ incorporation	Proportion of ownership interest and voting power 2011 %	2010 %
Galaxy Energy Group Ltd[1]	Oil trading	British Virgin Islands	25.00	25.00
Burando Holding B.V.[2]	Logistical maritime service provider	Netherlands	49.00	49.00

[1] Audited by KPMG, S.P.A.

[2] Audited by PricewaterhouseCoopers, Rotterdam, Netherlands.

12 INVESTMENTS IN JOINT VENTURES

	Group 2011	Group 2010	Company 2011	Company 2010
Equity investments at cost			22,028	16,127
Beginning of financial year	34,211	28,316		
Currency translation differences	(1,658)	–		
Additions during the financial year	6,251	454		
Share of results	5,675	8,124		
Disposals during the year	(9,588)	–		
Partial disposal during the year	–	(123)		
Dividends received	(915)	(2,560)		
End of financial year	33,976	34,211		
Investments in joint ventures include goodwill of	–	–		

12 INVESTMENTS IN JOINT VENTURES (Continued)

The following amounts represent the Group's share of the assets and liabilities, and results of the joint ventures:

	Group	
	2011	**2010**
Assets:		
– Current assets	67,676	164,050
– Non-current assets	37,573	14,800
	105,249	178,850
– Current liabilities	52,069	138,212
– Non-current liabilities	19,458	7,588
	71,527	145,800
Net assets	33,722	33,050
Income	456,632	2,911,195
Expenses	(450,514)	(2,901,246)
Profit before tax	6,118	9,949
Income tax	(443)	(1,825)
Profit after tax	5,675	8,124
Share of joint venturers' capital commitments	11,000	16,000
Share of joint ventures' contingent liabilities	–	–

Details of significant joint ventures of the Group are as follows:

Name of company	Principal activities	Country of business/ incorporation	Proportion of ownership interest and voting power 2011 %	2010 %
IPC (USA), Inc.[1]	Oil trading	United States of America	–	50
GPS Chemoil LLC (FZC)[2]	Terminal management Services	United Arab Emirates	40*	40*
Chemoil Adani Pte Ltd[3]	Oil trading	Singapore	49	49

* GPS Chemoil LLC (FZC) is deemed to be a joint venture of the Company as the appointment of its directors and the allocation of voting rights for key business decisions, require the unanimous approval of its venturers.

[1] Not required to be audited under the laws of the country of incorporation, but audited by Deloitte & Touche LLP, Singapore, for purposes of the audit of the consolidated financial statements. The Group has disposed of this joint venture on November 21, 2011 for sale consideration of US$20.5 million.

[2] Audited by Deloitte & Touche, Fujairah.

[3] Audited by Rama & Co

13 INVESTMENTS IN SUBSIDIARIES

	Company	
	2011	**2010**
Equity investments at cost	211,921	211,921
Impairment loss	(7,664)	–
	204,257	211,921

Details of significant subsidiaries are included in Note 38.

The impairment loss was provided based on the projected future performance of these subsidiaries in conjunction with the annual impairment review for goodwill.

14 INTANGIBLE ASSETS

	Group	
	2011	**2010**
Composition:		
Goodwill arising on acquisition (Note 14(a))	34,461	11,985
Software costs (Note 14(b))	1,444	2,075
Contractual customer relationships (Note 14(c))	801	1,286
Licenses (Note 14(d))	411	449
	37,117	15,795

(a) Goodwill arising on acquisition

	Group	
	2011	**2010**
Cost		
Beginning of financial year	11,985	11,828
Currency translation differences	(12)	157
Acquisition of business	29,952	–
End of financial year	41,925	11,985
Accumulated impairment		
Impairment loss recognised during the year	7,464	–
End of financial year	7,464	–
Net carrying value	34,461	11,985

Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating units (CGU) identified according to the countries of operation:

	Group	
	2011	**2010**
Netherlands	1,626	1,817
Philippines	2,883	2,896
India	–	7,272
Singapore	29,952	–
	34,461	11,985

14 INTANGIBLE ASSETS (Continued)

(a) Goodwill arising on acquisition (Continued)

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate in which the CGU operates.

During the financial year, the management has estimated an impairment loss of goodwill of US$7,464 (2010: US$Nil) as a result of the annual impairment review.

Key assumptions used for value-in-use calculations are as follows:

	Netherlands	Philippines	India	Singapore
2011				
Growth rate[1]	0%	2%	5%	2%
Discount rate[2]	5%	11%	13%	6%
2010				
Growth rate[1]	5%	2%	5%	–
Discount rate[2]	5%	11%	13%	–

[1] Weighted average growth rate used to extrapolate cash flows beyond the budget period.

[2] Pre-tax discount rate applied to cash flow projections.

The weighted average growth rate used is consistent with the forecasts included in industry reports. The discount rate used is pre-tax and reflect specific risks relating to the relevant segments.

(b) Software costs

	Group	
	2011	**2010**
Cost		
Beginning of financial year	10,686	9,778
Currency translation differences	12	107
Additions	1,054	801
Arising from disposal of division of a non-core subsidiary (Note 4)	(706)	–
End of financial year	11,046	10,686
Accumulated amortisation		
Beginning of financial year	8,611	6,105
Currency translation differences	48	41
Charge for the year	1,120	2,465
Arising from disposal of division of a non-core subsidiary (Note 4)	(177)	–
End of financial year	9,602	8,611
Net book value	1,444	2,075

14 INTANGIBLE ASSETS (Continued)

(c) Contractual customer relationships

	Group	
	2011	**2010**
Cost		
Beginning of financial year	2,411	2,281
Currency translation differences	(11)	130
End of financial year	2,400	2,411
Accumulated amortisation		
Beginning of financial year	1,125	608
Currency translation differences	(11)	53
Charge for the year	485	464
End of financial year	1,599	1,125
Net book value	801	1,286

(d) Licenses

	Group	
	2011	**2010**
Cost		
Beginning of financial year	453	–
Additions	–	453
End of financial year	453	453
Accumulated amortisation		
Beginning of financial year	4	–
Charge for the year	38	4
End of financial year	42	4
Net book value	411	449

15 PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings	Office and computer equipment, furniture and fittings	Equipment and terminals	Vessels	Motor vehicles	Construction work in progress	Total
Group							
Cost:							
At January 1, 2011	33,841	13,751	191,392	46,488	532	3,522	289,526
Currency translation differences	(3,740)	(2,654)	6,206	–	(87)	(36)	(311)
Additions	8	711	65	2,001	1,117	1,063	4,965
Disposals	(141)	(2,340)	(12)	–	–	(871)	(3,364)
Transfers	570	100	2,853	–	–	(3,523)	–
At December 31, 2011	30,538	9,568	200,504	48,489	1,562	155	290,816
Accumulated depreciation:							
At January 1, 2011	3,808	8,580	36,204	8,383	223	–	57,198
Currency translation differences	(357)	(1,884)	734	–	(15)	–	(1,522)
Charge for the year	2,394	1,479	7,136	3,104	43	–	14,156
Disposals	(9)	(1,301)	(9)	–	–	–	(1,319)
At December 31, 2011	5,836	6,874	44,065	11,487	251	–	68,513
Net carrying value:							
At December 31, 2011	24,702	2,694	156,439	37,002	1,311	155	222,303
Cost:							
At January 1, 2010	33,977	12,678	177,893	49,217	511	2,792	277,068
Currency translation differences	1,321	491	12,587	–	21	–	14,420
Additions	24	631	612	1,177	–	3,055	5,499
Disposals	(1,784)	(76)	–	(3,906)	–	(1,695)	(7,461)
Transfers	303	27	300	–	–	(630)	–
At December 31, 2010	33,841	13,751	191,392	46,488	532	3,522	289,526
Accumulated depreciation:							
At January 1, 2010	2,650	6,176	28,211	7,091	153	–	44,281
Currency translation differences	69	263	1,168	–	6	–	1,506
Charge for the year	1,177	2,206	6,825	2,662	64	–	12,934
Disposals	(88)	(65)	–	(1,370)	–	–	(1,523)
At December 31, 2010	3,808	8,580	36,204	8,383	223	–	57,198
Net carrying value:							
At December 31, 2010	30,033	5,171	155,188	38,105	309	3,522	232,328

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Company Office and computer equipment, furniture and fittings
Cost:	
At January 1, 2010	23
Disposal	(23)
At December 31, 2010 and 2011	–
Accumulated depreciation:	
At January 1, 2010	10
Charge for the year	2
Disposal	(12)
At December 31, 2010 and 2011	–
Net book value:	
At December 31, 2010 and 2011	–

(a) The carrying amount of the Group's motor vehicles held under finance lease amounted to US$178 (2010: US$205) as at December 31, 2011.

(b) Borrowings of the Group of US$135,920 (2010: US$166,013) and of the Company of US$36,833 (2010: US$40,739), are secured on property, plant and equipment of the Group with carrying amounts of US$208,337 (2010: US$225,460) and US$8,277 (2010: US$8,981) respectively, and all relate to rent/ lease receivables (Note 18).

16 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	Group	
	2011	**2010**
Deferred tax assets:		
– Deferred tax assets to be recovered within one year	(2,259)	(3,698)
– Deferred tax asset to be recovered after one year	(2,853)	(6,751)
	(5,112)	(10,449)
Deferred tax liabilities:		
– Deferred tax liability to be settled within one year	185	4,837
– Deferred tax liability to be settled after one year	6,699	2,512
	6,884	7,349
Deferred tax (liabilities) assets – net	1,772	(3,100)

16 DEFERRED INCOME TAX (Continued)

The movement in the deferred income tax account is as follows:

	Group	
	2011	**2010**
Beginning of financial year	(3,100)	(4,467)
Currency translation differences	121	194
Charge to profit or loss for the year (Note 28)	4,751	1,173
End of financial year	1,772	(3,100)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities

	Accelerated tax depreciation	**Fair value gains**	**Others**	**Total**
At January 1, 2011	8,299	2,613	3,264	14,176
Currency translation differences	–	(3)	–	(3)
Charged (Credited) to profit or loss	3,293	1,238	(1,132)	3,399
At December 31, 2011	11,592	3,848	2,132	17,572
At January 1, 2010	7,623	3,801	2,631	14,055
Currency translation differences	428	52	–	480
Charged (Credited) to profit or loss	248	(1,240)	633	(359)
At December 31, 2010	8,299	2,613	3,264	14,176

Deferred tax assets

	Tax losses	**Provisions**	**Investment allowance**	**Others**	**Total**
At January 1, 2011	(11,461)	(1,698)	(3,117)	(1,000)	(17,276)
Currency translation differences	–	–	124	–	124
Charged (Credited) to profit or loss	5,548	(2,160)	(2,261)	225	1,352
At December 31, 2011	(5,913)	(3,858)	(5,254)	(775)	(15,800)
At January 1, 2010	(13,335)	(1,154)	(2,843)	(1,190)	(18,522)
Currency translation differences	–	(12)	(274)	–	(286)
Charged (Credited) to profit or loss	1,874	(532)	–	190	1,532
At December 31, 2010	(11,461)	(1,698)	(3,117)	(1,000)	(17,276)

16 DEFERRED INCOME TAX (Continued)

Deferred income tax assets are recognised for tax losses carry-forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of US$43,455 (2010: US$36,166) at the end of the reporting period which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses will expire mainly from 2019 to 2028.

Deferred income tax liabilities of US$22,987 (2010: US$15,925) have not been recognised for the withholding and other taxes that will be payable on the earnings of overseas subsidiaries and joint ventures when remitted to the holding company. These unremitted earnings are permanently reinvested and amount to US$84,618 (2010: US$59,175) at end of the reporting period.

17 TRADE AND OTHER PAYABLES

	Group		Company	
	2011	**2010**	**2011**	**2010**
Trade payables to:				
– Third parties	755,814	324,152	2,449	–
– Subsidiaries	–	–	123,053	55,554
– Joint ventures	6,097	683	–	–
– Associates	1,042	814	2	2
– Fellow subsidiaries (Note 35)	27,039	67,423	26	26
– Other related parties	10,557	27	–	13
	800,549	393,099	125,530	55,595
Net defined benefit pension plan liabilities	–	223	–	–
Accrued interest payable on borrowings	986	851	188	114
Other accruals for operating expenses	47,533	37,068	317	494
	849,068	431,241	126,035	56,203
Non-current				
Other payables:				
– Third parties	10,000	–	–	–
	10,000	–	–	–
Total	859,068	431,241	126,035	56,203

Trade and other payables are predominantly denominated in United States Dollar. Definition of other related parties is set out in Note 7.

Non-current trade payables represent consideration payable for acquisition of marine fuel business.

18 BORROWINGS

	Group		Company	
	2011	**2010**	**2011**	**2010**
Current				
Advances from financial institutions under Receivables Purchase Agreement (Note 7)	179,347	186,000	–	–
Loan from a subsidiary	–	–	–	62,000
Bank overdrafts (Note 4)	207,357	55,710	–	–
Bank loans	160,531	103,930	4,144	4,144
Loan from third party	–	283	–	–
Finance lease liabilities (Note 24)	40	43	–	–
	547,275	345,966	4,144	66,144
Non-current				
Bank loans	95,179	138,164	32,688	36,595
Finance lease liabilities (Note 24)	58	101	–	–
	95,237	138,265	32,688	36,595
Total	642,512	484,231	36,832	102,739

(a) Security of borrowings

Total borrowings include secured liabilities of US$632,162 (2010: US$476,167) and US$36,832 (2010: US$40,739) for the Group and Company respectively.

Advances from financial institutions under the Receivables Purchase Agreement are secured against the trade receivables (Note 7). Bank loans and bank overdrafts are secured over bank balances and deposits (Note 4), trade receivables (Note 7), inventories (Note 8) and property, plant & equipment and lease rentals (Note 15). Finance lease liabilities are secured by the rights to the leased motor vehicles (Note 15), which will be revert to the lessor in the event of default by the Group.

(b) Maturity of borrowings

The current borrowings (excluding finance lease liabilities) of the Group and Company have an average maturity of 2 months (2010: 2 months) from the end of the reporting period. The non-current borrowings (excluding finance lease liabilities) have the following maturities from the end of the reporting period:

	Group		Company	
	2011	**2010**	**2011**	**2010**
Non-current				
Two to five years	89,186	128,924	32,688	36,595
Later than five years	5,993	9,240	–	–
	95,179	138,164	32,688	36,595

18 BORROWINGS (Continued)

(c) Currency risks

The carrying amounts of total current and non-current borrowings are denominated in the following currencies:

	Group		Company	
	2011	**2010**	**2011**	**2010**
United States Dollar	620,115	456,778	36,832	102,739
Singapore Dollar	89	128	–	–
Indian Rupee	12,724	17,644	–	–
Philippine Peso	8,370	9,654	–	–
Euro	1,214	27	–	–
	642,512	484,231	36,832	102,739

(d) Interest rate risk

The weighted average effective interest rates of current and non-current borrowings at the end of the reporting period are as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
Advances from financial institutions under Receivables Purchase Agreement	1.68%	1.94%	–	–
Bank overdrafts	1.28%	1.40%	–	–
Bank loans	3.69%	3.15%	3.33%	3.29%
Finance lease liabilities	3.11%	3.25%	–	–

Borrowings (excluding finance lease liabilities) are mainly at variable rates with repricing within 3 months (2010: 3 months) of the end of the reporting period.

(e) Carrying amounts and fair value

The carrying amounts of borrowings approximate their fair value.

19 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Group	
	2011	**2010**
Current		
Legal claims (Note 19(a))	2,871	3,414
Non-current		
Reinstatement costs (Note 19(b))	6,129	6,470
	9,000	9,884

19 PROVISIONS FOR OTHER LIABILITIES AND CHARGES (Continued)

(a) Legal claims

The provisions are in respect of certain legal claims brought against the Group by customers and vendors. In the opinion of the directors, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided at end of the reporting period. The directors consider that disclosure of further details of these claims would seriously prejudice the Group's negotiating position and accordingly further information on the nature of the obligation has not been provided.

Movement in provision for legal claims is as follows:

	Group	
	2011	**2010**
Beginning of financial year	3,414	5,334
Provision made	–	691
Write-back of provision	–	(525)
Utilised	(543)	(2,086)
End of financial year	2,871	3,414

The provision made/written-back has been recognised within 'Other expenses' in the consolidated statement of comprehensive income.

(b) Provision for reinstatement costs

Provision for reinstatement costs relates to the estimated costs of reinstating leased premises to their original condition upon vacating the premises at the end of the lease term in 2036.

Movement in provision for reinstatement costs is as follows:

	Group	
	2011	**2010**
Beginning of financial year	6,470	5,466
Provision made	–	1,004
Unwinding of discount	(341)	–
End of financial year	6,129	6,470

20 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of ordinary shares (thousands)		Amount			
	Issued share capital	Treasury shares held by Trust	Share capital	Treasury shares held by Trust	Share premium	Total
Group						
2011						
Beginning of financial year	1,292,612	(8,749)	2	(2,504)	85,816	83,314
Treasury shares purchased	–	(3,000)	–	(1,262)	–	(1,262)
Treasury shares re-issued						
– Cash consideration, net of expense	–	300	–	52	–	52
– Loss transferred to capital reserve (Note 22)	–	–	–	39	–	39
	–	300	–	91	–	91
End of financial year	1,292,612	(11,449)	2	(3,675)	85,816	82,143
2010						
Beginning of financial year	1,292,612	(5,182)	2	(1,230)	85,816	84,588
Treasury shares purchased	–	(3,792)	–	(1,327)	–	(1,327)
Treasury shares re-issued						
– Cash consideration, net of expense	–	225	–	39	–	39
– Loss transferred to capital reserve (Note 22)	–	–	–	14	–	14
	–	225	–	53	–	53
End of financial year	1,292,612	(8,749)	2	(2,504)	85,816	83,314
Company						
2011 and 2010						
Beginning and end of financial year	1,292,612	–	2	–	85,816	85,818

As at December 31, 2010, the authorised share capital of the Company is HK$1,000 (2010: HK$1,000) comprising 80,000,000,000 shares (2010: 80,000,000,000 shares) with a par value of HK$0.0000125 per share (2010: HK$0.0000125 per share).

All issued ordinary shares are fully paid.

(a) Treasury shares held by Trust

On January 21, 2009, the Company established a trust ("Trust") to purchase and hold the Company's shares acquired from the open market for the delivery to employees under the Company's share option scheme. The Trust is consolidated in the consolidated financial statements under SIC Interpretation 12, Consolidation – Special Purpose Entities.

The Trust acquired 3,000,000 (2010: 3,792,000) of the Company's shares in the open market during the current financial year. The total amount paid to acquire the shares was US$1,262 (2010: US$1,327) and this is presented as a component within shareholders equity.

Pursuant to the Company's share option plan, the Trust re-issued 300,000 (2010: 225,000) of the treasury shares during the financial year at the exercise price of US$0.17 (2010: US$0.17) each, for a total cash consideration (net of expenses) of US$52 (2010: US$39).

20 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (Continued)

(b) Share options

Share options are granted to selected directors and employees. The exercise price of the options is determined at the average of the closing prices of the Company's shares on the Singapore Exchange for five market days immediately preceding the date of grant. The options will vest over a period of two years for directors and five years for employees from the grant date. The options have a contractual option term of ten years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movement in the number of unissued ordinary shares under option and their exercise prices is as follows:

Group and Company

	No. of ordinary shares under option					
Date of grant	Beginning of financial year	Granted during financial year	Forfeited during financial year	Cancelled during financial year	Exercised during financial year	End of financial year
2011						
14.12.2006	20,919,817	–	(1,972,744)	–	–	18,947,073
27.08.2007	516,000	–	–	–	–	516,000
25.09.2007	4,152,678	–	(595,709)	–	–	3,556,969
12.12.2008	5,028,000	–	–	–	–	5,028,000
12.12.2008	1,550,000	–	–	–	(300,000)	1,250,000
04.03.2009	3	–	–	–	–	3
11.08.2009	3,425,000	–	–	–	–	3,425,000
11.08.2009	3,274,898	–	–	–	–	3,274,898
20.08.2010	6,996,852	–	(3,270,288)	–	–	3,726,564
20.08.2010	2,887,047	–	–	–	–	2,887,047
21.10.2011	–	4,450,000	–	–	–	4,450,000
21.10.2011	–	528,000	–	–	–	528,000
	48,750,295	4,978,000	(5,838,741)	–	(300,000)	47,589,554
2010						
14.12.2006	23,931,418	–	(854,507)	(2,157,094)	–	20,919,817
27.08.2007	516,000	–	–	–	–	516,000
25.09.2007	4,152,678	–	–	–	–	4,152,678
12.12.2008	5,028,000	–	–	–	–	5,028,000
12.12.2008	3,800,000	–	–	(2,025,000)	(225,000)	1,550,000
04.03.2009	208,333	–	–	(208,330)	–	3
11.08.2009	4,025,000	–	–	(600,000)	–	3,425,000
11.08.2009	3,274,898	–	–	–	–	3,274,898
20.08.2010	–	6,996,852	–	–	–	6,996,852
20.08.2010	–	2,887,047	–	–	–	2,887,047
	44,936,327	9,883,899	(854,507)	(4,990,424)	(225,000)	48,750,295

Out of the outstanding options for 47,589,554 (2010: 48,750,295) shares, options for 38,186,779 (2010: 38,866,396) shares are exercisable at the end of the reporting period.

Options exercised in 2011 resulted in 300,000 shares (2010: 225,000) being issued at the exercise price of US$0.17 (2010: US$0.17) per share. The weighted average share price at the time of exercise was US$0.41 (2010: US$0.39) per share.

20 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (Continued)

(b) Share options (Continued)

Pursuant to Singfuel Investment Pte Ltd's ("**Singfuel**") acquisition of the Company on 19 March 2010, Singfuel made a proposal to the holders of the options ("**optionholders**") to buy out all of the outstanding and unexercised options (the "**option proposal**") held by the optionholders. In consideration thereof, the optionholders will waive all rights to exercise such options into new shares and surrender their options for cancellation. Consequently, certain optionholders accepted the option proposal and surrendered 4,990,424 options for cancellation.

As a result of the option proposal made by Singfuel on 19 March 2010, 25,126,405 unvested options became immediately exercisable and the option term was reduced to 6 months.

The option term was subsequently reinstated to 10 years in accordance with the Company's share option plan.

The fair value of options granted during the period determined using the Binomial valuation model was US$212 (2010: US$760). The significant inputs into the model are presented below. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the last three years.

Date of grant	Standard deviation of expected share price returns	Dividend yield	Annual risk-free interest rate	Exercise price	Exercise period
14.12.2006	30.0%	1.5%	4.8%	US$0.450	14.12.2007 – 13.12.2017
27.08.2007	30.0%	1.5%	3.1%	US$0.586	27.08.2008 – 26.08.2018
25.09.2007	30.0%	1.5%	4.0%	US$0.483	25.09.2008 – 24.09.2018
12.12.2008	66.0%	1.5%	0.56%	US$0.174	12.12.2009 – 11.12.2019
12.12.2008	66.0%	1.5%	0.56%	US$0.174	12.12.2009 – 11.12.2019
04.03.2009	65.0%	1.5%	0.80%	US$0.233	04.03.2010 – 03.03.2020
11.08.2009	65.0%	1.5%	0.89%	US$0.487	19.03.2010 – 10.08.2020
11.08.2009	65.0%	1.5%	0.89%	US$0.487	19.03.2010 – 10.08.2020
20.08.2010	58.0%	1.10%	0.28%	US$0.322	20.08.2011 – 19.08.2021
20.08.2010	58.0%	1.10%	0.28%	US$0.322	20.08.2011 – 19.08.2021
21.10.2011	55.0%	1.10%	0.07%	US$0.20	21.10.2012 – 20.10.2022
21.10.2011	55.0%	1.10%	0.07%	US$0.20	21.10.2012 - 20.10.2014

21 MERGER RESERVE

The excess of the nominal value of the shares of Chemoil Corporation acquired by the Company in 2006 over the nominal value of the shares issued by the Company in exchange for Chemoil Corporation's shares has been taken to shareholders' equity as "Merger Reserve".

22 OTHER RESERVES

	Group		Company	
	2011	**2010**	**2011**	**2010**
(a) Composition:				
Share option reserve	4,123	3,744	(97)	569
Currency translation reserve	12,991	12,496	–	–
Hedging reserve	(4,289)	(7,269)	–	–
Capital reserve	–	32	–	–
	12,825	9,003	(97)	569
(a) Movements:				
(i) Share option reserve				
Beginning of financial year	3,744	2,425	569	750
Contribution to the Trust	–	–	(1,045)	(1,500)
Employee share option scheme:				
– Value of employee services (Notes 20(b) and 26)	379	1,319	379	1,319
End of financial year	4,123	3,744	(97)	569
(ii) Currency translation reserve				
Beginning of financial year	12,496	4,485	–	–
Net currency translation differences of financial statements of foreign subsidiaries and associates	(485)	7,204	–	–
Less: Non-controlling interests	980	807	–	–
End of financial year	12,991	12,496	–	–
(iii) Hedging reserve				
Beginning of financial year	(7,269)	(7,526)	–	–
Cash flow hedges				
– Fair value losses	(483)	(5,751)	–	–
– Transfer to finance expense (Note 27)	3,463	6,008	–	–
End of financial year	(4,289)	(7,269)	–	–
(iv) Capital reserve				
Beginning of financial year	32	46	–	–
(Loss)Gain on re-issue of treasury shares (Note 20)	(32)	(14)	–	–
End of financial year	–	32	–	–

Other reserves are non-distributable.

23 RETAINED EARNINGS

Retained earnings of the Group are distributable except for accumulated retained profits of associates and joint ventures amounting to US$25,874 (2010: US$22,249). Retained earnings of the Company are distributable. Movement in retained earnings of the Company is as follows:

	Company	
	2011	**2010**
Beginning of financial year	78,341	82,371
Net loss	(11,332)	(4,030)
End of financial year	67,009	78,341

24 FINANCE LEASE LIABILITIES

The Group leases motor vehicles from third parties under finance leases

	Group	
	2011	**2010**
Minimum lease payments due:		
– Not later than one year	48	53
– Later than one year but not later than five years	72	113
– Later than five years	2	10
	122	176
Less: Future finance charges	(24)	(32)
Present value of finance lease liabilities	98	144

The present value of finance lease liabilities are analysed as follows:

	Group	
	2011	**2010**
Not later than one year (Note 18)	40	43
Later than one year: (Note 18)		
– Two to five years	56	93
– Later than five years	2	8
	58	101
	98	144

25 REVENUE AND OTHER GAINS (LOSSES)

	Group 2011	Group 2010
Revenue:		
Sales of fuel	10,882,035	7,176,960
Chartering income	11,990	20,774
Terminal rental	52,090	50,336
Service fees and commission income	4,245	990
Sale of software	21,345	38,580
Demurrage and other claim income	20,157	7,897
	10,991,862	7,295,537
Other gains (losses) – net:		
Currency exchange gains – net	1,332	1,438
Net loss on disposal of property, plant and equipment	–	(2,916)
Net gain on disposal of a division of a non-core subsidiary (Note 4)	8,091	–
Net gain on sale of a joint venture	10,985	–
Fair value gains on financial assets at fair value through profit or loss	(100)	13
Derivative financial instruments losses – net	(23,553)	(464)
Payment received from a former related party*	–	7,000
Interest income:		
– bank deposits	969	1,054
	969	1,054
Others	1,966	1,507
	(310)	7,632

* In 2010, payment was received from a former related party for services rendered by the Group. The former related party is an entity controlled by the former controlling shareholder of the Company.

26 EMPLOYEE BENEFIT EXPENSE

	Group 2011	Group 2010
Wages and salaries	56,948	43,088
Compensation expense relating to defined benefit plans	131	354
Employer's contribution to defined contribution plans	1,037	1,461
Share options granted to directors and employees (Notes 20(b) and 22)	379	1,319
	58,495	46,222

27 FINANCE EXPENSE

	Group	
	2011	2010
Interest expense:		
– bank loans	16,172	14,650
– finance lease liabilities	10	10
Cash flow hedges – transfer from equity (Note 22)	3,463	6,008
	19,645	20,668

28 INCOME TAX EXPENSE (CREDIT)

	Group	
	2011	2010
Tax expense (credit) attributable to (loss) profit is made up of:		
Current income tax	19,024	7
Deferred income tax (Note 16)	4,839	71
	23,863	78
(Over) Under provision in prior years		
– current income tax	(1,756)	(1,452)
– deferred income tax (Note 16)	(88)	1,102
	22,019	(272)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	Group	
	2011	2010
Profit (Loss) before tax and share of results of associates and joint ventures	63,057	(19,556)
Tax calculated at domestic tax rates applicable to profits in the respective countries	27,563	(6,348)
Effects of:		
– Change in tax rate of subsidiaries	(132)	–
– Income not subject to tax	(612)	(255)
– Expenses not deductible	315	52
– Income tax at concessionary rate	(2,345)	(1,321)
– Utilisation of previously unrecognised tax losses	(2,363)	(2,985)
– Tax losses for which no deferred income tax asset was recognised	1,327	10,935
Others	110	–
Tax charge	23,863	78

The weighted average applicable tax rate is 44% (2010: 32%). The increase is caused by a change in the profitability mix of the Group's subsidiaries in the respective countries. In 2010, profits were earned in taxable jurisdictions, whilst losses were mainly incurred in tax-exempt jurisdictions.

29 SEGMENT INFORMATION

Management has determined the operating segments based on the organisation of the Group. The results of these operating segments are reviewed by the Chief Executive Officer ("**CEO**") to make strategic decisions.

The Group is organised into three main operating segments:

- Fuel sales – Sales of marine fuel and related products to customers such as traders, physical suppliers, resellers and end users.
- Shipping – Income derived from chartering and ship management services.
- Terminalling – Revenue derived by lease of terminals to physical suppliers of marine fuel.

Others comprise sale of software and other miscellaneous services.

The CEO assesses the performance of these operating segments based on gross contribution. Gross contribution is computed as revenue including derivative financial instruments (gains)/losses – net, less inventories recognised as an expense, barging and pipeline costs, chartering and other shipping related expenses, rentals on operating leases, demurrage costs and service and commission expenses. Gross contribution is not measured for the "**Others**" segment as the sale of software and other miscellaneous services are considered as non-core activities.

The segment information provided to the CEO for the reportable segments for the year ended December 31, 2011 is as follows:

	Fuel Sales	**Shipping**	**Terminalling**	**Others**	**Total**
Group					
Segment revenue	10,934,146	42,646	47,343	26,285	11,050,420
Inter-segment revenue	(4,315)	(30,411)	(19,484)	(4,348)	(58,558)
Revenue from external customers	10,929,831	12,235	27,859	21,937	10,991,862
Gross contribution	134,035	6,039	37,889	3,267	181,230
Interest income	402	8	5	554	969
Finance expense	10,446	674	1,963	6,562	19,645
Depreciation, impairment and amortisation	2,978	3,112	7,581	10,226	23,897
Income tax expense	16,593	6	3,191	2,229	22,019
Share of results of associates and joint ventures – net	3,189	1,069	451	(76)	4,633
Total assets					
Total assets includes:	1,564,059	46,031	176,747	101,697	1,888,534
Investments in associates	15,024	22,232	–	–	37,256
Investments in joint ventures	15,237	319	18,255	165	33,976
Additions to:					
– property, plant and equipment	2,701	2,006	72	186	4,965
– intangible assets	30,126	–	4	876	31,006

29 SEGMENT INFORMATION (Continued)

The segment information provided to the CEO for the reportable segments for the year ended December 31, 2010 is as follows:

	Fuel Sales	Shipping	Terminalling	Others	Total
Group					
Segment revenue	7,210,232	60,558	44,370	41,263	7,356,423
Inter-segment revenue	(5,430)	(39,872)	(13,531)	(2,053)	(60,886)
Revenue from external customers	7,204,802	20,686	30,839	39,210	7,295,537
Gross contribution	33,162	6,293	35,863	–	75,318
Interest income	412	6	10	626	1,054
Finance expense	8,453	925	2,560	8,730	20,668
Depreciation and amortisation	3,090	2,673	7,462	3,101	16,326
Income tax (credit) expense	(988)	267	3,434	(2,985)	(272)
Share of results of associates and joint ventures – net	5,543	1,688	486	82	7,799
Total assets	928,957	69,968	194,052	58,730	1,251,707
Total assets includes:					
Investments in associates	17,559	20,774	–	–	38,333
Investments in joint ventures	21,671	692	11,604	244	34,211
Additions to:					
– property, plant and equipment	2,807	1,178	624	890	5,499
– intangible assets	1,199	–	–	55	1,254

A reconciliation of gross contribution to (loss) profit before tax is provided as follows:

	2011	2010
Gross contribution	181,230	75,318
Sales of software	21,345	38,580
Other gains – net, excluding derivative financial instruments gains – net	23,244	8,096
Rental, service and commission expense – Others	(1,445)	(1,632)
Marketing and communication expenses	(7,210)	(7,375)
Employee benefits	(58,495)	(46,222)
Other expenses	(52,070)	(49,327)
Depreciation and amortisation	(23,897)	(16,326)
Finance expense	(19,645)	(20,668)
Share of results of associates and joint ventures	4,633	7,799
Profit (Loss) before tax	67,690	(11,757)

29 SEGMENT INFORMATION (Continued)

Revenue by product and services

Revenue from external customers is derived primarily from the sale of marine fuel, the provision of chartering and ship management services and terminal rental. The breakdown of revenue from external customers by product and services are disclosed in Note 25.

Geographical information

Revenue from external customers attributable to countries in which revenue is derived are as follows:

	Group	
	2011	**2010**
Revenue		
United States of America	2,987,927	2,339,690
Netherlands	1,898,927	1,378,892
Singapore	3,360,167	2,008,160
Panama	1,069,605	834,426
United Arab Emirates	738,126	543,764
Others	937,110	190,605
Total	10,991,862	7,295,537

Non-current assets other than financial instruments and deferred tax assets are located in the following countries:

	Group	
	2011	**2010**
Non-current assets		
United States of America	16,346	26,675
Panama	1,006	2,107
Netherlands	24,048	22,534
United Arab Emirates	18,564	11,995
Singapore	227,031	171,421
India	19,410	33,037
Others	26,803	54,954
Total	333,208	322,723

30 EARNINGS (LOSS) PER SHARE

(a) Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year (excluding ordinary shares purchased by the Trust and held as treasury shares (Note 20)).

	Group	
	2011	**2010**
Profit (Loss) attributable to owners of the Company	46,283	(9,490)
Weighted average number of ordinary shares in issue (in thousands)	1,281,201	1,286,799
Basic earnings (loss) per share (cents per share)	3.613	(0.737)

(b) Diluted earnings (loss) per share

Diluted earnings (loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company are share options.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit/(loss).

Diluted earnings/(loss) per share attributable to the owners of the Company is calculated as follows:

	Group	
	2011	**2010**
Profit (Loss) attributable to owners of the Company	46,283	(9,490)
Weighted average number of ordinary shares in issue (in thousands)	1,281,201	1,286,799
Adjustments for share options (in thousands)	5,262	5,599
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	1,286,463	1,292,398
Diluted earnings (loss) per share (cents per share)	3.598	(0.734)

31 LITIGATION AND CLAIMS

The Group is involved in certain lawsuits and claims that arise in the ordinary course of conducting its business. Other than the provisions made in the consolidated financial statements, the directors believe that the Group is not liable under such claims, and that it is not possible to estimate the amount of additional losses, if any, that might result from adverse judgement against the Group.

32 GUARANTEES

The Group and Company have issued corporate guarantees to banks and third parties for borrowings and trade and other payables of certain subsidiaries and associates. These bank loans and trade and other payables amounted to US$18,479 (2010: US$7,588) and US$615,219 (2010: US$405,863) for the Group and Company respectively at the end of the reporting period.

It is not anticipated that any material liabilities will arise from these guarantees.

33 OPERATING LEASES AND COMMITMENTS

(a) Capital commitments

Capital expenditures contracted for at the end of the reporting period but not recognised in the financial statements, excluding those relating to 'Investments in associates' (Note 11) and 'Investments in joint ventures' (Note 12), are as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
Convertible debt instruments	–	1,743	–	–
Commitments for acquisition of an associate company	5,000	–	–	–

(b) Operating lease expenses

Rentals on operating leases recognised in the profit or loss comprise the following:

	Group	
	2011	**2010**
Barges (included in "Barging and pipeline costs")	39,057	45,353
Vessels (included in "Inventories recognised as an expense" and "Chartering and other shipping related expenses")	17,572	13,752
Offices, storage tanks and motor vehicles (included in "Rentals for office premises, storage tanks and motor vehicles")	34,252	37,282
Other equipment (included in "Other expenses")	177	54
	91,058	96,441

33 OPERATING LEASES AND COMMITMENTS (Continued)

(c) Operating lease commitments – where a group company is a lessee

The Group leases various offices, storage tanks, motor vehicles and vessels/barges under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities, are as follows:

	Group	
	2011	**2010**
Not later than one year	44,870	42,010
Later than one year but not later than five years	49,008	41,969
Later than five years	51,845	53,237
	145,723	137,216

(d) Operating lease commitments – where a group company is a lessor

The Group leases out storage tanks and vessels/barges under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

The future minimum lease payments receivable under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables, are as follows:

	Group	
	2011	**2010**
Not later than one year	36,691	40,477
Later than one year but not later than five years	27,894	57,481
Later than five years	–	329
	64,585	98,287

The details of the Group's assets leased out under operating leases (where the Group is the lessor) as at the end of the reporting period are as follows:

	Group	
	2011	**2010**
Property, plant and equipment		
Net book value	158,311	159,681
Accumulated depreciation	25,857	17,945
Depreciation charge for the year	6,727	6,768

34 FINANCIAL RISK MANAGEMENT

34.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments, such as commodity swaps and futures, interest rate swaps and currency forwards to hedge certain financial risk exposures.

The Group has a risk management division responsible for identifying, measuring and analysing financial risks of the Group. The risk management division provides periodic reports on the Group's risk exposures to enable management to monitor compliance of the Group's operations with the established risk management policies and procedures.

The risk management division reports directly to the Executive Risk Management Committee (ERMC), which in turn reports to the board of directors. The ERMC is responsible for setting the Group's risk management parameters such as customer credit limits, risk exposure limits and the risk management policies and procedures.

(a) Market risk

(i) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign currency risk arises mainly from future commercial transactions, recognised assets and liabilities and net investment in foreign operations.

The Group's trade purchases and sales are predominantly denominated in United States Dollar, which is the functional currency of most entities in the Group and therefore there is no significant exposure to foreign currency risk. In locations where the Group has an exposure to foreign currencies, the Group may enter into forward exchange contracts, when considered necessary.

The Group has certain investments in foreign operations whose net assets are exposed to foreign currency translation risks. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

The Group's currency exposure based on the information provided to key management is set out in Notes 4, 5, 6, 7, 17, and 18.

Due to its minimal exposure to foreign currency risk, the Group's result is not sensitive to significant variation in foreign currency.

34 FINANCIAL RISK MANAGEMENT (Continued)

34.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Commodity price risk (Continued)

The Group trades in marine fuel products. As a result, the Group's physical inventory is exposed to commodity price risks arising from the volatility in commodity prices. The Group enters into derivative contracts in the form of commodity swaps and futures to hedge its exposure to such commodity price risks. If the commodity prices increase/(decrease) by 1% (2010: 1%) with all other variables including tax rate being held constant, the profit after tax (2010: loss after tax) will be higher/lower by US$473 (2010: lower/higher by US$560) as a result of the changes in the fair values of the inventories and commodity swaps and futures as at end of the reporting period.

The above sensitivity analysis is hypothetical and should not be predictive of the Group's future performance as the physical inventory volume and derivative positions change daily and are not static.

(iii) Other price risk

The Group is not exposed to significant equity securities price risk because the investments held by the Group which are classified on the statements of financial position as 'Financial assets at fair value through profit or loss' is only US$939 (2010: US$1,039).

(iv) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk mainly arises from its long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's policy is to maintain its borrowings substantially in floating rate instruments. The Group's exposure to cash flow interest rate risks arises mainly from these variable-rate borrowings. The Group may enter into floating-to-fixed interest rate swaps to manage these cash flow interest rate risks. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

The Group's and Company's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in United State Dollar. If the United State Dollar interest rate increases/decreases by 0.50% (2010: 0.50%) with all other variables including tax rate being held constant, the loss after tax (2010: loss after tax) will be higher/lower by US$2,087 (2010: higher/lower by US$1,640), as a result of higher/lower interest expense on these borrowings.

34 FINANCIAL RISK MANAGEMENT (Continued)

34.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and cash equivalents, derivative financial instruments, as well as credit exposure to customers, including outstanding receivables and committed transactions. For bank and financial institutions, only counterparties that meet the appropriate credit criteria and are of high credit standing are accepted. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are monitored by the Credit Manager and approved by the Chief Financial Officer and for credit limits above an established threshold, the Chief Executive Officer, based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are regularly monitored at the entity level by the respective management and at the Group level by the Credit Manager and the Chief Financial Officer.

As the Group and Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position, except that in addition, the Group and Company have provided corporate guarantees to banks and third parties for loans and trade and other payables of its subsidiaries and associates and its maximum credit exposure in respect of these guarantees are US$18,479 (2010: US$7,588) and US$615,279 (2010: US$405,863) for the Group and Company respectively at the end of the reporting period (Note 32).

The Group's and Company's major classes of financial assets are cash and cash equivalents, derivative financial instruments and trade and other receivables.

The credit risk for trade and other receivables based on the information provided to key management is as follows:

	Group		**Company**	
	2011	**2010**	**2011**	**2010**
By operating segment				
Fuel sales	1,062,281	627,204	–	–
Shipping	1,349	2,595	–	–
Terminalling	556	1,323	–	–
Others	13,512	12,082	76,995	87,287
	1,077,698	643,204	76,995	87,287

34 FINANCIAL RISK MANAGEMENT (Continued)

34.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Financial assets that are neither past due nor impaired

Cash at bank and bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group. Derivative financial instruments are neither past due nor impaired as they are mainly with high credit quality counterparties.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade and other receivables.

The age analysis of trade and other receivables past due but not impaired is as follows:

	Group	
	2011	**2010**
Past due 1 to 30 days	32,396	24,899
Past due 30 to 60 days	12,058	8,031
Past due more than 60 days	12,084	6,810
	56,538	39,740

The carrying amount of trade and other receivables individually determined to be impaired and the movement in the related allowance for impairment is as follows:

	Group	
	2011	**2010**
Past due 30 to 60 days	300	3
Past due more than 60 days	6,206	4,634
	6,506	4,637
Less: Allowance for impairment	(6,011)	(2,219)
	495	2,418
Beginning of financial year	2,219	4,361
Allowance made	10,890	3,434
Allowance utilised	(7,098)	(5,576)
End of financial year	6,011	2,219

The individually impaired receivables mainly relate to customers, which are in difficult economic situations. It was assessed that a portion of these receivables is expected to be recovered.

34 FINANCIAL RISK MANAGEMENT (Continued)

34.1 Financial risk factors (Continued)

(c) Liquidity risk

The Group manages the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments, having an adequate amount of committed credit facilities and the ability to close market positions at a short notice.

The table below analyses the Group's and Company's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. Derivative financial liabilities are included in the analysis as their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	2 to 5 years	Over 5 years
Group			
At December 31, 2011			
Net-settled derivative financial instruments	(12,689)	(3,624)	–
Trade and other payables	(849,068)	–	–
Borrowings	(551,310)	(96,869)	(6,558)
Financial guarantee contracts	(18,479)	–	–
	(1,431,546)	(100,493)	(6,558)
At December 31, 2010			
Net-settled derivative financial instruments	(13,718)	(4,648)	–
Trade and other payables	(431,241)	–	–
Borrowings	(352,066)	(142,334)	(10,821)
Financial guarantee contracts	(7,588)	–	–
	(804,613)	(146,982)	(10,821)
Company			
At December 31, 2011			
Net-settled derivative financial instruments	(2,610)	(1,964)	–
Trade and other payables	(126,035)	–	–
Borrowings	(5,321)	(36,449)	–
Financial guarantee contracts	(615,219)	–	–
	(749,185)	(38,413)	–
At December 31, 2010			
Net-settled derivative financial instruments	(3,139)	(4,077)	–
Trade and other payables	(56,203)	–	–
Borrowings	(67,450)	(39,382)	–
Financial guarantee contracts	(405,863)	–	–
	(532,655)	(43,459)	–

34 FINANCIAL RISK MANAGEMENT (Continued)

34.1 Financial risk factors (Continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

Consistent with others in the industry, the Group monitors capital based on the gearing ratio. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings less cash and cash equivalents.

	Group		Company	
	2011	**2010**	**2011**	**2010**
Net debt	504,945	428,027	34,079	101,893
Total equity	347,505	300,170	152,730	164,728
Gearing ratio	1.45	1.43	0.22	0.62

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended December 31, 2010 and 2011.

34.2 Fair value measurements

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

(b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

(c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

34 FINANCIAL RISK MANAGEMENT (Continued)

34.2 Fair value measurements (Continued)

The following table presents the Group's assets and liabilities measured at fair value at December 31, 2011.

	Level 1	Level 2	Level 3	Total
Group				
Assets				
Non-hedging derivatives	3,973	6,813	–	10,786
Financial assets at fair value through profit or loss	939	–	–	939
Total assets	4,912	6,813	–	11,725
Liabilities				
Non-hedging derivatives	1,124	10,900	–	12,024
Derivative used for hedging	–	4,289	–	4,289
Total liabilities	1,124	15,189	–	16,313
Company				
Assets				
Financial assets at fair value through profit or loss	939	–	–	939
Liabilities				
Derivative used for hedging	–	4,574	–	4,574

There is no transfer between Level 1 and Level 2 of the fair value hierarchy during the financial year.

34 FINANCIAL RISK MANAGEMENT (Continued)

34.2 Fair value measurements (Continued)

The following table presents the Group's assets and liabilities measured at fair value at December 31, 2010.

	Level 1	Level 2	Level 3	Total
Group				
Assets				
Non-hedging derivatives	–	8,268	–	8,268
Financial assets at fair value through profit or loss	1,039	–	–	1,039
Total assets	1,039	8,268	–	9,307
Liabilities				
Non-hedging derivatives	3,733	7,364	–	11,097
Derivative used for hedging	–	7,269	–	7,269
Total liabilities	3,733	14,633	–	18,366
Company				
Assets				
Financial assets at fair value through profit or loss	1,039	–	–	1,039
Liabilities				
Derivative used for hedging	–	7,216	–	7,216

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

34 FINANCIAL RISK MANAGEMENT (Continued)

34.3 Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed in the statements of financial position and in Note 5 to the financial statements, except for the following:

	Loans and receivables	**Financial assets at fair value through profit or loss**	**Financial liabilities at amortised cost**
Group			
December 31, 2011			
Cash and cash equivalents	137,567	–	–
Derivative financial instruments	–	10,786	–
Financial assets at fair value through profit or loss	–	939	–
Trade and other receivables	1,077,698	–	–
Trade and other payables	–	–	(859,068)
Borrowings	–	–	(642,512)
Total	1,215,265	11,725	(1,501,580)
December 31, 2010			
Cash and cash equivalents	56,204	–	–
Derivative financial instruments	–	8,268	–
Financial assets at fair value through profit or loss	–	1,039	–
Trade and other receivables	643,204	–	–
Trade and other payables	–	–	(431,241)
Borrowings	–	–	(484,231)
Total	699,408	9,307	(915,472)

34 FINANCIAL RISK MANAGEMENT (Continued)

34.3 Financial instruments by category (Continued)

	Loans and receivables	Financial assets at fair value through profit or loss	Financial liabilities at amortised cost
Company			
December 31, 2011			
Cash and cash equivalents	2,753	–	–
Financial assets at fair value through profit or loss	–	939	–
Trade and other receivables	76,995	–	–
Trade and other payables	–	–	(126,035)
Borrowings	–	–	(36,832)
Total	79,748	939	(162,867)
December 31, 2010			
Cash and cash equivalents	846	–	–
Financial assets at fair value through profit or loss	–	1,039	–
Trade and other receivables	87,287	–	–
Trade and other payables	–	–	(56,203)
Borrowings	–	–	(102,739)
Total	88,133	1,039	(158,942)

35 IMMEDIATE AND ULTIMATE HOLDING COMPANIES

On February 26, 2010, Singfuel Investment Pte. Ltd. ('**Singfuel**'), incorporated in Singapore, acquired more than 50% of the issued share capital of the Company from a controlling shareholder. Pursuant to the acquisition, Singfuel became the Company's immediate holding company. The ultimate holding company is Glencore International AG, incorporated in Baar, Switzerland.

36 RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties during the financial year at terms agreed between the parties:

(a) Sales and purchases of goods and services

	Group	
	2011	**2010**
Sales of goods and services		
Sales of goods/services to associates	–	7,607
Sales of goods/services to joint ventures	43,347	40,702
Sales of goods/services to other related parties	80,875	16,154
Sales of goods/services to fellow subsidiaries	654,137	666,974
Purchases of goods and services		
Purchase of goods/services from associates	11,264	30,796
Purchases of goods/services from joint ventures	400,101	87,078
Purchase of goods/services from other related parties	26,234	31,279
Purchase of goods/services from fellow subsidiaries	504,082	1,538,012
Net gains (losses) on derivative financial instruments		
Net gains on derivative financial instruments with joint ventures	937	1,258
Net gains (losses) on derivative financial instruments with other related parties	120	(116)
Net gains (losses) on derivative financial instruments with fellow subsidiaries	19,209	(2,059)
Payments made on behalf of and reimbursed by associates	–	1
Payments made on behalf of and reimbursed by joint ventures	–	35
Payments made on behalf of and reimbursed by other related parties	–	654
Payments made on behalf by and reimbursed to other related parties	23	383
Management and accounting service income		
Management and accounting service income charged to joint ventures	55	722
Consultancy fees		
Consultancy fees charged by other related party	47	76
Professional fees		
Professional fees charged by joint ventures	72	101

Definition of other related parties is set out in Note 7.

Outstanding balances to/from related parties at end of the reporting period are set out in Notes 7, 17 and 18.

36 RELATED PARTY TRANSACTIONS (Continued)

(b) Key management compensation

	Group 2011	2010
Salaries and other short-term employee benefits	7,702	4,265
Post-employment benefits	53	65
Share option expense	17	670
	7,772	5,000

37 EVENTS AFTER REPORTING PERIOD

On February 3, 2012, the holding company, Singfuel (an indirect wholly-owned subsidiary of Glencore International plc), entered into a Share Purchase Agreement to acquire 484,729,000 issued ordinary shares in the capital of Chemoil (the "Sales Shares") from Hochu Corporation representing approximately 37.50 per cent of the issued share capital of Chemoil (the "Acquisition").

The Sales shares were transferred on February 17, 2012.

38 SIGNIFICANT SUBSIDIARIES

The details of significant subsidiaries are as follows:

Name of subsidiaries and country of incorporation	Principal activities	Proportion of ownership interest and voting power 2011 %	2010 %
Chemoil Corporation, United States of America[1]	Oil trading	100	100
Chemoil Europe B.V., Netherlands[2]	Oil trading	100	100
Chemoil International Pte Ltd, Singapore[3]	Oil trading	100	100
Chemoil North America Corporation, United States of America[1]	Special purpose vehicle	100	100
Chemoil Terminals Corporation, United States of America[1]	Terminal management	100	100
Chemoil Latin America Inc, Republic of Panama[1]	Oil trading	100	100
Helios Terminal Corporation Pte Ltd, Singapore[3]	Terminal management	100	100
Baltic Fuel Inc., British Virgin Island[1]	Oil trading	85	85
Chemoil Middle East DMCC, United Arab Emirates[4]	Oil trading	100	100
California Software Company Ltd and its subsidiaries, India and United States of America[5]	Software development	67.7	67.7
Oceanconnect Marine Pte Ltd[3], Singapore	Brokerage and trading services including marine fuel auctions, fuel derivatives and brokering services	100	–

38 SIGNIFICANT SUBSIDIARIES (Continued)

1 Not required to be audited under the laws of the country of incorporation, but audited by Deloitte & Touche LLP, Singapore, for purposes of the audit of the consolidated financial statements.
2 Audited by Deloitte & Touche, Rotterdam, Netherlands.
3 Audited by Deloitte & Touche LLP, Singapore.
4 Audited by Deloitte & Touche, Dubai.
5 Consolidated financial statements audited by Tomy & Francis Chartered Accountants, India and audited by Deloitte & Touche, Singapore, for purposes of the audit of the consolidated financial statements.

In accordance with Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and significant associated companies would not compromise the standard and effectiveness of the audit of the Group.

STATISTICS OF SHAREHOLDINGS

As at 9 March 2012

Total number of issued shares : 1,292,612,000 shares
Issued and Fully Paid-up Capital : HK$16,157.65
Class of Shares : Ordinary Shares with equal voting rights

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	5	0.15	2,739	0.00
1,000 – 10,000	1,817	55.60	11,195,750	0.87
10,001 – 1,000,000	1,432	43.82	79,123,195	6.12
1,000,001 AND ABOVE	14	0.43	1,202,290,316	93.01
TOTAL :	3,268	100.00	1,292,612,000	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 9 MARCH 2012

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Singfuel Investment Pte. Ltd.	1,150,933,594	89.04	–	–
Glencore International plc	–	–	1,150,933,594	89.04
Glencore International AG	–	–	1,150,933,594	89.04
Glencore Asian Holdings Pte. Ltd.	–	–	1,150,933,594	89.04

Note:
Glencore Asian Holdings Pte. Ltd., Glencore International AG and Glencore International plc, by virtue of being the immediate holding company, the intermediate holding company and the ultimate holding company of Singfuel Investment Pte. Ltd. respectively, are deemed interested in the shares owned by Singfuel Investment Pte. Ltd.

STATISTICS OF SHAREHOLDINGS

As at 9 March 2012

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	SINGFUEL INVESTMENT PTE. LTD.	1,150,933,594	89.04
2.	CITIBANK NOMINEES SINGAPORE PTE LTD	16,429,444	1.27
3.	HSBC (SINGAPORE) NOMINEES PTE LTD	13,077,000	1.01
4.	UOB KAY HIAN PTE LTD	5,374,000	0.42
5.	OCBC SECURITIES PRIVATE LTD	3,038,000	0.24
6.	LIM & TAN SECURITIES PTE LTD	2,136,000	0.17
7.	FONG SOON YONG	2,025,000	0.16
8.	DBS VICKERS SECURITIES (S) PTE LTD	1,830,000	0.14
9.	DMG & PARTNERS SECURITIES PTE LTD	1,475,000	0.11
10.	CIMB SECURITIES (SINGAPORE) PTE LTD	1,295,000	0.10
11.	MAYBANK KIM ENG SECURITIES PTE LTD	1,227,000	0.09
12.	RAFFLES NOMINEES (PTE) LTD	1,190,500	0.09
13.	PHILLIP SECURITIES PTE LTD	1,159,778	0.09
14.	CHAN PECK SIM	1,100,000	0.09
15.	LEE YUEN SHIH	1,000,000	0.08
16.	MAYBAN NOMINEES (S) PTE LTD	1,000,000	0.08
17.	CHIA KOK SENG	911,000	0.07
18.	CHOY SAI CHAK	900,000	0.07
19.	UNITED OVERSEAS BANK NOMINEES PTE LTD	880,000	0.07
20.	HONG LEONG FINANCE NOMINEES PTE LTD	673,000	0.05
	TOTAL	1,207,654,316	93.44

Percentage of Shareholding in Public's Hands

Approximately 10.96% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

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