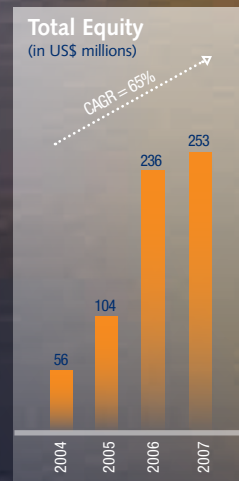
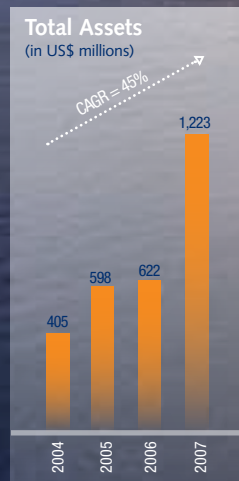
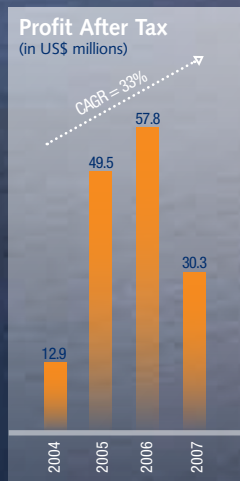
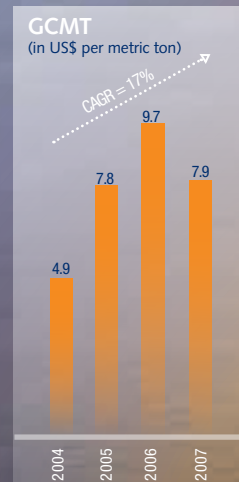


# Financial Highlights



# Chief Financial Officer's Report

The year started well for the company due to our strong operational and financial performance in the first quarter. However, we faced storage disruptions in Singapore while the energy markets became volatile with crude oil prices reaching new highs. As we faced market volatility and economic challenges, we remained focused on implementing our growth strategy. We successfully deployed the funds we received during our IPO and raised bank financing in order to invest approximately US\$200 million in infrastructure investments and strategic acquisitions.

## Major Accomplishments

Our accomplishments for the year are summarized as follows:

### Expansion into new markets

- Fujairah, Middle East
- Gulf of Mexico

### Supply chain integration

- Terminal acquisition in Singapore
- Terminal and barge acquisitions in Rotterdam
- Joint venture to acquire a terminal in Fujairah
- Acquisition of tankers
- Acquisition of barges for Panama, Middle East and Singapore and commissioning of new barges in the US

### Developing new products

- Creating new risk management solutions or financial products for our customers
- Exploring other types of fuels or petroleum-related products such as marine lubricants

These initiatives will provide a superior competitive advantage in terms of service, geographic coverage and product pricing, thereby growing business among our global customer base.

## Key Impacts on Financial Performance

As disclosed during the year, the lease on a substantial portion of our storage in Singapore could not be renewed at the start of 2007 and our alternative floating storage vessel encountered operational issues. During these months, we had to sell our inventories at discounts, which reduced profitability. This validates the importance within our business model of controlling key stages of the supply chain. Our integrated US operations are a good illustration of how this is successful.



Our record volumes follow strong retail sales in Europe and the Americas. In fact, our retail sales volume grew by 12% as we concentrated on this segment due to its generally higher margins.

## Chief Financial Officer's Report (cont'd)

Simultaneously, the crude oil markets showed significant volatility and the relationships between crude oil and fuel oil behaved differently to previous years. Our profitability was affected when the value of our physical inventories did not increase by the same magnitude as the market-to-market of our crude oil paper hedges. Such market volatility continued through to the end of 2007 and is expected to remain as such in the foreseeable future.

The high prices of petroleum products had other effects, most significantly in the form of higher working capital requirements. The effect on our financial statements is evident in the higher current assets and short-term borrowings, as well as higher finance costs. Likewise, higher prices contributed to the increase in our top line revenue.

### Expanding Customer Relationships

Our overall volumes grew 7% to 14.6 million metric tons, although without our operational issues, these could have been higher. Our record volumes follow strong retail sales in Europe and the Americas. In fact, our retail sales volume grew by 12% as we concentrated on this segment due to its generally higher margins. Due to the storage disruptions in Singapore, total volumes in Asia, as well as the proportion of ex-wharf sales, decreased while our cargo sales increased.

In August 2007, we opened a new market by introducing offshore bunkering services in the Gulf of Mexico. As oil tankers such as VLCCs and ULCCs are being lightered 50 miles from the shores of the US, we offer bunkering services and eliminate the need for them to make an

intermediate re-fuelling stop in the Caribbean. This is a market segment that will see significant growth as we increase our sales to the tanker market through our services in Fujairah.

In 2007, our sales efforts also produced good results. We increased our direct sales to the major shipping companies and reduced overall volumes sold to traders. We made significant increases in sales to Asian shipping companies and added another major European shipping line to our top customer list. We shall continue to focus on cultivating relationships with direct customers because this market segment benefits most from our supply chain integration.

### Stronger Delivery Platforms

We built our flagship storage terminal in Singapore, the world's largest bunkering market. At 448,000 cubic meters, the Helios Terminal is our largest facility to date. In the third largest bunkering market of Fujairah, we entered into a joint venture with Gulf Petrol Supplies LLC to own a 49,000 cubic meter terminal that could be expanded by 500,000 to 600,000 cubic meters.

In the Amsterdam-Rotterdam-Antwerp (ARA) region, the world's second largest bunkering market, we acquired a 49% stake in Burando Holdings B.V, one of the region's leading barging and maritime logistics companies. The Burando group own 21 barges of which a significant proportion is double-hulled. Burando also holds a 50% stake in a 71,000 cubic meter storage terminal that could be expanded by another 125,000 cubic meters.

Elsewhere, we continue to explore storage terminal projects at the Panama Canal and other locations to improve operational efficiencies and margin contribution. Not including the VLCC which we bought and eventually sold at a profit, we acquired four vessels this year – two panamaxs and two double-hulled bunker tankers. We also commissioned seven new double-hulled barges in the US.

We spent over US\$200 million last year in capital expenditures financed partly by the proceeds of our IPO as well as long term debt. These investments position us to reap long term growth and opportunities.

#### Financial Highlights

We saw our revenue grow 23% to US\$5.36 billion in 2007, contributed by our volume growth along with higher prices in the energy markets. Our average sales realizations increased by 16% to US\$363 per metric ton.

Gross contribution per metric ton (GCMT), our key profitability measurement, decreased from US\$9.7 per metric ton last year to US\$7.9 this year. GCMT was impacted by the highlighted operational and market challenges.

Despite these challenges, we posted a net profit after tax of US\$30.3 million and our performance this year amounted to 12.4% return on average equity.

We increased our shareholder's equity from US\$236 million at the end of 2006 to US\$253 million at the end of 2007. Our NAV per share has likewise increased from 18.3 US cents to 19.5 US cents as at the end of 2007.

Our total assets almost doubled from US\$621 million to US\$1.2 billion. Part of this increase was the acquisition of strategic assets from which we intend to capture significant volume growth and margin improvements in the long term.

Our funding requirements were financed mainly by short term and long term debt. As oil prices and sales volumes increased throughout the year, we relied on our strong relationships with several international banks supporting our higher working capital needs. Investments and acquisitions were mainly financed via project financing as it was the cheapest cost of funding.

#### Looking Forward

As we move on and realize Bob Chandran's vision of creating the world's leading, integrated physical supplier of marine fuel, we shall further strengthen our competitive advantage by pursuing our strategy of expanding into new markets, integrating our supply chain, and offering new products. Whilst strengthening our market offering, this three-pronged strategy aims to improve the stability in our cash flow and earnings to meet the challenges we face in current economic environments.



**Jerome Lazatin Lorenzo**  
Chief Financial Officer

## Executive Officers and Management

John Beckman was appointed as Vice President of Operations in 2004 and was previously Chemoil Corporation's Vice President of supply and operations from 1986 to 2002. Mr Beckman served as the Vice President of Supply and Operations of World Oil Corporation, an asphalt refinery company, from 2002 to 2004. He received his B.S. degree in Chemical Engineering from the University of California at Davis.

**John Richard Beckman**  
Vice President, Operations

Lucius Conrad is our Vice President of Administration. He has been with Chemoil in various management positions including marketing, operations and finance since 1982. Before this, Mr Conrad had 10 years of experience in industrial chemical sales working for Transchem Inc., Connell Bros. and Stauffer Chemical Company. He received a B.A. degree in Sociology from Columbia College and his MBA degree in International and Multinational Business from Golden Gate University.

**Lucius Charles Conrad**  
Vice President, Administration

Douglas Long has been our Vice President of Supply and Distribution since 2002. He has more than 25 years of experience in the shipping and oil & gas industries, beginning his career with Tosco in Los Angeles. He was a senior trader at Trafigura in Connecticut before joining Chemoil. Mr Long received his B.A. degree in English and Economics and his MBA degree from Pepperdine University.

**William Douglas Long**  
Vice President,  
Supply and Distribution

Jerome Lorenzo has been our Chief Financial Officer since 2006. Mr Lorenzo has held various positions in the Chemoil Group including General Manager of Berkshire Energy Ltd. from 2002 to 2006, director of Chemoil Europe B.V. from 2000 to 2002, Head of Finance of Chemoil Corporation from 1998 to 2000 and treasurer of Chemoil Corporation from 1997 to 1998. He received a B.S. degree in Finance and Real Estate from California State University of Northridge and his Master of Business Management degree from The Asian Institute of Management.

**Jerome Lazatin Lorenzo**  
Chief Financial Officer

Adrian Tolson has been our Vice President of Sales and Marketing since 1994. Since joining Chemoil in 1986, he has held various positions including Marketing Manager and as Managing Director of Chemoil's subsidiary, Kemoil Limited in Hong Kong. Prior to joining Chemoil, Mr Tolson was with the marketing and sales department of Wine World Inc., a producer and supplier of wines. He received a Bachelor of Commerce degree from Edinburgh University.

**Adrian Hugh Tolson**  
Vice President, Sales and Marketing



Chemoil is led by a senior management team with an individual average of more than 21 years of industry experience. On average, our senior management has served our Group for more than 10 years.

Sanjay Anand has led our logistics operations since 2007. In 2003, Mr Anand joined Link Marine Pte Ltd which provided shipping services to and was acquired by Chemoil. Previously, Mr Anand was Operations and Technical Director for Univan Ship Management in Hong Kong, Surveyor to Lloyd's Register of Shipping, and had worked over 12 years at sea. Mr Anand holds a MBA degree from Newcastle Business School, a LLM degree in international trade from Northumbria University, and a marine engineering degree from DMET. He is a member of the Singapore Institute of Arbitration and other technical and legal institutes.

**Sanjay Anand**  
Managing Director, Chemoil Logistics

Karan Chabria was appointed Managing Director of Chemoil International Pte Ltd in 2007 and heads our Singapore operations. Mr Chabria joined Chemoil in 2002 as a Business Development Manager for the Asia Pacific region, including the Sri Lankan and Indian markets. He was inducted to our fuel trading team in 2003 and became Head of Trading for Singapore / Far East in 2004. Karan obtained his Bachelor of Engineering degree from Mangalore University, India, and holds a Master of Business Administration degree from the University of Melbourne, Australia.

**Karan Chabria**  
Managing Director, Singapore

Andres Galavis joined Chemoil Latin America Inc in June 2007 as Vice President for Business Development and was appointed in 2008 as Managing Director. Previously, he was with the Venezuelan State Oil Company PDVSA for 21 years including as General Manager, Products Trading until 1999. After PDVSA, he worked as consultant for numerous oil companies and was a board member of Aivepet, a Venezuelan inspection company. He holds a Bachelors degree in Petroleum Engineering, as well as a Masters degree in Industrial Engineering (Business for Engineers) from Texas A & M University.

**Andres Eduardo Galavis Leefmans**  
Managing Director, Panama

Chris Stoddard was appointed Managing Director of Chemoil Europe BV in 2006. He joined Chemoil in 2002 as Finance Manager in Singapore. He was assigned with Galaxy Energy, our affiliate in Monaco and was Treasurer for Chemoil Corporation from 2004 to 2006. Mr. Stoddard started his career in Asia in 1993 in equity research and institutional equity sales for oil and gas. From 1999 to 2001, he worked for a technology company and was responsible for its listing on the ASX. Mr. Stoddard obtained his Bachelor of Commerce degree majoring in Finance in Canada.

**Christopher Blake Stoddard**  
Managing Director, The Netherlands

Helen Surh joined Chemoil Corporation in 1998 and heads Chemoil's legal department. Prior to joining Chemoil, Ms Surh was with Baker & McKenzie where she worked in the International Trade Group, as well as the Litigation Group. She holds a bachelors degree in International Relations, and a masters degree in International Policy Studies, from Stanford University. Ms. Surh received her Juris Doctorate degree from the University of California, Berkeley (Boalt Hall School of Law).

**Helen Surh**  
General Counsel

