

Business Review **North America**



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When Chemoil commenced operations over a quarter of century ago in Los Angeles, the business of providing a dedicated fuel delivery service for ships quickly drove our success and elevated our position within top US business rankings. We continued to build our position by entering Houston in the mid-1980s and New York in the late-1990s, thereby covering the three major US coastlines.

We own our terminal capacity in Los Angeles through our 74,000 cubic meter Long Beach Marine Terminal. In addition, we own a 205,000 cubic meter terminal in Carson which is used for our jet, gasoline and diesel fuel business through IPC (USA). These terminals are absolutely vital to underpinning Chemoil's leading presence in California, and given the stringent environmental restrictions for development, these facilities are indispensable.

As our business in the US is well established, we have leading market shares in the ports in which we operate. Over the last few years, we solidified our leadership position by being at the forefront of supplying lower emission fuels on the US West Coast, helping customers to comply with new regulations.

Operations Review and Outlook

Despite the challenging oil markets of 2007, our Americas operations held firm and supported the overall Group performance. This is a testament to the strength of our integration in this region with our owned and leased storage terminals and our dedicated barges. Overall sales in New York and Houston showed strong growth due to good sourcing operations this year as a result of increased efforts at diversifying and securing our supplies from North and South America, as well as our supply chain integration in these markets.

In 2007, we added three new barges in New York and four new barges in Houston. As these barges are double-hulled, we are well prepared for the implementation of new rules regarding double-hulled vessels.

As we move forward, we seek to expand our facilities in Long Beach and Carson, California to meet the growing bunker markets as container ships become larger. Furthermore, we shall seek to expand our lower emission fuel capabilities to assist our customers comply with tighter environmental requirements from 2008.

Business Review **Latin America**

We entered the Latin American market in 2003 with operations in Panama, one of the world's most important shipping locations. Within a short time period, we achieved a leadership position in Panama, aided by our strong overall bunkering and sourcing presence in the Americas.

As part of our strategy of entering into new markets, Chemoil began marine fuel services in the Gulf of Mexico. It is the first time in over five years that any player has offered this service, emphasizing our stature as an innovator in delivering energy. This service helps our customers, mainly operators of very large crude carriers (VLCCs), achieve operational efficiencies by saving time and reducing costs through consolidating lightering and re-fuelling operations. The benefit they derive in reducing their running costs is underscored in today's climate of high fuel prices.

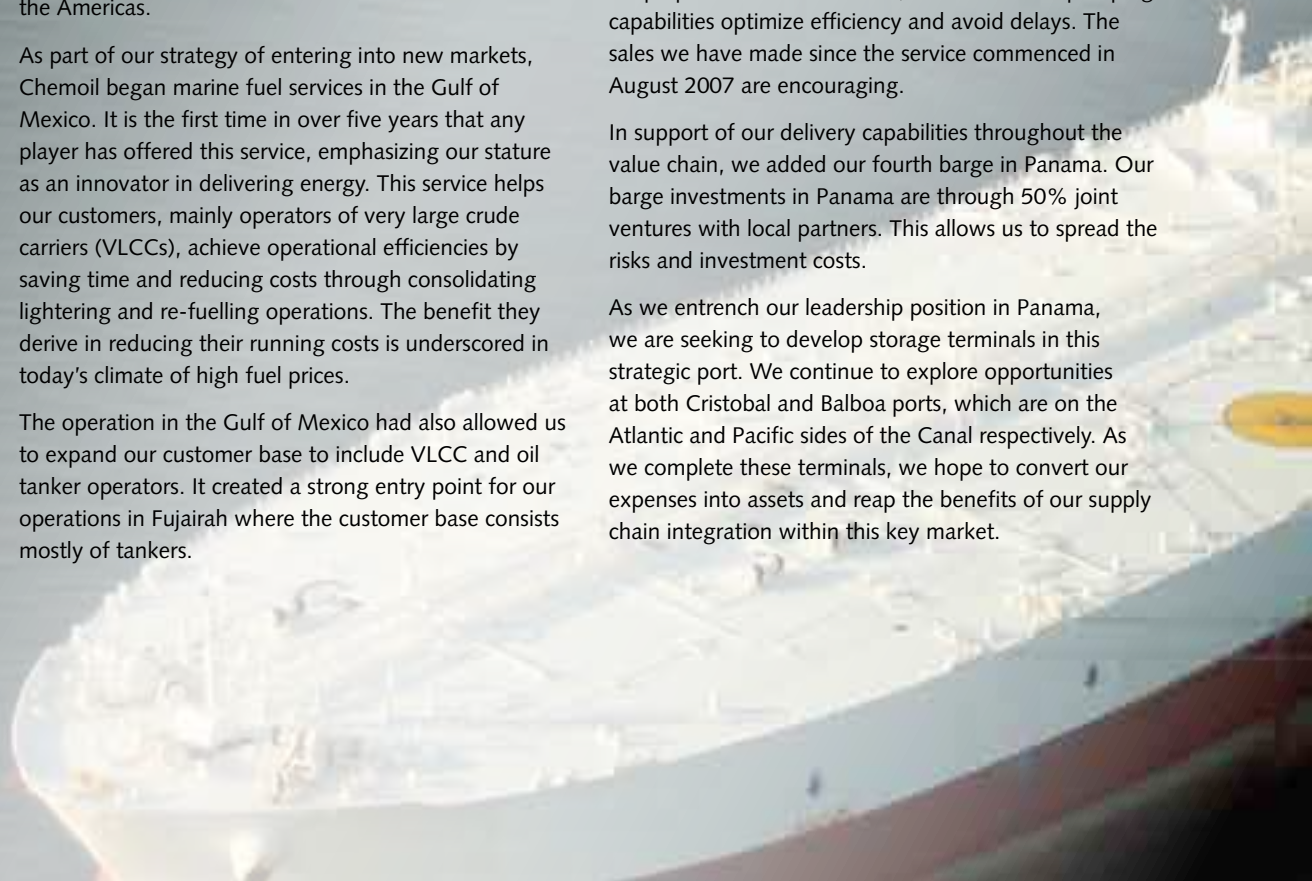
The operation in the Gulf of Mexico had also allowed us to expand our customer base to include VLCC and oil tanker operators. It created a strong entry point for our operations in Fujairah where the customer base consists mostly of tankers.

Operations Review and Outlook

To support our operations in the Gulf of Mexico, we time chartered a 17,000DWT double-hulled tanker, fully equipped and manned for safe and efficient ship-to-ship operations. Furthermore, the vessel's fast pumping capabilities optimize efficiency and avoid delays. The sales we have made since the service commenced in August 2007 are encouraging.

In support of our delivery capabilities throughout the value chain, we added our fourth barge in Panama. Our barge investments in Panama are through 50% joint ventures with local partners. This allows us to spread the risks and investment costs.

As we entrench our leadership position in Panama, we are seeking to develop storage terminals in this strategic port. We continue to explore opportunities at both Cristobal and Balboa ports, which are on the Atlantic and Pacific sides of the Canal respectively. As we complete these terminals, we hope to convert our expenses into assets and reap the benefits of our supply chain integration within this key market.





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Business Review **Asia**

Strategically located in one of the world's busiest and most important sea lanes, Singapore has become Asia's oil hub and is the world's largest bunkering market. It is only befitting that the Helios Terminal on Jurong Island, Singapore will be our largest operational storage terminal to date. Since the start of Helios' operations in January 2008, we have been able to leverage our storage capabilities to better service our customers' bunker needs in the region. This state-of-the-art terminal allows us to have control over the supply chain, therefore providing customers with the efficiency and reliability that comes from a seamless service delivery.

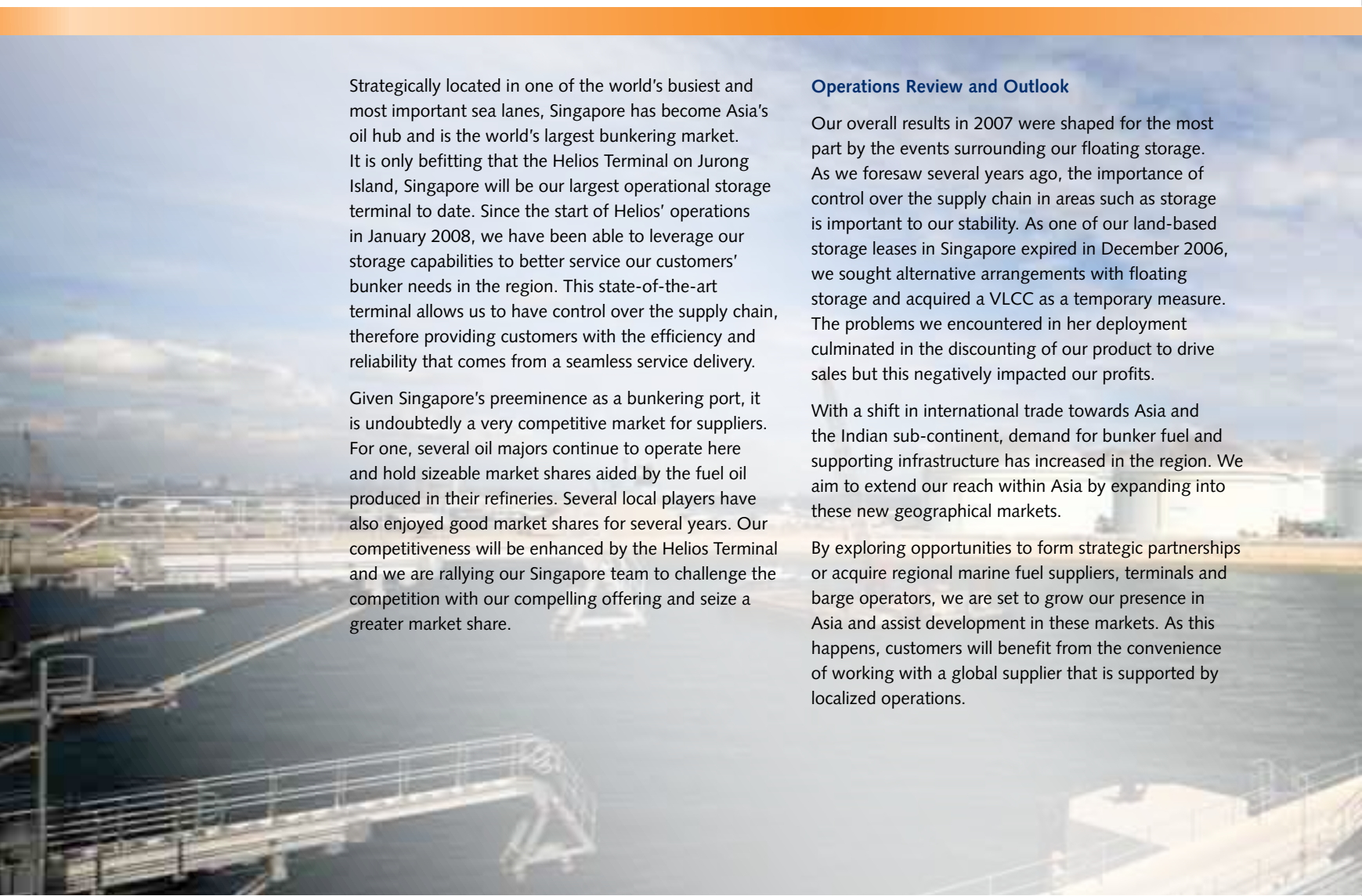
Given Singapore's preeminence as a bunkering port, it is undoubtedly a very competitive market for suppliers. For one, several oil majors continue to operate here and hold sizeable market shares aided by the fuel oil produced in their refineries. Several local players have also enjoyed good market shares for several years. Our competitiveness will be enhanced by the Helios Terminal and we are rallying our Singapore team to challenge the competition with our compelling offering and seize a greater market share.

Operations Review and Outlook

Our overall results in 2007 were shaped for the most part by the events surrounding our floating storage. As we foresaw several years ago, the importance of control over the supply chain in areas such as storage is important to our stability. As one of our land-based storage leases in Singapore expired in December 2006, we sought alternative arrangements with floating storage and acquired a VLCC as a temporary measure. The problems we encountered in her deployment culminated in the discounting of our product to drive sales but this negatively impacted our profits.

With a shift in international trade towards Asia and the Indian sub-continent, demand for bunker fuel and supporting infrastructure has increased in the region. We aim to extend our reach within Asia by expanding into these new geographical markets.

By exploring opportunities to form strategic partnerships or acquire regional marine fuel suppliers, terminals and barge operators, we are set to grow our presence in Asia and assist development in these markets. As this happens, customers will benefit from the convenience of working with a global supplier that is supported by localized operations.





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Business Review **ARA Region**



We have extensive experience in developing our lower emission fuel offering in the ARA region, and Chemoil will continue to work with our customers to meet emerging fuel supply requirements.



As one of the region's key suppliers, Chemoil has been well-positioned to meet changing energy needs within the ARA region (Amsterdam-Rotterdam-Antwerp) for several years. We were amongst the first marine fuel suppliers to offer a dedicated barge for low sulphur fuel oil (LSFO) supply in response to the 2006 Baltic Sulphur Emission Control Area (SECA) regulations. Our second barge for LSFO deliveries also helped to meet increasing demand following the North Sea SECA in 2007. Our innovative efforts at delivering fuel to our customers have rewarded us the distinction of currently being one of the largest LSFO suppliers in Rotterdam.

Chemoil will continue to monitor the changing environmental and legislative landscapes to provide innovative solutions for our customers. We have extensive experience in developing our lower emission fuel offering in the ARA region, and Chemoil will continue to work with our customers to meet emerging fuel supply requirements in the ARA region and other locations worldwide.

Operations Review and Outlook

In October 2007, we forged an important partnership through a 49% ownership in Burando Holding B.V., a leading provider of maritime logistics services in the ARA region. One of its subsidiaries, FTS/Hofftrans is one of the leading barging companies in the ARA region and owns a fleet of 21 barges totaling 60,000 metric tons. Significantly, 11 of these barges totaling 46,000 metric tons are double-hulled. Burando also owns a 50% stake in a 71,000 cubic meter storage tank at the Service Terminal Rotterdam (STR) with Russian-based Lukoil. There is potential to increase this by an additional 125,000 cubic meters pending regulatory approval. Our partnership with Burando will significantly strengthen our foothold within barging and storage terminal operations in Europe, develop our asset infrastructure and enhance efficiencies for the benefit of customers and other stakeholders.

Following our acquisition of the remaining stake in Chemoil Europe in June 2006, our company performance continued to improve this year. We achieved our highest European growth in retail volumes during this time. Going forward, our eyes are set at integrating our supply chain in Europe by seeking to control our storage and shipping infrastructure in order to improve our profitability in the region as well as exploring possible acquisitions in the region.

Business Review **Middle East**

While we continue to grow our market share in existing locations, Chemoil actively explores opportunities in new territories. Fujairah, UAE, is a natural destination for us as one of the world's top three bunkering markets, and in light of its central role within wider regional and international energy markets. To better serve our customers' increasing demands, we are strategically present in the region and have ambitious plans for future development.

Our Fujairah operations are in keeping with our strategy of expansion – using the bunkering hub as a center to service customers in the Middle East and the surrounding region. This approach is reflected throughout our operations in the Americas, Europe and Asia. Within close proximity to Fujairah are important shipping locations such as the Suez Canal, the Mediterranean, the Black Sea, Africa, and Western India.

Furthermore, our presence in the Middle East reinforces our supply chain integration strategy. Currently we source only a small portion of our fuel oil supplies from the Middle East. As we make further inroads in this region, we intend to develop stronger ties with fuel oil producers to strengthen and diversify our fuel oil sourcing capabilities in the region.

Operations Review and Outlook

In January 2007, we partnered Gulf Petrol Supplies LLC, a company controlled by the Fujairah National Group, to develop a storage terminal facility under GPS-Chemoil. With an existing capacity of 49,000 cubic meters, GPS-Chemoil plans are to increase capacity up to 94,000 cubic meters by end 2008 and add an additional 500,000 to 600,000 cubic meters by 2010. We are deploying two double-hulled barges to support our delivery operations. We have likewise formed a fully-owned subsidiary, Chemoil Middle East DMCC, staffed with key personnel highly experienced in the marine fuel market in the Middle East, to conduct our supply operations to tanker customers in this region.

Through our recently-launched offshore services in the Gulf of Mexico, we have laid the groundwork for our entry into the Fujairah bunkering market through the relationships we have forged with tanker operators. Chemoil's physical supply operations will offer tanker customers highly consistent product quality and the strategic advantage of having a reliable physical supplier that is present in both key oil regions - the Middle East and the Gulf of Mexico.



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