

# Press Release

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## CHEMOIL REVENUES RISE 14 PERCENT WHILE 2Q RESULTS DIP

- 2<sup>nd</sup> quarter results affected by Singapore storage problems
- Strong 21 percent volume growth in 1<sup>st</sup> half

### Highlights

	Jan – Jun 2007	Jan – Jun 2006	% Increase/ Decrease	Apr – Jun 2007	Apr – Jun 2006	% Increase/ Decrease
Revenue - US\$ million	2,313	2,038	13.5	1,298	1,077	20.5
Profit before tax - US\$ million	22.6	32.7	(30.9)	0.3	15.1	(98.0)
Profit after tax – US\$ million	18.5	25.2	(26.6)	0.6	10.9	(94.5)
Volumes - MTs million	7.3	6.1	20.9	3.8	3.1	23.0
Gross contribution per MT - US\$	7.70	9.14	(15.8)	5.41	8.78	(38.4)

**Singapore, 10 August 2007** – SGX Mainboard-listed Chemoil (SGX-ST: CHEL.SI) today announced its financial results for the 2nd quarter of the 2007 financial year (2Q2007). The company showed revenue growth of 14 percent from US\$2.04 billion for the first half 2006 (1H2006) to US\$2.31 billion for the first half 2007 (1H2007). The growth in revenues was driven by strong increase in volumes of 20.9 percent for 1H2007 compared with 1H2006. Profit after tax declined from US\$25.2 million for 1H2006 to US\$18.5 million for 1H2007, mainly due to a below par 2<sup>nd</sup> quarter performance wherein quarterly profits fell from US\$10.9 million in 2Q2006 to US\$0.6 million in 2Q2007.

The company's Executive Chairman and CEO, Robert V Chandran noted: "In 2Q2007, Chemoil's overall profitability was affected by our operating results in Singapore and the loss reported by an associated company, IPC (USA) Inc." In its announcement, Chemoil highlighted that its Singapore operations were hampered by a variety of factors in 2Q2007. Following the expiry of the lease on a substantial portion of tankage in December 2006, the company acquired a very large crude carrier (VLCC) intended to be used as floating storage. Due to a delay in obtaining permits, the VLCC was stationed at a less optimal location than originally planned, which adversely affected margins on the

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sale of our products. Furthermore, two collisions caused by third parties and related machinery failure resulted in loss time on the vessel, increased costs and operational difficulties, for which the company is pursuing various claims. However, by the end of July, the repairs to the VLCC were completed and the vessel has been re-positioned to a more favorable location.

Chemoil's profitability was also adversely affected by \$2.3 million in losses in 2<sup>nd</sup> quarter 2007 reported by one of its associated companies, IPC (USA) Inc. These losses sustained by IPC (USA) were mainly as a result of reduced margins in the gasoline and jet business during the period.

Chemoil's Chief Financial Officer, Jerome Lorenzo added: "Average sales per mt decreased by 1.7 percent from US\$347.33 in 2Q2006 to US\$341.34 in 2Q2007 whereas average purchase costs per MT decreased by 0.9 percent from US\$333.45 in 2Q2006 to US\$330.43 in 2Q2007. We could not optimize our selling prices due to unforeseen operational disruptions, and as a result, our sales value per MT decreased by a larger magnitude. Gross contribution per metric tonne (GCMT) for 2Q2007 decreased by US\$3.37 per MT from US\$8.78 per MT in 2Q2006 to US\$5.41 per MT in 2Q2007. The total gross contribution decreased by US\$6.5 million from US\$26.8 million in 2Q2006 to US\$20.3 million in 2Q2007"

For 1H2007, sales volume was 7.3 million tonnes, a 20.9 percent increase from 1H2006 volume of 6.1 million tonnes. Sales volume registered an increase of 23 percent from 3.1 million tonnes in 2Q2006 to 3.8 million tonnes in 2Q2007.

Gross contribution increased by US\$1 million from US\$55.4 million in 1H2006 to US\$56.4 million in 1H2007. However, with the high growth in volumes achieved by the company, GCMT decreased 15.8 percent from US\$9.14 per MT in 1H2006 to US\$7.70 per MT for 1H2007.

Fully diluted earnings per share decreased from 0.996 US cents in 2Q2006 to 0.046 US cents in 2Q2007 in line with the decline in net profits. For the half year results, fully diluted earnings per share decreased from 2.29 US cents in 1H2006 to 1.42 US cents in 1H2007

Chemoil had debt to equity ratio of 132 percent and long term debt to equity ratio of 21 percent as at 30 June 2007 compared with 79 percent and 22 percent respectively as at 31 December 2006.

Mr. Chandran commented: "We are committed to our strategy of converting expenses to assets and extracting margins at all key stages of the supply chain. We will see long-term benefits crystallizing as

market and margin expansion projects undertaken by the company in Singapore, Rotterdam, Panama, Fujairah and other high-volume locations begin operations.”

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### **About Chemoil**

Chemoil is one of the world’s largest and leading integrated physical suppliers of marine fuel products, delivering over 13 million tons of fuel in 2006. The company has a global presence with integrated operations in Los Angeles, New York, Houston, Singapore, Panama and the ARA region (Antwerp, Rotterdam and Amsterdam). It owns or leases strategic assets including terminal capacity for fuel storage and blending, and barging facilities for marine fuel delivery. Chemoil employs over 200 staff in various offices in the United States, Singapore, Panama, Netherlands, Monaco and India. It participates in all key stages of the marine fuel supply chain, as well as markets and sells jet fuel, unbranded gasoline and diesel fuel. Established in 1981, Chemoil is committed to finding innovative means to offer products that protect the environment and sustain business continuity. Chemoil was listed on the Main Board of Singapore Exchange Securities Trading Limited (SGX-ST) on December 14, 2006. More information on Chemoil is available at [www.chemoil.com](http://www.chemoil.com).

### **Forward Looking Statements**

This press release may contain forward looking statements relating to Chemoil’s performance that are based on management’s current expectations, estimates and projections about the oil, chemicals and other energy-related industries. Actual future performance, outcomes and results may differ materially from those expressed in forward looking statements as a result of a number of risks, uncertainties, assumptions and other factors, some of which are beyond Chemoil’s control and are difficult to predict. You are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date of this press release. Unless legally required, Chemoil undertakes no obligation to update publicly any forward looking statements, whether as a result of new information, future events or otherwise.

Representative examples of other factors that may impact the forward looking statements include (without limitation) general industry, international economic and political conditions, crude oil prices, refining margins, competition from other companies, the competitiveness of alternate energy sources or product substitutes, shifts in customer demands, customers and partners, changes in operating expenses, including all other unpredictable or unknown factors not discussed in this press release, which could also have material adverse effects on forward looking statements contained in this release as well as other statements made by Chemoil.

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### **Footnote:**

**The initial public offering of the Company’s shares was sponsored by J.P. Morgan (S.E.A.) Limited and UBS AG, acting through its business group, UBS Investment Bank.**