



Chemoil Energy Limited
Annual Report 2009

Corporate Governance

Chemoil Energy Limited (the "Company"), is committed to achieving 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 financial 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 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 members of the Board and Board Committees at Board and Board Committee meetings held in FY2009, respectively, are disclosed in the table below:

Name of Director	Board Meeting	Audit Committee Meeting	Nominating and Remuneration Committee Meeting
Michael Bandy	10	NA	NA
Vivian Chandran ¹	10	NA	7
Sharon Chandran ¹	8	NA	NA
Masanobu Takagi	9	NA	NA
Fuminobu Oda	9	7	NA
Michael Lim	9	7	NA
Philip Anderson	10	NA	7
Peter Meade	10	7	7
Harrison Chang ¹	10	NA	NA
Alexander Beard ²	NA	NA	NA
Mark Catton ²	NA	NA	NA
Raymond Bartoszek ²	NA	NA	NA
No. of Meetings Held	10	7	7

Notes:

1. Resigned with effect from the date ("Effective Date") of the posting of the circular required to be issued by the Board of Directors of the Company in connection with the mandatory general offer made by DBS Bank Ltd., for and on behalf of Singfuel Investment Pte. Ltd., pursuant to Rule 14 of the Singapore Code on Takeovers and Mergers.

2. Appointed with effect from the Effective Date.

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

The Board currently comprises nine Directors; one of whom is an Executive Director, and the remaining being Non-Executive Directors. Three of the eight Non-Executive Directors are Independent Directors. The criteria for independence are determined by the definition provided in the Code.

The composition of the Board takes into consideration the nature and scope of the Group's operations to ensure diversity and balance of judgement for effective decision making. The Directors of the Board have varied expertise in accounting, finance, business management, strategic planning, customer relationship management, and experience in the marine fuel industry.

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

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 is the Chairman and Chief Executive Officer ("CEO") of the Company, effective since January 2008.

The Chairman bears responsibility for the conduct of the Board, and the CEO bears executive responsibility for the Company's business. The Board believes that Mr. Bandy should continue to lead the Group as both Chairman and CEO. Mr. Bandy manages the day-to-day operations of the Group and is responsible for charting the strategic direction and growth of the Group. As Chairman, he ensures that Board meetings are held when necessary and sets agendas in consultation with other Directors. He reviews all Board papers, prior to presenting them 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.

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.

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 at the beginning of FY2009 were:

- Mr. Philip Anderson Chairman
- Mrs. Vivian Chandran Member
- Mr. Peter Meade Member

On 25 February 2010, Mr. Mark Catton was appointed as a member of the NRC in place of Mrs. Vivian Chandran, with effect from the Effective Date.

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

New directors of the Company will be appointed by way of a Board resolution after the NRC has recommended such appointment to the Board for approval. New directors must submit themselves for re-election at the next annual general meeting of the Company in accordance with the Company's Memorandum and Articles of Association.

Pursuant to the Company's Memorandum and Articles of Association, an election of directors shall take place each year at the annual general meeting, where not less than one-third of the directors, or if their number is not three or a multiple of three, the number nearest to one-third, shall retire from office by rotation but are eligible for re-election.

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 will undertake an annual formal review of the Board's performance as a whole and individual director's performance. The Chairman of the Board may act according to the results of the performance evaluation, which will be based on objective performance criteria proposed by the NRC and approved by the Board.

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 Board papers in advance before Board meetings to enable them to be informed, and accorded sufficient time to seek clarification and make consultations if required.

The representatives of the Company Secretary attend and document all Board meetings. The Company Secretary assists the Chairman in ensuring compliance and review of Board procedures to facilitate the effective functioning of the Board and that the Company's Memorandum and Articles of Association and the relevant rules and regulations applicable to the Company are followed.

The appointment and removal of the Company Secretary are subject to the approval of the Board.

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 recommendation 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 remuneration packages, which include performance-related components for the Executive Directors, endorsed by the Board.

Policy in Respect of Directors' Remuneration

Directors' fees payable to Non-Executive Directors are subject to approval by shareholders at the Company's annual general meetings. The framework for determining director's fees in FY2009 is as follows:

All amounts in US\$	Base fee	Lead Director	Committee Chair	Non-chair Committee Member
Vivian Chandran	50,000	-	-	5,000
Sharon Chandran	50,000	-	-	-
Harrison Chang	50,000	-	-	-
Masanobu Takagi	50,000	-	-	-
Fuminobu Oda	50,000	-	-	10,000
Michael Lim	50,000	10,000	20,000	-
Philip Anderson	50,000	-	10,000	-
Peter Meade	50,000	-	-	15,000

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

Level and Mix of Remuneration for Directors for the Year Ended 31 December 2009

The level and mix for each Director's remuneration in bands of S\$250,000 are set out below:

Name	Directors' Fees %	Base/Fixed Salary %	Variable or Related Income/Bonus %	Benefits in Kind %	Value of Share Options Granted %	Total %
Between S\$3,250,000 and S\$3,499,999						
Michael Bandy	-	58.16	25.41	3.03	13.39	100.00
Below S\$250,000						
Vivian Chandran	100.00	-	-	-	-	100.00
Sharon Chandran	100.00	-	-	-	-	100.00
Harrison Chang	100.00	-	-	-	-	100.00
Masanobu Takagi	100.00	-	-	-	-	100.00
Fuminobu Oda	100.00	-	-	-	-	100.00
Michael Lim	88.44	-	-	-	11.56	100.00
Philip Anderson	86.11	-	-	-	13.89	100.00
Peter Meade	92.53	-	-	-	7.47	100.00

Due to the sensitive nature of the remuneration for key executives, the Board is of the opinion that such disclosure should not be made in the Annual Report.

The Directors holding office as at 31 December 2009 had no interests in the shares, warrants, share options in or debentures of the Company and/or its subsidiaries as recorded in the register of Directors' shareholdings except:

	Direct interest as at			Deemed interest as at		
	1.1.2009	31.12.2009	21.1.2010	1.1.2009	31.12.2009	21.1.2010
Interest in the Company's ordinary shares of HK\$0.0000125 each						
Michael Bandy	-	-	-	-	-	-
Vivian Chandran	549,360,000	549,360,000	549,360,000	107,388,194	107,388,194	107,388,194
Sharon Chandran	-	-	-	-	-	-
Harrison Chang	-	-	-	-	-	-
MasanobuTakagi	-	-	-	-	-	-
Fuminobu Oda	-	-	-	-	-	-
Michael Lim	-	-	-	-	-	-
Philip Anderson	-	-	-	200,000	200,000	200,000
Peter Meade	-	-	-	-	-	-
(Options to subscribe for ordinary shares)						
Michael Bandy	4,676,000	7,422,898	7,422,898	-	-	-
Michael Lim	352,000	528,000	528,000	-	-	-
Philip Anderson	340,000	516,000	516,000	-	-	-
Peter Meade	176,000	352,000	352,000	-	-	-

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.

There are no employees who received 5% or more of the total number of options available under the Scheme. Employees who received more than 1,000,000 options in aggregate are as follows:

Name of Participant	Options granted during the financial year under review (including terms)	Aggregate options granted since commencement of Scheme to the end of 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
Jerome Lorenzo	350,000	2,525,333	-	2,525,333
John Beckman	200,000	2,225,333	-	2,225,333
Lucius Conrad	200,000	2,225,333	-	2,225,333
Emilio Heredia	-	1,825,333	-	1,825,333
Helen Surh	300,000	2,425,333	-	2,425,333
Adrian Tolson	300,000	2,425,333	-	2,425,333
Sanjay Anand	350,000	2,525,333	-	2,525,333

Information on Directors participating in the Scheme is as follows:

Name of Participant	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	2,746,898	7,422,898	-	7,422,898
Philip Anderson	176,000	516,000	-	516,000
Michael Lim	176,000	528,000	-	528,000
Peter Meade	176,000	352,000	-	352,000

As at 31 December 2009, 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 2009, 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 quarterly management accounts that present a balanced and comprehensible assessment of the Group's performance, position and prospects on a quarterly basis.

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

Audit Committee

The Audit Committee ("AC") comprises 3 members, the majority of whom, including the Chairman, are independent. The members of the AC at the beginning of FY 2009 were:

- Mr. Michael Lim Chairman
- Mr. Fuminobu Oda Member
- Mr. Peter Meade Member

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 they would not affect the independence of the external auditors. Fees paid/payable to PricewaterhouseCoopers LLP, Singapore, and PricewaterhouseCoopers firms outside Singapore, was nil and US\$13,790, respectively, in 2009 for non-audit services.

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 deemed necessary in 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.

Internal Controls and Risk Management

Principle 12: The Company values a sound system of internal controls

The operating and financial review is set out under the Year in Review sections and the Group's approach to risk management and internal controls are set out in the Managing Risks section of this annual report.

Risk Management Committee

The Executive Risk Management Committee ("ERMC") assists 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

The functions of the ERMC are:

- (a) reviewing the Group's risk management structure, overseeing its risk management processes and activities, and proactively identifying potential areas of risk exposure, to prevent, mitigate and manage risk at acceptable levels determined by the Board
- (b) reviewing, maintaining and updating key subsidiaries', joint ventures' and associated companies' and the Group's overall risk registers and ensuring risk profiles are drawn up and updated on an annual basis
- (c) formulating risk management policies and strategies for approval by the Board as well as implementing the risk policies and strategies which have been approved by the Board
- (d) raising awareness of risk management within the Group to propagate a culture of risk management
- (e) providing high level guidance for identified and assessed risks
- (f) assigning risk owners and lines of accountability and communicating these to the relevant risk owners/accountable parties
- (g) overseeing and continuing the development and operation of risk management processes, structures, reporting and activities
- (h) reviewing fundamental/strategic risks and their controls and reporting to the Board thereon annually
- (i) ensuring that risk assessments for major projects are conducted
- (j) ensuring that extreme risks are addressed in appropriate disaster recovery/business continuity plans
- (k) liaising with the AC and internal audit to ensure integration between risk management and internal audit plans
- (l) following up on risk management action plan
- (m) overseeing and reviewing the Group's insurance needs and its portfolio of insurance for adequacy of coverage
- (n) endorsing the annual risk management work plan for the Company and for departments/divisions, subsidiaries, joint ventures and associated companies within the Group

Internal Audit

Principle 13: Independent internal audit function

The Company has an internal audit function that is independent of the activities it audits.

The internal audit function is outsourced to Protiviti, a global provider of internal audit and consulting services, and attains professional standards including those promulgated by the Institute of Internal Auditors.

The major elements in place which support the independence, quality assurance, and effective execution of the outsourced internal audit function by Protiviti, for the Company, are as follows:

- a) There is 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, signed by the engagement Managing Director for Protiviti, the AC Chairman, and the Chief Financial Officer, sets out the roles and responsibilities, authority, and other matters pertaining to the internal audit function as well as management's responsibilities.
- (b) The functional reporting line for the internal audit function is the Chairman of the AC. The administrative reporting line is to the Chief Financial Officer. This assists in maintaining the function's independence and objectivity.
- (c) There is opportunity for private discussions between the AC and the Internal Audit function with the absence of management.
- (d) The Annual Plan, reviewed and approved by both Management and the AC, is considered in light of the Company's Enterprise Risk profile and any concerns raised by the AC and/or Management.

- (e) Individual audit projects are conducted in accordance with Protiviti's formal and global Internal Audit Methodology. This methodology is periodically reviewed by parties external to Protiviti to validate that it is in accordance and consistent with the Professional Standards set by the Institute of Internal Auditors. Further, there is an internal peer review program to ensure adherence to those policies and practices.
- (f) Quality for internal audit engagements for the Company is also maintained by the following programs and attributes:
 - i. Concurring reviews of internal audit reports by a Managing Director other than the Engagement Managing Director where necessary;
 - ii. Usage of proprietary methods and tools developed over decades of professional service experience, including the Protiviti Risk Model, Six Elements of Infrastructure, Capability Maturity Model, and Internal Audit Portal software;
 - iii. Usage of tools in section (b) is reviewed by Protiviti's Knowledge and Innovation Centre for methodology compliance; and
 - iv. Client Satisfaction Processes are formally established and have been carried out for the Company in 2009.
- (g) 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. Credentials, experience and special technical knowledge (such as in the areas of information technology, commodity risk management, and treasury) in order to execute audit projects effectively for the Company is considered when staffing specific audit projects.

The Internal Auditor function presents its plans, internal audit and status reports to the AC twice a year, and more often as and when required.

Accordingly, in line with the Singapore Code of Corporate Governance, the Internal Audit function meets or exceeds the Standards set by the Institute of Internal Auditors. The AC will review the adequacy of the Internal Audit function annually, and ensure that the Internal Audit function has adequate resources and appropriate standing within the Company.

Communication with Shareholders

Principle 14: Regular, effective and fair communication with shareholders

Principle 15: Greater shareholder participation at annual general meetings

Consistent 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 to give their views and ask directors or management, questions regarding the Group. The Chairmen of the Audit and Nominating and Remuneration Committees are required to be 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 date of 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.

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.

Name of Interested Person	Aggregate value of all interested person transactions entered into during the financial year under review (excluding transactions less than S\$100,000 and transactions entered into pursuant to the IPT mandate)	Aggregate value of all interested person transactions entered into under the IPT mandate during the financial year under review (excluding transactions less than S\$100,000)
	2009 US\$'000	2009 US\$'000
Itochu Corporation Japan	-	1,943
Itochu Petroleum Company Singapore Ltd	4,384	105,484
Itochu Enex Ltd	-	5,586
Pebble Beach Shipping	2,204	-
Baron Shipping Corporation	3,426	-
American Healthnet Inc	1,164	-
Andorra Services Limited Hong Kong	103	-
Total	11,281	113,013

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.

Statement By Directors

for the financial year ended 31 December 2009

In the opinion of the directors of Chemoil Energy Limited (the "Company"), the balance sheet of the Company and the consolidated financial statements of Chemoil Energy Limited and its subsidiaries (the "Group") as set out on pages 54 to 123 are drawn up so as to present fairly, in all material respects, the financial position of the Company and of the Group at 31 December 2009, and of the financial performance and cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards.

The board of directors authorised the financial statements for issue on 19 March 2010.

On behalf of the directors



Clyde Michael Bandy
Chairman



Michael Lim Choo San
Director

Independent Auditors' Report

to the Members of Chemoil Energy Limited

We have audited the accompanying financial statements of Chemoil Energy Limited (the "Company") and its subsidiaries (the "Group") set out on pages 54 to 123, which comprise the balance sheets of the Company and of the Group as of 31 December 2009, and the consolidated statements of income, comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

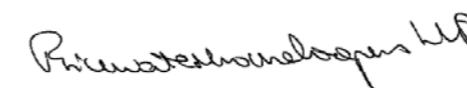
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 balance sheet of the Company and the consolidated financial statements of the Group present fairly, in all material respects, the financial position of the Company and of the Group as of 31 December 2009, and of the financial performance and cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards.



PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants
Singapore, 19 March 2010

Balance Sheets

as at 31 December 2009

(In US\$'000, unless otherwise stated)

	Note	Group		Company	
		2009	2008	2009	2008
ASSETS					
Current assets					
Cash and cash equivalents	4	70,379	77,521	787	8,052
Derivative financial instruments	5	206	41,934	-	-
Financial assets at fair value through profit or loss	6	1,026	668	1,026	668
Income tax recoverable		-	669	-	-
Other current assets	7	50,952	25,295	181	1,444
Trade and other receivables	8	582,662	248,899	110,438	238,761
Inventories	9	359,377	122,913	-	-
		1,064,602	517,899	112,432	248,925
Non-current assets					
Trade and other receivables	8	7,448	-	-	-
Other non-current assets	10	2,996	2,700	-	-
Investments in associates	11	42,314	38,374	14,691	14,691
Investments in joint ventures	12	28,316	17,808	16,462	11,462
Investments in subsidiaries	13	-	-	211,921	51,292
Intangible assets	14	17,174	16,576	-	-
Property, plant and equipment	15	232,787	233,048	13	18
Deferred income tax assets	16	9,009	13,261	-	-
		340,044	321,767	243,087	77,463
Total assets		1,404,646	839,666	355,519	326,388
LIABILITIES					
Current liabilities					
Trade and other payables	17	326,735	208,566	62,580	36,732
Derivative financial instruments	5	26,142	11,278	3,231	4,793
Current income tax liabilities		5,624	2,121	-	-
Borrowings	18	557,416	126,350	80,208	80,208
Provisions for other liabilities and charges	19	5,334	3,579	-	-
		921,251	351,894	146,019	121,733
Non-current liabilities					
Borrowings	18	165,238	187,695	36,875	40,366
Derivative financial instruments	5	3,986	6,212	3,686	5,418
Deferred income tax liabilities	16	4,542	2,587	-	-
Provisions for other liabilities and charges	19	5,466	-	-	-
		179,232	196,494	40,561	45,784
Total liabilities		1,100,483	548,388	186,580	167,517
NET ASSETS		304,163	291,278	168,939	158,871
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	20	2	2	2	2
Share premium	20	85,816	85,816	85,816	85,816
Treasury shares	20	(1,230)	-	-	-
Merger reserve	21	3,529	3,529	-	-
Other reserves	22	(570)	(8,725)	750	1,574
Retained earnings	23	209,763	204,759	82,371	71,479
		297,310	285,381	168,939	158,871
Minority interests		6,853	5,897	-	-
Total equity		304,163	291,278	168,939	158,871

The accompanying notes form an integral part of these financial statements

BALANCE SHEETS

Consolidated Income Statement

for the financial year ended 31 December 2009

(In US\$'000, unless otherwise stated)

	Note	2009	2008
Revenue	25	5,750,246	8,662,129
Other gains/(losses) – net	25	(137,817)	134,584
		5,612,429	8,796,713
Expenses			
- Inventories recognised as an expense		5,283,122	8,429,287
- Barging and pipelines costs		67,352	69,172
- Chartering and other shipping related expenses		23,741	29,651
- Rentals for office premises, storage tanks and motor vehicles		36,638	39,381
- Demurrage costs		11,614	27,259
- Employee benefits	26	48,108	42,493
- Marketing and communication expenses		7,355	7,801
- Service and commission expenses		16,602	19,087
- Other expenses		61,585	53,452
- Depreciation and amortisation		20,176	14,873
- Finance expense	28	21,335	36,361
Total expenses		5,597,628	8,768,817
Share of results of associates and joint ventures - net		11,958	6,326
Profit before income tax		26,759	34,222
Income tax credit/(expense)	29	(14,665)	11,977
Profit for the year		12,094	46,199
Attributable to:			
Equity holders of the Company		11,467	47,069
Minority interests		627	(870)
Earnings per share for profit attributable to the equity holders of the Company (expressed in cents per share)			
- Basic	31	0.890	3.641
- Diluted		0.887	3.641

The accompanying notes form an integral part of these financial statements

CONSOLIDATED INCOME STATEMENT

Consolidated Statement Of Comprehensive Income

for the financial year ended 31 December 2009

(In US\$'000, unless otherwise stated)

	Note	2009	2008
Profit for the year		12,094	46,199
Other comprehensive income/(losses):			
Cash flow hedges	22	3,631	(9,332)
Currency translation differences	22	3,978	(748)
Other comprehensive income/(losses) for the year		7,609	(10,080)
Total comprehensive income for the year		19,703	36,119
Attributable to:			
Equity holders of the Company		18,725	37,957
Minority interests		978	(1,838)

The accompanying notes form an integral part of these financial statements

Consolidated Statement Of Changes In Equity

for the financial year ended 31 December 2009

(In US\$'000, unless otherwise stated)

	Note	Attributable to equity holders of the Company						Minority interests	Total equity	
		Share capital	Treasury shares held by trust (i)	Merger reserve	Share premium	Other reserves	Retained earnings			Total
Balance at 1 January 2009		2	-	3,529	85,816	(8,725)	204,759	285,381	5,897	291,278
Purchase of treasury shares		-	(1,282)	-	-	-	-	(1,282)	-	(1,282)
Employee share option scheme:										
- Value of services rendered	22	-	-	-	-	851	-	851	-	851
- Treasury shares re-issued		-	52	-	-	46	-	98	-	98
Dividends relating to 2008	32	-	-	-	-	-	(6,463)	(6,463)	-	(6,463)
Disposal of a subsidiary	4	-	-	-	-	-	-	-	(22)	(22)
Total comprehensive income for the year		-	-	-	-	7,258	11,467	18,725	978	19,703
Balance at 31 December 2009		2	(1,230)	3,529	85,816	(570)	209,763	297,310	6,853	304,163
Balance at 1 January 2008		2	-	3,529	85,816	(240)	164,152	253,259	-	253,259
Employee share option scheme:										
- Value of services rendered	22	-	-	-	-	627	-	627	-	627
Dividends relating to 2007	32	-	-	-	-	-	(6,462)	(6,462)	-	(6,462)
Acquisition of a subsidiary	4	-	-	-	-	-	-	-	7,735	7,735
Total comprehensive income/(loss) for the year		-	-	-	-	(9,112)	47,069	37,957	(1,838)	36,119
Balance at 31 December 2008		2	-	3,529	85,816	(8,725)	204,759	285,381	5,897	291,278

Note:

- (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.

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2009

(In US\$'000, unless otherwise stated)

	Note	2009	2008
Cash flows from operating activities			
Profit for the year		12,094	46,199
Adjustments for:			
Income tax expense/(credit)		14,665	(11,977)
Share option expense	26	851	627
Depreciation and amortisation		20,176	14,873
Net loss/(gain) on disposals of property, plant and equipment	25	34	(551)
Gain on disposal of subsidiary	25	(13,397)	-
Fair value (gains)/losses on financial assets at fair value through profit or loss	25	(358)	936
Unrealised translation losses/(gains)		27	(6,110)
Share of results of associates and joint ventures		(11,958)	(6,326)
Interest income	25	(454)	(1,991)
Finance expense	28	21,335	36,361
		43,015	72,041
Changes in working capital, net of effects of acquisitions and disposals of subsidiaries			
Derivative financial instruments		57,997	(56,602)
Other assets		(28,297)	34,650
Trade and other receivables		(337,064)	227,430
Inventories		(236,483)	261,955
Trade and other payables		129,829	(118,166)
Provisions for other liabilities and charges		1,754	1,940
Cash (used in)/generated from operations		(369,249)	423,248
Income tax paid		(5,270)	(6,576)
Net cash (used in)/generated from operating activities		(374,519)	416,672
Cash flows from investing activities			
Purchases of property, plant and equipment		(4,789)	(29,459)
Proceeds from disposal of property, plant and equipment		266	9,145
Purchases of intangible assets		(1,434)	(1,260)
Proceeds from disposal of a subsidiary, net of cash disposed of		3,304	-
Investments in associates	11	-	(364)
Investments in joint ventures	12	(5,017)	(5,631)
Acquisition of a subsidiary, net of cash received	4	(4,137)	(3,803)
Other receivables		(3,293)	-
Interest received		454	1,991
Dividends received from associates		2,276	1,378
Dividends received from joint ventures		63	189
Net cash used in investing activities		(12,307)	(27,814)

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2009

(In US\$'000, unless otherwise stated)

	Note	2009	2008
Cash flows from financing activities			
Proceeds from borrowings		421,010	485,827
Repayment of borrowings		(126,703)	(749,005)
Purchase of treasury shares		(1,282)	-
Proceeds from re-issue of treasury shares		98	-
Interest paid		(21,335)	(36,361)
Bank balances and deposits pledged with banks for bank loans		(10,579)	(3,038)
Dividends paid to shareholders	32	(6,463)	(6,462)
Net cash generated from/(used in) financing activities		254,746	(309,039)
Net (decrease)/increase in cash and cash equivalents		(132,080)	79,819
Cash and cash equivalents at beginning of financial period		49,619	(30,200)
Cash and cash equivalents at end of financial period	4	(82,461)	49,619

The accompanying notes form an integral part of these financial statements

Notes To The Financial Statements

for the financial year ended 31 December 2009

(In US\$'000, unless otherwise stated)

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 Company is a limited liability company incorporated and domiciled in Hong Kong. The address of its registered office is Suites 4301-5, Tower One, Times Square, 1 Matheson Street, 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 19 March 2010.

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 31 August 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.

New and amended standards effective in 2009

The Group has adopted the following new and amended standards, which are relevant to its operations.

- IFRS 7 'Financial instruments - Disclosures' (amendment) - effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of fair value measurement hierarchy. The adoption by the amendment results in additional disclosures but does not have an impact on the accounting policies and measurement bases adopted by the Group.

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

- IAS 1 (revised), 'Presentation of financial statements' effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. The change in accounting policy only impacts presentation aspects, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other standards.
- IFRS 2 (Amendment), 'Share-based payment' (effective 1 January 2009) deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group has adopted IFRS 2 (amendment) from 1 January 2009. The amendment does not have a material impact on the Group or Company's financial statements.
- IFRS 8 'Operating segments' (effective from 1 January 2009) replaces IAS 14 Segment reporting, and requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. Segment revenue, segment profits and segment assets are also measured on a basis that is consistent with internal reporting.
- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use of sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group has adopted IAS 23 (amendment) from 1 January 2009. The amendment does not have any impact on the Group as the Group has been capitalising the relevant borrowing costs.
- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). The amendment is part of the IASB's annual improvement project published in May 2008. The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39 'Financial instruments: Recognition and measurement'. This eliminates the inconsistency of terms between IAS 39 and IAS 23. The Group has adopted IAS 23 (amendment) from 1 January 2009. The amendment does not have any impact on the Group or Company's financial statements as interest expense are calculated using the effective interest method.

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

- IAS 1 (Amendment), 'Presentation of financial statements' (effective from 1 January 2009). The amendment is part of the IASB's improvements project published in May 2008. The amendment clarifies that not all financial assets and liabilities classified as held for trading in accordance with IAS 39, 'Financial instruments: Recognition and measurement' are required to be presented as current. The Group applied the IAS 1 (Amendment) from 1 January 2009. It does not have an impact on the Group's financial statements.
- IAS 36 (Amendment), 'Impairment of assets' (effective from 1 January 2009). The amendment is part of the IASB's improvements project published in May 2008. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Group applied the IAS 36 (Amendment) from 1 January 2009 and provided the required disclosure for impairment tests where applicable.
- Amendment to IFRS 7, 'Improving disclosures about financial statements' (effective from 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the accounting policies and measurement bases adopted by the Group.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group 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 de-consolidated 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 are consolidated using the purchase method of accounting whereby the results of subsidiaries acquired during the financial year are included from the date of acquisition up to the date when control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (see Note 2.6). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

2. Summary of significant accounting policies (continued)

2.2 Consolidation (continued)

(a) Subsidiaries (continued)

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

(b) Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group, and are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(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 in the consolidated financial statements 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 in the consolidated financial statements 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 reserves is recognised in reserves. 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.

Dilution gains and losses arising in investments in associates and joint ventures are recognised in the income statement.

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 consolidated 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 income statement except when deferred in equity 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 balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement 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 as a separate component of equity.

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 equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement 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. Other property, plant and equipment are 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 income statement 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 - 30 years
Office and computer equipment, furniture and fittings	3 - 5 years
Equipment and terminals	15 years
Vessels	5 - 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 each balance sheet date.

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 income statement.

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 and contingent liabilities of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'Intangible assets'. Goodwill on acquisitions of associates is included in 'Investments in associates' 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 carried 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.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, 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 each reporting date.

2. Summary of significant accounting policies (continued)

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 consist of 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.

- (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 balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise 'Trade receivables' (Note 2.12) and 'Cash and cash equivalents' (Note 2.13) in the balance sheet.

(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 income statement. Any amount in the fair value reserve relating to that asset is transferred to the income statement.

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.

2. Summary of significant accounting policies (continued)

2.8 Financial assets (continued)

(d) Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are 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 income statement 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 income statement 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 each balance sheet date 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.

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 income statement. The allowance for impairment loss account is reduced through the income statement 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. Summary of significant accounting policies (continued)

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 balance sheet.

Financial guarantees are subsequently amortised to the income statement 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 balance sheet.

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 their 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).

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.

(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 the hedging reserve and transferred to the income statement when the interest expense on the borrowings are recognised in the income statement within "Finance expenses". The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in the income statement within "Other gains/(losses) - net".

2. Summary of significant accounting policies (continued)

2.10 Derivative financial instruments and hedging activities (continued)

(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 income statement within 'Other gains/(losses) – net'.

2.11 Inventories

Inventories are stated at fair value less costs to sell, with changes in fair value less costs to sell recognised in the income statement in the period of change.

2.12 Trade receivables

Trade receivables are amount 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

Cash and cash equivalents comprise 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 shown within borrowings in current liabilities on the balance sheet.

2.14 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new 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 equity holders, 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 equity holders.

2. Summary of significant accounting policies (continued)

2.15 Merger reserve

In applying the pooling of interests method (Note 2.1), the consolidated income statement and consolidated cash flow statement 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 consolidated balance sheets 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.

2.16 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 stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement 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 of the liability for at least 12 months after the balance sheet date.

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 income statement using the effective interest method.

2.18 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, 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 balance sheet date in the countries where the Company and its subsidiaries, joint ventures and associates 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.

2. Summary of significant accounting policies (continued)

2.18 Current and deferred income taxes (continued)

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, the 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 balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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 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

(i) 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 balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligations at the balance sheet date 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 income statement in the period in which they arise.

Past-service costs are recognised immediately in income, 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.

2. Summary of significant accounting policies (continued)

2.19 Employee benefits (continued)

(i) 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.

(ii) 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 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 each reporting date 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 income statement 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 each balance sheet date, 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 income statement, with a corresponding adjustment to the share option reserve over the remaining vesting period.

(iii) 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 income statement 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 balance sheet. 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 income statement.

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 amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. 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 goods 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 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 lessor) are charged to the income statement on 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 balance sheet 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 income statement 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 income statement on a straight-line basis over the lease term.

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

2. Summary of significant accounting policies (continued)

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.

2.25 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

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 and interest rate caps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values. 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 balance sheet 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 Standards, interpretations and amendments to existing standards that are not yet effective

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods, but the Group has not early adopted them:

IAS 27 (Revised), 'Consolidated and separate financial statements' (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests (previously known as minority interests) to be recorded in equity if there is no change in control after the transaction, and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to its fair value and a gain/loss is recognised in the income statement. The Group will apply IAS 27 (Revised) prospectively to transactions with non-controlling interests from 1 January 2010. Currently, the Group records the effects of such transactions in goodwill and gain/loss in the income statement for acquisitions and disposals of non-controlling interests respectively.

2. Summary of significant accounting policies (continued)

2.27 Standards, interpretations and amendments to published standards that are not yet effective (continued)

IAS 39 (Amendment), 'Financial instruments: Recognition and measurement' (effective from 1 July 2009). The amended standard clarifies how the principles that determine whether a hedged risk or portion of cash flow is eligible for designation should be applied in particular situations. The Group will apply IAS 39 (Amendment) from 1 January 2010. It is not expected to have an impact on the Group's financial statements.

IFRS 3 (Revised), 'Business Combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the 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. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (Revised) prospectively to all business combinations from 1 January 2010.

IFRS 5 (Amendment), 'Non-current assets held-for-sale and discontinued operations' (and consequential amendment to IFRS 1, 'First-time adoption') (effective from 1 July 2009). The amendment is part of the International Accounting Standards Board's ("IASB") annual improvements project published in April 2009. The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to IFRS 1 states that these amendments are applied prospectively from the date of transition to IFRSs. The Group will apply the IFRS 5 (Amendment) prospectively to all partial disposals of subsidiaries from 1 January 2010.

IAS 38 (Amendment), 'Intangible Assets'. The amendment is part of the IASB's annual improvements project published in April 2009 and the Group and Company will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the Group or Company's financial statements.

IAS 1 (Amendment), 'Presentation of financial statements'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Group and Company will apply IAS 1 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group or Company's financial statements.

IAS 7 (Amendment), 'Statement of cash flows'. The amendment is part of the IASB's annual improvements project published in April 2009. Only expenditures that result in a recognised asset in the balance sheet are eligible for classification as investing activities. The Group will apply IAS 7 (Amendment) from 1 January 2010. It is not expected to have a material impact on the Group's financial statements.

2. Summary of significant accounting policies (continued)

2.27 Standards, interpretations and amendments to published standards that are not yet effective (continued)

IAS 17 (Amendment), 'Leases'. The amendment is part of the IASB's annual improvements project published in April 2009. When a lease includes both land and buildings, an entity shall assess the classification of each element as a finance or an operating lease separately. A lease of land with an indefinite economic life shall normally be classified as an operating lease, unless title is expected to pass to the lessee by the end of the lease term. The Group will apply IAS 17 (Amendment) from 1 January 2010. It is not expected to have a material impact on the Group's financial statements.

IAS 36 (Amendment), 'Impairment of assets'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment clarifies that each cash generating unit or group of cash generating units to which the goodwill is allocated for the purpose of impairment testing shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes; and not be larger than an operating segment as defined by paragraph 5 of IFRS 8 'Operating Segments' before aggregation. The Group will apply IAS 36 (Amendment) from 1 January 2010. It is not expected to have a material impact on the Group's financial statements.

IAS 39 (Amendment), 'Financial instruments: Recognition and measurement'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment clarifies that the Standard does not apply to any forward contracts between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date. The term of the forward contract shall not exceed a reasonable period normally necessary to obtain any required approvals and to complete the transaction. The amendment also clarifies that for cash flow hedges, amounts recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment in the same period or periods during which the hedged forecast cash flows affect profit or loss. The Group will apply IAS 39 (Amendment) from 1 January 2010. It is not expected to have a material impact on the Group's financial statements.

IFRS 2 (amendments), 'Group cash-settled and share based payment transactions'. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance is not expected to have a material impact on the Group's financial statements.

IFRIC 17, 'Distribution of non-cash assets to owners' (effective from 1 July 2009). The interpretation is part of the IASB's annual improvements project published in April 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The Group and Company will apply IFRIC 17 from 1 January 2010. It is not expected to have a material impact on the Group or Company's financial statements.

IFRIC 19, 'Reassessment of embedded derivatives'. The interpretation is part of the IASB's annual improvements project published in April 2009. It clarifies that the interpretation does not apply to embedded derivatives in contracts acquired in a business combination, a combination of entities, businesses under common control, or the formation of a joint venture. The Group will apply IFRIC 19 from 1 January 2010. It is not expected to have a material impact on the Group's financial statements.

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.

4. Cash and cash equivalents

	Group		Company	
	2009	2008	2009	2008
Cash at bank and on hand	58,066	52,618	384	584
Short term deposits with financial institutions	12,313	24,903	403	7,468
	70,379	77,521	787	8,052

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2009	2008	2009	2008
United States Dollar	53,005	69,170	551	7,842
Euros	1,847	1,109	-	-
Singapore Dollar	11,013	5,595	215	195
Others	4,514	1,647	21	15
	70,379	77,521	787	8,052

Short term deposits with financial institutions have the following weighted average effective interest rates at the balance sheet date:

	Group		Company	
	2009	2008	2009	2008
United States Dollar	0.42%	0.79%	0.10%	1.90%
Others	0.49%	2.03%	-	-

Short term deposits with financial institutions mature within 2.5 months (2008: 1 week) from balance sheet date.

For the purpose of presenting the consolidated cash flow statements, the consolidated cash and cash equivalents comprise the following:

	Group	
	2009	2008
Cash and cash equivalents	70,379	77,521
Less: Bank balances and deposits pledged with banks for bank loans	(20,741)	(10,162)
Less: Bank overdrafts (Note 18)	(132,099)	(17,740)
	(82,461)	49,619

Acquisition of subsidiaries

In 2009, the Group paid US\$4,137 as additional consideration for the past acquisition of a subsidiary pursuant to the satisfaction of conditions set out in the sale and purchase agreement (Note 14). There were no other acquisitions in 2009.

4. Cash and cash equivalents (continued)

Acquisition of subsidiaries (continued)

On 19 February 2008, the Group acquired 100% equity interest in Chemoil Middle East DMCC for a cash consideration of US\$129 from an entity controlled by a director/shareholder of the Company.

On 11 June 2008, the Group acquired an additional 18.34% equity interest in California Software Corporation ("Calsoft") for a cash consideration of US\$5,311. Calsoft became a subsidiary pursuant to the acquisition.

On 26 August 2008, the Group acquired 64% equity interest in LMG Land Development Corporation for a cash consideration of US\$10,717.

The aggregate effects of the acquisition of these subsidiaries on the cash flows of the Group for 2008 are as follows:

	2008	
	At fair values	Carrying value in acquiree's books
Identifiable assets and liabilities		
Cash and cash equivalents	12,354	12,354
Trade and other receivables	20,878	20,891
Inventories	16	16
Property, plant and equipment	27,042	24,394
Intangible assets (Note 14)	7,336	6,395
Deferred income tax assets	132	132
Other non-current assets	364	603
Other current assets	1,816	2,005
Total assets	69,938	66,790
Trade and other payables	18,554	18,554
Current income tax liabilities	622	622
Borrowings	19,107	19,107
Deferred income tax liabilities	1,237	313
Total liabilities	39,520	38,596
Identifiable net assets acquired	30,418	28,194
Reclassification from associate to subsidiary	(12,455)	
Minority interests	(7,735)	
Goodwill (Note 14)	5,929	
Total cash consideration	16,157	
Less: Cash and cash equivalents in subsidiaries acquired	(12,354)	
Add: Bank overdrafts in subsidiaries acquired	-	
Net cash outflow on acquisition	3,803	

4. Cash and cash equivalents (continued)

Disposal of a subsidiary

On 19 November 2009, the Group disposed of its entire interest in Informed Decisions Corporation for a cash consideration of US\$15,495, out of which, US\$5,100 will be received in 2010.

The effects of the disposal of the subsidiary on the cash flows of the Group were:

	2009 Carrying amount
Identifiable assets and liabilities	
Cash and cash equivalents	(7,091)
Trade and other receivables	(4,247)
Inventories	(18)
Property, plant and equipment	(111)
Intangible assets (Note 14)	(2,233)
Other current assets	(139)
Total assets	(13,839)
Trade and other payables	11,660
Borrowings	59
Total liabilities	11,719
Identifiable net assets	(2,120)
Less: Minority interests	22
Identifiable net assets disposed	(2,098)
Gain on disposal (Note 25)	13,397
Total sale consideration	15,495
Less: Consideration receivable	(5,100)
Cash proceeds from disposal	10,395
Less: Cash and cash equivalents in subsidiary disposed	(7,091)
Net cash inflow on disposal	3,304

5. Derivative financial instruments

	Group		Company	
	2009	2008	2009	2008
Cash flow hedge				
Interest-rate swaps (Notes 2.10 and 22)	(7,526)	(11,157)	-	-
Non-hedging derivative instruments				
Derivative commodity contracts (Note 2.10)	(22,396)	35,601	-	-
Interest-rate swaps (Note 2.10)	-	-	(6,917)	(10,211)
Interest-rate cap (Note 2.10)	-	-	-	-
Total	(29,922)	24,444	(6,917)	(10,211)

Analysed as:

Group	2009			2008		
	Notional principal amount	Fair values		Notional principal amount	Fair values	
		Assets	Liabilities		Assets	Liabilities
Commodity swaps ¹	648,660	206	(18,995)	442,882	39,762	(6,333)
Commodity futures ¹	55,162	-	(3,607)	45,920	2,172	-
Interest-rate cap ²	20,000	-	-	20,000	-	-
Interest-rate swaps ³	224,170	-	(7,526)	174,346	-	(11,157)
		206	(30,128)		41,934	(17,490)
Comprises:						
Current portion		206	(26,142)		41,934	(11,278)
Non-current portion		-	(3,986)		-	(6,212)
		206	(30,128)		41,934	(17,490)

Analysed as:

Company	2009			2008		
	Notional principal amount	Fair values		Notional principal amount	Fair values	
		Assets	Liabilities		Assets	Liabilities
Interest-rate swaps ³	211,646	-	(6,917)	160,000	-	(10,211)
		-	(6,917)		-	(10,211)
Comprises:						
Current portion		-	(3,231)		-	(4,793)
Non-current portion		-	(3,686)		-	(5,418)
		-	(6,917)		-	(10,211)

1. Derivative commodity contracts mature within 3 months (2008: 6 months) from balance sheet date.

2. The interest-rate cap has a strike price of 5% and expires on 31 January 2010.

3. 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 income statement as part of interest expense over the period of the borrowings. The swaps will mature within 1 to 6 years (2008: 1 to 6 years) from balance sheet date.

Derivative financial instruments are denominated in United States Dollar.

6. Other financial assets at fair value through profit or loss

	Group		Company	
	2009	2008	2009	2008
Held for trading Listed securities :				
- Equity securities – Singapore	1,026	668	1,026	668

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. Other current assets

	Group		Company	
	2009	2008	2009	2008
Advances to suppliers	38,687	13,727	-	-
Deposits	1,608	763	-	21
Prepayments	10,657	10,805	181	1,423
	50,952	25,295	181	1,444

8. Trade and other receivables

	Group		Company	
	2009	2008	2009	2008
Current				
Trade receivables:				
- Subsidiaries	-	-	221	1,409
- Associates	2,998	92	-	-
- Joint ventures	7,214	803	-	-
- Other related parties	1,506	6,039	4	4
- Third parties	526,504	216,231	-	-
	538,222	223,165	225	1,413
Less: Allowance for impairment of trade receivables - third parties	(4,361)	(3,249)	-	-
Trade receivables – net	533,861	219,916	225	1,413
Other receivables:				
- Subsidiaries	-	-	83,791	231,662
- Joint ventures	13	3	13	-
- Other related parties	1,098	4,660	-	-
- Third parties	47,690	24,320	26,409	5,686
	48,801	28,983	110,213	237,348
	582,662	248,899	110,438	238,761

8. Trade and other receivables (continued)

	Group		Company	
	2009	2008	2009	2008
Non-current				
Trade receivables:				
- Associates	1,252	-	-	-
	1,252	-	-	-
Other receivables:				
- Associates	2,903	-	-	-
- Third parties	3,293	-	-	-
	6,196	-	-	-
	7,448	-	-	-
Total	590,110	248,899	110,438	238,761

Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers who are internationally dispersed.

Trade and other receivables of the Group amounting to US\$55,329 (2008: US\$6,417) at balance sheet date have been pledged as security for bank borrowings (Note 18).

Trade receivables of the Group amounting to US\$199,042 (2008: US\$77,963) 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\$235,672 (2008: US\$126,199). 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).

Non-trade receivables from subsidiaries and joint ventures are unsecured, interest free and are repayable within twelve months.

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

Non-current trade and other receivables from associates are unsecured, interest-free and due within four years.

Non-current other receivables from third parties are unsecured, interest-bearing at an average rate of 8% and due within three years.

Other related parties comprise controlling shareholders of the Company and entities controlled/ significantly influenced by the controlling shareholders of the Company. 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.

8. Trade and other receivables (continued)

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	
	2009	2008	2009 %	2008 %
Trade receivables from associates	1,083	-	7.50	-
Other receivables from associates	2,274	-	7.50	-
Other receivables from third parties	3,903	-	2.05	-

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

Impairment loss on trade receivables of the Group of US\$3,204 (2008: US\$1,715) was recognised and included in "Other expenses".

9. Inventories

	Group	
	2009	2008
Marine fuels at fair value less costs to sell	359,377	122,913

Inventories amounting to US\$239,048 (2008: US\$16,779) at balance sheet date have been pledged as security for bank borrowings (Note 18).

10. Other non-current assets

	Group	
	2009	2008
Prepayments	1,751	2,125
Deposits	1,245	575
	2,996	2,700

11. Investments in associates

	Group		Company	
	2009	2008	2009	2008
Equity investments at cost			14,691	14,691
Beginning of financial year	38,374	46,754		
Reclassified to investments in joint ventures (Note 12)	-	(217)		
Currency translation differences	(188)	-		
Additions during the financial year	-	364		
Share of results	6,404	5,306		
Reclassification of an associate to subsidiary	-	(12,455)		
Dividends received	(2,276)	(1,378)		
End of financial year	42,314	38,374		
Investments in associates include goodwill of	12,854	12,854		

The summarised financial information of associates are as follows:

	2009	2008
- Assets	791,930	520,216
- Liabilities	699,529	443,912
- Revenues	4,319,661	5,403,232
- Net profit	21,943	19,533
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	Equity holding	
			2009 %	2008 %
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		Company	
	2009	2008	2009	2008
Equity investments at cost			16,462	11,462
Beginning of financial year	17,808	11,129		
Reclassified from investments in associates (Note 11)	-	217		
Additions during the financial year	5,017	5,631		
Share of results	5,554	1,020		
Dividends received	(63)	(189)		
End of financial year	28,316	17,808		
Investments in joint ventures include goodwill of	-	-		

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

	Group	
	2009	2008
Assets:		
- Current assets	123,081	68,066
- Non-current assets	12,667	10,835
	135,748	78,901
Liabilities:		
- Current liabilities	108,434	62,340
- Non-current liabilities	-	18
	108,434	62,358
Net assets	27,314	16,543
Income	1,510,835	1,664,271
Expenses	1,502,607	1,662,702
Profit before tax	8,228	1,569
Income tax	(2,674)	(569)
Profit after tax	5,554	1,000
Capital commitments in relation to interest in joint ventures	-	5,000
Share of joint ventures' capital commitments	2,906	3,969
Contingent liabilities in relation to interest in joint ventures	-	-
Share of joint ventures' contingent liabilities	-	-

12. Investments in joint ventures (continued)

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

Name of company	Principal activities	Country of business/ incorporation	Equity holding	
			2009 %	2008 %
IPC (USA), Inc. ¹	Oil Trading	United States of America	50	50
GPS Chemoil LLC (FZC) ²	Terminal management services	United Arab Emirates	40*	40*
Chemoil Adani Pte Ltd ³	Oil Trading	Singapore	50	-

* 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 PricewaterhouseCoopers LLP, Singapore, for purposes of the audit of the consolidated financial statements.
2. Audited by Deloitte & Touche, Fujairah.
3. Audited by PricewaterhouseCoopers LLP, Singapore.

13. Investments in subsidiaries

	Company	
	2009	2008
Equity investments at cost	211,921	51,292

In 2009, the Company injected an additional capital of US\$160,629 into a subsidiary.

Details of significant subsidiaries are included in Note 39.

Acquisition of subsidiaries in 2008

Chemoil Middle East DMCC

On 19 February 2008, the Group acquired a 100% equity interest in Chemoil Middle East DMCC for a consideration of US\$129. The fair value of the identifiable net assets of Chemoil Middle East DMCC at the date of acquisition amounted to US\$129.

Chemoil Middle East DMCC contributed revenue of US\$92,339 and net loss of US\$9,538 to the Group for the period from 19 February 2008 to 31 December 2008. Chemoil Middle East DMCC's assets and liabilities at 31 December 2008 were US\$13,826 and US\$23,255 respectively. If the acquisition had occurred on 1 January 2008, the Group's revenue would have been US\$8,662,129 and net profit would have been US\$46,199.

13. Investments in subsidiaries (continued)

Acquisition of subsidiaries in 2008 (continued)

California Software Company

On 11 June 2008, the Group acquired an additional 18.34% equity interest in California Software Company for a consideration of US\$5,311. As a result, its equity interest in California Software Company increased to 67.70% as at 31 December 2008.

The fair values of the identifiable net assets of California Software Company and its subsidiaries ("Calsoft group") at the date of acquisition amounted to US\$22,401. The goodwill on acquisition of the total 67.70% equity interest amounted to US\$3,100. The goodwill is attributable to significant synergies expected to arise after the acquisition.

The Calsoft group contributed revenue of US\$29,404 and net loss of US\$2,536 to the Group for the period from 11 June 2008 to 31 December 2008. The Calsoft group's assets and liabilities at 31 December 2008 were US\$54,667 and US\$37,840 respectively. If the acquisition had occurred on 1 January 2008, the Group's revenue would have been US\$8,690,631 and net profit would have been US\$45,606, of which a loss of US\$293 had been equity accounted for prior to 11 June 2008.

LMG Land Development

On 26 August 2008, the Group acquired a 64% equity interest in LMG Land Development for a consideration of US\$10,717. The fair value of the identifiable net assets of LMG Land Development at the date of acquisition amounted to US\$7,887, resulting in goodwill on acquisition of US\$2,829. The goodwill is attributable to significant synergies expected to arise after the acquisition.

LMG Land Development contributed revenue of US\$541 and net income of US\$27 to the Group for the period from 26 August 2008 to 31 December 2008. LMG Land Development's assets and liabilities at 31 December 2008 were US\$7,241 and US\$1,736 respectively. If the acquisition had occurred on 1 January 2008, the Group's revenue would have been US\$8,662,984 and net profit would have been US\$46,192.

14. Intangible assets

	Group	
	2009	2008
Composition:		
Goodwill arising on acquisition (Note 14(a))	11,828	7,568
Software costs (Note 14(b))	3,673	6,801
Contractual customer relationships (Note 14(c))	1,673	2,207
	17,174	16,576

14. Intangible assets (continued)

(a) Goodwill arising on acquisition

	Group	
	2009	2008
Cost		
Beginning of financial year	7,568	1,817
Acquisition of subsidiaries (Note 4)	4,137	5,929
Currency translation differences	123	(178)
End of financial year	11,828	7,568
Accumulated impairment		
Beginning and end of financial year	-	-
Net book value	11,828	7,568

Impairment test for goodwill

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

	Group	
	2009	2008
Netherlands	1,817	1,817
Philippines	2,739	2,651
India	7,272	3,100
	11,828	7,568

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.

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

2009	Netherlands	Philippines	India
Growth rate ¹	5%	2%	5%
Discount rate ²	5%	14%	13%
2008	Netherlands	Philippines	India
Growth rate ¹	5%	2%	5%
Discount rate ²	8%	14%	14%

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.

14. Intangible assets (continued)

(b) Software costs

	Group	
	2009	2008
Cost		
Beginning of financial year	10,289	5,054
Currency translation differences	328	(208)
Acquisition of subsidiaries (Note 4)	-	5,129
Disposal of a subsidiary (Note 4)	(3,403)	-
Additions	2,564	1,260
Disposals	-	(946)
End of financial year	9,778	10,289
Accumulated amortisation		
Beginning of financial year	3,488	2,851
Currency translation differences	321	(15)
Disposal of a subsidiary (Note 4)	(1,170)	-
Disposals	-	(946)
Charge for the year	3,466	1,598
End of financial year	6,105	3,488
Net book value	3,673	6,801

(c) Contractual customer relationships

	Group	
	2009	2008
Cost		
Beginning of financial year	2,207	-
Currency translation differences	74	-
Acquisition of subsidiaries (Note 4)	-	2,207
End of financial year	2,281	2,207
Accumulated amortisation		
Beginning of financial year	-	-
Currency translation differences	19	-
Charge for the year	589	-
End of financial year	608	-
Net book value	1,673	2,207

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 1 January 2009	31,633	10,945	166,451	49,217	595	3,145	261,986
Currency translation differences	1,504	826	3,609	-	(45)	10	5,904
Additions	638	461	7,602	-	88	1,466	10,255
Disposals	(163)	(754)	(33)	-	(127)	-	(1,077)
Transfers	365	1,200	264	-	-	(1,829)	-
At 31 December 2009	33,977	12,678	177,893	49,217	511	2,792	277,068
Accumulated depreciation							
At 1 January 2009	1,327	3,581	19,912	3,996	122	-	28,938
Currency translation differences	124	582	272	-	(14)	-	964
Charge for the year	1,213	2,633	8,032	3,095	72	-	15,045
Disposals	(14)	(620)	(5)	-	(27)	-	(666)
At 31 December 2009	2,650	6,176	28,211	7,091	153	-	44,281
Net book value							
At 31 December 2009	31,327	6,502	149,682	42,126	358	2,792	232,787
Group							
Cost							
At 1 January 2008	2,356	4,754	26,518	31,308	407	144,385	209,728
Currency translation differences	(425)	(403)	8,576	-	41	(2,172)	5,617
Acquisition of subsidiaries	8,447	1,581	936	-	129	15,949	27,042
Additions	10,132	3,115	7,436	6,039	120	2,617	29,459
Disposals	(161)	(393)	(104)	(9,100)	(102)	-	(9,860)
Transfers	11,284	2,291	123,089	20,970	-	(157,634)	-
At 31 December 2008	31,633	10,945	166,451	49,217	595	3,145	261,986
Accumulated depreciation							
At 1 January 2008	608	2,154	13,031	1,395	151	-	17,339
Currency translation differences	(2)	(104)	(39)	6	-	-	(139)
Charge for the year	778	2,031	6,920	3,206	67	-	13,002
Disposals	(57)	(500)	-	(611)	(96)	-	(1,264)
At 31 December 2008	1,327	3,581	19,912	3,996	122	-	28,938
Net book value							
At 31 December 2008	30,306	7,364	146,539	45,221	473	3,145	233,048

15. Property, plant and equipment (continued)

	Office and computer equipment, furniture and fittings
Company	
Cost	
At 1 January 2009	23
Additions	-
At 31 December 2009	23
Accumulated depreciation	
At 1 January 2009	5
Charge for the year	5
At 31 December 2009	10
Net book value	
At 31 December 2009	13
Company	
Cost	
At 1 January 2008	23
Additions	-
At 31 December 2008	23
Accumulated depreciation	
At 1 January 2008	1
Charge for the year	4
At 31 December 2008	5
Net book value	
At 31 December 2008	18

- (a) Included in additions in the consolidated financial statements are motor vehicles acquired under finance lease amounting to US\$66 (2008: US\$120).
- (b) The carrying amount of the Group's motor vehicles held under finance lease amounted to US\$226 as at 31 December 2009 (2008: US\$228).
- (c) Borrowings of the Group of US\$192,288 (2008: US\$210,172) and of the Company of US\$40,582 (2008: US\$44,074), are secured on property, plant and equipment of the Group with carrying amounts of US\$224,930 (2008: US\$218,387) and US\$9,695 (2008: US\$10,458) respectively, and all related 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 balance sheet as follows:

	Group	
	2009	2008
Deferred tax assets:		
- Deferred tax assets to be recovered within one year	(6,166)	(10,329)
- Deferred tax to be recovered after one year	(2,843)	(2,932)
	(9,009)	(13,261)
Deferred tax liabilities:		
- Deferred tax liability to be settled within one year	1,169	356
- Deferred tax liability to be settled after one year	3,373	2,231
	4,542	2,587
Deferred tax assets -net	(4,467)	(10,674)

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

	Group	
	2009	2008
Beginning of financial year	(10,674)	2,791
Effect of change in tax rate	32	-
Currency translation differences	1	(32)
Acquisition of subsidiaries	-	1,105
Income statement charge/(credit) (Note 29)	6,174	(14,538)
End of financial year	(4,467)	(10,674)

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:

	Accelerated tax depreciation	Fair value gains	Others	Total
At 1 January 2009	4,660	2,071	1,242	7,973
Currency translation differences	(88)	30	-	(58)
Effect of change in tax rate	(80)	-	-	(80)
Charged to income statement	3,131	1,700	1,389	6,220
At 31 December 2009	7,623	3,801	2,631	14,055
At 1 January 2008	3,479	2,675	-	6,154
Acquisition of subsidiaries	313	924	-	1,237
Currency translation differences	-	(32)	-	(32)
Charged/(credited) to income statement	868	(1,496)	1,242	614
At 31 December 2008	4,660	2,071	1,242	7,973

16. Deferred income tax (continued)

Deferred tax assets

	Tax losses	Provisions	Investment allowance	Others	Total
At 1 January 2009	(14,494)	(904)	(2,932)	(317)	(18,647)
Currency translation differences	(29)	(3)	91	-	59
Change in tax rate	-	-	112	-	112
Charged/(credited) to income statement	1,188	(247)	(114)	(873)	(46)
At 31 December 2009	(13,335)	(1,154)	(2,843)	(1,190)	(18,522)
At 1 January 2008	(2,053)	(1,310)	-	-	(3,363)
Acquisition of subsidiaries	(132)	-	-	-	(132)
(Credited)/charged to income statement	(12,309)	406	(2,932)	(317)	(15,152)
At 31 December 2008	(14,494)	(904)	(2,932)	(317)	(18,647)

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.

Deferred income tax liabilities of US\$18,720 (2008: US\$12,940) 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\$66,927 (2008: US\$47,219) at balance sheet date.

17. Trade and other payables

	Group		Company	
	2009	2008	2009	2008
Trade payables to:				
- Third parties	274,132	154,656	11,972	5,591
- Subsidiaries	-	-	50,538	30,935
- Associates	8,148	14,945	2	2
- Other related parties	645	153	-	13
	282,925	169,754	62,512	36,541
Net defined benefit pension plan liabilities (Note 27)	209	-	-	-
Accrued interest payable on borrowings	1,035	1,567	68	191
Other accruals for operating expenses	42,566	37,245	-	-
	326,735	208,566	62,580	36,732

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

Other related parties comprise controlling shareholders of the Company and entities controlled/ significantly influenced by the controlling shareholders of the Company.

18. Borrowings

	Group		Company	
	2009	2008	2009	2008
Current				
Advances from financial institutions under Receivables Purchase Agreement (Note 8)	199,042	77,963	-	-
Loan from a subsidiary	-	-	76,500	76,500
Bank overdrafts (Note 4)	132,099	17,740	-	-
Bank loans	226,048	30,607	3,708	3,708
Loan from third party	187	-	-	-
Finance lease liabilities (Note 24)	40	40	-	-
	557,416	126,350	80,208	80,208
Non-current				
Bank loans	164,729	187,535	36,875	40,366
Loan from third party	373	-	-	-
Finance lease liabilities (Note 24)	136	160	-	-
	165,238	187,695	36,875	40,366
Total	722,654	314,045	117,083	120,574

(a) Security of borrowings

Total borrowings include secured liabilities of US\$719,006 (2008: US\$309,872) and US\$40,582 (2008: US\$44,074) for the Group and Company respectively.

Advances from financial institutions under the Receivables Purchase Agreement are secured against the trade receivables (Note 8). Bank loans and bank overdrafts are secured over bank balances and deposits (Note 4), trade receivables (Note 8), inventories (Note 9) and property, plant and 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 (2008: 2 months) from the end of the balance sheet date. The non-current borrowings (excluding finance lease liabilities) have the following maturities from the end of the balance sheet date:

	Group		Company	
	2009	2008	2009	2008
Later than one year and not later than five years	124,936	135,624	14,532	40,366
Later than five years	40,166	51,911	22,343	-
	165,102	187,535	36,875	40,366

18. Borrowings (continued)**(c) Currency risk**

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

	Group		Company	
	2009	2008	2009	2008
United States Dollar	692,363	285,220	117,083	120,574
Singapore Dollar	156	175	-	-
Indian Rupee	19,445	19,231	-	-
Philippine Peso	9,730	9,419	-	-
Euro	960	-	-	-
	722,654	314,045	117,083	120,574

(d) Interest rate risks

The weighted average effective interest rates of current and non-current borrowings at the balance sheet date are as follows:

	Group		Company	
	2009	2008	2009	2008
Advances from financial institutions under Receivables Purchase Agreement	1.94%	4.20%	-	-
Bank overdrafts	1.46%	2.68%	-	-
Bank loans	2.48%	4.38%	2.10%	3.19%
Finance lease liabilities	3.29%	3.24%	-	-

Borrowings (excluding finance lease liabilities) are mainly at variable rates with repricing within 3 months (2008: 3 months) of the balance sheet date.

(e) Carrying amounts and fair values

The carrying amounts of borrowings approximate their fair values.

19. Provisions for other liabilities and charges

	Group	
	2009	2008
Current		
Legal claims (Note 19(a))	5,334	3,579
Non-Current		
Reinstatement costs (Note 19(b))	5,466	-
	10,800	3,579

(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 balance sheet date. 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	
	2009	2008
Beginning of financial year	3,579	1,639
Provision made	3,343	5,697
Write-back of provision	(700)	(904)
Utilised	(888)	(2,853)
End of financial year	5,334	3,579

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

(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:

	2009
Beginning of financial year	-
Provision made	5,466
End of financial year	5,466

20. Share capital, share premium and treasury shares

	Number of ordinary shares (thousands)		Share capital	Amount		Total
	Issued share capital	Treasury shares held by Trust		Treasury shares held by Trust	Share premium	
Group						
2009						
Beginning of financial year	1,292,612	-	2	-	85,816	85,818
Treasury shares purchased	-	(5,400)	-	(1,282)	-	(1,282)
Treasury shares re-issued						
- Cash consideration, net of expense	-	218	-	98	-	98
- Gain transferred to capital reserve (Note 22)	-	-	-	(46)	-	(46)
	-	218	-	52	-	52
End of financial year	1,292,612	(5,182)	2	(1,230)	85,816	84,588
2008						
Beginning and end of financial year	1,292,612	-	2	-	85,816	85,818
Company						
2009 and 2008						
Beginning and end of financial year	1,292,612	-	2	-	85,816	85,818

As at 31 December 2009, the authorised share capital of the Company is HK\$1,000 (2008: HK\$1,000) comprising 80,000,000,000 shares (2008: 80,000,000,000 shares) with a par value of HK\$0.0000125 per share (2008: HK\$0.0000125 per share).

All issued ordinary shares are fully paid.

(a) Treasury shares held by Trust

On 21 January 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 has been consolidated in the consolidated financial statements under SIC Interpretation 12, Consolidation – Special Purpose Entities.

The Trust acquired 5,400,000 (2008: Nil) of the Company's shares in the open market during the financial year. The total amount paid to acquire the shares was US\$1,282 (2008: Nil) and this is presented as a component within shareholders equity.

Pursuant to the Company's share option plan, the Trust re-issued 217,622 (2008: Nil) of the treasury shares during the financial year at the exercise price of US\$0.45 (2008: Nil) each, for a total cash consideration (net of expenses) of US\$98 (2008: Nil).

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 are as follows:

Date of grant	No. of ordinary shares under option				End of financial year
	Beginning of financial year	Granted during financial year	Forfeited during financial year	Exercised during financial year	
Group and Company					
2009					
14.12.2006	24,266,024	-	(116,984)	(217,622)	23,931,418
27.08.2007	516,000	-	-	-	516,000
25.09.2007	4,480,059	-	(327,381)	-	4,152,678
12.12.2008	5,028,000	-	-	-	5,028,000
12.12.2008	4,250,000	-	(450,000)	-	3,800,000
04.03.2009	-	208,333	-	-	208,333
11.08.2009	-	4,025,000	-	-	4,025,000
11.08.2009	-	3,274,898	-	-	3,274,898
	38,540,083	7,508,231	(894,365)	(217,622)	44,936,327
2008					
14.12.2006	26,317,041	-	(2,051,017)	-	24,266,024
27.08.2007	516,000	-	-	-	516,000
25.09.2007	4,876,368	-	(396,309)	-	4,480,059
12.12.2008	-	5,028,000	-	-	5,028,000
12.12.2008	-	4,250,000	-	-	4,250,000
	31,709,409	9,278,000	(2,447,326)	-	38,540,083

Out of the outstanding options for 44,936,327 (2008: 38,540,083) shares, options for 19,809,922 (2008: 10,860,421) shares are exercisable at the balance sheet date. There were no options exercised in 2008.

Options exercised in 2009 resulted in 217,622 shares (2008: Nil) being re-issued at the exercise price of US\$0.45 (2008: Nil) per share. The weighted average share price at the time of exercise was US\$0.56 (2008: Nil) per share. The related transaction costs amounting to US\$Nil (2008: Nil) were deducted against the proceeds received.

The fair value of options granted during the period determined using the Binomial valuation model was US\$984 (2008: US\$437). 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.

20. Share capital, share premium and treasury shares (continued)

(b) Share options (continued)

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	14.12.2008 – 13.12.2017
27.08.2007	30.0%	1.5%	3.1%	US\$0.586	27.08.2009 – 26.08.2018
25.09.2007	30.0%	1.5%	4.0%	US\$0.483	25.09.2009 – 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	11.08.2010 – 10.08.2020
11.08.2009	65.0%	1.5%	0.89%	US\$0.487	11.08.2010 – 10.08.2020

* Pursuant to the acquisition of the Company by Singfuel Investment Pte. Ltd. (Note 38), share options granted will be exercisable within 6 months from 19 March 2010 unless Singfuel Investment Pte. Ltd. becomes entitled or bound to exercise rights of compulsory acquisition pursuant to the mandatory conditional cash offer.

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	
	2009	2008	2009	2008
(a) Composition:				
Share option reserve	2,425	1,574	750	1,574
Currency translation reserve	4,485	858	-	-
Hedging reserve	(7,526)	(11,157)	-	-
Capital reserve	46	-	-	-
	(570)	(8,725)	750	1,574

22. Other reserves (continued)

	Group		Company	
	2009	2008	2009	2008
(b) Movements:				
(i) Share option reserve				
Beginning of financial year	1,574	947	1,574	947
Contribution to the Trust	-	-	(1,675)	-
Employee share option scheme:				
- Value of employee services (Notes 20(b) and 26)	851	627	851	627
End of financial year	2,425	1,574	750	1,574
(ii) Currency translation reserve				
Beginning of financial year	858	638	-	-
Net currency translation differences of financial statements of foreign subsidiaries and associates	3,978	(748)	-	-
Less: Minority interests	(351)	968	-	-
End of financial year	4,485	858	-	-
(iii) Hedging reserve				
Beginning of financial year	(11,157)	(1,825)	-	-
Cash flow hedges				
- Fair value losses	(2,326)	(11,278)	-	-
- Transfer to finance expenses (Note 28)	5,957	1,946	-	-
End of financial year	(7,526)	(11,157)	-	-
(iv) Capital reserve				
Beginning of financial year	-	-	-	-
Gain on re-issue of treasury shares (Note 20)	46	-	-	-
End of financial year	46	-	-	-

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\$18,907 (2008: US\$9,288). Retained earnings of the Company are distributable. Movement in retained earnings of the Company is as follows:

	Company	
	2009	2008
Beginning of financial year	71,479	47,704
Net profit	17,355	30,237
Dividends paid (Note 32)	(6,463)	(6,462)
End of financial year	82,371	71,479

24. Finance lease liabilities

The Group leases motor vehicles from third parties under finance leases

	Group	
	2009	2008
Minimum lease payments due:		
- Not later than one year	50	49
- Later than one year but not later than five years	145	174
- Later than five years	21	20
	216	243
Less: Future finance charges	(40)	(43)
Present value of finance lease liabilities	176	200

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

	Group	
	2009	2008
Not later than one year (Note 18)	40	40
Later than one year: (Note 18)		
- Later than one year but not later than five years	119	143
- Later than five years	17	17
	136	160
	176	200

25. Revenue and other gains/(losses) – net

	Group	
	2009	2008
Revenue:		
Sales of fuel	5,629,199	8,541,874
Chartering income	24,684	34,100
Terminal rental	32,265	27,755
Service fees and commission income	1,961	1,497
Sale of software	57,197	29,404
Demurrage and other claim income	4,940	27,499
	5,750,246	8,662,129

25. Revenue and other gains/(losses) – net (continued)

	Group	
	2009	2008
Other gains/(losses) – net:		
Currency exchange (losses)/gain – net	(399)	4,573
Gain on disposal of a subsidiary (Note 4)	13,397	-
(Loss)/gain on disposal of property, plant and equipment	(34)	551
Fair value gains/(losses) on financial assets at fair value through profit or loss	358	(936)
Derivative financial instruments (losses)/gains – net	(152,891)	113,835
Insurance claim	-	14,570
Interest income:		
- bank deposits	263	1,810
- non-trade receivables from other related parties (Note 8)	191	181
	454	1,991
Other income	1,298	-
	(137,817)	134,584

26. Employee benefit expense

	Group	
	2009	2008
Wages and salaries	45,674	41,054
Compensation expense relating to defined benefit plans (Note 27)	239	122
Employer's contribution to defined contribution plans	1,344	690
Share options granted to directors and employees (Notes 20(b) and 22)	851	627
	48,108	42,493

27. Post-employment defined benefit plans

The Group has defined benefit pension plans covering eligible employees in certain subsidiaries.

The amounts recognised in the income statement are determined as follows:

	Group	
	2009	2008
Current service cost	114	79
Interest cost	38	34
Administration cost	10	9
Expected return on plan assets	(18)	(28)
Past service cost	25	28
Loss due to premium correction	70	-
Total pension costs (Note 26)	239	122
Actual return on plan liabilities	(129)	174

27. Post-employment defined benefit plans (continued)

The amounts recognised in the balance sheet are as follows:

	Group	
	2009	2008
Present value of defined benefit pension obligations funded by plan assets	(1,070)	(501)
Fair value of plan assets	699	399
	(371)	(102)
Unrecognised actuarial gains	(40)	(70)
Unrecognised past service cost	202	172
Net defined benefit pension plan liabilities	(209)	-

Movement in the present value of the defined benefit pension obligations during the financial year is as follows:

	Group	
	2009	2008
Beginning of financial year	(501)	(592)
Current service cost	(114)	(79)
Interest cost	(38)	(34)
Actuarial (losses)/gains	(426)	204
Settlements	9	-
End of financial year	(1,070)	(501)

The movement in the fair value of plan assets during the financial year is as follows:

	Group	
	2009	2008
Beginning of financial year	399	728
Expected return on plan assets	37	28
Actuarial gains/(losses)	215	(525)
Administration cost	-	-
Pension contributions	167	168
Loss due to premium correction	(110)	-
Settlements	(9)	-
End of financial year	699	399

Plan assets comprise of qualified insurance policies. The expected return on plan assets is determined by considering the expected returns available on these insurance policies.

The principal actuarial assumptions used are as follows:

	Group	
	2009	2008
Weighted average discount rate	5.00%	6.20%
Rate of increase in compensation level	3.00%	2.00%
Expected return on plan assets	5.00%	6.20%

28. Finance expense

	Group	
	2009	2008
Interest expense:		
- bank loans	15,363	34,407
- finance lease liabilities	15	8
Cash flow hedges – transfer from equity (Note 22)	5,957	1,946
	21,335	36,361

29. Income tax expense/(credit)

	Group	
	2009	2008
Tax expense/(credit) attributable to profit is made up of:		
Current income tax	9,130	2,331
Deferred income tax (Note 16)	6,555	(14,597)
	15,685	(12,266)
(Over)/under provision in prior years		
- current income tax	(639)	230
- deferred income tax (Note 16)	(381)	59
	14,665	(11,977)

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	
	2009	2008
Profit before tax and share of results of associates and joint ventures	14,801	27,896
Tax calculated at domestic tax rates applicable to profits in the respective countries	16,592	4,379
Effects of:		
- Change in tax rate of subsidiaries	358	-
- Income not subject to tax	(138)	(4,086)
- Expenses not deductible	680	39
- Income tax at concessionary rate	(1,807)	(9,751)
- Tax incentives	-	(2,847)
Tax charge/(credit)	15,685	(12,266)

The weighted average applicable tax rate is more than 100% (2008: 16%). The increase is caused by a change in the profitability mix of the Group's subsidiaries in the respective countries. Profits were earned in taxable jurisdictions, whilst losses were mainly incurred in tax-exempt jurisdictions.

30. 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 management for the reportable segments for the year ended 31 December 2009 is as follows:

	Fuel Sales	Shipping	Terminalling	Others	Total
Group					
Segment revenue	5,643,343	79,854	43,943	61,247	5,828,387
Inter-segment revenue	(2,758)	(56,078)	(15,928)	(3,377)	(78,141)
Revenue from external customers	5,640,585	23,776	28,015	57,870	5,750,246
Gross contribution	64,092	3,966	35,393	-	103,451
Interest income	214	14	5	221	454
Finance expense	7,410	845	3,602	9,478	21,335
Depreciation and amortisation	4,694	3,109	7,282	5,091	20,176
Income tax expense	5,535	308	3,311	5,511	14,665
Share of results of associates and joint ventures – net	9,879	1,717	452	(90)	11,958
Total assets	1,065,038	74,142	195,038	70,428	1,404,646
Total assets includes:					
Investments in associates	20,851	21,463	-	-	42,314
Investments in joint ventures	16,534	501	11,118	163	28,316
Additions to:					
- property, plant and equipment	1,567	2	7,871	815	10,255
- intangible assets	2,564	-	-	4,137	6,701

30. Segment information (continued)

The segment information provided to the management for the reportable segments for the year ended 31 December 2008 is as follows:

	Fuel Sales	Shipping	Terminalling	Others	Total
Group					
Segment revenue	8,585,057	108,791	40,779	34,359	8,768,986
Inter-segment revenue	(8,541)	(74,173)	(19,738)	(4,405)	(106,857)
Revenue from external customers	8,576,516	34,618	21,041	29,954	8,662,129
Gross contribution	88,736	15,918	31,543	-	136,197
Interest income	1,316	60	26	589	1,991
Finance expense	25,399	989	4,119	5,854	36,361
Depreciation and amortisation	4,573	3,220	5,384	1,696	14,873
Income tax (credit)/expense	(13,826)	313	1,360	176	(11,977)
Share of results of associates and joint ventures – net	4,966	1,898	70	(608)	6,326
Total assets	493,841	82,022	187,672	76,131	839,666
Total assets includes:					
Investments in associates	17,187	21,187	-	-	38,374
Investments in joint ventures	6,319	587	10,665	237	17,808
Additions to:					
- property, plant and equipment	2,451	6,061	16,380	31,609	56,501
- intangible assets	1,227	-	5,052	8,246	14,525

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

	2009	2008
Gross contribution	103,451	136,197
Sales of software	57,197	29,404
Other gains/(losses) - net, excluding derivative financial instruments gains/(losses) – net	15,074	20,749
Rental, service and commission expense - Others	(2,362)	(3,474)
Marketing and communication expenses	(7,355)	(7,801)
Employee benefits	(48,108)	(42,493)
Other expenses	(61,585)	(53,452)
Depreciation and amortisation	(20,176)	(14,873)
Finance expense	(21,335)	(36,361)
Share of results of associates and joint ventures	11,958	6,326
Profit before tax	26,759	34,222

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.

30. Segment information (continued)**Geographical information**

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

Revenue	Group	
	2009	2008
United States of America	1,787,289	3,274,214
Netherlands	1,211,641	1,603,416
Singapore	1,505,607	1,943,976
Panama	638,481	870,002
United Arab Emirates	321,244	582,930
Latvia	177,766	195,375
Others	108,218	192,216
Total	5,750,246	8,662,129

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

Non-current assets	Group	
	2009	2008
United States of America	28,606	32,351
Panama	5,491	6,403
Netherlands	22,097	21,614
United Arab Emirates	11,552	10,890
Singapore	160,801	149,610
India	35,507	30,814
Others	59,533	56,824
Total	323,587	308,506

31. Earnings per share**(a) Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to equity holders 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	
	2009	2008
Profit attributable to equity holders of the Company	11,467	47,069
Weighted average number of ordinary shares in issue (in thousands)	1,288,026	1,292,612
Basic earnings per share (cents per share)	0.89	3.64

31. Earnings per share (continued)**(b) Diluted earnings per share**

Diluted earnings 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.

Diluted earnings per share attributable to the equity holders of the Company is calculated as follows:

	Group	
	2009	2008
Profit attributable to equity holders of the Company	11,467	47,069
Weighted average number of ordinary shares in issue (in thousands)	1,292,612	1,292,612
Adjustments for share options (in thousands)	4,754	-
Adjustments for treasury shares (in thousands)	(4,586)	-
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	1,292,780	1,292,612
Diluted earnings per share (cents per share)	0.887	3.641

Diluted earnings per share for 2008 is not adjusted for share options as these share options are anti-dilutive.

32. Dividends

	Group	
	2009	2008
Final exempt dividends paid in respect of the previous financial year of 0.50 cents (2008: 0.50 cents) per share	6,463	6,462

33. Contingencies**(a) 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.

(b) Guarantees**Company**

The Company has issued corporate guarantees to banks and third parties for borrowings and trade and other payables of certain subsidiaries. These bank loans and trade and other payables amounted to US\$541,320 (2008: US\$255,913) at the balance sheet date.

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

34. Operating leases and commitments**(a) Capital commitments**

Capital expenditures contracted for at the balance sheet date 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	
	2009	2008	2009	2008
Convertible debt instruments	2,707	-	-	-

(b) Operating lease expenses

Rentals on operating leases recognised in the income statement comprise the following:

	Group	
	2009	2008
Barges (included in "Barging and pipeline costs")	42,555	47,865
Vessels (included in "Inventories recognised as an expense" and "Chartering and other shipping related expenses")	17,757	21,840
Offices, storage tanks and motor vehicles (included in "Rentals for office premises, storage tanks and motor vehicles")	36,638	39,381
Other equipment (included in "Other expenses")	62	33
	97,012	109,119

34. 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 reporting date but not recognised as liabilities, are as follows:

	Group	
	2009	2008
Not later than one year	49,457	57,616
Later than one year but not later than five years	55,573	85,067
Later than five years	50,521	52,144
	155,551	194,827

(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 reporting date but not recognised as receivables, are as follows:

	Group	
	2009	2008
Not later than one year	31,750	28,441
Later than one year but not later than five years	70,152	70,448
Later than five years	7,905	15,565
	109,807	114,454

The details of the Group's assets leased out under operating leases (where the Group is the lessor) as at balance sheet date are as follows:

	Group	
	2009	2008
Property, plant and equipment		
Net book value	154,097	149,140
Accumulated depreciation	11,299	11,376
Depreciation charge for the year	6,368	5,152

35. Financial risk management

35.1 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 Dollars, 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 investment 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, 8, 17, and 18.

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

35. Financial risk management (continued)

35.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Commodity price risk

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% (2008: 1%) with all other variables including tax rate being held constant, the profit after tax will be higher/lower by US\$531 (2008: US\$368) as a result of the changes in the fair values of the inventories and commodity swaps and futures as at balance sheet date.

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 consolidated balance sheet as 'Financial assets at fair value through profit or loss' is only US\$1,026 (2008: US\$668).

(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. Borrowings issued at fixed rates expose the Group to fair value 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% (2008: 0.50%) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by US\$2,683 (2008: US\$981), as a result of higher/lower interest expense on these borrowings.

35. Financial risk management (continued)**35.1 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 balance sheet, except that in addition, the Company has provided corporate guarantees to banks and third parties for loans and trade and other payables of its subsidiaries and its credit exposure in respect of these guarantees is US\$541,320 (2008: US\$255,913) at the balance sheet date (Note 33(b)).

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	
	2009	2008	2009	2008
By operating segment				
Fuel sales	561,416	224,855	-	-
Shipping	2,958	4,840	-	-
Terminalling	1,494	589	-	-
Others	16,794	18,615	110,438	244,072
	582,662	248,899	110,438	244,072

35. Financial risk management (continued)**35.1 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	
	2009	2008
Past due 0 to 30 days	38,835	5,243
Past due 30 to 60 days	2,328	98
Past due more than 60 days	12,386	8,332
	53,549	13,673

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	
	2009	2008
Past due 30 to 60 days	212	2,079
Past due more than 60 days	7,563	9,502
	7,775	11,581
Less: Allowance for impairment	(4,361)	(3,249)
	3,414	8,332
Beginning of financial year	3,249	1,323
Acquisition of subsidiaries	-	874
Allowance made	3,204	1,715
Allowance utilised	(2,092)	(663)
End of financial year	4,361	3,249

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.

35. Financial risk management (continued)**35.1 Financial risk factors (continued)****(c) Liquidity risk**

The Group and Company manage 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 balance sheet date 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	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Group				
At 31 December 2009				
Net-settled derivative financial instruments	(26,142)	(1,714)	(2,251)	(21)
Trade and other payables	(326,735)	-	-	-
Borrowings	(564,028)	(31,635)	(110,894)	(45,624)
	(916,905)	(33,349)	(113,145)	(45,645)
At 31 December 2008				
Net-settled derivative financial instruments	(11,278)	(2,656)	(3,375)	(181)
Trade and other payables	(208,566)	-	-	-
Borrowings	(135,941)	(71,393)	(87,142)	(56,926)
	(355,785)	(74,049)	(90,517)	(57,107)
Company				
At 31 December 2009				
Net-settled derivative financial instruments	(3,231)	(1,788)	(1,898)	-
Trade and other payables	(62,580)	-	-	-
Borrowings	(81,011)	(4,433)	(12,850)	(24,558)
Financial guarantee contracts	(541,320)	-	-	-
	(688,142)	(6,221)	(14,748)	(24,558)
At 31 December 2008				
Net-settled derivative financial instruments	(4,793)	(2,503)	(2,915)	-
Trade and other payables	(36,732)	-	-	-
Borrowings	(81,456)	(42,056)	-	-
Financial guarantee contracts	(255,913)	-	-	-
	(378,894)	(44,559)	(2,915)	-

35. Financial risk management (continued)**35.1 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	
	2009	2008	2009	2008
Net debt	652,275	236,524	116,296	112,522
Total equity	304,163	291,278	168,939	158,871
Gearing ratio	2.14	0.81	0.69	0.71

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2008 and 2009.

35.2 Fair value measurements

Effective 1 January 2009, the Group adopted the amendment to IFRS 7 which require disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- 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).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities measured at fair value at 31 December 2009.

	Level 1	Level 2	Level 3	Total
Group				
Assets				
Non-hedging derivatives	-	206	-	206
Financial assets at fair value through profit or loss	1,026	-	-	1,026
Total assets	1,026	206	-	1,232
Liabilities				
Non-hedging derivatives	4,578	18,024	-	22,602
Derivatives used for hedging	-	7,526	-	7,526
Total liabilities	4,578	25,550	-	30,128

35. Financial risk management (continued)**35.2 Fair value measurements (continued)**

	Level 1	Level 2	Level 3	Total
Company				
Assets				
Financial assets at fair value through profit or loss	1,026	-	-	1,026
Liabilities				
Derivatives used for hedging	-	6,917	-	6,917

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. 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

36. Comparatives

The following comparative figures in the income statement have been reclassified to conform to the current financial year's presentation. The reclassification is amongst the various categories within the income statement.

	As previously stated	Group 2008 As reclassified
Rentals for office premises, storage tanks and motor vehicles	43,768	39,381
Service and commission expenses	14,700	19,087

37. 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	
	2009	2008
Sales of goods and services		
Sales of goods/services to associates	31,572	298,959
Sales of goods/services to joint ventures	48,993	10,675
Sales of goods/services to other related parties	28,442	48,692
Purchases of goods and services		
Purchase of goods/services from associates	122,215	411,586
Purchase of goods/services from joint ventures	121,383	11,582
Chartering expenses paid to other related parties	-	3,421
Purchase of goods/services from other related parties	73,384	37,147
Net (losses)/gains on derivative financial instruments		
Net (losses)/gains on derivative financial instruments with associates	(3,654)	60
Net (losses)/gains on derivative financial instruments with joint ventures	(2,676)	-
Net (losses)/gains on derivative financial instruments with other related parties	(2,249)	940
Sale of property, plant and equipment to other related party		
	-	50
Purchase of property, plant and equipment		
Purchase of property, plant and equipment from an associate	-	644
Purchase of property, plant and equipment from other related party	-	-
Payments made on behalf of and reimbursed by joint ventures		
	34	28
Payments made on behalf of and reimbursed by associates		
	26	523
Payments made on behalf of and reimbursed by other related party		
	5,697	7,017
Management and accounting service income		
Management and accounting service income charged to associates	-	12
Management and accounting service income charged to joint ventures	852	926
Consultancy fees		
Consultancy fees charged by other related party	140	216
Acquisition of subsidiaries from other related party		
	-	129
Maintenance service fees		
Maintenance service fees charged by an associate	-	374

37. Related party transactions (continued)

(a) Sales and purchases of goods and services (continued)

	Group	
	2009	2008
Professional fees		
Professional fees charged by joint ventures	732	630
Interest income/(expense)		
Interest income from associates	132	-
Interest income from joint ventures	4	-
Interest income from other related parties	7	181

Other related parties comprise controlling shareholders of the Company and entities controlled/ significantly influenced by the controlling shareholders of the Company.

Outstanding balances to/from related parties at balance sheet date are set out in Notes 8, 17 and 18.

(b) Key management compensation

	Group	
	2009	2008
Salaries and other short-term employee benefits	3,911	6,346
Post-employment benefits	77	68
Share option expense	446	166
	4,434	6,580

38. Event after reporting period

On 26 February 2010, Singfuel Investment Pte. Ltd. ("Singfuel"), incorporated in Singapore, acquired approximately 50.81% of the issued share capital of the Company from a controlling shareholder. Pursuant to the acquisition, the Company became a subsidiary of Singfuel, whose ultimate holding company is Glencore International AG, incorporated in Baar, Switzerland.

39. Significant subsidiaries

The details of significant subsidiaries are as follows:

Name of subsidiaries and country of incorporation	Principal activities	Percentage of equity held	
		2009 %	2008 %
Chemoil Corporation, United States of America ¹	Oil Trading	100.00	100.00
Chemoil Europe B.V. , Netherlands ²	Oil trading	100.00	100.00
Chemoil International Pte Ltd, Singapore ³	Oil trading	100.00	100.00
Chemoil North America Corporation, United States of America ¹	Special purpose vehicle	100.00	100.00
Chemoil Terminals Corporation, United States of America ¹	Terminal management	100.00	100.00
Chemoil Latin America Inc, Republic of Panama ¹	Oil Trading	100.00	100.00
Helios Terminal Corporation Pte Ltd, Singapore ³	Terminal management	100.00	100.00
Baltic Fuel Inc., British Virgin Island ¹	Oil Trading	85.00	85.00
Chemoil Middle East DMCC, United Arab Emirates ⁴	Oil Trading	100.00	100.00
California Software Company Ltd and its subsidiaries, India and United States of America ⁵	Software development	67.70	67.70

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

Statistics Of Shareholding

as at 3 March 2010

Total number of issued shares	:	1,292,612,000 shares
Issued and Fully Paid-up Capital	:	HK\$16,175.65
Class of Shares	:	Ordinary Shares with equal voting rights

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 - 999	5	0.13	2,387	0.00
1,000 - 10,000	2,309	61.57	13,802,075	1.07
10,001 - 1,000,000	1,421	37.90	71,340,959	5.52
1,000,001 and above	15	0.40	1,207,466,579	93.41
	3,750	100.00	1,292,612,000	100.00

Substantial Shareholders

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Singfuel Investment Pte. Ltd.	656,748,194	50.81	-	-
Glencore Asian Holdings Pte. Ltd.	-	-	656,748,194 ⁽¹⁾	50.81
Glencore International AG	-	-	656,748,194 ⁽¹⁾	50.81
Itochu Corporation	484,729,000	37.50	-	-

Note:

(1) Glencore Asian Holdings Pte. Ltd. and Glencore International AG, by virtue of being the immediate holding company and the ultimate parent company of Singfuel Investment Pte. Ltd. respectively, are deemed interested in the shares owned by Singfuel Investment Pte. Ltd.

Twenty Largest Shareholders

No.	Name of Shareholders	Number of Shares	%
1.	Singfuel Investment Pte. Ltd.	656,748,194	50.81
2.	Itochu Corporation	484,729,000	37.50
3.	HSBC (Singapore) Nominees Pte Ltd	18,683,000	1.45
4.	Citibank Nominees Singapore Pte Ltd	15,931,203	1.23
5.	DBS Nominees Pte Ltd	6,068,986	0.47
6.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	5,177,196	0.40
7.	UOB Kay Hian Pte Ltd	4,157,000	0.32
8.	DB Nominees (S) Pte Ltd	3,466,000	0.27
9.	United Overseas Bank Nominees Pte Ltd	2,676,000	0.21
10.	Phillip Securities Pte Ltd	2,382,000	0.18
11.	DBS Vickers Securities (S) Pte Ltd	2,018,000	0.16
12.	Liew Chee Kong	1,676,000	0.13
13.	OCBC Securities Private Ltd	1,381,000	0.11
14.	Mayban Nominees (S) Pte Ltd	1,220,000	0.09
15.	CIMB-GK Securities Pte Ltd	1,153,000	0.09
16.	Chia Kok Seng	950,000	0.07
17.	Choy Sai Chak	900,000	0.07
18.	CLLS Investment Co Pte Ltd	900,000	0.07
19.	Ng Wee Han	800,000	0.06
20.	Kim Eng Securities Pte Ltd	780,000	0.06
	Total	1,211,796,579	93.75

Percentage Of Shareholding In Public's Hands

Approximately 11.68% 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.