



**Chemoil Energy Limited**  
**Unaudited Financial Information**  
**For the 3rd Quarter and Nine Months ended 30 September 2008**

**1. (a)(i) Consolidated Income Statement**  
**(in US\$'000, unless otherwise stated)**

	GROUP			GROUP		
	Jan – Sept 2008	Jan – Sept 2007	% Increase / (Decrease)	July – Sep 2008	July – Sep 2007	% Increase / (Decrease)
Revenue	7,394,735	3,914,353	89	2,721,271	1,600,861	70
Other gains/(losses) – net (See Note 1.(a)(ii))	(57,091)	(38,031)	50	63,122	(7,260)	N/M
<b>Revenue and other gains/(losses) - net</b>	<b>7,337,644</b>	<b>3,876,322</b>	<b>89</b>	<b>2,784,393</b>	<b>1,593,601</b>	<b>75</b>
Expenses						
- Inventories recognised as an expense	7,051,696	3,688,011	91	2,675,091	1,532,853 *	75
- Barging and pipelines costs	52,027	40,859	27	19,778	15,697 *	26
- Chartering expenses	26,471	15,032	76	6,787	4,523	50
- Rentals for office premises, storage tanks and motor vehicles	32,887	30,796	7	11,895	10,757	11
- Demurrage costs	23,242	14,070	65	6,911	6,208	11
- Employee benefits	25,586	13,501	90	13,655	3,975	N/M
- Marketing and communication expenses	5,443	3,255	67	2,535	1,229	N/M
- Service and commission expenses	11,618	8,529	36	5,154	3,023 *	70
- Other expenses	41,315	22,552	83	16,279	9,008 *	81
- Depreciation and amortisation	10,678	5,792	84	4,290	2,941	46
- Finance expense	28,163	17,854	58	10,918	7,408	47
<b>Total expenses</b>	<b>7,309,126</b>	<b>3,860,251</b>	<b>89</b>	<b>2,773,293</b>	<b>1,597,622</b>	<b>74</b>
Share of results of associates and joint ventures – net	2,359	2,218	6	1,928	(308)	N/M
<b>Profit before income tax</b>	<b>30,877</b>	<b>18,289</b>	<b>69</b>	<b>13,028</b>	<b>(4,329)</b>	<b>N/M</b>
Income tax credit / (expense)	3,861	(2,356)	N/M	(2,636)	1,792	N/M
<b>Profit for the period</b>	<b>34,738</b>	<b>15,933</b>	<b>N/M</b>	<b>10,392</b>	<b>(2,537)</b>	<b>N/M</b>
<b>Attributable to:</b>						
Equity holders of the Company	34,798	15,843	N/M	10,526	(2,627)	N/M
Minority interest	(60)	90	N/M	(134)	90	N/M

N/M = Not meaningful

\* : Comparatives are reclassified to conform to current period's presentation

**1.(a)(ii) Notes to the Consolidated Income Statement  
(in US\$'000, unless otherwise stated)**

	Group			Group		
	Jan – Sept 2008	Jan – Sept 2007	% Increase/ (Decrease)	July – Sep 2008	July – Sep 2007	% Increase / (Decrease)
<b><u>Other gains/(losses) – net includes the following</u></b>						
(a) Derivatives financial instruments – net (See note a and b)	(80,119)	(48,850)	64	63,537	(14,806)	N/M
(b) Insurance claims (See note c)	14,387	-	N/M	-	-	-
<b><u>The income statement includes the following income / (expenses)</u></b>						
(a) Interest income	1,827	4,257	(57)	547	1,050	(48)
(b) Foreign exchange gain/(loss) (See note d)	7,072	(236)	N/M	(727)	(308)	136
(c) Gain on disposal of property plant and equipment	580	6,484	(91)	-	6,484	N/M
(d) Allowance for doubtful debts	(1,028)	(175)	N/M	(420)	833	N/M

N/M: not meaningful

**Note:-**

- a) The Group enters into derivative contracts in the form of swaps and futures in order to mitigate the risk of market price fluctuations in marine fuel. These derivatives are generally used to hedge our physical inventory or an underlying transaction. Gains or losses on these instruments are recognized under “other gains/(losses) net”. These gains or losses should not be considered in isolation but in conjunction with the costs of physical inventories shown as “Inventories recognized as expense” in the income statement as they are essentially hedges against price movements on these inventories.
- b) The Group booked net gains of US\$ 64 million from its derivative financial instruments during 3Q 2008 as compared to net losses of US\$ 15 million during 3Q2007. This was due to the steep reduction in oil prices in 3Q2008 as compared to increases in 3Q2007.
- c) It represents claims received against the life insurance of our ex Chief Executive Officer, Mr. Robert Viswanathan Chandran.
- d) It comprises of mainly unrealized currency translation gains in a subsidiary, whose functional currency is Singapore dollars.

**1 (b) (i) Balance Sheets as at 30<sup>th</sup> September 2008**  
**(in US\$'000, unless otherwise stated)**

	Group			Company		
	30-Sep-08	31-Dec-07	% Increase / (Decrease)	30-Sep-08	31-Dec-07	% Increase / (Decrease)
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and bank balances	88,762	60,109	48	1,295	4,831	(73)
Derivative financial instruments	48,172	2,965	N/M	94	228	(59)
Other financial assets at fair value through profit or loss	586	1,604	(63)	586	1,604	(63)
Income tax recoverable	814	847	(4)	-	-	-
Other current assets	38,232	54,632	(30)	1,463	472	N/M
Trade and other receivables	609,797	458,899	33	156,206	156,413	(0)
Inventories	416,434	384,853	8	-	-	-
	<b>1,202,797</b>	<b>963,909</b>		<b>159,644</b>	<b>163,548</b>	
<b>Non-current assets</b>						
Other non-current assets	4,975	2,657	87	-	-	-
Investments in associates	37,340	46,754	(20)	14,582	25,621	(43)
Investments in joint ventures	13,821	11,129	24	10,995	8,331	32
Investments in subsidiaries	-	-	-	51,292	34,742	48
Intangible assets	16,310 *	1,817	N/M	-	-	-
Property, plant and equipment	244,483	194,592	26	19	22	(14)
Deferred income tax assets	6,851	2,053	N/M	-	-	-
	<b>323,780</b>	<b>259,002</b>		<b>76,888</b>	<b>68,716</b>	
<b>Total assets</b>	<b>1,526,577</b>	<b>1,222,911</b>		<b>236,532</b>	<b>232,264</b>	
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Trade and other payables	452,903	307,537	47	21,943	44,384	(51)
Derivative financial instruments	7,391	25,790	(71)	3,803	2,053	85
Current income tax liabilities	2,798	6,283	(55)	-	-	-
Borrowings	574,162	460,750	25	3,491	4,657	(25)
Provisions for other liabilities and charges	7,585	1,639	N/M	-	-	-
	<b>1,044,839</b>	<b>801,999</b>		<b>29,237</b>	<b>51,094</b>	
<b>Non-current liabilities</b>						
Borrowings	190,968	162,809	17	40,942	46,701	(12)
Other payables	411	-	N/M	-	-	-
Deferred income tax liabilities	2,570	4,844	(47)	-	-	-
	<b>193,949</b>	<b>167,653</b>		<b>40,942</b>	<b>46,701</b>	
<b>Total liabilities</b>	<b>1,238,788</b>	<b>969,652</b>		<b>70,179</b>	<b>97,795</b>	
<b>NET ASSETS</b>	<b>287,789</b>	<b>253,259</b>		<b>166,353</b>	<b>134,469</b>	

- Intangible asset include goodwill of \$14.5 million on acquisition of two subsidiaries. The accounting for goodwill is determined only provisionally and will be finalized before the end of the fiscal year

**1 (b) (i) Balance Sheets (continued)**  
**(in US\$'000, unless otherwise stated)**

	Group			Company		
	30-Sep-08	31-Dec-07	% Increase / (Decrease)	30-Sep-08	31-Dec-07	% Increase / (Decrease)
<b>EQUITY</b>						
<b>Capital and reserves attributable to equity holders of the Company</b>						
Share capital	2	2	-	2	2	-
Share premium	85,816	85,816	-	85,816	85,816	-
Merger reserve	3,529	3,529	-	-	-	-
Other reserves	(981)	(240)	N/M	1,412	947	49
Retained earnings	192,488	164,152	17	79,123	47,704	66
	<b>280,854</b>	<b>253,259</b>		<b>166,353</b>	<b>134,469</b>	
Minority interest	6,935	-		-	-	
<b>Total equity</b>	<b>287,789</b>	<b>253,259</b>		<b>166,353</b>	<b>134,469</b>	

**1. (b) (ii) Aggregate amount of Group's Borrowings and Debt securities**  
**(in US\$'000, unless otherwise stated)**

	30-Sep-08		31-Dec-07	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	511,323	58,682	440,850	19,900
Amount repayable after one year	195,007	118	162,809	-
<b>Total</b>	<b>706,330</b>	<b>58,800</b>	<b>603,659</b>	<b>19,900</b>
	30-Sep-08		31-Dec-07	
<b>Details of any collateral</b>				
Secured on current assets of subsidiaries		40,948		13,297
Secured on property, plant and equipment and lease rentals of subsidiaries		212,992		177,036
Secured against trade receivables under a receivables purchase agreement of a subsidiary (See Note a below)		372,812		286,973
Secured on bank balances and deposits, trade and other receivables and inventories of subsidiaries		79,334		126,244
Secured on motor vehicles of a subsidiary (See Note b below)		243		109
<b>Total</b>		<b>706,330</b>		<b>603,659</b>

**Note: (in US\$ 000)**

a) The gross amount of trade receivables secured under the receivables purchase agreement is US\$ 369,301 (2007:US\$ 330,812)

b) The carrying amount of motor vehicles pledged as security for borrowings is US\$ 295 (2007: US\$ 190)

**1.(c) Consolidated Cash Flow Statements for nine months ended 30<sup>th</sup> September 2008**  
**(in US\$'000, unless otherwise stated)**

	<b>GROUP</b>			
	<b>Jan - Sep 2008</b>	<b>Jan - Sep 2007</b>	<b>July - Sep 2008</b>	<b>July - Sep 2007</b>
<b>Cash flows from operating activities</b>				
Profit/(loss) for the year	34,738	15,933	10,392	(2,537)
Adjustments for:				
Income tax expense	(3,861)	2,356	2,636	(1,791)
Share option expenses	465	642	155	212
Depreciation and amortisation	10,678	5,792	4,290	2,941
Net gain on disposal of property, plant and equipment	(580)	(6,484)	-	(6,484)
Gain on disposal of other financial assets at fair value through profit or loss	-	(193)	-	(193)
Fair value losses / (gains) on other financial assets at fair value through profit or loss	1,018	(121)	414	(116)
Share of results of associates and joint ventures	(2,359)	(2,218)	(1,928)	308
Unrealised translation (gains) / losses	(6,723)	-	520	-
Interest income	(1,827)	(4,257)	(547)	(1,050)
Finance expense	28,163	17,854	10,918	7,407
	<b>59,712</b>	<b>29,304</b>	<b>26,850</b>	<b>(1,303)</b>
Changes in working capital, net of effects of acquisitions of subsidiaries				
Derivative financial instruments	(65,523)	14,544	(100,601)	181
Other assets	18,218	7,006	2,652	41,851
Trade and other receivables	(136,624)	(159,645)	471,904	(82,179)
Inventories	(31,565)	(61,205)	202,622	52,133
Trade and other payables	127,992	149,949	(327,327)	21,968
Provisions for other liabilities and charges	4,535	(902)	1,225	(191)
Cash (used in)/generated from operations	(23,255)	(20,949)	277,325	32,460
Income tax paid	(7,769)	(4,992)	(731)	(507)
<b>Net cash (used in)/generated from operating activities</b>	<b>(31,024)</b>	<b>(25,941)</b>	<b>276,594</b>	<b>31,953</b>
<b>Cash flows from investing activities</b>				
Purchases of property, plant & equipment	(36,139)	(168,035)	(8,399)	(123,494)
Proceeds from disposal of property, plant & equipment	8,969	26,235	-	26,235
Investment in associates	(199)	(7,817)	-	(7,817)
Investment in joint ventures	(5,164)	(7,835)	(3,245)	-
Proceeds from disposal of investment in associates	-	34	-	34
Acquisition of a subsidiary, net of cash received	(3,803)	(11,639)	(10,579)	(3,212)
Proceeds from disposal of other financial assets at fair value through profit or loss	-	700	-	700
Interest received	1,827	4,257	547	1,050
Dividends received from associates	1,313	633	-	48
Dividends received from joint ventures	146	-	-	-
<b>Net cash (used in) / generated from investing activities</b>	<b>(33,050)</b>	<b>(163,467)</b>	<b>(21,676)</b>	<b>(106,456)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	456,462	277,590	29,609	137,220
Repayments of borrowings	(325,259)	(28,376)	(242,133)	(1,537)
Interest paid	(28,163)	(17,854)	(10,918)	(7,408)
Bank balances and deposits pledged with banks for loans	(1,808)	5,527	2,107	(1,516)
Dividends paid to shareholders	(6,462)	(12,926)	-	-
<b>Net cash generated from/(used in) financing activities</b>	<b>94,770</b>	<b>223,961</b>	<b>(221,335)</b>	<b>126,759</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>30,696</b>	<b>34,553</b>	<b>33,583</b>	<b>52,256</b>
Cash and cash equivalents at beginning of year	(30,200)	17,365	(33,087)	(338)
<b>Cash and bank balances at end of financial period</b>	<b>496</b>	<b>51,918</b>	<b>496</b>	<b>51,918</b>
<b>Cash and cash equivalents comprise:</b>				
Cash and bank balances	88,762	119,100	88,762	119,100
Bank balances and deposits pledged with banks for bank loans	(8,932)	(4,979)	(8,932)	(4,979)
Bank overdrafts	(79,334)	(62,203)	(79,334)	(62,203)
<b>Total</b>	<b>496</b>	<b>51,918</b>	<b>496</b>	<b>51,918</b>

**1.(d)(i) Statements of Changes in Equity**  
**(in US \$'000, unless otherwise stated)**

GROUP	Attributable to equity holders of the Company					Minority interest	Total Equity
	Share capital	Merger reserve	Share premium	Other reserves	Retained earnings		
<b>NINE MONTHS</b>							
<b>Balance at 1 January 2008</b>	2	3,529	85,816	(240)	164,152	-	253,259
Currency translation differences recognised directly in equity	-	-	-	711	-	(423)	288
Profit for the period	-	-	-	-	34,798	(60)	34,738
<b>Total recognised income and expense for the period</b>	-	-	-	711	34,798	(483)	35,026
Dividend relating to 2007	-	-	-	-	(6,462)	-	(6,462)
Acquisition of subsidiaries	-	-	-	-	-	7,418	7,418
Employee share option scheme:							
Value of services rendered	-	-	-	465	-	-	465
Cash flow hedges	-	-	-	(1,917)	-	-	(1,917)
<b>Balance at 30th September 2008</b>	2	3,529	85,816	(981)	192,488	6,935	287,789
<b>Balance at 1 January 2007</b>	2	3,529	85,816	222	146,747	-	236,316
Currency translation differences recognised directly in equity	-	-	-	17	-	-	17
Profit for the period	-	-	-	-	15,843	90	15,933
<b>Total recognised income and expense for the period</b>	-	-	-	17	15,843	90	15,950
Dividend relating to 2006	-	-	-	-	(12,926)	-	(12,926)
Acquisition of a subsidiary	-	-	-	-	-	14	14
Employee share option scheme:							
Value of services rendered	-	-	-	642	-	-	642
Cash flow hedges	-	-	-	(533)	-	-	(533)
<b>Balance as at 30th September 2007</b>	2	3,529	85,816	348	149,664	104	239,463

**1.(d)(i) Statements of Changes in Equity (continued)**  
**(in US \$'000, unless otherwise stated)**

GROUP	Attributable to equity holders of the Company					Minority interest	Total Equity
	Share capital	Merger reserve	Share premium	Other reserves	Retained earnings		
<b>3RD QUARTER</b>							
<b>Balance at 1st July 2008</b>	2	3,529	85,816	6,168	181,962	7,536	285,013
Currency translation differences recognised directly in equity	-	-	-	(5,529)	-	(467)	(5,996)
Profit for the period	-	-	-	-	10,526	(134)	10,392
<b>Total recognised income and expense for the period</b>	-	-	-	(5,529)	10,526	(601)	4,396
Employee share option scheme: Value of services rendered	-	-	-	155	-	-	155
Cash flow hedges	-	-	-	(1,775)	-	-	(1,775)
<b>Balance at 30th September 2008</b>	2	3,529	85,816	(981)	192,488	6,935	287,789
<b>Balance at 1st July 2007</b>	2	3,529	85,816	766	152,291	-	242,404
Currency translation differences recognised directly in equity	-	-	-	(97)	-	-	(97)
Loss for the period	-	-	-	-	(2,627)	90	(2,537)
<b>Total recognised income and expense for the period</b>	-	-	-	(97)	(2,627)	90	(2,634)
Acquisition of subsidiaries	-	-	-	-	-	14	14
Employee share option scheme: Value of services rendered	-	-	-	212	-	-	212
Cash flow hedges	-	-	-	(533)	-	-	(533)
<b>Balance at 30th September 2007</b>	2	3,529	85,816	348	149,664	104	239,463

**1.(d)(i) Statements of Changes in Equity (continued)**  
**(in US \$'000, unless otherwise stated)**

COMPANY NINE MONTHS	Attributable to equity holders of the Company				Total Equity
	Share capital	Share premium	Other reserves	Retained earnings	
<b>Balance at 1 January 2008</b>	2	85,816	947	47,704	134,469
Profit for the period	-	-	-	37,881	37,881
<b>Total recognised income and expense for the period</b>	-	-	-	37,881	37,881
Dividend relating to 2007	-	-	-	(6,462)	(6,462)
Employee share option scheme: Value of services rendered	-	-	465	-	465
<b>Balance at 30th September 2008</b>	2	85,816	1,412	79,123	166,353
<b>Balance at 1 January 2007</b>	2	85,816	41	23,009	108,868
Profit for the period	-	-	-	36,699	36,699
<b>Total recognised income and expense for the period</b>	-	-	-	36,699	36,699
Dividend relating to 2006	-	-	-	(12,926)	(12,926)
Employee share option scheme: Value of services rendered	-	-	642	-	642
Cash flow hedges	-	-	(533)	-	(533)
<b>Balance as at 30th September 2007</b>	2	85,816	150	46,782	132,750

**1.(d)(i) Statements of Changes in Equity (continued)**  
**(in US \$'000, unless otherwise stated)**

COMPANY	Attributable to equity holders of the Company				Total Equity
	Share capital	Share premium	Other reserves	Retained earnings	
<b>3RD QUARTER</b>					
<b>Balance at 1st July 2008</b>	2	85,816	1,257	82,815	169,890
Loss for the period	-	-	-	(3,692)	(3,692)
<b>Total recognised income and expense for the period</b>	-	-	-	(3,692)	(3,692)
Employee share option scheme: Value of services rendered	-	-	155	-	155
<b>Balance at 30th September 2008</b>	2	85,816	1,412	79,123	166,353
<b>Balance at 1st July 2007</b>	2	85,816	469	46,548	132,835
Profit for the period	-	-	-	234	234
<b>Total recognised income and expense for the period</b>	-	-	-	234	234
Employee share option scheme: Value of services rendered	-	-	214	-	214
Cash flow hedges	-	-	(533)	-	(533)
<b>Balance at 30th September 2007</b>	2	85,816	150	46,782	132,750

**1 (d) (ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous year. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial year reported on and as at the end of the immediately preceding financial year.**

Nil

**1 (d) (iii) Total number of issued shares excluding treasury shares**

As at the end of the current financial period -1,292,612,000 shares

And as at the end of the immediately preceding year -1,292,612,000 shares

**1 (d) (iv) Statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The financial information has not been audited or reviewed.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable

**4. Whether the same accounting policies and methods of computation as in the issuer's most recent audited annual financial statements have been applied.**

Except as disclosed under item 5 below, the Group has applied the same accounting policies and methods of computation in the financial information for the current reporting period compared with the last audited financial statements as at 31 December 2007.

**5. If there are any changes in the accounting policies and methods of computation, what has changed, as well as the reasons for, and the effect of the change.**

The Group has adopted the following amendments and interpretations to the International Financial Reporting Standards, which are relevant to its operations.

- IFRIC 11, IFRS 2 – Group and Treasury Share Transactions (effective from 1 March 2007)
- IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from 1 January 2008).

The adoption of the above mentioned amendments and interpretations has not materially affected the results of the Group.

## 6. Earnings per ordinary share

Group	Jan - Sep 2008	Jan - Sep 2007	July - Sep 2008	July - Sep 2007
(a) Based on weighted average number of ordinary shares on issue (US cents per share)	2.692	1.226	0.815	(0.202)
(b) On fully diluted basis (US cents per share)	2.692	1.216	0.815	(0.202)

## 7. Net Asset Value

	Group		Company	
	30-Sep-08	31-Dec-07	30-Sep-08	31-Dec-07
Net asset value per ordinary share based on issued share capital (US cents per share)	21.73	19.59	12.87	10.40

## 8. Review of Performance of the Group

Nine months ended 30<sup>th</sup> Sep 2008 compared to the Nine months ended 30<sup>th</sup> Sep 2007.  
3<sup>rd</sup> quarter ended 30<sup>th</sup> Sep 2008 (3Q 2008) compared to the 3<sup>rd</sup> quarter ended 30<sup>th</sup> Sep 2007 (3Q 2007)

	Jan - Sep 2008	Jan - Sep 2007	% Increase/ (Decrease)	July - Sep 2008	July - Sep 2007	% Increase/ (Decrease)
Volume - Mts million	12.7	11.5	10.4	4.0	4.2	(5.1)
Average Sales Value per MT - US\$	574.76	336.41	70.9	672.67	379.10	77.4
Average Purchase Cost per MT US\$ (note a)	560.77	324.44	72.8	655.26	369.50	77.3
Gross Contribution - US\$ million (note b)	100.3	68.2	47.1	44.3	13.0	240.8
Gross Contribution per MT - US\$	7.89	5.92	33.3	11.10	3.1	258.1
Revenue - US\$ million	7,394.7	3,914.4	88.9	2,721.3	1,600.9	70.0
Profit/(loss) before Tax - US\$ million	30.9	18.3	68.9	13.0	(4.3)	N/M
Profit/(loss) After tax US\$ mill	34.7	15.9	118.2	10.4	(2.5)	N/M
Earnings per Share						
- Basic US cents per share	2.692	1.226	119.6	0.810	(0.202)	N/M
- Diluted US cents per share	2.692	1.216	121.4	0.810	(0.202)	N/M

MT = Metric ton

Note:

- a) Average purchase cost includes the gains or losses on commodity swaps and futures.
- b) Gross contribution is calculated as petroleum related revenue minus derivative financial instruments (gains)/losses net, inventories recognized as an expense, barging and pipeline costs, chartering expenses, rentals on operating leases, demurrage costs and service and commission expenses.

## **Consolidated Income Statement**

Chemoil achieved revenue growth of 70.0% from US\$ 1.60 billion in the 3rd quarter 2007 (“3Q2007”) to US\$ 2.72 billion in 3rd quarter 2008 (“3Q2008”). For the nine months ended September 2008 (“9M2008”), the Group’s revenue growth was 88.9%, rising from US\$ 3.91 billion in the 9 months ended September 2007 (“9M007”) to US\$7.39 billion.

### **3rd Quarter**

The total volumes reduced by 4.8% from 4.2 million metric tons in 2007 to 4.0 million metric tons in 2008 mainly due to the reduction in ex-wharf sales in Europe.

Average sales value during the quarter increased to US\$ 672.67 per metric ton in 2008 from US\$ 379.10 in 2007 whereas average purchase costs increased from US\$ 369.50 in 2007 to US\$ 655.26 in 2008.

### **9 months**

In 2008, the Group achieved growth in sales volumes of 10.4% with an increase of 1.2 million metric tons as compared to 2007. The increase was driven by cargo sales in Americas and retail sales in Singapore and in Middle East where the operations commenced during the year.

Oil prices were sharply higher in 2008 compared to 2007 which led to an increase in our average sales value in 2008 by 70.9 % at US\$ 574.76 per metric ton compared to US\$ 336.41 per metric ton in 2007. Purchase costs also showed a corresponding increase of 72.9% during the period from US\$ 324.43 per metric ton in 2007 to US\$ 560.77 in 2008.

## **Gross Contribution and Gross Contribution per Metric ton (GCMT)**

### **Gross Contribution**

#### 3<sup>rd</sup> Quarter

Gross contribution increased by US\$ 31.3 million, 240.7% from US\$ 13.0 million in 2007 to US\$ 44.3 million in 2008. Please refer to explanation in GCMT for the 3rd quarter below.

#### 9 months

Gross contribution increased by US\$ 32.1 million, 47.1% from US\$ 68.2 million in 2007 to US\$ 100.3 million in 2008. Please refer to explanation in GCMT for the 9months below:

### **Gross Contribution per Metric ton (GCMT)**

#### 3<sup>rd</sup> Quarter

GCMT increased by 258.1% from US\$ 3.10 in 2007 to US\$ 11.10 in 2008.

The increase in GCMT was driven by retail volumes carrying better margins in key markets of Singapore and Americas. Despite a significant reduction in fuel oil prices towards the end of the quarter, the Group's hedging strategy enabled it to protect its margins through gains on derivative financial instruments. Please refer note 1 (a) (ii) (b).

As announced in 3rd quarter 2007, the margins for the previous year's 3rd quarter were adversely affected by the temporary operational and locational problems of the floating storage facilities in Singapore.

#### 9 months

GCMT increased by 33.2% from US\$ 5.92 per metric ton in 2007 to US\$ 7.89 per metric ton in 2008. The issues which we had reported in the 1<sup>st</sup> Quarter 2008 such as market glut in the western USA, increased demurrage expenses, did not persist during the 2<sup>nd</sup> and 3<sup>rd</sup> quarter 2008. In addition, despite intense price volatility, the company's hedging strategy protected the underlying physical inventory. As a result the GCMT improved.

Gross contribution includes several expense heads such as barging and pipeline costs, chartering expenses, demurrage, rentals on operating leases, etc. The reasons for significant variances between 3Q2008 and 3Q2007 in these and other expense heads are explained below

### **Barging and pipeline costs:**

#### 3<sup>rd</sup> Quarter

Barging and pipeline costs increased by US\$ 4.1 million or 26.0%. The increase was caused by an additional barge deployed in the Gulf of Mexico and Rotterdam and rate increases in Panama.

#### 9 months

Barging and pipeline costs increased by US\$ 11.2 million or 27.3%. The reasons for the increase are essentially the same as that for the 3rd quarter.

**Chartering and vessel operating expenses:**

3rd Quarter

Chartering expenses increased by US\$ 2.3 million or 50.1% compared to the 3rd quarter of 2007. The increase is due to the Group's 3 owned barges deployed in the Middle East and additional vessels deployed in external charters.

9 months

Chartering expenses increased by US\$ 11.4 million or 76.1%. The reasons for the increase are the deployment of additional vessels in external charters as compared to 2007 and the utilization of 3 owned barges for deliveries in the Middle East.

**Rentals on Operating Leases**

3rd Quarter

Rentals on operating leases increased by US\$ 1.1 million or 10.6%. This is as a result of additional temporary storage taken at Americas during the quarter.

**Demurrage costs:**

9 months

Demurrage cost increased by US\$ 9.1 million or 65.2%. Berth congestion in several ports in Americas during the 1<sup>st</sup> quarter of 2008 was the main reason for the increase.

**Marketing and Communication expenses**

3<sup>rd</sup> Quarter

Marketing and communication expenses increased by US\$ 1.3 million or 106% due to expenses of a subsidiary which was consolidated since June 2008.

**Service and Commission expenses**

3<sup>rd</sup> Quarter

Service and Commission expenses increased by US\$ 2.1 million or 70.5% due to expenses of a subsidiary which was consolidated since June 2008.

## **Employee benefits**

### **3<sup>rd</sup> Quarter**

Employee benefits expenses increased by US\$ 9.7 million or 243.5% substantially due to consolidation of a subsidiary towards the end of 2<sup>nd</sup> quarter, bonus provisions and the impact of several subsidiaries acquired from July 2007.

### **9 months**

Employee benefits expenses increased by US\$ 12.1 million or 89.5% due to addition of several new entities which were acquired and consolidated since the second half of 2007.

## **Other expenses:**

### **3<sup>rd</sup> Quarter**

Other expenses increased by US\$ 7.3 million or 80.7%. The increase in prices of fuel oil has led to an increase in costs of insurance, surveyors, analysis costs and letter of credit charges etc. These costs have also risen because several new entities have been added to the Group in 2008 as compared to 2007.

### **9 months**

Other expenses increased by US\$ 18.8 million or 83.2% essentially due to the reasons mentioned in the 3<sup>rd</sup> quarter above. In addition the Group has made provisions for claims to the tune of US\$ 4.5 million during the 2<sup>nd</sup> qtr 2008.

## **Depreciation and amortization**

### **3<sup>rd</sup> Quarter**

Depreciation and amortization expenses increased by US\$ 1.3 million or 45.8% due to the additional depreciation on newly acquired vessels, terminals and buildings since 2008.

### **9 months**

Depreciation and amortization expenses increased by US\$ 4.9 million or 84.4% due to the same reasons given for the 3<sup>rd</sup> quarter.

**Finance costs:****3<sup>rd</sup> Quarter**

Finance costs increased by US\$ 3.5 million or 47.4%. The increase in prices of fuel oil has led to an increased level of short term borrowings. The Group's long term debt has increased due to additional capital investments since the second half of last year.

**9 months**

Finance costs increased by US\$ 10.3 million or 57.7% as a result of increased levels of short term and long term borrowings as compared to 2007.

**Share of associates' and joint ventures' results - net****3rd Quarter**

The Group's share of profits from associates and joint ventures increased by US\$ 2.2 million due to increased contributions from three principal associates.

**Income tax credit / (expense)****3<sup>rd</sup> Quarter**

Against the tax credit of US\$ 1.8 million in 2007 the Group had a tax charge of US\$ 2.6 million mainly as a result of profits in various tax jurisdictions.

**9 months**

Compared to a tax charge of US\$ 2.4 million in 2007, the Group has a tax credit of US\$ 3.9 million in 2008 as a result of non-taxable incomes and losses incurred in various tax jurisdictions.

**Profits after tax****3rd Quarter**

Profit after tax increased to US\$10.4 million in 2008 compared to a loss of \$2.5 million in 2007.

**9 months**

Profit after tax increased to US\$ 34.7 million in 2008 from US\$ 15.9 million in 2007

## **Consolidated Balance Sheet**

The Group's total assets increased by 24.8 % from US\$ 1.2 billion as at end December 2007 to US\$ 1.5 billion as at end September 2008. The increase can be attributed to the Group's current assets which increased as a result of higher volumes and higher oil prices in the first nine months of 2008 and the increase in property plant and equipment.

The Group's receivables (no. of days of debtors) decreased to 22.3 days as of end September 2008 compared to 30.8 days as of end December 2007. The decrease in number of days is due to the higher revenue for the nine months ending September 2008.

Inventory (no. of days of stock) decreased to 16.0 days compared to 27.6 days as of end December 2007. Trade payables (no. of days of payables) decreased to 16.9 days compared to 21.4 days as of end December 2007. The decrease in trade payables is commensurate with the decrease in trade receivables.

The other current assets reduced by US\$ 16.4 million due to subsequent capitalization of the advances paid for the purchase of property in Chennai, India and due to reduction in the advances made to suppliers of marine fuel.

Investments in property plant and equipment increased to US\$ 244.5 million in September 2008 from US\$ 194.6 million as of end December 2007 mainly due to assets acquired upon the consolidation of a subsidiary, acquisition of property in Chennai, India and additional capital expenses on our vessels and terminals.

Borrowings increased to US\$ 765.1 million as at end September 2008 compared to US\$ 623.6 million as at end December 2007 (Refer to Note 1 (b) (ii)). The net debt to equity ratio increased to 265% in September compared to 246 % as at end December 2007 whereas the net long term debt to equity ratio increased to 66% as at end September 2008 compared to 64% as at end December 2007.

Working capital was US\$ 158.0 million as at end September 2008 against US\$ 161.9 million at end December 2007 and shareholders' funds increased to US\$ 280.9 million as at end September 2008 compared to US\$ 253.3 million as at end December 2007.

## **Consolidated Cash Flow Statement**

As of September'08 the Group's net cash used in operating activities was US\$ 31.0 million compared to US\$ 25.9 million as at end September'07.

As of September'08 the Group's net cash used in investing activities was US\$ 33.0 million compared to US\$ 163.5 million as at end September'07 due to reduced expenditure on property, plant and equipment during the current period.

The Group's net cash generated from financing activities was US\$ 94.8 million as compared to US\$ 223.9 million as at end September'07 due to reduced borrowings in 2008. The Group has sufficient credit facilities at its disposal to fund its trading and business activities.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The recent global financial situation has led to a contraction of credit and liquidity which has affected economic activity worldwide. It may have a negative impact on the business of our customers, mainly the shipping industry, and eventually affect our sales volumes of fuel. In addition, the contraction of credit and liquidity may impact our access to trade financing. We believe we currently have sufficient and diversified banking relationships that will allow us to continually finance our operations.

**11. If a decision regarding dividend has been made**

**a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No dividend has been declared in respect of the current period.

**b) (i) Amount per share / rate %**

Not applicable

**b) (ii) Previous corresponding period /rate %**

Not applicable.

**c) Whether the dividend amount is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable

**d) The date when the dividend is payable**

Not applicable

**e) The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**

Not applicable

## 12. If no dividend has been declared (recommended), a statement to that effect

Not applicable

## 13. Interested person transactions.

During the quarter ended 30<sup>th</sup> September 2008, the following interested person transactions were entered into by the Group,

Name of interested person	Aggregate value of all interested person transactions entered into during the financial year under review (excluding transactions of value less than S\$ 100,000 and transactions entered into pursuant to the IPT mandate)	Aggregate value of all interested person transactions entered into under the IPT mandate during the financial year under review (excluding transactions of value less than S\$ 100,000 )
	July - Sep 2008– (US\$' 000)	July - Sep 2008– (US\$' 000)
Itochu Corporation, Japan	-	2,440
Itochu Petroleum Company Singapore Ltd	-	37,286
Pebble Beach Shipping	1,204	-
Baron Shipping Corporation	855	-
American Healthnet Inc	389	-
		-
<b>Total</b>	<b>2,448</b>	<b>39,726</b>

## 14. Confirmation of the Board

We refer to the requirement under Rule 705(4) of the Listing Manual.

We hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the 3rd quarter ended 30<sup>th</sup> September 2008 to be false or misleading in any material aspects.

On behalf of the Board of Directors

Clyde Michael Bandy  
Chairman and Chief Executive Officer

Michael Lim Choo San  
Lead Independent Director &  
Chairman of Audit Committee

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