

*A leader in the Chinese marine fuel industry*

# Andatee China Marine Fuel Services Corporation

NASDAQ: AMCF

2011 Second Quarter Financial Results Conference Call – August 12, 2011





# Forward Looking Statements

Statements contained in this presentation not relating to historical facts are forward-looking statements that are intended to fall within the safe harbor rule under the Private Securities Litigation Reform Act of 1995. All forward-looking statements included herein are based upon information available to the Company as of the date hereof, and the Company assumes no obligation to update any such forward-looking statements. As a result, investors should not place undue reliance on these forward-looking statements. To the extent that any statements made here are not historical, these statements are essentially forward-looking. Forward-looking statements can be identified by the use of words such as “expects,” “plans,” “will,” “may,” “anticipates,” “believes,” “should,” “intends,” “estimates” and other words of similar meaning. These statements are subject to risks and uncertainties that cannot be predicted or quantified and, consequently, actual results may differ materially from those expressed or implied by these forward-looking statements. Such risk factors include, without limitation, our ability to properly execute our business model, to attract and retain management and operational personnel, potential volatility in future earnings, fluctuations in the Company’s operating results, governmental decisions and regulation, and existing and future competition that the Company is facing. These forward-looking statements are subject to known and unknown risks and uncertainties that could cause actual events to differ from the forward-looking statements. More information about some of these risks and uncertainties may be found in the Company’s filings with the Securities and Exchange Commission under the caption “Risk Factors” in such filings. Information regarding market and industry statistics contained in this presentation is included based on information available to us that we believe is accurate. It is generally based on industry and other publications that are not produced for purposes of securities offerings or economic analysis. We have not reviewed or included data from all sources and cannot assure investors of the accuracy or completeness of the data included in this presentation. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and the additional uncertainties accompanying any estimates of future market size, revenues and market acceptance of products and services.

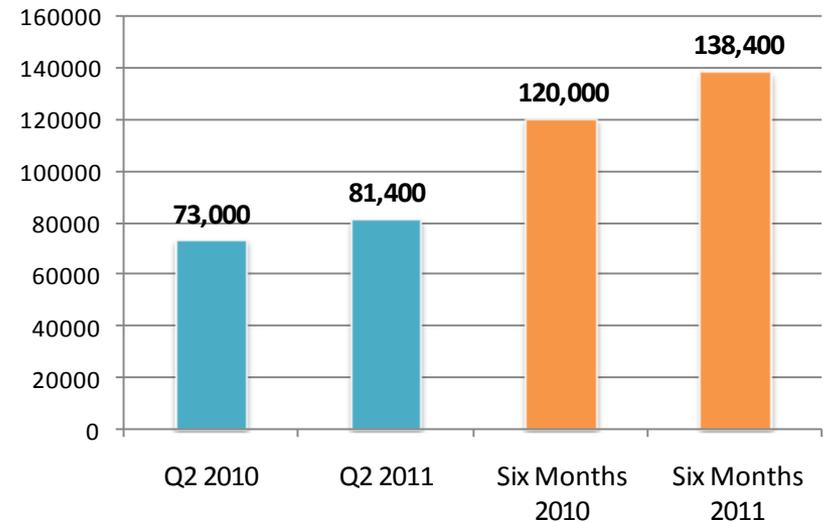


# Operational Overview

- During the second quarter of 2011, sales volume of blended fuel products increased 11.5% to 81,400 tons from 73,000 tons
- Due to recent volatility in cost of inventory (oil prices) and government inflation controls, Company revises revenue guidance to between \$225 million and \$275 million (from \$275 million to \$325 million), revises net income guidance to between \$5 million and \$8 million (from \$10 million to \$12 million) for the year ending Dec. 31, 2011
- Began operations at new blending facilities
- Relocating headquarters to Shanghai
- Continued progress on expansion plans through opening of strategic market development offices

## Sales Volume of Blended Fuel

Metric Tons

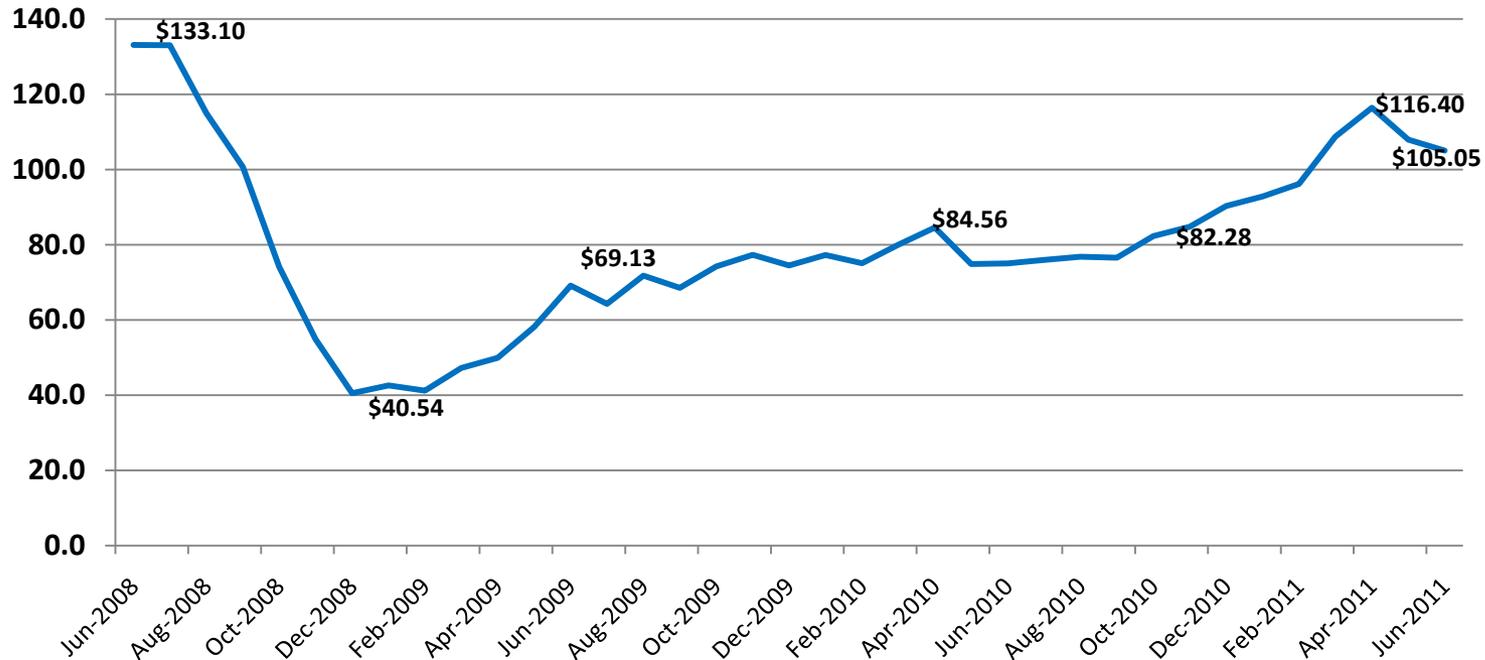


## Company At-A-Glance

<b>Ticker</b>	NASDAQ: AMCF	<b>Shares Outstanding</b>	9.8 million
<b>Stock Price</b>	\$2.54 (as of 8/1/2011)	<b>Market Cap</b>	\$24.8 million (as of 8/1/2011)
<b>Industry</b>	Oil & Gas - Marine fuel alternatives	<b>Headquarters</b>	Dalian, Liaoning, China
<b>Employees</b>	Approx. 150	<b>Fiscal Year End</b>	Dec. 31



# Global Oil Prices 2008-2011



\*Prices illustrated in the above chart calculated using an average of Brent and WTI spot oil prices.

- During Q2 2011, the average international oil price increased to \$104 per barrel, compared to \$81 per barrel in Q2 2010. Higher oil prices translate into higher raw material costs for Andatee.
- Recent volatility in oil prices, coupled with the PRC government's attempts to control inflation, which extends to diesel fuel, has had an effect on demand in the industry.



## New Headquarters in Shanghai

- Company currently in the process of relocating its headquarters to Shanghai from Dalian, Liaoning province, a major seaport in northeast China where Andatee will continue to maintain its offices
- Shanghai is more central to Andatee's various operations throughout mainland China and is also the country's commercial and financial center.





## New Blending Facilities

- Company has begun operations at its newly completed blending facilities in Panjin City, Liaoning province, and Zibo City, Shandong province.
- New facilities add approximately 32,000 cubic meters in tank capacity to Andatee's current production capabilities
- Company anticipates greater cost efficiency in procuring raw materials and transporting products to customers due to strategic locations of facilities



# FINANCIAL HIGHLIGHTS

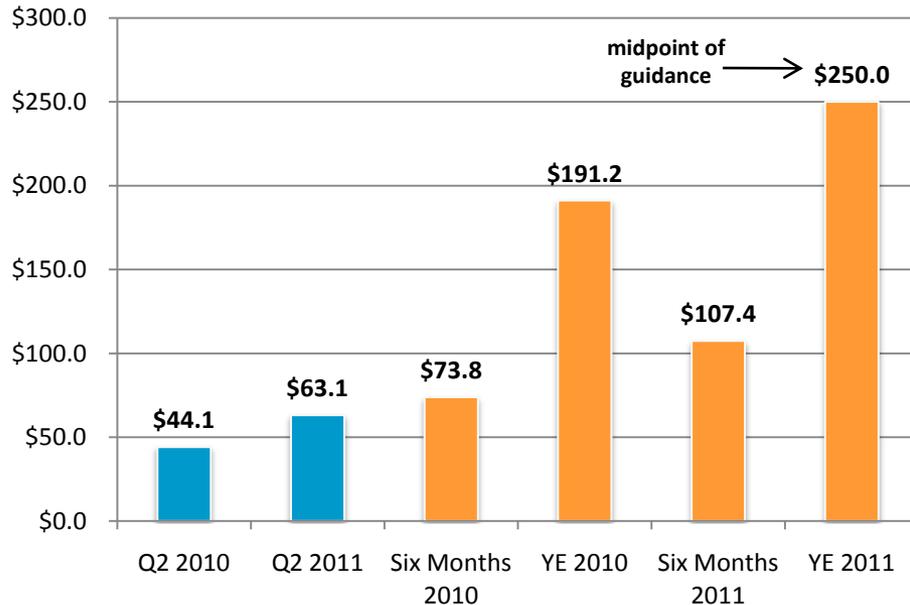




# Revenues / Gross Profit

## Revenues

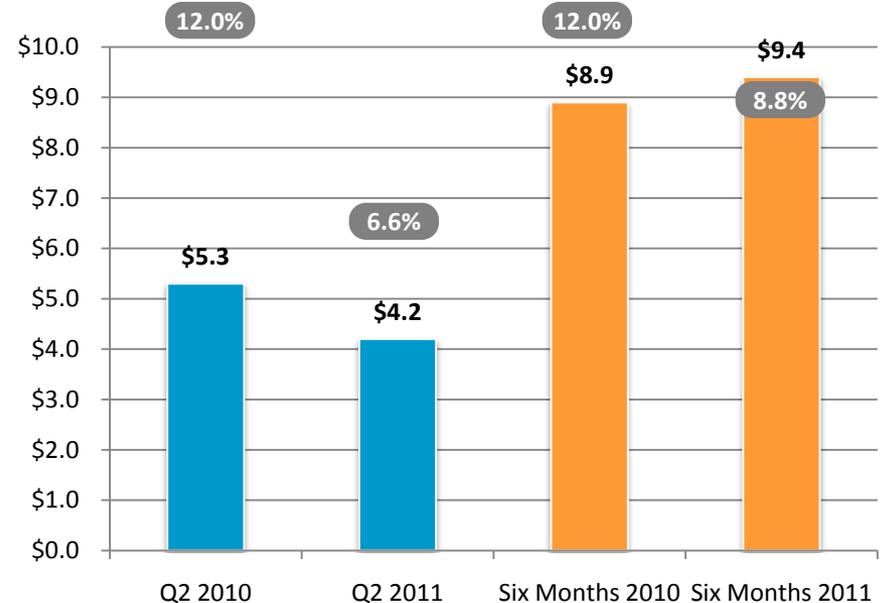
USD in millions



- For the second quarter ended June 30, 2011, revenues grew 43.3% to \$63.1 million from \$44.1 million in the prior-year period
- For the first six months of 2011, revenues grew 45.5% to \$107.4 million from \$73.8 million in the prior-year period

## Gross Profit

USD in millions



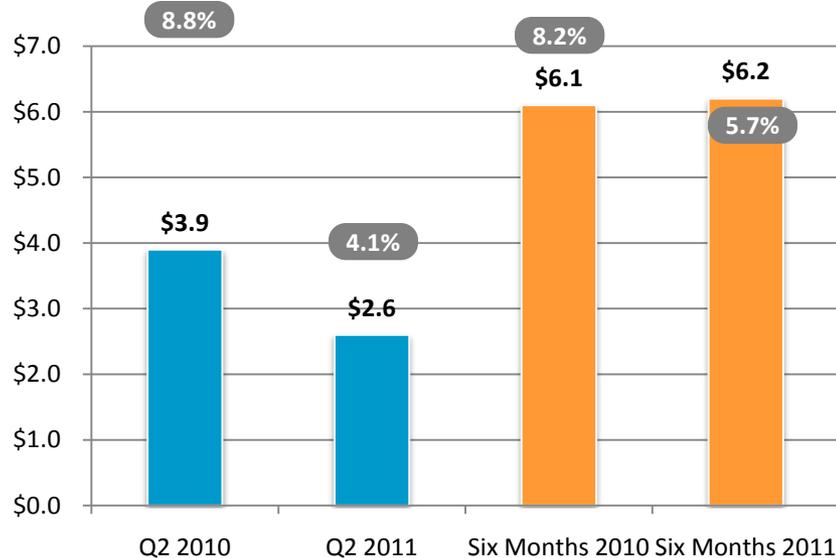
- Q2 2011 gross profit of \$4.2 million vs. Q2 2010 gross profit of \$5.3 million
  - Increased raw material costs
- Gross margins for Q2 2011 and Six Months 2011 were 6.6% and 8.8%, respectively, compared to 12.0% in both prior-year periods



# Operating & Net Incomes

## Operating Income

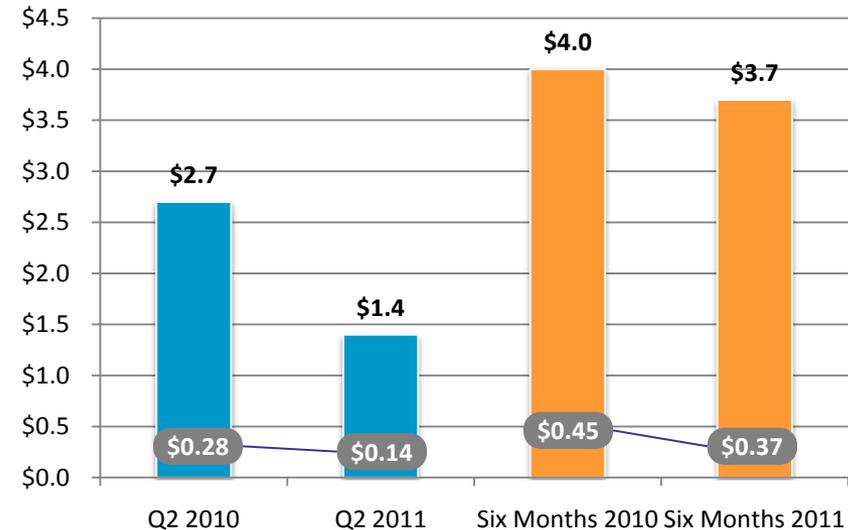
USD in millions



- Q2 2011 operating income of \$2.6 million vs. Q2 2010 operating income of \$3.9 million
- Q2 2011 operating margin of 4.1% vs. Q2 2010 operating margin of 8.8%
- Six Months 2011 operating income of \$6.2 million vs. Six Months 2010 operating income of \$6.1 million
- Six Months 2011 operating margin of 5.7% vs. Six Months 2010 operating margin of 8.2%

## Net Income

USD in millions



- For the second quarter of 2011, net income was \$1.4 million, compared to \$2.7 million in the prior-year period
- Q2 2011 EPS of \$0.14 (9.8 million diluted shares outstanding) vs. Q2 2010 EPS of \$0.28 (9.6 million diluted shares outstanding)



# Summary Balance Sheet

(In USD 000s)

	At June 30, 2011 (Unaudited)	At December 31, 2010 (Audited)
Cash and cash equivalents excluding restricted	\$5,188	\$10,813
Accounts receivable	4,080	6,204
Inventories	11,875	12,542
Total Current Assets	35,875	49,020
Restricted Cash	12,842	17,023
Property, plant and equipment, net	40,538	21,443
<b>Total Assets</b>	<b>\$95,070</b>	<b>\$106,301</b>
Accounts payable	374	1,445
Short-term Loan / Bank Notes	36,051	36,298
Total Current Liabilities	40,301	56,388
Total Liabilities	40,301	56,388
Total Equity	54,769	49,913
<b>Total Liabilities and Equity</b>	<b>\$95,070</b>	<b>\$106,301</b>



# Outlook for 2011

- Company revises guidance for the year ending Dec. 31, 2011:

(\$ in millions)	Public Guidance	
	Low	High
Revenue (Revised)	\$225.0	\$275.0
Net Income (Revised)	\$5.0	\$8.0
Sales Volume Growth (Revised)	Between 7.0% and 24.0%	

- Targeted expansion:
  - Building new facilities
  - Joint ventures
  - Acquisitions
- Explore international suppliers and trading opportunities
- Product innovation for larger vessels and other industries



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