

Chairman's Letter

Transforming Challenges Into Opportunities

The 2008 global economic climate was shaped by extreme volatility in energy prices and an unprecedented financial crisis in the world's banking and credit markets. These conditions tested the mettle of many companies across the world. The subprime mortgage crisis, the global credit market meltdown, and the resultant loss of investor confidence are scenarios all too familiar to us following the demise of a number of banking giants and financial heavyweights.

Strong Business Fundamentals

In 2008, the world petroleum markets also experienced unprecedented volatility as crude oil surged close to US\$150 per barrel in July and then plummeted to around US\$40 by year end. At a time when traders and suppliers needed it most, credit facilities were tightened and financially weaker players called it a day. As banks kept cash to themselves, the world came close to a grinding halt. Despite these conditions, Chemoil performed well in 2008, with profit attributable to equity holders of the company increasing 55% from last year and volumes up 13% over last year.

I attribute our 2008 performance to the strength of our core business fundamentals, guided by the skills of our experienced and tested managerial and trading teams. The success of our diversified sourcing capabilities and physical control of the supply chain has empowered us to perform well in difficult market conditions. We made adjustments to our hedging strategies that helped minimize the lack of correlation between the paper and the physical oil markets. Lastly, our strong relationships with financial institutions have given us a robust financial platform from which we improved our competitive position.

Chemoil continues to be guided by our three-pronged strategy, which places unwavering focus on expansion into existing and potentially high-volume global markets, developing flexibility in our product offering to meet commercial and environmental demands, and investing in operational infrastructure to extract efficiencies and improve gross contribution per metric ton (GCMT). This direction promotes a seamless level of service for creating long-lasting relationships and contributes to our goal of delivering shareholder and customer value.

Major Growth Milestones

Unlike many companies that have focused purely on survival, Chemoil achieved major growth milestones in 2008. Firstly, we significantly boosted our Asian presence following the launch of our largest storage facility to date, the Helios Terminal in Singapore. Secondly, we began supply services in the port of Fujairah in March 2008, solidifying Chemoil's position as the first independent marine fuel provider to have physical operations in the world's three largest marine fuel ports – Singapore, Rotterdam and Fujairah. Thirdly, we strengthened our logistical presence in Southeast Asia through the acquisition of a storage terminal in Batangas, Philippines. Finally, we found a strong joint venture partner in Adani Enterprises Limited, developer of India's largest and most advanced port in Mundra, to begin unlocking the potential within the Pan-Indian fuel oil and petroleum markets.

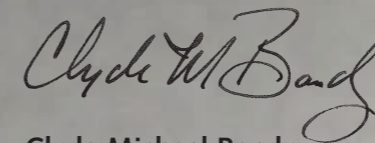
We pursued market development by strengthening our delivery infrastructure – such as the deployment of modern delivery barges in Fujairah, the planned expansion of the GPSChemoil Terminal, and the tripling of our offshore capacity in the Gulf of

Mexico to meet the surging and underserved demand in the region. We have also set up a sales and marketing office in Athens, Greece to better serve our global customers and complement Chemoil's global network.

Harnessing Future Opportunities

I wish to thank our shareholders, customers and business partners for their confidence and unwavering support. As we move into 2009, characterized by many as a year with gloomy and uncertain outlook, the Board, Management and I will continue to focus our efforts on strategies aimed towards consistent profitability and sustainable growth. In these turbulent times, I believe that with challenges, there are opportunities. Chemoil will leverage our financial strength, global reach and strategic creativity to harness such opportunities going forward.

All of us at Chemoil are excited by the business prospects ahead and the unique position we believe Chemoil is in to capitalize on the opportunities a turbulent market will present in 2009.



Clyde Michael Bandy
Chairman & CEO



Financial Highlights

Staying Strong

FY2008 Highlights

- Profit increased by 55% to **US\$47.1 million**
- Volumes up 13% to a record **16.5 million metric tons**
- Annual revenue rose by 61% to **US\$8.7 billion**
- GCMT improved to **US\$8.05 per metric ton**
- Dividend of **0.5 US cent per share**

Our overall volumes grew **13%** to a record **16.5 million** metric tons

long-term growth

2008 was a year of extreme volatility in the energy and financial markets, and overall global economy. Against that backdrop, Chemoil demonstrated strong financial performance through our business model and risk management strategy that protected our physical fuel oil inventory in the extremely volatile year.

Delivering Long-Term Value

Backed by an enduring three-pronged strategy, Chemoil's growth continued through the challenging year. New markets and improved supply chain assets delivered results when they were needed:

- 13% growth in overall volumes to 16.5 million metric tons
- 23% volume growth during the 4th quarter 2008 when the economic environment was highly unstable
- New operations in Fujairah, the 3rd largest marine fuel market, and entered into a JV in India, the 2nd most populated country in the world

Agile Business Strategy

At Chemoil, we combined stringent financial management with strong operational delivery and dynamic marketing, maximizing value for our shareholders:

- Gross contribution increased 15% to US\$133 million
- GCMT up from US\$7.88 to US\$8.05 per metric ton in 2008
- Profit attributable to equity holders of the company up 55% to US\$47.1 million

Fortifying Our Strengths

As 2008 has shown, agility is crucial for continued long-term growth. In line with this, the strength of our balance sheet shall form the foundation of our future success:

- US\$291 million in total equity
- Debt-equity ratio of 108%
- Over US\$2 billion in credit facilities to finance working capital