

chairman's message



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The last several years have been years of transformation, synergy and growth for Chemoil, and 2010 brought to a close a significant chapter of the company's 30-year history. Set against a backdrop of continued economic turmoil, 2010 was a challenging but nonetheless transformational year for Chemoil. Although we saw some evidence of financial recovery in the latter half of the year, a weak first quarter and continued compression of margins required us to focus on cost-efficiencies, such as reducing our global tank capacities in Houston, Panama and Singapore – moves that contributed to a much improved operational performance in the remaining quarters of 2010. While fourth quarter proved to be our strongest quarter operationally, our earnings were muted as we elected to take one-time provisions against several potential liabilities.

Completing the Transformation

Over a short four-year period, Chemoil has transitioned from a private company to a publicly listed organization. We lost Chemoil's founder, Bob Chandran, we acquired a significant new shareholder and made a major business acquisition of OceanConnect Marine (OCM). Following Bob's death, we committed to a few key objectives. First, to stabilize the company and with strong shareholder, customer, management and employee support, we were able to produce 2008 financial results that were 50% better than 2007.

Next, after almost two years of efforts, at the beginning of 2010, we helped facilitate the sale by the Chandran Family of their interest in Chemoil to Glencore. This was followed in April by Glencore's tender offer to our other shareholders. With very strong shareholding established, we were able to refocus on the business and execute strategies to

increase operational efficiencies and diversify our products and services, all against the backdrop of the worst global financial environments in over 50 years.

Finally, by year-end 2010, with our acquisition of OCM substantially negotiated, management was able to execute a well thought-out leadership succession. The appointment of Mr. Tom Reilly as CEO has separated the roles of Chairman and CEO to further strengthen the governance process of the company. I am fully confident in Tom's leadership and vision and look forward to supporting him as we move Chemoil toward the next wave of sustainable growth.

Achieving Strength Through Synergy

By leveraging synergies with our major shareholders, we have been able to improve the service offering to our customers by selling to or accessing customers in areas where our shareholders are strong. Synergies with Glencore, for example, encouraged us to commence the supply of bunkers in the port of New Orleans in 2010 after a six-year absence, and synergies with Itochu ENEX have assisted us in achieving better access to our important Japanese shipping customers.

We have also developed a comprehensive portfolio of risk management products to help mitigate our customers' risk and price volatility while guaranteeing physical supply. We can now offer a full range of risk management products and services to our customers including derivatives such as fixed forward price contracts, swaps and maximum price agreements. These derivative products will provide Chemoil with an additional revenue stream with attractive margins.

Positioned For Significant Growth

We have continued to grow in 2010 in spite of it being a difficult year. We increased our monthly bunker volumes in Singapore and Fujairah. Our joint venture with GPSChemoil secured our first Islamic funding for the construction of phase four of the Fujairah terminal. This will be one of the largest distillate and bunker storage terminals in the Middle East and Chemoil's largest storage facility globally. The successful financing of this terminal is a testament to the strong relationships Chemoil has maintained with our bankers despite the challenging economic environment.

We also opened our New York regional office, a move that brings us closer to our customers along the US East Coast. Staffed by an experienced team of professionals, our New York office will facilitate growth for Chemoil in the US East Coast.

One of the most recent significant events was the strategic acquisition of OCM, which will give Chemoil significant spontaneous growth with the inclusion of 7 to 8 million tons of OCM-brokered and traded fuel transactions. OCM will remain a strong and independent brand within the Chemoil family that we can leverage for both synergies and growth. OCM brings key additional human talent into Chemoil and helps position us for growth in the future. This acquisition adds both brokered and back-to-back bunker trading volumes to Chemoil and enhances the portfolio of services we can offer our customers.

In Warm Recognition

I would like to express my personal appreciation to all our shareholders, customers and business partners for their continued support of Chemoil through this difficult year. My thanks also go to our award-winning Board, especially to our former Lead Independent Director and Audit Committee Chairman, Mr. Michael Lim, who resigned in late 2010 due to other commitments. His role on the Board was a key factor in the smooth transition of leadership following Bob's death. I take this opportunity to also welcome Michael's successors: Lead Independent Director, Mr. Peter Meade and Independent Director and Audit Committee Chairman, Mr. Steven Simpson.

Finally, I would like to acknowledge our dedicated employees. It is their hard work and determination that transform the opportunities we identify into the successes we achieve as Chemoil. My sincere gratitude goes to every member of our global staff for their valuable contributions in 2010. Their commitment to the future of our business has been invaluable in sustaining our leadership position in the marine fuel industry. I am optimistic that 2011 and beyond will be recognized in the future as some of Chemoil's best years.



Clyde Michael Bandy
Chairman*

ceo's message

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The Start of a New Chapter

In an organization guided by successful leadership, change is welcomed as a sign of opportunity for growth. Chemoil has transitioned to become a stronger, leaner and more sustainable organization with excellent corporate governance and shareholder mix. It is with honor that I take the baton of leadership to drive Chemoil's next wave of growth.

The synergies that have been created through OceanConnect Marine's joining with one of the marine fuel industry's leading suppliers, coupled with the existing synergies Chemoil has with Glencore and Itochu, will allow Chemoil to deliver even greater value. The addition also of new terminals and services provides a firm foundation for further development of what is an already strong institution.

The stability that came with the shareholder changes over the last year positions Chemoil well for future expansion. I look forward to harnessing our combined strength in talent and logistical assets to bring about even greater opportunities for Chemoil in the future.

I would like to thank the Board for its warm welcome as I take the position as CEO, and am grateful for the confidence shown in my leadership. My thanks go in particular to my predecessor, Mike Bandy, for leaving me with a well-structured and effective business model with which to work. I am grateful for his continued support and guidance as Chairman to aid in a smooth transition of leadership. Moving forward, I look to the continued support of the entire Board and the entire Chemoil team as we work as one to seize opportunities that will drive growth. Chemoil has begun an exciting new chapter in its history.



Thomas Kevin Reilly
Chief Executive Officer*



* With effect from January 3, 2011