

CHAIRMAN'S LETTER TO SHAREHOLDERS

I am happy to report that 2006 was a record year for Chemoil and we successfully went public on 14 December 2006 on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST").



Dear Shareholders,

This is an auspicious occasion - my first Annual Report to shareholders of our public-listed company and also the commemoration of our 25th anniversary. It was 25 September 1981 when I walked into this 1,100 square feet office at California Street in San Francisco. The day started with my only employee quitting and me celebrating my first order. It looks like yesterday. It has been a life of agonies and ecstasies.

OUR CONVICTIONS

The one thing that has remained constant has been our drive to innovate in a commodity business by servicing customers. We had this motto, "Quality does not have to be costly". The backbone is cost management and a sound economic model is key to long-term survival. How do you sustain this model over time? Never accept "No" for an answer. This pushes our creativity to the maximum and thus helps us innovate in a commodity business on a daily basis. We also wanted to build a company that would stand the test of time and thus had a motto "Strive to leave footprints on the sands of time". We intend to carry these values forward to our life as a public-listed company.

We will build a company that will be focused on growth, a global company extracting values for our shareholders and above all, we will build a workplace that will provide a challenging but fun environment for our employees. As the largest shareholder of this company, I share the same values as all the shareholders, big and small. We have visions of spectacular growth for our company in the next 5 years as the opportunities in the oil business are many. We intend to live up to our slogan "Delivering Energy" and build our business in fuel oil, diesel, gasoline and jet fuel. We plan to expand our footprints around the world in strategic locations. We also plan to extract higher margins by converting "expenses

to assets" by investing in terminals, ships and barges around our existing supply operations.

YEAR 2006

It was a unique year. It started with a phone call from my colleague, Mr Sanjiv Noronha, to the beach in Phuket where I was on my vacation and contemplating what the new year would bring. Out of this conversation, the idea to go public was born and what looked like a dream turned into a plan of action in 3 months. The fear during this long listing process was that it might siphon off all of our management talent and I was personally fearful that our business would suffer. Notwithstanding, I am happy to report that 2006 was a record year for Chemoil and we successfully went public on 14 December 2006 on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). It was a proud moment, and then I realised the saying of Robert Frost "I have miles to go before I sleep miles to go before I sleep".

YEAR 2007

We have started implementing our plans as stated in our prospectus. In Singapore, Chemoil will acquire the Helios terminal (448,000 cubic metres) after the approval of shareholders. We have started a joint venture in Fujairah for an oil terminal. We have bought a very large crude carrier to be used as a floating storage in Singapore until the Helios terminal is ready. We have also bought a double hull tanker called Faith IV to serve our shipping needs for fuel oil. In New York and Houston, we have chartered long term barges to improve our operating economics.

Environmental issues will be a key consideration moving forward as

regulations over polluting emissions become more stringent. We have always adhered strictly to environmental laws and regulations and in line with the push towards environmentally-friendly marine fuel, we are committed to finding innovative means to continue offering "clean fuel" that will further ensure sustainability and improvement of the environment.

APPRECIATION TO ALL

The listing of Chemoil on the Main Board of the SGX-ST is indeed a major milestone for us and it signifies another fresh chapter in our ongoing pursuit of leadership and excellence in our business.

We would not have been able to achieve the success we enjoyed without the following: the support from our customers, business partners, bankers and suppliers; the hard work, dedication and sacrifice of everyone in Chemoil; and the confidence from our shareholders and investors. I would like to extend my sincere appreciation to all these people.

In addition, I would also like to thank my fellow Directors on the Board for being such great team players and standing by me as we take Chemoil to the next phase of growth.

Robert Viswanathan Chandran

Executive Chairman
and Chief Executive Officer