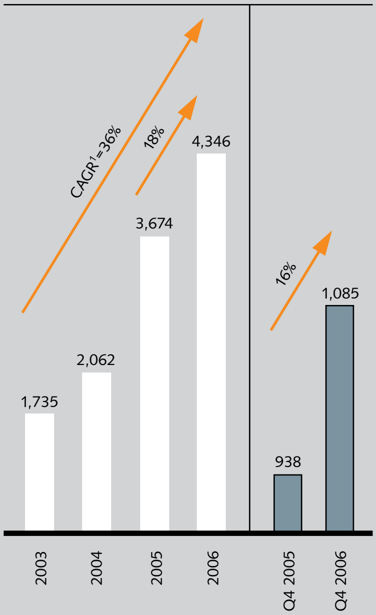
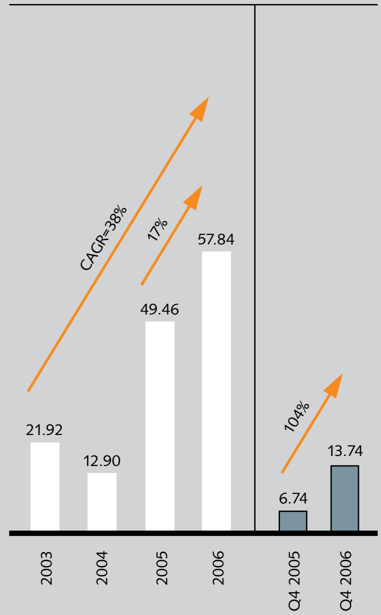
FINANCIAL HIGHLIGHTS

REVENUE
(in US$ millions)



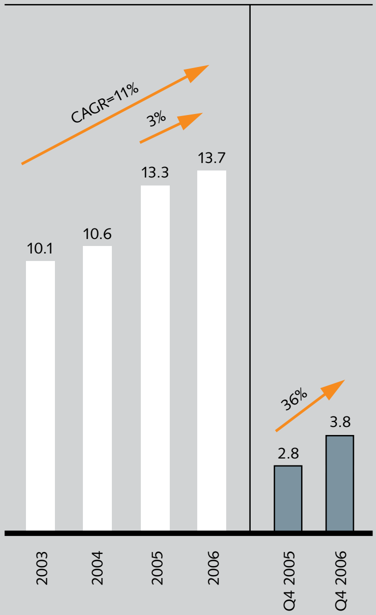
[1]CAGR = Compounded Average Growth Rate

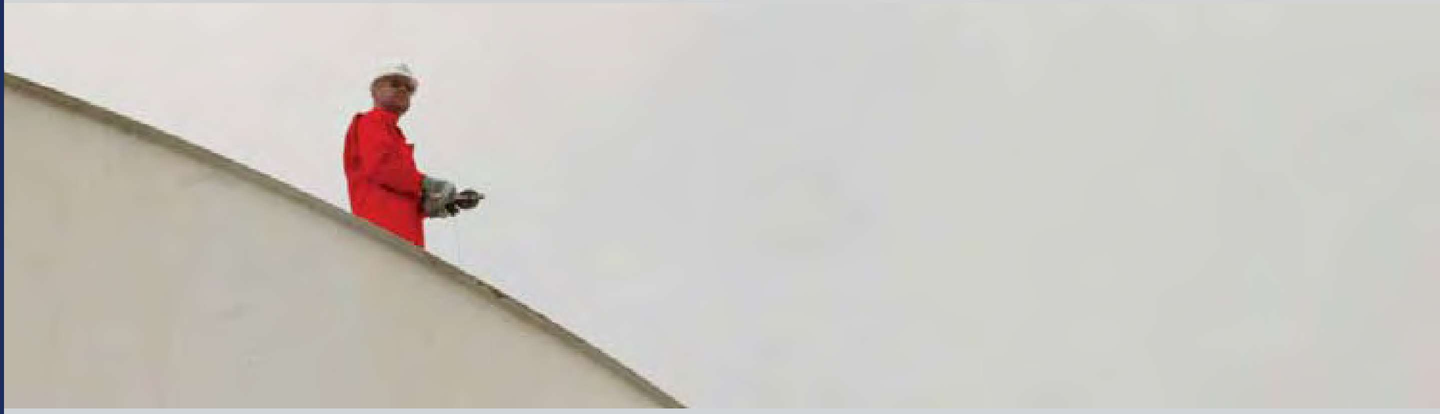
NET INCOME[2]
(in US$ millions)



[2] Net income attributable to equity shareholders

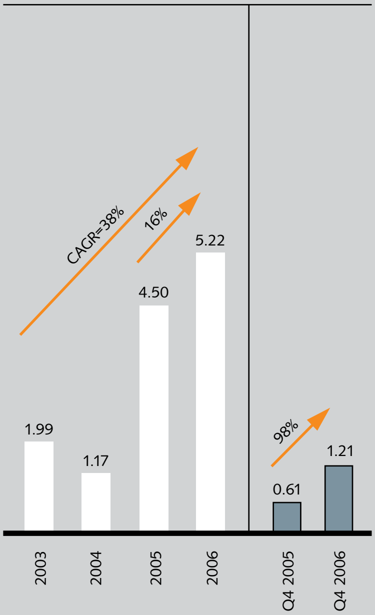
VOLUME
(in million metric tonnes)





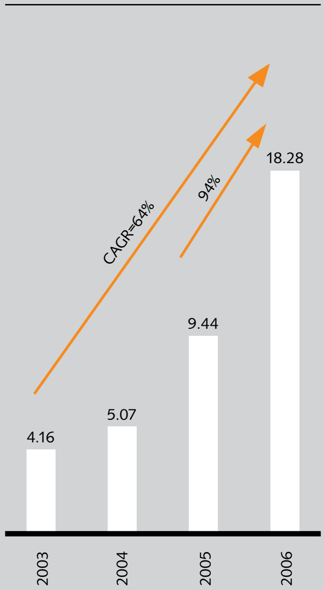
BASIC EARNINGS PER SHARE

(in US cents)



NET ASSET VALUE PER SHARE

(in US cents)



CHIEF FINANCIAL OFFICER'S REPORT

Our unique competitive position, our strength in integrated marine delivery services, our proven growth model, our global presence and reach, our long-term supplier and customer relationship, and our approach to the management of risk have given us a solid base from which to build up our company.

Jerome Lazatin Lorenzo
Chief Financial Officer

Dear Shareholders,

DELIVERING VALUE FOR 25 YEARS

I am pleased to present the first Chemoil Energy Limited ("Chemoil") Annual Report and to report that in our first year as a listed company, we have turned in an exceptional financial performance.

The marine fuel industry is dynamic and subject to the vicissitudes of economic and geopolitical conditions. It is thus a testament to the strength of our business model, strategic direction and management team led by our Executive Chairman that we have remained a force in the marine fuel industry for a quarter of a century and are continuing to deliver value to all our shareholders, customers and business partners. Our unique competitive position, our strength in integrated marine delivery services, our proven growth model, our global presence and reach, our long-term supplier and customer relationship, and our approach to the management of risk have given us a solid base from which to build up our company.

FINANCIAL PERFORMANCE

Chemoil achieved a net profit of US$57.8 million on total revenue of US$4.3 billion for the year ended 31 December 2006. 2 key business indicators in our industry – sales volume and gross contribution per metric tonne also registered significant growth. Sales volume grew to 13.7 million tonnes from 13.3 million tonnes whilst gross contribution per metric tonne jumped 25.8% to US$9.80 from US$7.79. Corresponding to the record earnings, Chemoil achieved a strong return on shareholders' equity of 24.5% and basic earnings per share of 5.22 US cents, up from 4.50 US cents last year.

Our balance sheet and liquidity position also strengthened, with net asset value per share standing at 18.28 US cents as at 31 December 2006. Working capital doubled from US$121.6 million last year to US$248.0 million in FY2006.

Our robust showing comes from a combination of our global presence, which gives us access to products and markets, a

vertically integrated business model, which affords us economies of scale and control over strategic operating assets, as well as a prudent financial policy and effective risk management.

DIVIDEND PAYOUT

In view of the positive cash flow, Chemoil's Board of Directors has proposed a final dividend of 1 US cent per ordinary share. This represents a payout of 22.3% of the year's net profit. This underscores the Board's commitment to reward shareholders for their faith and support in us.

STRENGTHENING OUR INSTITUTION

On the corporate front, we will continue to strengthen our operations through systematic improvements to our internal systems and processes. These changes guide our investments, mitigate our risks and strengthen our legal and compliance functions. We will stay focused on those areas that are important to investors and us, which will include people, strategy, investments, financing, risk management, audit, and compliance.

Chemoil is committed to being at the forefront of best risk management practices and standards. We believe that our adoption of these practices and standards, coupled with the integrity of operations will differentiate us. We will continue to practise good corporate governance as this will lead Chemoil to become a more valuable company in the long term.

It leaves me now to give you a brief overview of how our Group fared across business segments and geographical regions.

BUSINESS OVERVIEW

Our revenue consists primarily of fuel sales. Large sales volumes and improved operating efficiencies are key determinants of our financial performance. Fuel sales, in dollar terms, are largely driven by marine fuel prices which continue to be volatile. The factors influencing the price of marine fuel include the supply and demand for oil and gas, geopolitical and oil-production developments, as well as any stance or action taken by the Organisation of the Petroleum Exporting Countries ("OPEC"). In the past year, the highest and lowest prices of crude oil during the period 1 January 2006 and 31 December 2006 were US$ 77.03 per barrel on 14 July 2006 and US$55.81 per barrel on 17 November 2006 according to NYMEX.

Although marine fuel price is a determinant of revenue performance, we are able to capture profits regardless of the oil environment, and doing so without compromising value to our customers. As one of the largest and leading integrated suppliers of marine fuel products globally, we enjoy margins at all key stages of the supply chain as we maintain strategic assets for sourcing, transportation, storage, blending and delivery of marine fuel at strategic

locations along the world's major shipping routes and at some of the world's most active ports.

Our revenue is classified into 4 categories. Retail sales comprise sales of marine fuel and related products to end users such as oil tankers, container ships, dry bulk carriers and cruise ships. Ex-wharf sales consist of sales of marine fuel to resellers or distributors such as marine fuel traders and barge companies that resell and deliver our products to end-users. Cargo sales are made up of sales of marine fuel and related products to traders, physical suppliers and resellers. The remaining revenue represents chartering income, terminal rental, service fees and commission income as well as demurrage and other claims income.

RETAIL SALES

In FY2006, retail sales volume was 6.7 million metric tonnes, down 6.4% from 7.1 million metric tonnes in FY2005. In terms of revenue, there was an increase of US$0.24 billion in FY2006, from US$1.89 billion in FY2005, or a 12.8% increase. This decrease in retail sales volume was mainly due to a short term tactical shift from lower margin retail contracts to higher margin ex-wharf business in the ARA and Singapore market.

Retail sales volume was buoyed by the increased supply of fuel available to the US West Coast with additional sales in Long Beach coming from new and larger ships employed in the growing trade with China.

In terms of contribution to total sales volume, retail sales contributed 49% in FY2006, lower than its 54% contribution in FY2005.

EX WHARF SALES

Ex wharf sales volume was strong, increasing 60.3% from 2.2 million metric tonnes in FY2005 to 3.6 million metric tonnes in FY2006. This was due to an increase in ex wharf sales volume in Singapore and the ARA region caused by our ability to exploit arbitrage opportunities coupled with competitive sourcing and storage primarily in Singapore. Translated into revenue, there was an increase of 90.5% from US$0.57 billion in FY2005 to US$1.09 billion in FY2006 from ex wharf sales. As a result, ex wharf sales contributed 26% to total sales volume as compared with only 17% last year.

CARGO SALES

Cargo sales volume decreased by 12.3% from 3.9 million metric tonnes in FY2005 to 3.4 million metric tonnes in FY2006 as we ceased selling cargo into South America due to less attractive profit opportunities. Revenue from cargo sales was thus down 8.4% from US$1.16 billion in FY2005 to US$1.06 billion. As a result, cargo sales contributed less to the total sales volume, accounting for only 25% in FY2006 as opposed to 29% in FY2005.

GEOGRAPHICAL SEGMENTS

We have a truly global presence with integrated operational clusters, strategic assets and physical operations in many ports around the world, such as Los Angeles, New York, Houston, Singapore, Panama and ARA region. In all of these ports, we are owners or lessees of terminal capacity for storage and blending of fuels and barging facilities for delivery of marine fuel to our customers. We thus provide our customers with a global single supplier convenience from fuelling services to marine fuel delivery services.

In terms of contribution to total sales volume, the Americas contributed 44.2% or 5.8 million metric tonnes of total sales volume in FY2006 compared with 45.7% or 6.1 million metric tonnes in FY2005. Revenue from the Americas increased by 11.6%, from US$1.72 billion in FY2005 to US$1.92 billion in FY2006. Europe contributed 4.4 million metric tonnes to total sales volume or 30.9% compared with 4.2 million metric tonnes in FY2005 or 31.8%. Revenue from Europe increased by 15.3% from US$1.16 billion in FY2005 to US$1.34 billion in FY2006. Asia's total sales volume contribution was 25.4% or 3.5 million metric tonnes in FY2006 compared to 22.6% or 3.0 million metric tonnes in FY2005. In terms of revenue contribution, sales revenue from Asia was US$1.08 billion in FY2006, a resounding 37.5% increase over US$0.79 billion in FY2005.

The shift in revenue contribution from the various geographical regions was driven by increased focus on the ex wharf sector in Asia and Europe which offered more attractive growth opportunities and margins.

BALANCE SHEET

We have managed to improve our balance sheet as at 31 December 2006 compared to 31 December 2005. In particular, we would like to highlight the improvement in our days receivables from 30.4 days in 2005 to 26.5 days in 2006. This was due to shorter payment terms that we had granted to a number of our customers. Our days payables also decreased

from 26.3 days as at 31 December 2005 to 15.7 days as at 31 December 2006. We sourced from suppliers who had shorter payment terms but with better margins. In addition, we utilised our internal cash resources and a portion of the proceeds from IPO to reduce our borrowings.

Our total borrowings decreased to US$187.0 million as at 31 December 2006 compared with US$222.2 million as at 31 December 2005. The net debt to equity ratio decreased to 0.79 times as at 31 December 2006 compared with 2.14 times as at 31 December 2005. Shareholder funds increased to US$236.3 million as at 31 December 2006 compared with US$103.6 million as at 31 December 2005, due mainly to the proceeds from our IPO.

LOOKING AHEAD

We have already embarked on a strategy for growth – to expand into new geographical markets and new related product lines; to focus on high volume locations; and to enhance our cost advantage by investing in strategic assets closely associated with our business.

In January 2007 we purchased a "Very Large Crude Carrier" (VLCC) tanker. which is anticipated to be operational by April 2007, as floating storage. This will significantly enhance our storage capacity for our global operations. This facility will reduce operating costs and hence improve operating margins. It can also be deployed as temporary storage in a new supply port or as an adjunct to existing storage facilities. In addition, the development and operation of the oil storage terminal in the significant bunker market of Fujairah, United Arab Emirates, positions us well for expansion into the Middle East. Fujairah has the 3rd largest bunkering market in the world. There are plans for expansion over the next 2 years which will see 45,000 cubic metres storage capacity being added under Phase 1 with a further 237,000 cubic metres storage capacity added under Phase 2.

In February 2007, we also announced that our Board of Directors has approved the acquisition of 100% stakes in 4 corporations: Helios Terminal Corporation Pte Ltd; Olympic Shipping Pte Ltd; Pine Valley Inc. and Cypress Point Inc. Through these acquisitions, Chemoil will be able to add to our stable of strategic assets, an oil storage terminal in Singapore and 3 oil tankers. These acquisitions are conditional upon the approval of shareholders of Chemoil at an extraordinary general meeting. Apart from the strategic importance of these acquisitions in terms of our operating efficiency, one of the key rationales for the proposed acquisitions is the enhancement of our corporate governance whereby ongoing interested person transactions are eliminated.

By March 2007, we have completed the acquisition of a double hull tanker called the Faith IV to transport fuel oil.

Environmental issues will be a key consideration moving forward as regulations over polluting emissions become more stringent.

IPC (USA), Inc., a company owned 50% each by Chemoil and Itochu Corporation, intends to expand its sales of jet fuel to commercial airlines in Phoenix, Miami, New York and Anchorage. In addition, IPC (USA), Inc. also sells unbranded diesel and gasoline to independent retail stations and other customers, including delivery services and industrial users. IPC (USA), Inc. intends to expand its operations to the Northeastern and Central United States.

We will continue to be on the lookout for opportunities for growth in the years ahead to ensure our continued adherence to constantly deliver value. The next phase of our growth will be an exciting time. The outlook for the marine fuel industry is bright. The global marine fuel markets is anticipated to grow by an average of 1.5% to 3.5% per year until 2020 based on global economic prospects and expected global fleet size (as reflected in shipyard order books). We are well-placed to capitalise on this growth.

Jerome Lazatin Lorenzo
Chief Financial Officer

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