Eitzen Chemical ASA
4th Quarter Report 2013

Highlights fourth quarter

- Eitzen Chemical is still overleveraged with a negative book equity value of USD 106.8 million (negative NOK 57.9 per share). However, Eitzen Chemical is of the opinion that with a stronger balance sheet, the Company can create more value over time for all present stakeholders. Against this background, Eitzen Chemical and its senior lenders are currently exploring opportunities to strengthen the balance sheet and raise new equity so the Company again can invest and add to its asset base and market presence. A majority of Eitzen Chemical's senior debt has traded recently, and the Company is currently in dialogue with its creditors to explore various alternatives. The Company has retained Evercore Group L.L.C. as financial advisors to assist in the process.

- In the 4th quarter the average time charter equivalent rate (TCE) was USD 11,701 per day, representing an increase of 4.2 per cent compared to the TCE of USD 11,231 per day in the 3rd quarter of 2013, and an increase of 14.1 per cent compared to the TCE of USD 10,256 per day for the 4th quarter of 2012. For the full year 2013 the TCE was USD 11,510 per day compared to USD 10,275 per day in 2012.

- Eitzen Chemical reported EBITDA of USD 9.4 million for the 4th quarter of 2013, compared to USD 10.0 million in the 3rd quarter of 2013, and USD 5.1 million in the 4th quarter of 2012. A higher number of dry dockings took place in the 4th quarter, as a total of 8 ships went in for routine dry docking in the quarter.

- For the full year 2013 Eitzen Chemical reported EBITDA of USD 45.3 million, compared to USD 33.5 million in 2012.

- In December Eitzen Chemical redelivered the Sichem Pace (19,998 dwt, built 2006) which was chartered in on bareboat. The redelivery has resulted in a non-cash loss of USD 2.0 million in the 4th quarter.

- In December Eitzen Chemical took delivery of the vessel Dreggen (19,994 dwt, built 2008) on a two-year time charter with one year optional extension period.

- Ending the 4th quarter and continuing into the 1st quarter, storms and heavy weather has negatively impacted the TCE rate due to significant delays and increased fuel consumption. Several ships have had to take shelter, and two ships experienced heavy weather damage. Eitzen Chemical expects the TCE rate in the 1st quarter of 2014 to be weaker compared to the 4th quarter of 2013.

Subsequent events

- Eitzen Chemical has exercised the purchase options of the North Contender (19,925 dwt, built 2005) and the North Fighter (19,932 dwt, built 2006). We have further agreed definitive transaction terms pertaining to the sale of the vessels. The sale of the North Contender was completed in the 1st quarter of 2014, while completion of the sale of the North Fighter remains conditional upon execution of routine closing, which is scheduled to be completed by the end of the 2nd quarter of 2014. The aggregate sale price for both vessels is USD 44 million, and Eitzen Chemical has leased back both vessels, each for a five year bareboat charter period. The sale of the vessels includes seller's credit to the buyer for a portion of the aggregate purchase price, as well as a repurchase option for each of the vessels by Eitzen Chemical at a predetermined price after a minimum two year charter hold period. The vessels will continue to be classified as finance leases after the transactions.

- In February Eitzen Chemical entered into an agreement to charter in the vessel MT UACC Messila (45,335 dwt, built 2012) on a one year time charter.

Financial review

4th quarter 2013 income statement

Eitzen Chemical reported total Freight revenue of USD 93.5 million in the 4th quarter of 2013, compared to USD 93.8 million in the 3rd quarter of 2013. Voyage expenses were USD 43.0 million in the 4th quarter, up USD 0.1 million from the 3rd quarter. Freight income on T/C basis was USD 50.5 million, down by USD 0.5 million from the previous quarter (USD 47.3 million in Q4 2012). The uplift in the TCE on Freight income on T/C basis was offset by a decrease in total trading days following an increase in dry docking activity, where eight vessels were dry docked in the 4th quarter.

Ship operating expenses were USD 26.0 million in the 4th quarter and down USD 0.5 million from the previous quarter. Charterhire expenses were USD 8.3 million, down from USD 8.8 million in the 3rd quarter of 2013. The redelivery of the Sichem Pace in December, which was chartered in on bareboat, contributed to a reduction in both Ship operating and Charterhire expenses in the quarter. General and administrative expenses were USD 6.9 million in the 4th quarter (USD 5.6 million in Q3 2013). EBITDA (earnings before interest, taxes, depreciation and amortization) ended at USD 9.4 million in the 4th quarter compared to USD 10.0 million in the previous quarter (USD 5.1 million in Q4 2012).

Depreciation increased to USD 15.1 million due to increased number of dry dockings (USD 13.5 million in Q3 2013). The Company recognized a non-cash loss of USD 2.0 million from the redelivery of the Sichem Pace in the 4th quarter. The Operating result (EBIT – earnings before interest and taxes) for the 4th quarter was negative USD 7.7 million, compared to negative USD 3.5 million for the 3rd quarter (EBIT negative USD 85.6 million in Q4 2012, including Impairment of USD 70.4 million and Loss on sale of assets USD 4.6 million).

Net interest expenses were USD 14.8 million in the 4th quarter (USD 14.3 million in Q3 2013). Other financial items were net positive USD 1.3 million in the quarter (negative USD 0.5 million in Q3 2013). This mainly comprises a net unrealized currency gain on the NOK denominated bond loans and JPY denominated purchase options included in the finance lease obligations, which was offset by other financial expenses of USD 1.5 million.

Net loss in the 4th quarter was USD 21.2 million compared to a loss of USD 18.4 million in the previous quarter (loss of USD 72.8 million in Q4 2012).

Full year 2013 income statement

For the full year 2013 the Freight revenue was USD 380.6 million compared to USD 401.2 million for the full year 2012. Voyage expenses were USD 176.6 million in 2013 and USD 206.7 million in 2012. Freight income on T/C basis was USD 204.0 million in 2013, up from USD 194.6 million in 2012. The TCE rate in 2013 was 11,510 per day, up from 10,275 per day in 2012. The impact of the increase in the TCE rate on Freight income on T/C basis was partially offset by a decrease in total trading days following a reduction in the fleet.

In 2013 Eitzen Chemical did not earn any management fee as pool manager, as the strategy of discontinuing as pool manager was completed in the first half of 2012.

Ship operating expenses were USD 107.7 million, down USD 11.6 million from 2012 following a reduction in the fleet. Charterhire expenses were USD 27.7 million, up from USD 20.7 million in 2012. The increase in 2013 is mainly due to three renegotiated time charter parties. These time charter parties were in previous periods accounted for as finance leases, but are classified as operating leases under the current charter contracts and thus increasing Charterhire expenses. General and administrative expenses were USD 23.3 million compared to USD 23.0 million in 2012. EBITDA in 2013 was USD 45.3 million, compared to USD 33.5 million in 2012.

Depreciation amounted to USD 57.2 million, down from USD 64.8 million in 2012, following fewer vessels and impairment recorded in the 4th quarter of 2012. The Operating result (EBIT) for 2013 was negative USD 28.7 million, which includes a loss of USD 16.7 million from the early termination of the time charter of the Sichem Defender (20,000 dwt, built 2007) and the bareboat charter of the Sichem Pace (19,998 dwt, built 2006), and a loss recognized from two

time charter contracts which were renegotiated. This compares to a negative EBIT of USD 111.8 million in 2012, which includes impairment of USD 70.4 million and Loss on sale of assets of USD 10.2 million.

Net financial items for 2013 were negative USD 45.9 million (2012: 24.9 million), of which interest expenses were USD 58.9 million (2012: USD 47.0 million). This includes Other financial items of USD 13.0 million (2012: USD 22.4 million), which mainly comprises a net unrealized currency gain on the NOK denominated bond loans and JPY denominated purchase options included in the finance lease obligations.

Net loss for the year was USD 74.6 million compared to a net loss of USD 136.3 million in 2012.

Balance sheet as of 31 December 2013

Total book value for the Company's vessels was USD 765.4 million at 31 December 2013 (USD 772.1 million at the end of Q3 2013). Based on average broker valuations, the value of the Company's owned and finance leased vessels was USD 642.0 million at 31 December 2013. Total long-term debt, including current and non-current portion of finance lease obligations and accumulated interest margins of USD 41.5 million, accrued from October 2012, was USD 926.1 million at the end of the 4th quarter (USD 918.3 million at the end of Q3 2013). The current portion of the finance lease obligations includes purchase options of USD 37.5 million for the North Contender and the North Fighter.

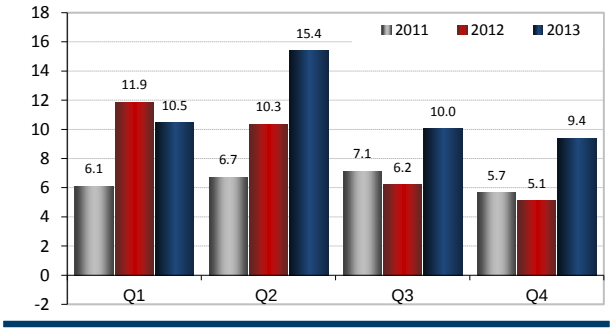
Total cash and cash equivalents amounted to USD 30.6 million as of 31 December 2013 (USD 28.9 million at the end of Q3 2013). USD 20.0 million of the available revolving credit facility was undrawn at the end of the 4th quarter. In February 2014, USD 8.0 million of the revolving credit facility was drawn to cover payment of dry dockings, general working capital requirements and deposit related to the exercise of the North Contender and North Fighter purchase options. Until January 2015, the Company's cash commitments on interest payments are limited to LIBOR on the restructured bank debt. All other interest commitments may accrue on the balance of the bank and bond facilities. If the Company has excess cash to service interest margins and/or installments, excess cash will be swept in accordance with the agreement with the Company's lenders. From January 2015, the Company is obliged to pay LIBOR plus a margin of 2.75 per cent on the majority of the loans. Fixed debt installments will commence in April 2015 with flexible repayment terms from then to maturity in May 2016. More details regarding the agreements can be found in the notes to the financial statements.

Total equity as of 31 December 2013 was negative USD 106.8 million (negative USD 85.5 million at the end of Q3 2013). A value-adjusted equity, based on the average broker valuations of the Company's owned and finance leased vessels, was negative USD 230.1 million (negative USD 242.4 million at the end of Q3 2013). The Company's share capital is NOK 846,016,800. Outstanding shares are 11,280,224, each with a par value of NOK 75. The share price ended the 4th quarter at NOK 7.25, down from NOK 10.90, at the end of the 3rd quarter of 2013. As presented at the Annual General Meeting on 25 June 2013 the Board currently considers the Company's capital situation as adequate based on the agreements with the Company's lenders. However, Eitzen Chemical is determined to strengthen the Company's balance sheet. Evaluating potential partners who are willing to invest long term in the Company is an integral part of this process. Reference is made to the Strategy and capital resources section and note 6 for further details on the current financial position of the Company.

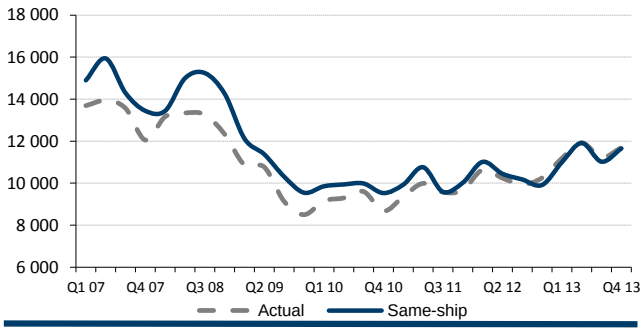
Earnings development

The total volumes shipped in 4th quarter was in-line with the 3rd quarter. Cargo lifted under COA nominations decreased slightly, while spot volumes were up. The number of trading days decreased in the 4th quarter due to increased dry docking activity compared to the previous quarter. The bunker price decreased in the 4th quarter of 2013 to an average of USD 583 per MT, compared to USD 599 per MT in the 3rd quarter of 2013. The average TCE for the Eitzen Chemical fleet was USD 11,701 per day in the 4th quarter of 2013, up 4.2 per cent from USD 11,231 per day in the previous quarter, and up 14.1 per cent compared to the 4th quarter of 2012.

EBITDA development



Eitzen Chemical Index (ECI)



ECHEM Fleet	Q1 13	Q2 13	Q3 13	Q4 13
Average dwt	18 579	18 579	18 555	18 555
No. of vessels EOP	50	49	49	49
TCE - $/day	11 189	11 921	11 231	11 701

Eitzen Chemical Index

The Eitzen Chemical Index (ECI) is based on the company's sailed in time charter equivalent (TCE) earnings per day since 2007, both the actual development and the development on a same-ship basis. The TCE earnings are included with nominal values. The ECI is calculated using the days the vessels are available to earn revenue (Revenue Days), and includes revenue earned from CoA's, vessels fixed in on T/C and bunkers hedges.

Market conditions

Transpacific US Gulf to Far East kept the momentum from the 3rd quarter with good activity and healthy rates. However, we did not experience the usual end of year peak in December as we have seen the last couple of years. The Continent/Mediterranean trade lane picked up after the slow summer months. On the Transatlantic East bound trade we saw more spot activity resulting in improved freight rates. West bound spot activity remained slow. Strike and a breakdown in one of the refineries in Italy resulted in a slowdown in dirty petroleum products activity in the Mediterranean. The Continent/Far East spot market requiring stainless steel was firm due to lack of tonnage. The Atlantic basin was severely hit by bad weather in the 2nd half of December influencing earnings negatively on our vessels trading Continent to/from Mediterranean, East coast Canada to/from US Gulf and vessels going Transatlantic.

Overall we saw good market activity in the quarter and managed to improve fleet utilization by minimizing ballast legs and idle days.

Fleet development

At the end of 2013, the Eitzen Chemical fleet consisted of 49 vessels, of which 36 are owned, 6 are on financial lease and 7 are on operational lease.

In December Eitzen Chemical took delivery of the vessel Dreggen (19,994 dwt, built 2008) on a two-year time charter party with one year optional extension period. Furthermore, in December the Company redelivered the Sichem Pace (19,998 dwt, built 2006) which was chartered in on bareboat.

In total eight owned and bareboat chartered vessels were dry docked in the 4th quarter of 2013, and five dry dockings are scheduled to be completed in the 1st quarter of 2014.

Strategy and capital resources

As announced on 24 October 2013, the Company and its senior lenders started a process to explore opportunities to strengthen the balance sheet and raise new equity so the Company again can invest and add to its asset base and market presence. During this process, a majority of the Company's senior debt has traded. This has created a new dynamic to the process. Eitzen Chemical is currently in dialogue with its creditors to explore various alternatives.

The Company believes this is an appropriate time to consider various changes to its capital structure as the current capital structure is such that covering the total debt even with a market recovery is uncertain and restricts its ability to grow and to pursue attractive commercial opportunities. The Company also believes that the present market

conditions are favorable with respect to investment in the chemical tanker market and a stronger balance sheet and investment capacity is necessary to carry out the Company's strategy.

Following the recent trade of debt, Evercore Group L.L.C. is mandated solely as the Company's financial advisor to assist in this process.

Outlook

Subject to moderate global GDP growth, the Company expects the supply/demand balance for chemical tankers to improve.

The remaining orderbook[1] for chemical tankers (tankers below 54,000 dwt) is about 11 per cent of the fleet, while the orderbook for smaller stainless steel vessels is only 2 per cent. In 2013, total deliveries of newbuildings were 1.0 million dwt, with scrapping of 1.2 million dwt, i.e. a net negative fleet growth of 0.2 million dwt or 0.7 per cent. This compares to a positive growth of 1.8 per cent in 2012, 3.9 per cent in 2011 and 4.2 per cent in 2010. The net annual fleet growth the coming years is expected to be moderate.

Industry sources estimate that demand for seaborne chemical transportation will increase with 5-6 per cent in 2014, in line with the long term growth trend. Hence, the development of the supply/demand balance is expected to continue being positive. Over the coming years the market should experience gradual improvement with increased fleet utilization. When the remaining oversupply of chemical tankers has been absorbed the chemical tanker market should see a significant recovery, both in rates and second hand values.

Forward looking statement

This report contains forward looking statements. These statements are based upon various assumptions. Although Eitzen Chemical believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond its control. Eitzen Chemical cannot give assurance that it will achieve or accomplish these expectations, beliefs or intentions. No assurance can be given that the Company will be able at all times to be in compliance with all of its financial covenants towards its finance providers or to agree such necessary arrangements to timely secure full compliance with the terms of the agreements with its lenders. Such arrangements might require discussions with, amongst others, the Company's lenders and such discussions might not be concluded and agreed in a timely manner, if at all.

Oslo, 27 February 2014

The Board of Directors of Eitzen Chemical ASA

/s/ Aage R. B. Figenschou	/s/ Helene Jebsen Anker	/s/ Heidi Marie Petersen
Aage R. B. Figenschou *Chairman of the Board*	Helene Jebsen Anker	Heidi Marie Petersen
/s/ Thor Jørgen Guttormsen	/s/ Erik Bartnes	/s/ Jens Grønning
Thor Jørgen Guttormsen	Erik Bartnes	Jens Grønning *Chief Executive Officer*

[1] Source: Eitzen Chemical based on industry sources

Condensed Consolidated Income Statement *(USD '000, except per share data)*	**2013 Q4** (unaudited)	**2013 Q3** (unaudited)	**2012 Q4** (unaudited)	**2013 12m** (unaudited)	**2012 12m** (audited)
Freight revenue	93 484	93 833	93 595	380 603	401 248
Voyage expenses	(42 977)	(42 836)	(46 282)	(176 589)	(206 655)
Freight income on T/C basis	**50 507**	**50 997**	**47 313**	**204 014**	**194 593**
Management fees and other income	-	-	-	-	1 933
Gross profit	**50 507**	**50 997**	**47 313**	**204 014**	**196 526**
Ship operating expenses	(25 959)	(26 495)	(30 688)	(107 722)	(119 356)
Charterhire expenses	(8 301)	(8 812)	(4 885)	(27 711)	(20 713)
General and administrative expenses	(6 869)	(5 648)	(6 633)	(23 322)	(22 944)
EBITDA	**9 378**	**10 042**	**5 107**	**45 259**	**33 513**
Impairment	-	-	(70 391)	-	(70 391)
Depreciation	(15 080)	(13 554)	(15 769)	(57 225)	(64 779)
Gain/(loss) on sale of assets	(1 997)	-	(4 574)	(16 741)	(10 172)
Operating result (EBIT)	**(7 699)**	**(3 512)**	**(85 627)**	**(28 707)**	**(111 829)**
Interest income	3	2	10	11	92
Interest expense	(14 785)	(14 329)	(15 010)	(58 887)	(46 976)
Other financial items	1 324	(531)	27 823	12 988	22 398
Profit/(loss) before tax	**(21 156)**	**(18 370)**	**(72 804)**	**(74 595)**	**(136 315)**
Income tax expense	4	(9)	(4)	-	(1)
Net profit/(loss)	**(21 152)**	**(18 379)**	**(72 808)**	**(74 595)**	**(136 316)**
Earnings per share (basic/diluted) (USD)	(1.88)	(1.63)	(6.46)	(6.62)	(12.10)
Weighted average number of shares (note 4)	11 270 124	11 270 124	11 270 123	11 270 124	11 270 123

Condensed Consolidated Statement of Comprehensive Income *(USD '000)*	**2013 Q4** (unaudited)	**2013 Q3** (unaudited)	**2012 Q4** (unaudited)	**2013 12m** (unaudited)	**2012 12m** (unaudited)
Net profit/(loss)	**(21 152)**	**(18 379)**	**(72 808)**	**(74 595)**	**(136 316)**
Actuarial gains/(losses) on defined benefit plans	(129)	-	-	(129)	-
Total items that will not be reclassified to profit or loss	**(129)**	**-**	**-**	**(129)**	**-**
Foreign currency translation differences	17	22	13	35	25
Total items that may be reclassified to profit or loss	**17**	**22**	**13**	**35**	**25**
Other comprehensive income (loss), net of tax	**(112)**	**22**	**13**	**(94)**	**25**
Total comprehensive income	**(21 265)**	**(18 357)**	**(72 795)**	**(74 689)**	**(136 291)**
Attributable to owners of the parent	*(21 265)*	*(18 357)*	*(72 795)*	*(74 689)*	*(136 291)*

See accompanying notes that are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Balance Sheet *(USD '000)*	**Note**	**2013 31.12** (unaudited)	**2013 30.09** (unaudited)	**2012 31.12** (audited)
Assets				
Vessels	2	672 306	680 289	706 102
Vessels held under finance leases	2	93 045	91 860	152 499
Other non current assets		2 336	2 608	3 552
Total non-current assets		**767 687**	**774 757**	**862 153**
Trade and other receivables		50 675	51 514	50 951
Other current assets		22 228	19 675	18 592
Cash and cash equivalents	3	30 615	28 911	30 926
Total current assets		**103 518**	**100 100**	**100 469**
Total Assets		**871 204**	**874 857**	**962 622**
Equity and Liabilities				
Equity		(106 638)	(85 373)	(32 028)
Treasury shares		(116)	(116)	(116)
Total equity	4	**(106 754)**	**(85 489)**	**(32 144)**
Long-term debt	5	828 092	817 112	13 263
Obligations under finance leases	5	55 113	57 781	140 149
Other non-current liabilities		225	90	202
Total non-current liabilities		**883 430**	**874 983**	**153 614**
Trade and other payables		51 153	41 963	58 568
Short term debt and current portion of long-term debt	5	-	-	769 793
Current portion of obligations under finance leases	5	42 849	43 382	12 380
Other current liabilities		526	18	411
Total current liabilities		**94 528**	**85 363**	**841 152**
Total liabilities		**977 958**	**960 346**	**994 766**
Total Equity and Liabilities		**871 204**	**874 857**	**962 622**

See accompanying notes that are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Cash Flow Statement *(USD '000)*	**Note**	**2013 Q4** (unaudited)	**2013 Q3** (unaudited)	**2013 12m** (unaudited)	**2012 12m** (audited)
Operating activities					
Profit (loss) before tax		(21 156)	(18 371)	(74 595)	(136 315)
Impairment		-	-	-	70 391
Effect of updated estimated finance lease obligations		-	-	-	(30 432)
Depreciation		15 080	13 554	57 225	64 779
Loss/(gain) on sale of assets		1 997	-	16 741	10 172
Net interest expenses		14 782	14 327	58 876	46 884
Foreign currency (gain) loss, net		(2 973)	444	(14 517)	2 292
Working capital and other adjustments		7 044	3 146	(4 194)	8 441
Net cash flow from operating activities		14 775	13 100	39 537	36 211
Investing activities					
Proceeds from sales of vessels		-	2 409	2 409	5 954
Payments on vessels (mainly upgrading and docking)	2	(8 320)	(7 722)	(19 123)	(14 806)
Interest received		3	2	11	92
Net cash flow from investing activities		(8 317)	(5 310)	(16 703)	(8 760)
Financing activities					
Loan proceeds		-	226	15 226	2 139
Repayment of long term debt	5	-	-	(5 211)	-
Repayment of obligations under finance leases	5	(1 777)	(1 749)	(10 510)	(20 439)
Interest paid		(2 168)	(2 181)	(10 308)	(39 914)
Payment of other financial costs		(853)	-	(12 537)	(5 544)
Net cash flow from financing activities		(4 798)	(3 703)	(23 341)	(63 759)
Net change in cash and cash equivalents		**1 659**	**4 087**	**(507)**	**(36 308)**
Cash balance at beginning of period		28 911	24 670	30 926	66 826
Net foreign exchange difference on cash		44	155	195	408
Cash and cash equivalents at end of period	3	**30 615**	**28 911**	**30 615**	**30 926**
Supplemental disclosures					
Undrawn portion of revolving credit facility	6	20 000	20 000	20 000	-

See accompanying notes that are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

(USD '000)

2013 (unaudited)	**Attributable to equity holders of the parent company**									
	Paid in capital					**Other reserves**				
	Share capital	**Share premium**	**Employee benefit reserve**	**Treasury shares**	**Other paid in equity**	**Retained profits/ losses**	**Reva-luation reserve**	**Trans-lation reserves**	**Total other reserves**	**Total**
At 31 December 2012	**148 037**	**20 550**	**1 591**	**(116)**	**629 849**	**(841 681)**	**3 406**	**6 219**	**9 625**	**(32 144)**
Implementation of revised IAS19 (note 1)	-	-	-	-	-	79	-	-	-	79
At 1 January 2013	**148 037**	**20 550**	**1 591**	**(116)**	**629 849**	**(841 602)**	**3 406**	**6 219**	**9 625**	**(32 065)**
Profit (loss) for the period	-	-	-	-	-	(74 595)	-	-	-	(74 595)
Other comprehensive income	-	-	-	-	-	(129)	-	35	35	(94)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(74 724)**	**-**	**35**	**35**	**(74 689)**
At 31 December 2013	**148 037**	**20 550**	**1 591**	**(116)**	**629 849**	**(916 326)**	**3 406**	**6 254**	**9 660**	**(106 754)**

2012 (audited)	**Attributable to equity holders of the parent company**									
	Paid in capital					**Other reserves**				
	Share capital	**Share premium**	**Employee benefit reserve**	**Treasury shares**	**Other paid in equity**	**Retained profits/ losses**	**Reva-luation reserve**	**Trans-lation reserves**	**Total other reserves**	**Total**
At 1 January 2012	**148 037**	**20 550**	**1 591**	**(116)**	**629 849**	**(705 365)**	**3 406**	**6 194**	**9 600**	**104 146**
Profit (loss) for the period	-	-	-	-	-	(136 316)	-	-	-	(136 316)
Other comprehensive income	-	-	-	-	-	-	-	25	25	25
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(136 316)**	**-**	**25**	**25**	**(136 291)**
At 31 December 2012	**148 037**	**20 550**	**1 591**	**(116)**	**629 849**	**(841 681)**	**3 406**	**6 219**	**9 625**	**(32 144)**

Employee benefit reserve

The employee benefits reserve is used to record the value of the company's share-based incentive program.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of subsidiaries in foreign currencies.

Treasury shares

The treasury shares is used to record purchase of own shares. The Company has 10 100 treasury shares.

Revaluation reserve

The revaluation reserves are used to record step by step revaluation in connection with purchase of subsidiary.

See accompanying notes that are an integral part of these condensed consolidated financial statements.

Notes to the condensed consolidated financial statements

Note 1 – Accounting principles

Eitzen Chemical ASA is a public limited company incorporated and domiciled in Norway which shares are listed on Oslo Stock Exchange. The Company's address is Ruseløkkveien 6, P. O. Box 1794 Vika, 0122 Oslo, Norway.

Basis of preparation
The interim condensed consolidated financial statements for Eitzen Chemical have been prepared in accordance with International Accounting Standard IAS 34 *"Interim Financial Reporting"* as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU).

Going concern assumption
The financial statements are based on the going concern assumption. We refer to the 2012 Annual Report, the Strategy and capital resources section and note 6 in this interim report for further information.

Judgments, estimates and assumptions
The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis, considering the current and expected future market conditions. A change in an accounting estimate is recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Each quarter the Company assesses if there is an indication of asset impairment and whether assumptions in the value in use model used for impairment testing should be updated. Refer to note 2.

Significant accounting principles
The accounting principles used to prepare these interim financial statements are consistent with those used to prepare the annual financial statements. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements as of 31 December 2012.

New and amended standards adopted by the Company
A number of new accounting standards and amendments to standards have been issued by the IASB. Information about the content, implementation dates and related requirements for the issued but not yet adopted standards and amendments is included in the Significant accounting policies note in the 2012 Annual Report.

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as: to eliminate the corridor approach and recognise all actuarial gains and losses in Other Comprehensive Income as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The implementation of the amended standard did not have any material effects on the financial position of the Company. The Company has recognised the impact of these changes as of the date of application (1 January 2013) against the opening balance in equity.

None of the other new accounting standards that came into effect after 1 January 2013 has had a significant impact for the Company.

Note 2 - Vessels, vessels held under finance leases and other equipment

Figures in USD '000	Vessels	Vessels held under finance leases	Other fixed assets	Total
At 1 January 2013, net of accumulated depreciation	**706 102**	**152 499**	**205**	**858 807**
Additions (mainly upgrading and docking of vessels)	16 439	2 494	190	19 123
Disposals	-	(31 163)	(2)	(31 166)
Renegotiated leases *	-	(23 910)	-	(23 910)
Depreciation for the period	(50 235)	(6 875)	(116)	(57 225)
At 31 December 2013, net of accumulated depreciation	**672 306**	**93 045**	**278**	**765 628**

* Two time charter contracts accounted for as finance leases were renegotiated 2013. The contracts with the disponent owner of the vessels were terminated and new contracts for the same vessels were entered into with the head owner. Under the new contracts, one vessel is classified as a financial lease and the other as an operating lease.

As at 31 December 2013, an impairment test was performed based on the estimated future value in use of the fleet. The estimated cash flows are based on management's best estimate and reflect the Company's expectation that the market will recover to a sustainable level due to improvements in the supply and demand development. The Company expects improved market balance through ample demand growth combined with reduced fleet growth in 2014, and a gradual move towards a normalized market in 2015. Further, it is the Company's expectation that the rates obtained when the market is more balanced, is fundamentally improved with rates corresponding to the market in 2006/2007. The net present value of future cash flows was calculated based on a pre-tax weighted average cost of capital (WACC) of 8.2 per cent in 2013 (2012: 8.0 per cent).

Based on the impairment test, no impairment has been recorded. If vessels are sold or disposed under distress, prior to the market recovery reflected in the value in use model, there is a significant risk that the Company might experience further losses or impairment charges on its vessels. The value of the Company's owned and finance leased vessels based on average broker valuations, was USD 642.0 million at 31 December 2013 (owned vessels: USD 542.4 million, finance leased vessels: USD 99.6 million) which is 4.3 per cent up from 30 September 2013.

Note 3 - Cash and cash equivalents

Figures in USD '000	2013 31.12 (unaudited)	2013 30.09 (unaudited)	2012 31.12 (audited)
Cash at bank and in hand	28 530	28 697	29 010
Cash at bank, restricted *	2 084	214	1 916
Total cash and cash equivalents	**30 615**	**28 911**	**30 926**

* Restricted cash at 31 December 2013 includes a deposit of USD 1.9 million for the exercise of North Contender.

The Company has entered into a new working capital facility of USD 30.0 million which was undrawn at 31 December 2012. At 31 December 2013, USD 20.0 million of the available revolving credit facility was undrawn. In February 2014, USD 8 million of the revolving credit facility was drawn to cover general working capital requirements and deposit related to the exercise of the North Contender and North Fighter purchase options. Refer to note 6 for further information on the working capital facility.

Note 4 - Issued capital

Authorised shares	Number of shares	Share capital *USD '000*
At 1 January 2013	**11 280 223**	**148 037**
Shares issued on 5 February 2013 in connection with reverse split of shares	1	-
At 31 December 2013	**11 280 224**	**148 037**

On 5 February 2013 the Company held an extraordinary general meeting whereby a share issue of 77 new shares with a nominal value of NOK 0.75 and a reverse share split in the ratio 100:1 was approved. The company's share capital is currently NOK 846,016,800. Outstanding shares are 11,280,224, each with a par value of NOK 75. All earnings per share amounts and shares outstanding for all periods reflect the reverse share split.

Note 5 - Long-term debt

Figures in USD '000	Unsecured bond loan	Secured bond loan	Bank loans	Obligations under finance leases	Total
Balance at 1 January 2013	**114 330**	**-**	**668 726**	**152 529**	**935 585**
Additions	-	-	15 226	-	15 226
Installments	-	-	(5 211)	(10 511)	(15 723)
Bond loan restructuring *	(52 671)	52 671	-	-	-
Termination and renegotiations of leases	-	-	-	(37 920)	(37 920)
Debt issuance cost **	-	316	8 335	-	8 651
Accrual of interest margins	-	6 665	27 904	-	34 570
Foreign currency translation	(4 306)	(3 894)	-	(6 135)	(14 335)
Balance at 31 December 2013	**57 352**	**55 758**	**714 981**	**97 963**	**926 054**
Non-current	57 352	55 758	714 981	55 113	883 205
Current	-	-	-	42 849	42 849
Balance at 31 December 2013	**57 352**	**55 758**	**714 981**	**97 963**	**926 054**

* The unsecured bond loan was in January 2013 restructured and exchanged into a secured loan and an unsecured loan. Refer to Note 6 for further information on the restructuring of the bond loan. The 2013 opening balance of the unsecured bond loan is the opening balance of the "pre-restructured" unsecured bond loan.

** Net effect of capitalized and amortized debt issuance cost in the period.

The obligations under finance leases include the net present value of purchase option rights of USD 71.6 million. USD 37.5 million of the purchase option rights are classified as current as they are related to two time charter contracts which expire in the first half of 2014.

Note 6 - Financial and liquidity risk

In January 2013 the Company concluded a restructuring of the bank and bond debt. The key terms in the restructuring agreement include:

New working capital facility:

- The Company secured a new working capital facility of USD 30 million. The facility is split into (i) a term loan facility of USD 10 million and (ii) a revolving credit facility of USD 20 million.

- The new facilities are secured by a first ranking lien in certain of the Company's vessels.
- Maturity of term loan facility is in May 2016 and the revolving credit facility will mature in April 2016, with five quarterly equal reductions to commence from April 2015.
- Payment of interest is under a "pay-as-you-can" structure where the margin of 8.95 per cent p.a. is only payable to the extent it can be paid with excess cash until maturity and LIBOR shall be paid in cash. If not paid in cash the margin will be capitalized and be payable on the maturity date together with an additional margin of 2.05 per cent p.a.
- The new facilities have similar covenants as the senior bank loans.

Restructuring of the bond loan:

- The bond loan comprising a NOK tranche of NOK 490 million (ISIN NO 001033434.5) and a USD tranche of USD 25 million (ISIN NO 001033433.7) was in January 2013 exchanged into (i) a secured loan of approximately USD 50 million and (ii) an unsecured loan of approximately USD 60 million. The secured loan has a third ranking lien security in the Company's vessels (owned through subsidiaries). Eitzen Chemical ASA is the borrower for both loans. The loans have NOK and USD tranches as in the previous bond loan agreement.
- The secured loan will mature in June 2016 with no instalments until maturity. The loan will receive payment-in-kind interest of NIBOR/LIBOR plus 11 per cent p.a. due at maturity.
- The restructured interest terms of the Company's loans were effective from October 2012.
- The unsecured loan will mature in September 2016 with no instalments or interest payments until maturity. If the Company raises new equity (in the form of cash) of at least USD 50 million, the unsecured loan can be called and redeemed in full in exchange for an amount equal to USD 10 million of new equity in the Company.
- The loans do not include any financial covenants.
- The bond restructuring fee agreed in 2009 due in November 2012 were postponed to maturity of the secured loan.

Restructuring of the senior bank loans:

- The senior bank loans consists of the USD 510 million, USD 265 million and USD 170 million bank syndicate loan agreements and the USD 36 million, USD 15 million and USD 4.7 million bilateral loan agreements.
- USD 30 million of the existing senior bank loans with a principal amount of approximately USD 661 million was converted into a third lien loan of USD 30 million. The third lien loan has third lien security in the Company's vessels (owned through subsidiaries).
- Maturities were extended to May 2016 for the existing bank loans and June 2016 for the new third lien loan.
- The grace period with no fixed debt instalments was extended from November 2012 until April 2015. Furthermore, the Company has the option to defer three quarterly instalments until maturity in 2016 (with a maximum of two deferrals in one year).
- Payment of interest is under a "pay-as-you-can" structure where the margin of 2.75 per cent p.a. is only payable to the extent it can be paid with excess cash in the period until 1 January 2015 and LIBOR shall be paid in cash. If not paid in cash the margin is capitalized and payable on the maturity date together with an additional margin of 3.05 per cent p.a. From 1 January 2015, the interest payments will be reset to the pre-restructuring level of LIBOR plus 2.75 per cent p.a.
- The restructured interest terms of the Company's loans were effective from October 2012.
- A new mechanism for sweep of excess cash and potential variable debt amortisation depending on the Company's financial performance was introduced.
- Existing financial covenants was suspended until maturity. The Company has a minimum liquidity covenant of USD 30 million.
- The bank restructuring fee agreed in 2009 due in November 2012 was postponed to final maturity. The Company agreed to a new restructuring fee of USD 10 million. Approximately USD 4.5 million was paid in January 2013, when the new term loan facility became available, while approximately USD 5.5 million is due on final maturity.

Third lien bank loan:

- USD 30 million of the existing senior bank loans was in January 2013 converted into a new facility in the principal amount of USD 30 million with Eitzen Chemical ASA as borrower and third lien security in the Company's vessels (owned through subsidiaries).
- The loan will mature in June 2016 with no instalments until maturity.
- Payment of interest is under a "pay-as-you-can" structure where the margin of 8.95 per cent p.a. is only payable to the extent it can be paid with excess cash until maturity and LIBOR shall be paid in cash. If not paid in cash the margin will be capitalized and be payable on the maturity date together with an additional margin of 2.05 per cent p.a.
- The loan does not include any financial covenants and ranks pari passu with the secured bond loan described above.

The restructuring was based on a slowly improving market and secured headroom and stable operations in the years to come.

Note 7 – Subsequent events

Eitzen Chemical has exercised the purchase options of the North Contender (19,925 dwt, built 2005) and the North Fighter (19,932 dwt, built 2006). We have further agreed definitive transaction terms pertaining to the sale of the vessels. The sale of the North Contender was completed in the 1st quarter of 2014, while completion of the sale of the North Fighter remains conditional upon execution of routine closing, which is scheduled to be completed by the end of the 2nd quarter of 2014. The aggregate sale price for both vessels is USD 44 million, and Eitzen Chemical has leased back both vessels, each for a five year bareboat charter period. The sale of the vessels includes seller's credit to the buyer for a portion of the aggregate purchase price, as well as a repurchase option for each of the vessels by Eitzen Chemical at a predetermined price after a minimum two year charter hold period. The vessels will continue to be classified as finance leases after the transactions.

In February Eitzen Chemical entered into an agreement to charter in the vessel MT UACC Messila (45,335 dwt, built 2012) on a one year time charter.

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