Eitzen Chemical ASA

2nd Quarter and
1st Half Report 2013

Highlights

- The average time charter equivalent rate continued to improve in the 2nd quarter of 2013 and increased by 6.5 per cent to USD 11,921 per day, up from USD 11,189 per day in the 1st quarter of 2013 and 16.3 per cent compared to the reported average time charter rate of USD 10,247 per day for the 2nd quarter of 2012.

- Eitzen Chemical reported EBITDA of USD 15.4 million for the 2nd quarter of 2013, compared to USD 10.5 million in the 1st quarter of 2013, and USD 10.3 million in the 2nd quarter of 2012.

- For the first half of 2013 Eitzen Chemical reported EBITDA of USD 25.8 million, compared to USD 22.2 million in EBITDA for the corresponding period in 2012.

- In the 2nd quarter Eitzen Chemical agreed to early terminate the time charter of the Sichem Defender (20,000 dwt, built 2007). A loss of USD 4.3 million has been recorded from the transaction in the 2nd quarter, and in July Eitzen Chemical received USD 2.5 million in compensation for the early termination. In addition, two time charter contracts accounted for as finance leases were renegotiated. 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. Eitzen Chemical has recognized a loss of USD 10.4 million from this transaction.

- Due to seasonality Eitzen Chemical expects the time charter equivalent rate in the 3rd quarter to be somewhat weaker than the 2nd quarter.

Financial review

2nd quarter 2013 income statement

Eitzen Chemical reported total Freight revenue of USD 97.6 million in the 2nd quarter of 2013, compared to USD 95.7 million in the 1st quarter of 2013. Voyage expenses were USD 43.7 million in the 2nd quarter, down USD 3.3 million from the 1st quarter of 2013. Freight income on T/C basis was USD 53.9 million, up USD 5.3 million from the previous quarter (USD 49.6 million in Q2 2012).

Ship operating expenses were USD 27.2 million in the 2nd quarter and down USD 1.0 million from the previous quarter. Charterhire expenses increased to USD 6.1 million, up from USD 4.5 million in the 1st quarter of 2013, mainly due to the extension of the charter parties of two MR vessels beyond original expiry date. The vessels have in previous periods been accounted for as finance leases. However, the extension agreements are considered as new leases and have been classified as operating leases. General and administrative expenses were USD 5.2 million in the 2nd quarter (USD 5.6 million in Q1 2013). EBITDA (earnings before interest, taxes, depreciation and amortization) ended at USD 15.4 million in the 2nd quarter compared to USD 10.5 million in the previous quarter (USD 10.3 million in Q2 2012).

Depreciation amounted to USD 14.3 million (USD 14.3 million in Q1 2013). Loss on sale of assets of USD 14.7 million, includes the loss following the early termination of the time charter of the Sichem Defender and a loss recognized from two time charter contracts which were renegotiated and considered as new leases. The Operating result (EBIT) for the 2nd quarter was negative USD 13.7 million, compared to negative USD 3.8 million for the 1st quarter (negative USD 6.2 million in Q2 2012).

Net interest expenses were USD 14.8 million in the 2nd quarter (USD 15.0 million in Q1 2013). Other financial items were net positive USD 4.0 million in the quarter (positive USD 8.2 million in Q1 2013). This mainly comprises USD 4.3 million in unrealized currency gains on the NOK denominated bond loans and JPY denominated purchase options included in the finance lease obligations. Net other financial expenses were USD 0.3 million.

Net loss in the 2nd quarter was USD 24.4 million compared to a loss of USD 10.7 million in the previous quarter (loss of USD 12.8 million in Q2 2012).

First half 2013 income statement

For the first six months of 2013 total Freight revenue was USD 193.3 million compared to USD 209.0 million in the corresponding period in 2012, reflecting a reduction in the fleet from the sales of three non-core vessels in the second half 2012. Voyage expenses were USD 90.8 million in 2013 and USD 108.4 million in 2012. Freight income on T/C basis was USD 102.5 million, and up from USD 100.6 million in 2012 following an increase in the average TCE of 10.7 per cent to USD 11,558 per day for the first six months of 2013.

In the first half of 2012 Eitzen Chemical earned USD 1.9 million in management fee as pool manager. The strategy of discontinuing as pool manager to improve the Company's operating performance was completed in the first half of 2012.

Ship operating expenses were USD 55.3 million for the first half of 2013 compared to USD 58.7 million in 2012. The decrease in Ship operating expenses is mainly due to a reduction in the fleet compared to 2012. Charterhire expenses were USD 10.6 million compared to USD 10.1 million in 2012. General and administrative expenses were USD 10.8 million in the first half 2013. EBITDA (earnings before interest, taxes, depreciation and amortization) ended at USD 25.8 million for the first six months compared to USD 22.2 million in 2012.

Depreciation amounted to USD 28.6 million for the first half of 2013, down from USD 32.7 million in 2012, following fewer vessels and impairment recorded in the 4th quarter of 2012. The Operating result (EBIT) for the first six months of 2013 was negative USD 17.5 million, which includes a loss of USD 14.7 million from the early termination of the time charter of the Sichem Defender, and a loss recognized from two time charter contracts which were renegotiated. This compares to a negative EBIT of USD 10.5 million in 2012.

Net interest expenses were USD 29.8 million in the first half of 2013, and increased by USD 8.5 million compared to 2012, mainly due to accrued interest margin based on the new terms following the restructured loan agreements. Other financial items increased by USD 10.2 million compared to 2012, which is mainly due to the development of unrealized currency gain positions on the NOK denominated bond loans and JPY denominated purchase options included in the finance lease obligations.

Net loss for the first half of 2013 was USD 35.1 million compared to a loss of USD 29.7 million in the corresponding period in 2012.

Balance sheet as of 30 June 2013

Total book value for the Company's vessels was USD 778.0 million at 30 June 2013 (USD 844.3 million in Q1 2013). Based on average broker valuations, the value of the Company's owned and finance leased vessels was USD 618.3 million at 30 June 2013. Total long-term debt, including finance lease obligations and accumulated interest margins of USD 24.2 million accrued from October 2012, was USD 907.2 million at the end of the 2nd quarter (USD 945.9 million in Q1 2013). The current portion of the finance lease obligations includes purchase options of USD 37.5 million.

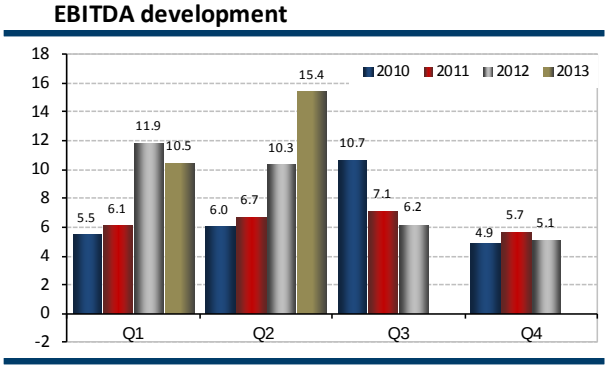
Total cash and cash equivalents amounted to USD 24.7 million as of 30 June 2013 (USD 32.2 million end of Q1 2013). The cash flow in the 2nd quarter of 2013 includes a repayment of USD 5.0 million on the revolving credit facility. Further, the net working capital increased due to certain timing effects on freight receipts, in particular. Trade and other receivables include the USD 2.5 million in compensation for the early termination of the time charter of the Sichem Defender, which was received early July. USD 20.0 million of the available revolving credit facility was undrawn at the end of the 2nd quarter.

Total equity as of 30 June 2013 was negative USD 67.1 million. A value adjusted equity, based on the average broker valuations of the Company's owned and finance leased vessels, was negative USD 226.9 million. 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 2nd quarter at NOK 9.00, up from NOK 7.08 at the end of the 1st quarter 2013. Reference is made to the Strategy and capital resources section and note 6 for further details on the current financial position of the Company.

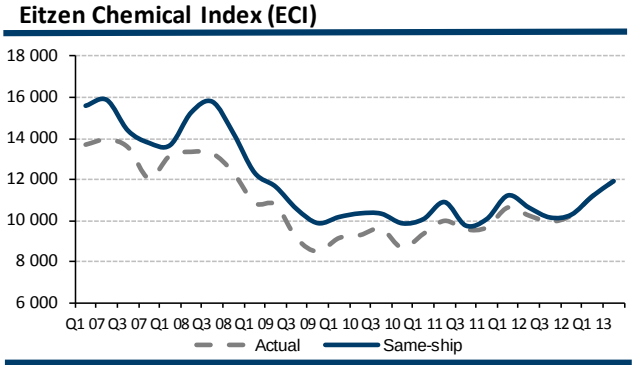
Earnings development

Fleet utilization remained stable in the 2nd quarter compared to the previous quarters. The COA volumes shipped were overall stable in the 2nd quarter compared with the previous quarter, whereas the spot volumes shipped went down. The bunker price decreased in the 2nd quarter of 2013 to an average of USD 585 per MT, compared to USD 617 per MT in the 1st quarter of 2013. The average TCE (time charter equivalent rate) for the Eitzen Chemical fleet was USD 11,921 per day for the 2nd quarter of 2013, up by 6.5 per cent from USD 11,189 per day in the previous quarter, and up 16.4 per cent from the 2nd quarter in 2012.

EBITDA development



Eitzen Chemical Index (ECI)



ECHEM Fleet	Q3 12	Q4 12	Q1 13	Q2 13
Average dwt	18 072	18 579	18 579	18 579
No. of vessels EOP	52	50	50	49
TCE - $/day	9 953	10 256	11 189	11 921

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. Certain vessels in the current fleet were delivered in the period 2007-2009. 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

The chemical tanker market during the quarter was in general somewhat slower than the previous quarter. Exports from Europe were mostly moved under COA nominations and spot activity remained limited. In Asia the trend was similar and the market showed signs of early summer slowdown. The US market in general was soft post Easter. The transpacific route East was the bright spot where activity was higher with upward freight rate pressure. The underlying supply and demand fundamentals continue to improve but in the short term picture the market continues to be influenced by the uncertain and slow world economy.

Although the market conditions in the quarter appeared slower, Eitzen Chemical managed to fix the vessels well in advance, charter out on short term time charters and maintain high fleet utilization. In total, less cargo was lifted compared to the previous quarter, however at higher freight rates, which combined with lower bunker costs resulted in improved earnings.

Fleet development

In June Eitzen Chemical agreed to early terminate the time charter of the Sichem Defender (20,000 dwt, built 2007). In addition, two time charter contracts accounted for as finance leases were renegotiated. 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. Following the termination of the Sichem Defender and renegotiated time charter contracts, the Eitzen Chemical fleet consists of 49 vessels, of which 42 are owned or on financial lease and 7 are on operational lease.

Three owned vessels were dry-docked in the 2nd quarter of 2013, and four dry-dockings are scheduled to be completed in the 3rd quarter of 2013.

Strategy and capital resources

The financial restructuring of Eitzen Chemical's bank and bond debt was concluded in January 2013. The new financial structure is based on a slowly improving market and will secure headroom and stable operations in the years to come. A term- and revolving credit facility of USD 30 million is secured to provide the Company with sufficient available liquidity. The USD 20 million revolving credit facility was undrawn in the 2nd quarter, and remains undrawn at the issue date of this report.

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. When the market recovers and the Company has excess cash to service interest margins and/or installments, excess cash will be swept in accordance with the agreement between all 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.

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 capital. Evaluating potential partners who are willing to invest long term in the Company is an integral part of this process.

Operationally Eitzen Chemical remains focused on continuous improvements in all disciplines of the Company's business. Cost control, vetting performance, maintaining and establishing long term customer relationships are key focus areas for the Company during these challenging market conditions.

At the Annual General Meeting on 25 June 2013 Mr. Thor Jørgen Guttormsen and Mr. Erik Bartnes were elected as new directors. Carl E. Steen did not seek re-election. Mr. Aage Figenschou was re-elected as chairman and Mrs. Helene J. Anker and Mrs. Heidi M. Petersen were re-elected as directors.

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 6 per cent of the fleet, while the orderbook of smaller stainless steel vessels is only 2 per cent. In the first half of 2013, total deliveries of newbuildings were 0.46 million dwt, with scrapping of 0.26 million dwt, i.e. a net fleet growth of 0.2 million dwt equivalent to 0.4 million dwt annualized, or 1.0 per cent. This growth level compares to 1.8 per cent in 2012, 3.9 per cent in 2011 and 4.2 per cent in 2010. If this trend continues, the net annual fleet growth the coming years will be marginal or even negative.

Industry sources estimate that demand for seaborne chemical transportation will increase with 4-5 per cent in 2013. 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

[1] Source: Eitzen Chemical based on industry sources

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, 22 August 2013

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/ Per Sylvester Jensen
Thor Jørgen Guttormsen	Erik Bartnes	Per Sylvester Jensen *Chief Executive Officer*

Condensed Consolidated Income Statement *(USD '000, except per share data)*	**2013 Q2** (unaudited)	**2013 Q1** (unaudited)	**2012 Q2** (unaudited)	**2013 6m** (unaudited)	**2012 6m** (unaudited)
Freight revenue	97 627	95 660	103 425	193 287	209 023
Voyage expenses	(43 731)	(47 046)	(53 851)	(90 776)	(108 437)
Freight income on T/C basis	**53 896**	**48 614**	**49 574**	**102 511**	**100 586**
Management fees and other income	-	-	573	-	1 933
Gross profit	**53 896**	**48 614**	**50 147**	**102 511**	**102 519**
Ship operating expenses	(27 156)	(28 112)	(29 583)	(55 269)	(58 744)
Charterhire expenses	(6 115)	(4 483)	(4 889)	(10 598)	(10 142)
General and administrative expenses	(5 246)	(5 559)	(5 331)	(10 805)	(11 423)
EBITDA	**15 379**	**10 460**	**10 344**	**25 839**	**22 210**
Depreciation	(14 300)	(14 291)	(16 538)	(28 591)	(32 710)
Gain/(loss) on sale of assets	(14 744)	-	-	(14 744)	-
Operating result (EBIT)	**(13 665)**	**(3 831)**	**(6 194)**	**(17 496)**	**(10 500)**
Interest income	2	4	29	6	76
Interest expense	(14 769)	(15 004)	(10 538)	(29 773)	(21 280)
Other financial items	4 037	8 158	3 851	12 195	2 013
Profit/(loss) before tax	**(24 396)**	**(10 672)**	**(12 851)**	**(35 069)**	**(29 691)**
Income tax expense	(4)	9	13	5	13
Net profit/(loss)	**(24 400)**	**(10 663)**	**(12 838)**	**(35 063)**	**(29 678)**
Earnings per share (basic/diluted) (USD)	(2.16)	(0.95)	(1.14)	(3.11)	(2.63)
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 Q2** (unaudited)	**2013 Q1** (unaudited)	**2012 Q2** (unaudited)	**2013 6m** (unaudited)	**2012 6m** (unaudited)
Net profit/(loss)	**(24 400)**	**(10 663)**	**(12 838)**	**(35 063)**	**(29 678)**
Foreign currency translation differences	14	(19)	(51)	(5)	(11)
Total items that may be reclassified to profit or loss	**14**	**(19)**	**(51)**	**(5)**	**(11)**
Other comprehensive income (loss), net of tax	**14**	**(19)**	**(51)**	**(5)**	**(11)**
Total comprehensive income	**(24 385)**	**(10 682)**	**(12 889)**	**(35 067)**	**(29 689)**
Attributable to owners of the parent	*(24 385)*	*(10 682)*	*(12 889)*	*(35 067)*	*(29 689)*

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

Condensed Consolidated Balance Sheet *(USD '000)*	**Note**	**2013 30.06** (unaudited)	**2013 31.03** (unaudited)	**2012 31.12** (audited)
Assets				
Vessels	2	684 794	693 953	706 102
Vessels held under finance leases	2	93 195	150 386	152 499
Other non current assets		5 167	4 576	3 552
Total non-current assets		**783 156**	**848 915**	**862 153**
Trade and other receivables		57 015	49 396	50 951
Other current assets		20 665	20 551	18 592
Cash and cash equivalents	3	24 670	32 169	30 926
Total current assets		**102 350**	**102 116**	**100 469**
Total Assets		**885 506**	**951 031**	**962 622**
Equity and Liabilities				
Equity		(67 016)	(42 631)	(32 028)
Treasury shares		(116)	(116)	(116)
Total equity	4	**(67 132)**	**(42 747)**	**(32 144)**
Long-term debt	5	804 575	800 675	13 263
Obligations under finance leases	5	58 712	116 458	140 149
Other non-current liabilities		97	105	202
Total non-current liabilities		**863 384**	**917 238**	**153 614**
Trade and other payables		45 348	47 745	58 568
Short term debt and current portion of long-term debt	5	-	-	769 793
Current portion of obligations under finance leases	5	43 905	28 794	12 380
Other current liabilities		-	-	411
Total current liabilities		**89 254**	**76 540**	**841 152**
Total liabilities		**952 638**	**993 778**	**994 766**
Total Equity and Liabilities		**885 506**	**951 031**	**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 Q2** (unaudited)	**2013 Q1** (unaudited)	**2013 6m** (unaudited)	**2012 6m** (unaudited)
Operating activities					
Profit (loss) before tax		(24 396)	(10 672)	(35 069)	(29 691)
Depreciation and amortization		14 300	14 291	28 591	32 710
Loss/(gain) on sale of assets		14 744	-	14 744	-
Net interest expenses		14 768	15 000	29 767	21 204
Foreign currency (gain) loss, net		(4 320)	(7 668)	(11 988)	(752)
Working capital and other adjustments		(8 282)	(6 103)	(14 384)	(11 963)
Net cash flow from operating activities		6 814	4 848	11 661	11 508
Investing activities					
Payments on vessels	2	(3 070)	(11)	(3 081)	(7 419)
Interest received		2	4	6	6
Net cash flow from investing activities		(3 069)	(7)	(3 076)	(7 413)
Financing activities					
Loan proceeds		-	15 000	15 000	2 139
Principal repayments	5	(8 249)	(3 946)	(12 195)	(6 558)
Interest paid		(3 079)	(2 881)	(5 959)	(20 543)
Payment of other financial costs		-	(11 684)	(11 684)	-
Net cash flow from financing activities		(11 328)	(3 511)	(14 839)	(24 962)
Net change in cash and cash equivalents		**(7 583)**	**1 330**	**(6 253)**	**(20 867)**
Cash balance at beginning of period		32 169	30 926	30 926	66 826
Net foreign exchange difference on cash		83	(87)	(4)	129
Cash and cash equivalents at end of period	3	**24 670**	**32 169**	**24 670**	**46 087**
Supplemental disclosures					
Undrawn portion of revolving credit facility	6	20 000	15 000	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 earnings**	**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	-	-	-	-	-	(35 063)	-	-	-	(35 063)
Other comprehensive income	-	-	-	-	-	-	-	(5)	(5)	(5)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(35 063)**	**-**	**(5)**	**(5)**	**(35 067)**
At 30 June 2013	**148 037**	**20 550**	**1 591**	**(116)**	**629 849**	**(876 664)**	**3 406**	**6 214**	**9 620**	**(67 132)**

2012 (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 earnings**	**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	-	-	-	-	-	(29 678)	-	-	-	(29 678)
Other comprehensive income	-	-	-	-	-	-	-	(11)	(11)	(11)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(29 678)**	**-**	**(11)**	**(11)**	**(29 689)**
At 30 June 2012	**148 037**	**20 550**	**1 591**	**(116)**	**629 849**	**(735 043)**	**3 406**	**6 183**	**9 589**	**74 456**

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 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)	2 998	-	84	3 081
Disposals	-	(31 163)	(1)	(31 165)
Renegotiated leases	-	(23 910)	-	(23 910)
Depreciation for the period	(24 305)	(4 231)	(55)	(28 591)
At 30 June 2013, net of accumulated depreciation	**684 794**	**93 195**	**233**	**778 222**

The Company performed an impairment test at 31 December 2012 and recognized an impairment of USD 70.4 million. Based on the current market conditions and the financial restructuring of the Company, the assumptions in the Company's value in use model have been reviewed at 30 June 2013. No impairment has been recorded this quarter. Based on average broker valuations, the value of the Company's owned and finance leased vessels was USD 618.3 million at 30 June 2013. 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.

Note 3 - Cash and cash equivalents

Figures in USD '000	**2013 30.06** (unaudited)	**2013 31.03** (unaudited)	**2012 31.12** (audited)
Cash at bank and in hand	24 371	31 945	29 010
Cash at bank, restricted	298	225	1 916
Total cash and cash equivalents	**24 670**	**32 169**	**30 926**

The Company has entered into a new working capital facility of USD 30.0 million which was undrawn at 31 December 2012. At 30 June 2013, USD 20.0 million of the available revolving credit facility was undrawn. 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 30 June 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 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	-	-	15 000	-	15 000
Installments	-	-	(5 211)	(6 984)	(12 195)
Bond loan restructuring *	(52 671)	52 671	-	-	-
Termination and renegotiations of leases	-	-	-	(37 920)	(37 920)
Debt issuance cost **	-	162	1 384	-	1 547
Accrual of interest margins	-	3 307	13 850	-	17 157
Foreign currency translation	(3 681)	(3 292)	-	(5 008)	(11 981)
Balance at 30 June 2013	**57 978**	**52 848**	**693 749**	**102 617**	**907 192**
Non-current	57 978	52 848	693 749	58 712	863 287
Current ***	-	-	-	43 905	43 905
Balance at 30 June 2013	**57 978**	**52 848**	**693 749**	**102 617**	**907 192**

* 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 under the previous, unsecured bond loan.

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

*** The Company has two time charter contracts accounted for as finance leases which expire in the first half of 2014. The current portion of the finance lease obligations includes purchase option rights of USD 37.5 million.

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 is based on a slowly improving market and will secure headroom and stable operations in the years to come.

Responsibility statement

We confirm to the best of our knowledge that the condensed set of financial statements for the period 1 January to 30 June 2013 has been prepared in accordance with IAS 34 - Interim Financial Reporting, and gives a true and fair view of Eitzen Chemical ASA's assets, liabilities, financial position and result for the period. We also confirm to the best of our knowledge that the financial review includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the financial statements, any major related parties transactions, and a description of the principal risks and uncertainties for the remaining six months of the financial year.

Oslo, 22 August 2013

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/ Per Sylvester Jensen
Thor Jørgen Guttormsen	Erik Bartnes	Per Sylvester Jensen *Chief Executive Officer*

Eitzen Chemical ASA
Ruseløkkveien 6
P.O. Box 1794 Vika
0122 Oslo
Norway

eitzen-chemical.com