

Nordic Tankers – Interim report Q1 2011

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Summary of interim report Q1 2011

In Q1 2011 Nordic Tankers' time charter equivalent (TCE) revenue increased by USD 7.3 million to USD 22.6 million compared to Q1 2010. EBITDA was USD 1.5 million in Q1 2011 (USD 0.6 million) and the result before tax was a loss of USD 2.7 million (USD -12.1 million). The net result includes an upwards revaluation of USD 5.2 million related to the acquisition of the remaining vessels from Zacchello Group. The revaluation is made in accordance with IFRS 3 and has no cash impact.

Gross revenue increased gradually during the period in both the chemical tanker and the product tanker segment. The costs were, however, negatively influenced by a combination of increasing bunker prices and a weakening USD throughout Q1. The result is unsatisfactory, but in line with expectations in light of the steep bunker price increase. The bunker price increase had a negative impact of approximately USD 1.7 million. The supply/demand balance is expected to gradually improve in the second half of 2011 which is expected to influence freight rates positively, in particular within the chemical tanker segment.

Cash flow was USD -6.1 million in Q1. The negative cash flow was primarily caused by increase in trade receivables due to increased gross revenue as well as various one-off items, some of which will be reversed in Q2. The expectations for 2011 cash flow of between USD 0 and USD -10 million are therefore maintained.

Expectations for 2011 TCE revenue of USD 95-105 million, EBITDA of USD 10-20 million, and a loss before tax, write ups, write downs and exchange rate gains/losses of USD 15-25 million are maintained. The gain of USD 5.2 million mentioned above is not included in these expectations.

On 1 February 2011 Nordic Tankers further strengthened the cooperation with Singapore based Womar Holdings Pte. Ltd. by forming a joint venture company 'Nordic Womar Pte. Ltd.'. The joint venture company manages two pools with about 35 coated chemical tankers in the 10,000-25,000 dwt segment.

On 14 February 2011 Nordic Tankers A/S completed the capital decrease authorised by a General Meeting on 5 November 2010 from a total share capital of DKK 377,648,880 nominal value to DKK 37,764,888 nominal value. The balance amount of DKK 339,883,992 was allocated to a separate reserve, pursuant to section 188(1)(3) of the Danish Companies Act.

On 28 February 2011 the joint venture with Zacchello Group owning 5 handy size product tankers was dissolved, whereby Nordic Tankers acquired full ownership of all 5 tankers, corresponding to 1.5 vessel. The shares were acquired through an earn-out based compensation agreement with Zacchello Group and the transaction was fully backed by Nordic Tankers' financing banks. No equity was required to fund the acquisition. On 4 March 2011 Nordic Tankers acquired the remaining shares in 4 stainless steel chemical tankers acquired in the transaction with Clipper in 2010 from the minority investors in the vessels. The transaction corresponds to 0.25 vessel in total as well as debt conversion of USD 0.6 million. Through these transactions Nordic Tankers has taken over the remaining minority shares in all of the Company's vessels and Nordic Tankers now fully owns 15 vessels. Both of these transactions are positive developments in line with Nordic Tankers' growth ambition.



NORDIC TANKERS

"Whereas the result for Q1 was in line with our expectations it is noteworthy that freight rates have been firming somewhat leading into the second quarter of 2011 and this could be an indication that we are nearing the end of the trough of the cycle in our industry. There will still be a difficult period ahead of us, but we consider present market conditions to be an opportunity to improve Nordic Tankers' position for future growth and enable us to take further steps to grow our business and execute our strategy - "The Nordic Ambition"" says CEO Tommy Thomsen.

For the full interim report Q1 2011, please see attached.

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