Second Quarter 2012 Results

OSLO (13 August 2012) – AMSC's operating revenues for Q2 2012 were USD 21.7 million, compared to USD 21.0 million for Q2 2011. This increase in revenues reflects the operation of the full fleet of ten vessels in 2012. The tenth vessel was delivered in April 2011. EBITDA was USD 20.7 million in Q2 2012 compared to USD 20.5 million in Q2 2011.

EBIT was USD 12.4 million in Q2 2012 compared to USD 10.1 million in Q2 2011.

Net interest expense (interest expense less interest income and capitalized interest) for Q2 2012 was negative USD 15.9 million, compared to negative USD 16.1 million for Q2 2011. Net foreign exchange gain was USD 9.1 million in Q2 2012, compared to a net foreign exchange loss of USD 6.6 million in Q2 2011. The foreign exchange gains and losses, resulting from the translation of Norwegian kroner denominated debt and accrued interest into USD, are unrealized and had no cash impact on AMSC.

In addition, in Q2 2012, AMSC had an unrealized gain of USD 6.2 million related to the mark-to-market valuation of its interest rate swap contracts on its vessel financing. The corresponding Q2 2011 unrealized loss was USD 4.5 million. These unrealized gains and losses had no cash impact on AMSC.

AMSC had a net profit for Q2 of 2012 of USD 11.8 million versus a net loss of USD 17.1 million in Q2 of 2011.

Subsequent Events

On 30 July 2012, AMSC successfully closed the transaction with its bank syndicate to extend the vessel debt maturity to 30 June 2016, and at the same time achieved a significant extension of AMSC's bareboat charter contracts with Overseas Shipholding Group and its subsidiaries (collectively "OSG") to December 2019. The bareboat charter extensions increase the Company's fixed revenue backlog by USD 382.1 million to USD 646.5 million. For further details, see footnote 12.

Year to date results

AMSC's operating revenues for the first six months of 2012 and 2011 were USD 43.3 million and 40.1 million, respectively. EBITDA for the six months ended 30 June 2012 and 2011 was USD 41.5 million and USD 39.0 million, respectively. EBIT for the six months ended 30 June 2012 and 2011 was USD 24.8 million and USD 19.1 million, respectively. Year to date net interest expense of USD 32.4 million, net unrealized foreign exchange loss of USD 0.2 million and unrealized gain on interest swaps of USD 11.4 million are included in net financial items for 2012. The same figures for 2011 include net interest expense of USD 30.9 million, net unrealized foreign exchange loss of USD 15.3 million and net unrealized gain on interest swaps of USD 4.4 million. Net profit for the first six months of 2012 was USD 3.6 million, while the first six months of 2011 had a net loss of USD 22.7 million.

INCOME STATEMENT

	unaudited			
	Q2	Q2	Year to date	
Amounts in USD million (except share and per share information)	**2012**	**2011**	**2012**	**2011**
Operating revenues	21.7	21.0	43.3	40.1
Operating profit before depreciation - EBITDA	**20.7**	**20.5**	**41.5**	**39.0**
Operating profit - EBIT	12.4	10.1	24.8	19.1
Net interest expense	(15.9)	(16.1)	(32.4)	(30.9)
Unrealized gain/(loss) on interest swaps	6.2	(4.5)	11.4	4.4
Net foreign exchange gain/(loss)	9.1	(6.6)	(0.2)	(15.3)
Profit/(loss) before income tax	11.8	(17.1)	3.6	(22.7)
Net profit/(loss) for the period *	**11.8**	**(17.1)**	**3.6**	**(22.7)**
Average number of common shares	27,600,000	27,600,000	27,600,000	27,600,000
Basic and diluted earnings/(loss) per share (USD)	**0.43**	**(0.62)**	**0.13**	**(0.82)**

*** Applicable to common stockholders of the parent company.**

STATEMENT OF FINANCIAL POSITION

Amounts in USD million	*unaudited* 30-Jun 2012	30-Jun 2011	31-Dec 2011
Vessels	932.3	969.8	949.0
Interest-bearing long term receivables	19.9	14.2	17.0
Non-current cash held for specified uses	21.7	35.8	28.9
Trade and other receivables	0.3	0.7	0.5
Cash held for specified uses	14.7	21.8	21.5
Cash and cash equivalents	19.6	22.6	20.8
Total assets	**1,008.5**	**1,064.8**	**1,037.7**
Total equity	54.4	35.5	50.8
Interest-bearing long term debt	824.9	689.1	841.6
Derivative financial liabilities - long term portion	67.2	85.1	78.9
Interest-bearing short term debt	53.6	239.6	51.7
Derivative financial liabilities - short term portion	5.7	6.3	5.5
Trade and other payables	2.7	9.2	9.2
Total equity and liabilities	**1,008.5**	**1,064.8**	**1,037.7**

The decrease in Vessels from 31 December 2011 reflects depreciation of the Company's ten product tankers for the first six months of 2012. Effective as of 1 January 2012, AMSC increased its estimate for the useful lives of its vessels to 30 years. In previous years, the estimated useful life of vessels was 25 years. The Company's conclusion to increase the useful life was based on several factors including its experience with vessels operating in the U.S. Jones Act market, reference to comparable companies and its maintenance program and lease contracts with OSG. The total impact on depreciation of the change in estimate was USD 1.9 million for Q2 2012 (USD 3.8 million year to date) and is estimated to be USD 7.7 million for 2012.

Interest bearing debt as of 30 June 2012 was USD 878.4 million, net of USD 9.8 million in capitalized fees versus USD 893.3 million as of 31 December 2011. This debt relates to the bank financing of the ten vessels, the NOK denominated bond (consisting of principal amount of NOK 700 million plus payment-in-kind interest through June 2012 of NOK 396 million) and a subordinated loan from Converto Capital Fund AS.

AMSC was in compliance with all of its debt covenants as of 30 June 2012.

Outlook

All of AMSC's ten vessels are on long-term bareboat charters with OSG, providing AMSC with cash flows protected from short-term market movements. OSG, in its recent Q2 2012 report, notes that their U.S. Flag unit continued to perform ahead of plan and that the prospects for the business improved further following the recently announced sales of the Trainer and Philadelphia refineries in the Delaware Bay.
The U.S. Jones Act product tanker fleet remains fully committed under time charters, with renewals in 2012 at rates in excess of expiring rates.

Our bareboat charter agreements with OSG provide for a profit sharing component. The extent of profit generation is dependent on time charter rates obtained by OSG as well as OSG's ability to operate the vessels in a cost efficient manner. To date, no profits have been generated under our profit sharing agreement, nor do we expect to receive any profit sharing in the medium term. We continue to believe, however, as does the industry, that markets going forward will improve further over the longer term.

Risks

The risks facing AMSC principally relate to the operational and financial performance of OSG as well as overall market risk.

OSG's finances continue to be adversely affected by the downturn in the international tanker trade, but its US Flag unit is performing ahead of plan. As noted in its Q2 report, OSG is actively working with its banks to put in place new long term financing while also pursuing other liquidity raising options available.

AMSC's activities also expose the Company to a variety of other financial risks, including currency, interest rate and liquidity risk. With the completion of the Company's vessel debt refinancing on 30 July, refinancing and interest rates no longer represent significant risks in the medium term.

For further details of AMSC's risks, including our guarantees, refer to the 2011 Annual Report.

Definitions

Jones Act - The U.S. cabotage law, referred to as Jones Act, requires all commercial vessels operating between U.S. ports to be built, owned, operated and manned by U.S. citizens and to be registered under the U.S. flag. In 1996 certain amendments were enacted to the U.S. vessel documentations laws, allowing increased non-U.S. participation in the ownership of vessels operating in the Jones Act trade under certain conditions, known as the finance lease exception.

Oslo, 13 August 2012
The Board of Directors and President / CEO
American Shipping Company ASA

Annette Malm Justad Chairperson	Peter D. Knudsen Director
Lars Solbakken Director	Dag Fasmer Wittusen President / CEO

Responsibility statement

The unaudited condensed interim consolidated financial statements of American Shipping Company ASA and its subsidiaries ("Group") and interim financial report as of 30 June 2012 and for the first half of 2012 were approved by the Board of Directors and Managing Director on 13 August 2012.

The interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by the EU and the additional requirements in the Norwegian Securities Trading Act.

To the best of our knowledge, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principle opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Oslo, 13 August 2012
The Board of Directors and President / CEO
American Shipping Company ASA

Annette Malm Justad
Chairperson

Peter D. Knudsen
Director

Lars Solbakken
Director

Dag Fasmer Wittusen
President / CEO

American Shipping Company ASA Consolidated Group

INCOME STATEMENT

	unaudited			
	Q2	Q2	Year to date	
Amounts in USD million (except share and per share information)	**2012**	**2011**	**2012**	**2011**
Operating revenues	21.7	21.0	43.3	40.1
Operating expenses	(1.0)	(0.5)	(1.8)	(1.1)
Operating profit before depreciation - EBITDA	**20.7**	**20.5**	**41.5**	**39.0**
Depreciation	(8.3)	(10.4)	(16.7)	(19.9)
Operating profit - EBIT	**12.4**	**10.1**	**24.8**	**19.1**
Net interest expense	(15.9)	(16.1)	(32.4)	(30.9)
Unrealized gain/(loss) on interest swaps	6.2	(4.5)	11.4	4.4
Net foreign exchange gain/(loss)	9.1	(6.6)	(0.2)	(15.3)
Net profit/(loss) for the period *	**11.8**	**(17.1)**	**3.6**	**(22.7)**
Average number of common shares	27,600,000	27,600,000	27,600,000	27,600,000
Basic and diluted earnings/(loss) per share (USD)	**0.43**	**(0.62)**	**0.13**	**(0.82)**

*** Applicable to common stockholders of the parent company.**

STATEMENT OF CHANGES IN COMPREHENSIVE INCOME

	unaudited			
	Q2	Q2	Year to date	
Amounts in USD million	**2012**	**2011**	**2012**	**2011**
Net income/(loss) for the period	11.8	(17.1)	3.6	(22.7)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income/(loss) for the period *	**11.8**	**(17.1)**	**3.6**	**(22.7)**

*** Applicable to common stockholders of the parent company.**

STATEMENT OF FINANCIAL POSITION

	unaudited		
	30-Jun	30-Jun	31-Dec
Amounts in USD million	**2012**	**2011**	**2011**
Assets			
Non-current assets			
Vessels	932.3	969.8	949.0
Interest-bearing long term receivables	19.9	14.2	17.0
Non-current cash held for specified uses	21.7	35.7	28.9
Total non-current assets	**973.9**	**1,019.7**	**994.9**
Current assets			
Trade and other receivables	0.3	0.7	0.5
Cash held for specified uses	14.7	21.8	21.5
Cash and cash equivalents	19.6	22.6	20.8
Total current assets	**34.6**	**45.1**	**42.8**
Total assets	**1,008.5**	**1,064.8**	**1,037.7**
Equity and liabilities			
Total equity	**54.4**	**35.5**	**50.8**
Non-current liabilities			
Bond payable	183.2	-	175.8
Other interest-bearing loans	651.5	702.7	677.6
Derivative financial liabilities - long term portion	67.2	85.1	78.9
Capitalized fees	(9.8)	(13.6)	(11.8)
Total non-current liabilities	**892.1**	**774.2**	**920.5**
Current liabilities			
Interest-bearing short-term debt	53.6	239.6	51.7
Derivative financial liabilities - short term portion	5.7	6.3	5.5
Trade and other payables	2.7	9.2	9.2
Total current liabilities	**62.0**	**255.1**	**66.4**
Total liabilities	**954.1**	**1,029.3**	**986.9**
Total equity and liabilities	**1,008.5**	**1,064.8**	**1,037.7**

STATEMENT OF CHANGES IN TOTAL EQUITY

	unaudited	
	Year to date	
Amounts in USD million	**2012**	**2011**
Equity related to the equity holders of the parent company as of beginning of period	50.8	58.2
Total comprehensive income/(loss) for the period	3.6	(22.7)
Total equity as of end of period	**54.4**	**35.5**

CASH FLOW STATEMENT

	unaudited	
	Year to date	
Amounts in USD million	**2012**	**2011**
Net cash flow from operating activities	10.4	15.9
Net cash flow from investing activities	-	(80.2)
Net cash flow from financing activities	(18.4)	67.9
Net change in cash and cash equivalents	**(8.0)**	**3.6**
Cash and cash equivalents, including cash held for specified uses at the beginning of period	42.3	40.8
Cash and cash equivalents, including cash held for specified uses at end of period	**34.3**	**44.4**

Notes to the unaudited condensed consolidated interim financial statements for the first half and the three months ended 30 June 2012

1. Introduction - American Shipping Company
American Shipping Company ASA ("AMSC") is a company domiciled in Norway. The condensed interim financial statements for the first half of 2012 and the three months ended 30 June 2012 comprise AMSC and its wholly owned subsidiaries. These financial statements have not been audited or reviewed by the Company's auditors. American Shipping Company has one operating segment.

The consolidated 2011 annual financial statements of AMSC are available at www.americanshippingco.com.

2. Basis of Preparation
These consolidated interim financial statements reflect all adjustments, in the opinion of AMSC's management, that are necessary for a fair presentation of the results of operations for the periods presented. Operating results for the three and six month periods are not necessarily indicative of the results that may be expected for any subsequent interim period or year

3. Statement of compliance
These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS) applicable for interim reporting, *IAS 34 Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as of and for the year ended 31 December 2011.

4. Significant accounting principles
The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as of and for the year ended December 31, 2011, with the exception of the increase in the vessels' expected useful lives. During the first quarter of 2012, the Company reviewed its previous estimate of 25 years and determined that an expected useful life of 30 years more fairly represents the assets' useful lives. The change in the estimated useful life has been accounted for prospectively beginning 1 January 2012. The Company's conclusion to increase the useful life was based on several factors including its experience with vessels operating in the U.S. Jones Act market, reference to comparable companies and its maintenance program and lease contracts with OSG. The total impact on depreciation of the change in estimate was USD 1.9 million for Q2 2012 (USD 3.8 million year to date) and is estimated to be USD 7.7 million for 2012.

There have not been any new IFRS standards or interpretations issued after the completion of the annual consolidated financial statements for the year 2011 that have a significant impact on AMSC's financial reporting. Certain prior period reclassifications were made to conform to current year presentation.

5. Use of estimates
The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts in the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.
The most significant judgments made by management in preparing these condensed consolidated interim financial statements in applying the Group's accounting policies, and the key sources of estimation uncertainty, are the same as those that applied to the consolidated financial statements as of and for the year ended 31 December 2011.

6. Tax estimates
Income tax expense is recognized in each interim period based on the best estimate of the expected annual income tax rates.

7. Share capital and equity
As of 30 June 2012, AMSC had 27,600,000 ordinary shares at a par value of NOK 10 per share. There have been no dividends paid on ordinary shares in 2012 or 2011.

8. Interest-bearing debt
The Company's equity as defined under the loan covenant as of 30 June 2012, which requires adjusted equity of USD 50 million, was USD 127.3 million.

The following table shows material changes in interest-bearing debt:

Amounts in USD million	6 months to 6/30/2012	6 months to 6/30/2011
Balance at beginning of period	893.3	845.8
Repayment of debt	(25.6)	(22.3)
Issuance of debt	-	80.0
Interest added to oustanding debt	8.5	7.7
Foreign currency impact	0.1	15.3
Amortization of loan fees	2.1	2.2
Balance at end of period	878.4	928.7

The following table shows the new vessel debt maturity upon closing of the extension on 30 July 2012:

Amounts in USD million	Repayment
2H 2012	(56.5)
2013	(43.9)
2014	(48.3)
2015	(52.2)
1H 2016	(478.8)
Total repayment	**(679.8)**

Under the loan extension, a prepayment of approximately USD 33 million will be made at the end of Q3 2012 from current and non-current cash held for specified uses. This prepayment is reflected in the above table in 2H 2012.

9. Related party transactions

AMSC believes that related party transactions are made on terms equivalent to those that prevail in arm's length transactions.

10. Interest

Amounts in USD million	3 months to 6/30/2012	3 months to 6/30/2011	6 months to 6/30/2012	6 months to 6/30/2011
Interest expense	(16.3)	(16.7)	(33.2)	(32.2)
Interest income	0.4	0.3	0.8	0.6
Interest capitalized	-	0.2	-	0.7
Net interest expense	**(15.9)**	**(16.1)**	**(32.4)**	**(30.9)**

11. Settlement Agreement with OSG

In December 2009, the Company announced that it had entered into a settlement agreement ("Settlement Agreement") with OSG that settled all of the outstanding commercial disputes between AMSC and OSG. The Settlement Agreement enabled the Company to complete the vessel build series with AKPS.

As part of the Settlement Agreement, the fixed terms of the bareboat charters of the ten product tankers will be extended to a common expiration date that is ten years from the settlement date upon satisfaction of certain conditions including timely delivery of the remaining vessels in the twelve ship order and the satisfactory refinancing or extension of AMSC's vessel debt and bond obligations. As of 30 July 2012, all of the conditions required for the bareboat charter extensions have been met. As a result of the charter extensions, the Company's fixed charter backlog increased by USD 382.1 million to USD 646.5 million.

12. Subsequent events

On 30 July 2012, AMSC consummated its agreement with the bank syndicate to extend its ten vessel loans to a common maturity date of 30 June 2016 (previously ten individual maturities in the period 2014-16). As a result of the closing of the bank agreement, OSG confirmed at the same time the extension of the fixed term of AMSC's bareboat charters to a common maturity date in December 2019 (previously nine individual expiration dates in the period 2014-16 and one expiration date in 2021). The total outstanding vessel debt at the closing of the loan extension is USD 680 million, while the outstanding balance on maturity in June 2016 is projected to be USD 451 million. The bareboat charter extensions increase the Company's fixed revenue backlog by USD 382.1 million to USD 646.5 million. The Company's interest rate swap agreements were also extended and blended into new fixed rates. The new fixed interest rates vary between 5.1% and 7.9% per annum. Under the agreement, there is a step up in the margin in 2015 of 0.5% per annum.

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Disclaimer

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