Third Quarter 2011 Results - American Shipping Company ASA Extends the Maturity of its NOK-denominated Bond until 2018

OSLO (November 14, 2011) – On October 5, 2011, American Shipping Company ASA (“AMSC” or the “Company”) obtained the bondholders’ consent to extend the maturity date of the NOK denominated bond from February 28, 2012 to February 28, 2018 and to make any of the interest payments until the maturity date in the form of additional bonds (“Payment-in-Kind” or “PIK”).

With the delivery of the final vessel from Aker Philadelphia Shipyard (AKPS) in April, this is the first full quarter with all ten product tankers in operation, an important milestone for AMSC.

AMSC’s operating revenues for Q3 and year to date (YTD) 2011 were USD 21.9 million and USD 62.0 million, respectively, compared to USD 18.0 million and USD 48.8 million for the same periods of 2010. This increase in revenues reflects the increase in the number of vessels in 2011over 2010. EBITDA was USD 21.2 million in Q3 2011 compared to USD 17.6 million in Q3 2010. EBITDA YTD 2011 and 2010 was USD 60.2 million and USD 46.8 million, respectively.

EBIT was USD 10.4 million in Q3 2011 compared to USD 8.6 million in Q3 2010. EBIT YTD 2011 and 2010 was USD 29.4 million and USD 22.4 million, respectively.

Net interest expense (interest expense less interest income and capitalized interest) for Q3 and YTD 2011 was negative USD 17.0 million and USD 47.8 million, respectively , compared to negative USD 12.8 million and USD 35.2 million for the same periods of 2010. Net foreign exchange gain was USD 15.8 million in Q3 2011 and USD 0.5 million for the first nine months of 2011, compared to a net foreign exchange loss of USD 15.4 million in Q3 2010 and net gain of USD 2.4 million for the first nine months of 2010. The foreign exchange gains/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 Q3 2011, AMSC incurred an unrealized loss of USD 1.6 million related to the mark-to-market valuation of its interest rate swap contracts on its vessel financing (gain of USD 2.8 million for the first nine months of 2011). The corresponding Q3 2010 and first nine months of 2010 amounts were an unrealized loss of USD 11.8 million and USD 35.1 million, respectively. These unrealized gains/losses had no cash impact on AMSC.

As a result of the foreign exchange gain, AMSC had a net profit for the third quarter of 2011 of USD 7.6 million versus a net loss of USD 31.4 million in the third quarter of 2010. For the nine months ended September 30, 2011 and 2010, net loss was USD 15.1 million and USD 45.5 million, respectively.

INCOME STATEMENT

	unaudited			
	Q3	**Q3**	**Year to Date**	
Amounts in USD million (except share and per share information)	**2011**	**2010**	**2011**	**2010**
Operating revenues	21.9	18.0	62.0	48.8
Operating profit before depreciation - EBITDA	**21.2**	**17.6**	**60.2**	**46.8**
Operating profit - EBIT	10.4	8.6	29.4	22.4
Net interest expense	(17.0)	(12.8)	(47.8)	(35.2)
Unrealized gain/(loss) on interest swaps	(1.6)	(11.8)	2.8	(35.1)
Net foreign exchange gain/(loss)	15.8	(15.4)	0.5	2.4
Profit/(loss) before income tax	7.6	(31.4)	(15.1)	(45.5)
Net profit/(loss) for the period *	**7.6**	**(31.4)**	**(15.1)**	**(45.5)**
Average number of common shares	27,600,000	27,600,000	27,600,000	27,600,000
Basic and diluted earnings per share (USD)	**0.27**	**(1.14)**	**(0.55)**	**(1.65)**

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

STATEMENT OF FINANCIAL POSITION

	unaudited		
Amounts in USD million	**30-Sep 2011**	**30-Sep 2010**	**31-Dec 2010**
Property, plant & equipment	959.4	893.3	884.1
Interest-bearing long term receivables	15.5	10.5	11.7
Other non current assets	-	24.7	24.7
Non-current cash held for specified uses	32.7	10.9	46.0
Assets held for sale	-	22.4	-
Trade and other receivables	0.6	0.6	0.8
Cash held for specified uses	21.1	23.6	19.6
Cash and cash equivalents	22.0	20.9	21.2
Total assets	**1,051.3**	**1,006.9**	**1,008.1**
Total equity	43.1	33.3	58.2
Interest-bearing long term debt	677.4	805.9	801.0
Derivative financial liabilities - long term portion	86.3	106.6	89.4
Interest-bearing short term debt	228.0	44.7	44.8
Derivative financial liabilities - short term portion	6.6	7.5	6.4
Trade and other payables	9.9	8.9	8.3
Total equity and liabilities	**1,051.3**	**1,006.9**	**1,008.1**

The increase in Property, plant & equipment from December 31, 2010 reflects delivery of the final vessel from AKPS in April. The changes in Interest-bearing long term debt and short term debt reflect the maturity of the bond in February 2012 as well as the increase in bank debt for delivery of the last vessel. However, with the extension of the maturity of the bond subsequent to Q3, the bond will again be reclassified as long term in Q4.

Interest bearing debt as of September 30, 2011 was USD 905.4 million, net of USD 12.4 million in capitalized fees versus USD 845.8 million as of December 31, 2010. This debt relates to the bank financing of the ten vessels as well as the NOK denominated bond (consisting of principal amount of NOK 700 million plus payment-in-kind interest through September 2011 of NOK 334 million) issued in February 2007. During the quarter, the Company reclassified the portion of its interest rate swap liability that will not be realized over the next 12 months to long term. Accordingly, certain reclassifications were made to conform to current year presentation.

In addition to extending the maturity of the bond, on October 5, 2011, bondholders also approved a reduction in the required minimum equity covenant (defined as book equity exclusive of the mark-to-market adjustments on the interest rate swaps) from USD 80 million to USD 50 million. In connection with the extension of the bond maturity on October 5, Aker ASA offered to buy out bond holders, receiving acceptances of 17% of the outstanding bond loan. Accordingly, Aker and Converto Capital Fund, a subsidiary of Aker, now collectively hold 93% of the bond loan. AMSC was in compliance with all of its debt covenants as of September 30, 2011.

Outlook

The Jones Act market for product tankers continues to be depressed as a result of the general economic downturn and the oversupply of ships. The oversupply is expected to slowly be reduced, as single hull vessels are phased out well ahead of the 2015 deadline. Meantime, our long-term bareboat charters provide AMSC with stable cash flows protected from short-term market movements. Our charters also provide for a profit sharing component. The extent of profit sharing is dependent on time charter rates obtained by the vessel operator as well as the ability of the operator to operate the vessels in a cost efficient manner. To date, the Company has not yet received any profit sharing contributions and based on market conditions, we do not expect to receive profit sharing in the medium term. However, we continue to believe, as does the industry, that the market will improve over the longer-term. We remain committed to our strategy of maintaining tight cost control and to be prepared to capitalize on value creation opportunities. In addition, we are focused on achieving the one remaining condition, viz. the refinancing or extension of the vessel debt, required for extending our bareboat charters to December 2019 per the settlement agreement with OSG (see note 11 below for more information).

Risks

The principal risks facing AMSC relate to the performance of OSG, credit risk, counterparty risk, and overall market risk.

AMSC's activities also expose it to a variety of financial risks, including refinancing, currency, interest rate and liquidity risk.

For further details of AMSC's risks, including our guarantees, refer to the 2010 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, November 14, 2011
The Board of Directors and Managing Director
American Shipping Company ASA

Annette Malm Justad Chairperson	Frank Reite Director
Lars Solbakken Director	Dag Fasmer Wittusen President/CEO

American Shipping Company ASA Consolidated Group

INCOME STATEMENT

Amounts in USD million (except share and per share information)	Q3 2011 *unaudited*	Q3 2010	Year to Date 2011	Year to Date 2010
Operating revenues	21.9	18.0	62.0	48.8
Operating expenses	(0.7)	(0.4)	(1.8)	(2.0)
Operating profit before depreciation - EBITDA	**21.2**	**17.6**	**60.2**	**46.8**
Depreciation	(10.8)	(9.0)	(30.8)	(24.4)
Operating profit - EBIT	**10.4**	**8.6**	**29.4**	**22.4**
Net interest expense	(17.0)	(12.8)	(47.8)	(35.2)
Unrealized gain/(loss) on interest swaps	(1.6)	(11.8)	2.8	(35.1)
Net foreign exchange gain/(loss)	15.8	(15.4)	0.5	2.4
Profit/(loss) before income tax	**7.6**	**(31.4)**	**(15.1)**	**(45.5)**
Income tax expense	-	-	-	-
Net profit/(loss) for the period *	**7.6**	**(31.4)**	**(15.1)**	**(45.5)**
Average number of common shares	27,600,000	27,600,000	27,600,000	27,600,000
Basic and diluted earnings per share (USD)	**0.27**	**(1.14)**	**(0.55)**	**(1.65)**

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

STATEMENT OF CHANGES IN COMPREHENSIVE INCOME

Amounts in USD million	Q3 2011 *unaudited*	Q2 2010	Year to Date 2011	Year to Date 2010
Net income/(loss) for the period	7.6	(31.4)	(15.1)	(45.5)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income/(loss) for the period	**7.6**	**(31.4)**	**(15.1)**	**(45.5)**

STATEMENT OF FINANCIAL POSITION

Amounts in USD million	30-Sep 2011 *unaudited*	30-Sep 2010 *unaudited*	31-Dec 2010
Assets			
Non-current assets			
Property, plant & equipment	959.4	893.3	884.1
Interest-bearing long term receivables	15.5	10.5	11.7
Prepayments	-	24.7	24.7
Non-current cash held for specified uses	32.7	10.9	46.0
Total non-current assets	**1,007.6**	**939.4**	**966.5**
Current assets			
Assets held for sale	-	22.4	-
Trade and other receivables	0.6	0.6	0.8
Cash held for specified uses	21.1	23.6	19.6
Cash and cash equivalents	22.0	20.9	21.2
Total current assets	**43.7**	**67.5**	**41.6**
Total assets	**1,051.3**	**1,006.9**	**1,008.1**
Equity and liabilities			
Total equity	**43.1**	**33.3**	**58.2**
Non-current liabilities			
Bond payable	-	164.0	167.5
Other interest-bearing loans	689.8	658.5	649.2
Derivative financial liabilities - long term portion	86.3	106.6	89.4
Capitalized fees	(12.4)	(16.6)	(15.7)
Total non-current liabilities	**763.7**	**912.5**	**890.4**
Current liabilities			
Interest-bearing short-term debt	228.0	44.7	44.8
Derivative financial liabilities - short term portion	6.6	7.5	6.4
Trade and other payables	9.9	8.9	8.3
Total current liabilities	**244.5**	**61.1**	**59.5**
Total liabilities	**1,008.2**	**973.6**	**949.9**
Total equity and liabilities	**1,051.3**	**1,006.9**	**1,008.1**

STATEMENT OF CHANGES IN TOTAL EQUITY

Amounts in USD million	Year to Date 2011 *unaudited*	Year to Date 2010
Equity related to the equity holders of the parent company as of beginning of period	58.2	78.8
Total comprehensive income/(loss) for the period	(15.1)	(45.5)
Total equity as of end of period	**43.2**	**33.3**

CASH FLOW STATEMENT

Amounts in USD million	Year to Date 2011 *unaudited*	Year to Date 2010
Net cash flow from operating activities	24.2	22.7
Net cash flow from investing activities	(80.6)	(160.3)
Net cash flow from financing activities	58.7	149.5
Net change in cash and cash equivalents	**2.3**	**11.9**
Cash and cash equivalents, including cash held for specified uses at the beginning of period	40.8	32.6
Cash and cash equivalents, including cash held for specified uses at end of period	**43.1**	**44.5**

Notes to the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2011

1. Introduction - American Shipping Company
American Shipping Company ASA ("AMSC") is a company domiciled in Norway. The condensed interim financial statements for the three and nine months ended September 30, 2011 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 quarterly 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 nine 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 (IFRS) 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 December 31, 2010.

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, 2010. There have not been any new IFRS standards or interpretations issued after the completion of the annual consolidated financial statements for the year 2010 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 December 31, 2010.

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 September 30, 2011, 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 2011 or 2010.

8. Interest-bearing debt
As noted in the financial statement section of this report, after the balance sheet date, AMSC's bondholders voted in favor of modifying the minimum required equity covenant (exclusive of mark-to-market adjustments in the interest rate swaps) from USD 80 million to USD 50 million. The Company's equity under the loan covenant as of September 30, 2011 was USD 136 million. The bondholders also voted in favor of extending the bond's maturity date from February 28, 2012 to February 28, 2018 and to make any of the interest payments until the maturity date as PIK.

The following shows material changes in interest-bearing debt:

Amounts in USD million	9 months to 9/30/2011	9 months to 9/30/2010
Balance at beginning of period	845.8	705.7
Repayment of debt	(34.7)	(24.3)
Issuance of debt	80.0	160.0
Interest added to oustanding debt	11.3	9.2
Foreign currency impact	(0.5)	(2.5)
Amortization of loan fees	3.5	2.5
Balance at end of period	905.4	850.6

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 9/30/2011	3 months to 9/30/2010	9 months to 9/30/2011	9 months to 9/30/2010
Interest expense	(17.4)	(14.3)	(49.6)	(40.4)
Interest income	0.4	0.2	1.1	0.5
Interest capitalized	-	1.3	0.7	4.7
Net interest expense	**(17.0)**	**(12.8)**	**(47.8)**	**(35.2)**

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. Two of the three conditions have been met with the delivery of the final vessel in Q2 2011 and the extension of the bond debt on October 5, 2011. To meet the third and final condition for the charter extensions, the Company has started the process of evaluating different alternatives for the refinancing or extension of its vessel debt.

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Disclaimer

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American Shipping Company ASA undertakes no obligation to publicly update or revise any forward-looking information or statements in the release, other than what is required by law.

The American Shipping Company Group consists of many legally independent entities, constituting their own separate identities. American Shipping Company is used as the common brand or trade mark for most of these entities. In this release we may sometimes use "American Shipping Company"," "Group, "we," or "us," when we refer to American Shipping Company Group companies in general or where no useful purpose is served by identifying any particular company of American Shipping Company.