AMERICAN SHIPPING COMPANY ASA

First Quarter 2016 Report

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Oslo, 24 May 2016, American Shipping Company ASA (“AMSC or the “Company”) announces results for first quarter ending 31 March 2016.

HIGHLIGHTS

- Declared Q1 dividend of USD 0.107 per share, approximately 4% higher than Q1 2015, which equates to an annualized dividend yield of 13.6% p.a. based on the closing share price as of 23 May 2016
- Reiterate guiding on approximately 15% year on year dividend growth for 2016
- Normalized EBITDA for Q1 of MUSD 26.2
- Q1 profit share of MUSD 4.0, which reduces the profit share credit
- Backlog of secured bareboat revenue of MUSD 380 with average weighted tenor of 4.3 years

MAIN EVENTS DURING THE FIRST QUARTER

- **Dividends:** On 16 February 2016, the Board authorized a quarterly dividend payment of USD 0.107 per share, to the shareholders of AMSC on record as of 24 February 2016, which was paid on 3 March 2016, equaling NOK 0.92 per share.

  On 23 May 2016, the Board authorized a quarterly dividend payment of USD 0.107 per share to the shareholders of AMSC on record as of 31 May 2016. The shares in AMSC will be traded ex. dividend from and including 30 May and will be paid on or about 8 June 2016. The dividend is classified as a return of paid in capital.

  Total dividend for 2016 is expected to grow approximately 15% compared to 2015.

- **Normalized EBITDA:** Base bareboat revenue of MUSD 21.9 plus profit share of MUSD 4.0, plus DPO of MUSD 1.0 less SG&A of MUSD 0.7 totaled MUSD 26.2 for Q1 2016.

- **Philly Tankers:** AMSC has decided not to monetize its USD 25 million equity investment in Philly Tankers. AMSC will receive dividends and liquidation proceeds from Philly Tankers following ship deliveries and after the liquidation of the company. Dividends and proceeds from Philly Tankers will be used to repay the subordinated loan.

- **Profit share:** Q1 profit share of MUSD 4.0, which reduces the profit share credit. See Note 11 for more detailed information.

- **New CFO**: In February 2016, the Company announced the appointment of Morten Bakke as new Chief Financial Officer (CFO) of AMSC, with effect from 4 April 2016.

FIRST QUARTER FINANCIAL REVIEW

First quarter results

AMSC's operating revenues for Q1 2016 and Q1 2015 were MUSD 21.9 and 21.7, respectively. EBITDA was MUSD 21.2 in Q1 2016 (MUSD 20.9 in Q1 2015). EBIT was MUSD 12.7 in Q1 2016 and MUSD 12.6 in Q1 2015.

Net interest expense (interest expense less interest income) for Q1 2016 was MUSD 9.1 (MUSD 12.5 in Q1 2015).

Net foreign exchange gain was MUSD 0.1 in Q1 2016 (MUSD 0.2 loss in Q1 2015), resulting from the translation of Norwegian kroner (NOK) cash balances into USD.

In Q1 2016, AMSC had an unrealized loss of MUSD 3.9 on the mark-to-market valuation of its interest rate swap contracts related to its vessel financing (gain of MUSD 4.1 in Q1 2015).

AMSC had a net loss before tax for Q1 2016 of MUSD 0.2 versus a net profit before tax of MUSD 4.0 in Q1 2015.

Condensed Income Statement

	unaudited	
Amounts in USD million (except share and per share information)	**Q1 2016**	**Q1 2015**
Operating revenues	21.9	21.7
Operating profit before depreciation - EBITDA	**21.2**	**20.9**
Operating profit - EBIT	**12.7**	**12.6**
Net interest expense	(9.1)	(12.5)
Unrealized gain/(loss) on interest swaps	(3.9)	4.1
Net foreign exchange gain/(loss)	0.1	(0.2)
Profit/(loss) before income tax	(0.2)	4.0
Net profit/(loss) for the period *	**(2.0)**	**4.0**
Average number of common shares	60,616,505	60,616,505
Earnings/(loss) per share (USD)	**(0.03)**	**0.07**

* Applicable to common stockholders of the parent company.

Condensed Statement of Financial Position

	unaudited		
Amounts in USD million	**31-Mar 2016**	**31-Mar 2015**	**31-Dec 2015**
Vessels	805.3	839.8	813.8
Deferred tax assets	-	-	2.0
Interest-bearing long term receivables (DPO)	32.1	33.4	32.6
Other non current assets	25.2	24.9	24.9
Trade and other receivables	0.3	0.3	0.4
Cash held for specified uses	2.2	8.2	1.6
Cash and cash equivalents	36.4	76.8	31.7
Total assets	**901.5**	**983.4**	**907.0**
Total equity	215.7	232.3	224.2
Deferred tax liabilities	1.5	0.3	1.7
Interest-bearing long term debt	654.5	665.5	660.6
Derivative financial liabilities - long term portion	1.0	6.4	0.2
Interest-bearing short term debt	15.0	53.1	10.2
Derivative financial liabilities - short term portion	4.0	16.9	0.6
Deferred revenues and other payables	9.8	8.9	9.5
Total equity and liabilities	**901.5**	**983.4**	**907.0**

The decrease in Vessels from 31 December 2015 reflects depreciation of the Company's ten vessels for the first three months of 2016.

During Q1 2016, OSG made repayments on the deferred principal obligation (DPO) of MUSD 1.0, of which MUSD 0.5 is principal repayment. See note 12 to the condensed consolidated financial statements for additional information on the DPO.

Other non-current assets include AMSC's 19.6% investment in Philly Tankers AS. As a result of the transaction with Kinder Morgan announced in August 2015, Philly Tankers expects to distribute excess cash to its shareholders following delivery of each vessel. When the last of the four product tankers has been delivered, expected to be in December 2017, Philly Tankers will initiate steps to liquidate the company in order to distribute its remaining available cash to its shareholders. AMSC will receive its pro-rata share of the dividends and liquidation proceeds.

Interest bearing debt as of 31 March 2016 was MUSD 669.5, net of MUSD 7.8 in capitalized fees versus MUSD 670.8 as of 31 December 2015. This debt relates to the bank financing of the ten vessels of MUSD 446.3, the bond of MUSD 211.0 and a subordinated loan from Aker ASA of MUSD 20.0. AMSC was in compliance with all of its debt covenants as of 31 March 2016.

Outlook

Nine of AMSC's product tankers remain on "hell or high water" bareboat contracts until December 2019, while one product tanker converted to a shuttle tanker remains on "hell or high water" bareboat contract until June 2025. AMSC is therefore less exposed to short term changes in the market.

The U.S. Jones Act product tanker market is currently softer compared to the markets seen over the past three years. The low oil price environment, persisting for the past 18 months, has contributed to reducing production of shale oil in the US. This has led to reducing volumes of crude being transported out of Corpus Christi, the main hub in Texas for shipping crude on Jones Act product tankers. There is also expected fleet growth coming over the next 18 months. The combination of weaker demand for crude shipments and a growing fleet are probably the main reasons for the current softer market conditions.

The clean products trade is growing on the back of lower oil price as it stimulates demand for fuel. Nine of the ten ships in AMSC's fleet are transporting clean products, while only one is currently involved in transporting crude.

To date, profits generated under our profit sharing agreement with OSG have been applied to offset the Company's deficit balances with OSG ("OSG credit"). See note 11 to the condensed consolidated financial statements for additional information on profit sharing.

AMSC expects to continue paying regular quarterly dividends, with intentions of increasing the amount by approximately 15% in 2016 compared to 2015.

Risks

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

AMSC's activities also expose the Company to a variety of other financial risks, including currency, interest rate and liquidity risk. Refinancing is not considered a significant risk in the near term as the next debt maturity is in February 2018.

For further details of AMSC's risks, including our guarantees, refer to the 2015 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, 23 March 2016
The Board of Directors and President / CEO
American Shipping Company ASA

Annette Malm Justad Chairperson	Peter D. Knudsen Director
Audun Stensvold Director	Pål Magnussen President / CEO

AMERICAN SHIPPING COMPANY ASA GROUP CONSOLIDATED FINANCIAL STATEMENT FOR THE FIRST QUARTER 2016

CONDENSED INCOME STATEMENT

	unaudited	
Amounts in USD million (except share and per share information)	**Q1 2016**	**Q1 2015**
Operating revenues	21.9	21.7
Operating expenses	(0.7)	(0.8)
Operating profit before depreciation - EBITDA	**21.2**	**20.9**
Depreciation	(8.5)	(8.3)
Operating profit - EBIT	**12.7**	**12.6**
Net interest expense	(9.1)	(12.5)
Unrealized gain/(loss) on interest swaps	(3.9)	4.1
Net foreign exchange gain/(loss)	0.1	(0.2)
Profit/(loss) before income tax	**(0.2)**	**4.0**
Income tax expense	(1.8)	-
Net profit/(loss) for the period *	**(2.0)**	**4.0**
Average number of common shares	60,616,505	60,616,505
Earnings/(loss) per share (USD)	**(0.03)**	**0.07**

CONDENSED STATEMENT OF CHANGES IN COMPREHENSIVE INCOME

	unaudited	
Amounts in USD million	**Q1 2016**	**Q1 2015**
Net income/(loss) for the period	(2.0)	4.0
Other comprehensive income for the period, net of tax	-	-
Total comprehensive income/(loss) for the period *	**(2.0)**	**4.0**

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

CONDENSED STATEMENT OF FINANCIAL POSITION

	unaudited		
Amounts in USD million	**31-Mar 2016**	**31-Mar 2015**	**31-Dec 2015**
Assets			
Non-current assets			
Vessels	805.3	839.8	813.8
Deferred tax assets	-	-	2.0
Interest-bearing long term receivables (DPO)	32.1	33.4	32.6
Other long term assets	25.2	24.9	24.9
Total non-current assets	**862.6**	**898.1**	**873.3**
Current assets			
Trade and other receivables	0.3	0.3	0.4
Cash held for specified uses	2.2	8.2	1.6
Cash and cash equivalents	36.4	76.8	31.7
Total current assets	**38.9**	**85.3**	**33.7**
Total assets	**901.5**	**983.4**	**907.0**
Equity and liabilities			
Total equity	**215.7**	**232.3**	**224.2**
Non-current liabilities			
Bond payable	211.0	203.5	210.4
Other interest-bearing loans	451.3	465.7	458.2
Derivative financial liabilities - long term portion	1.0	6.4	0.2
Capitalized fees	(7.8)	(3.7)	(8.0)
Deferred tax liability	1.5	0.3	1.7
Total non-current liabilities	**657.0**	**672.2**	**662.5**
Current liabilities			
Interest-bearing short-term debt	15.0	53.1	10.2
Derivative financial liabilities - short term portion	4.0	16.9	0.6
Deferred revenues and other payables	9.8	8.9	9.5
Total current liabilities	**28.8**	**78.9**	**20.3**
Total liabilities	**685.8**	**751.1**	**682.8**
Total equity and liabilities	**901.5**	**983.4**	**907.0**

CONDENSED STATEMENT OF CHANGES IN TOTAL EQUITY

	unaudited	
	Year to date	
Amounts in USD million	**2016**	**2015**
Equity related to the equity holders of the parent company as of beginning of period	224.2	234.6
Total comprehensive income/(loss) for the period	(2.0)	4.0
Dividends/return of capital	(6.5)	(6.3)
Total equity as of end of period	**215.7**	**232.3**

CONDENSED CASH FLOW STATEMENT

	unaudited	
	Year to date	
Amounts in USD million	**2016**	**2015**
Net cash flow from operating activities	14.2	10.8
Net cash flow from investing activities	-	-
Net cash flow from financing activities	(8.9)	(19.1)
Net change in cash and cash equivalents	**5.3**	**(8.3)**
Cash and cash equivalents, including cash held for specified uses at the beginning of period	33.3	93.3
Cash and cash equivalents, including cash held for specified uses at end of period	**38.6**	**85.0**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016

1. Introduction - American Shipping Company

American Shipping Company ASA ("AMSC") is a company domiciled in Norway. The condensed interim financial statements for the three months ended 31 March 2016 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 2015 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 month period 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 2015.

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 31 December 2015.

There have not been any new IFRS standards or interpretations issued or effective after the completion of the annual consolidated financial statements for the year 2015 that have a significant impact on AMSC's financial reporting for the three months ended 31 March 2016.

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 2015.

Certain prior period reclassifications were made to conform to current year presentation.

6. Tax estimates

Income tax expense is recognized in each interim period based on the best estimate of the expected annual income tax rates. During Q1 2016, the Company recognized a deferred tax benefit of MUSD 0.4 related to income taxes in the Commonwealth of Pennsylvania (MUSD 0 in Q1 2015) and a deferred tax expense of MUSD 2.2 related to U.S. federal income tax (MUSD 0 in Q1 2015). Since the entities in the Group cannot be consolidated for state tax purposes, the Company must recognize a state deferred tax liability for those entities in which gross tax liabilities exceed gross tax assets. Tax assets include the Company's net operating losses in carryforward, the losses on derivative financial liabilities and capitalized loan fees. Tax liabilities include the value of the vessels.

The Company has MUSD 487.9 of net operating losses in carryforward in the U.S. as of 31 December 2015, of which approximately MUSD 381 are subject to certain limitations under Internal Revenue Service Code Section 382 (see note 5 of the 2015 consolidated financial statements for more details). The Company also has MUSD 108.7 of net operating losses in carryforward in Norway as of 31 December 2015.

7. Share capital and equity

As of 31 March 2016, AMSC had 60,616,505 ordinary shares at a par value of NOK 10 per share.

Dividends paid (classified as repayment of previously paid in share premium)	Year to date	
	2016	2015
	3-Mar-16	27-Feb-15
NOK per share	0.92322	0.77503
USD per share	0.107	0.103
Aggregate NOK (millions)	56.0	47.0
Aggregate USD (millions)	6.50	6.25

8. Interest-bearing debt

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

	3 months to	
Amounts in USD million	**31-Mar-16**	**31-Mar-15**
Balance at beginning of period	670.8	728.4
Repayment of debt / loan fees	(2.4)	(12.9)
Interest added to oustanding debt	-	1.6
Amortization of loan fees and discount	1.1	1.4
De-recognition of bond	-	-
Conversion to equity	-	-
Balance at end of period	669.5	718.5

The Company was in compliance with all of its debt covenants as of 31 March 2016.

9. Related party transactions

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

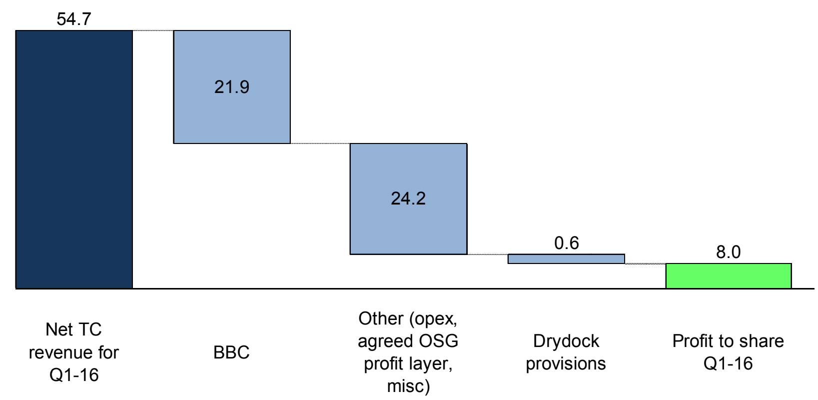
10. Interest

Amounts in USD million	3 months to 31-Mar-16	3 months to 31-Mar-15
Interest expense	(9.6)	(13.0)
Interest income	0.5	0.5
Net interest expense	**(9.1)**	**(12.5)**

11. Profit sharing agreement with OSG

As disclosed, AMSC and OSG have an agreement sharing profits from OSG's operations of AMSC's ten vessels. The calculation of profit to share is made on an aggregated fleet level. The calculation thus starts with total vessel revenue, subtracted by defined cost elements.

Profit Sharing Calculation for Q1 2016



AMSC's 50% share of the profit (MUSD 4.0 for the first quarter 2016) is used to reduce the OSG credit. When the OSG credit has been fully repaid, AMSC will receive its 50% share of the profit in cash. The cumulative balance as of 31 March 2016 for the OSG credit is shown in the table below. The calculations are shown with aggregated, rounded figures in USD millions. Please note that these figures are unaudited numbers and have not been subject to affirmative review.

Balance per Q1-2016:

	Beginning balance as of Q4 2015	Accrued interest	Repayment	Ending balance as of Q1 2016
OSG credit	13.8	0.3	(4.0)	10.1

12. Deferred Principal Obligation (DPO)

Pursuant to the current charter agreements, OSG had the right to defer payment of a portion of the bareboat charter hire for the first five vessels during the initial seven year fixed bareboat charter periods. OSG paid a reduced bareboat charter rate and assumed the DPO. The DPO accrued on a daily basis to a maximum liability from OSG of MUSD 7.0 per vessel. The DPO during the initial seven year period was discounted using the estimated market discount rate at lease inception. After the initial seven years, the DPO is repaid to AMSC over 18 years including interest unless the bareboat charter is terminated earlier at which time the DPO becomes due immediately. OSG has made repayments on all five vessels delivered under the arrangement, and those vessels' cash bareboat charter hire resumed to its full contractual amount. In 2016, AMSC expects to receive approximately MUSD 3.9 of DPO- related payments, including MUSD 1.9 in principal repayments. Below are the changes to the DPO receivable:

	3 months to	
Amounts in USD million	**31-Mar-16**	**31-Mar-15**
Balance at beginning of period	32.6	33.2
DPO revenue	-	0.3
Repayments of principal	(0.5)	(0.3)
Interest accreted	-	0.2
Balance at end of period	32.1	33.4

13. Financial Instruments

The only financial instruments that the Company accounts for at fair value on an ongoing basis are the interest rate swaps, which are classified in the Level 2 category as is described in the 2015 consolidated financial statements. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. During the quarter ended 31 March 2016, there were no transfers between categories.

The fair values of financial instruments, the related fair value hierarchy, together with the carrying amounts shown in the balance sheet are as follows:

Amounts in USD millions	Carrying amount 31-Mar-16	Fair value 31-Mar-16	Fair value hierarchy *
Interest-bearing receivables (DPO)	32.1	25.7	3
Interest swap used for economic hedging	(5.0)	(5.0)	2
Unsecured bond issue (gross)	(211.0)	(200.5)	3
Secured loans (gross)	(446.3)	(449.3)	2
Subordinated loans (gross)	(20.0)	(18.3)	2

The fair value of cash, accounts receivable and accounts payable approximate the carrying values due to their short-term nature.

* Described in the 2015 consolidated financial statements

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