

AMERICAN SHIPPING COMPANY ASA

Second Quarter 2019 Report



Second Quarter 2019 Report

Lysaker, 26 August 2019, American Shipping Company ASA (“AMSC” or the “Company”) announces results for second quarter ending 30 June 2019.

HIGHLIGHTS

- Stable Q2 bareboat revenue of USD 21.9 million
- Backlog of secured bareboat revenue of USD 259.2 million with average weighted tenor of 3 years
- Normalized EBITDA for Q2 of USD 21.9 million and adjusted net profit of USD 2.5 million
- Strengthening Jones Act tanker market fundamentals with new time charter fixtures close to USD 60,000 per day
- Closure of Philadelphia Energy Solutions (PES) will have minor impact on Northeast crude voyages as most barrels were imported from abroad
- Scrapping continues with the removal of another two older ATBs from the Jones Act market
- Declared Q2 dividend of USD 0.08 per share, in line with previous guidance and backed by the Company’s contracted cash flow

AMSC CEO, Pål Lothe Magnussen comments, *“We are pleased to report yet another quarter with stable returns, and it is encouraging to see that the overall market dynamic is playing out as expected with two more ATBs retired, and new time charter contracts being secured at higher levels compared to last fall. We expect this market development to continue going forward, resulting in gradually improving market conditions.”*

MAIN EVENTS DURING AND SUBSEQUENT TO THE SECOND QUARTER

- **Operating income:** Operating income was stable at USD 12.6 million in Q2 2019 versus USD 12.2 million in Q2 2018.
- **Profit share:** There was no profit share for Q2 2019 or Q2 2018 attributed to AMSC. The profit share is reported quarterly, but calculated on an aggregated fleet level over a full calendar year. See note 11 for further details.
- **Normalized EBITDA:** Normalized EBITDA of USD 21.9 million for Q2 2019 consists of base bareboat revenue of USD 21.9 million, plus Deferred Principal Obligation (“DPO”) of USD 0.9 million, less SG&A of USD 0.9 million. The comparative figure for Q2 2018 for normalized EBITDA was USD 21.5 million (consisting of base bareboat revenue of USD 21.9 million, plus DPO of USD 0.9 million, less SG&A of USD 1.3 million). See Note 14 for more detailed information.
- **Adjusted net profit:** Adjusted net profit of USD 2.5 million for Q2 2019 consists of net profit after tax, adjusted for non-recurring items, currency fluctuations, mark-to-market of derivatives and changes to non-cash deferred tax expenses. The comparative figure for Q2 2018 was USD 1.6 million. See Note 14 for further details.
- **Dividends:** On 20 May 2019, the Board authorized a quarterly dividend payment of USD 0.08 per share, the equivalent of NOK 0.6975 per share, to the shareholders on record as of 28 May 2019, which was paid on 5 June 2019. The dividend was classified as a return of paid in capital.

On 23 August 2019, the Board authorized a quarterly dividend payment of USD 0.08 per share to the shareholders on record as of 2 September 2019, in line with prior guidance. The shares in AMSC will be traded ex. dividend from and including 30 August 2019, and the dividend will be paid on or about 10 September 2019. The dividend is classified as a return of paid in capital.

Dividend guidance: The Company’s policy with respect to dividends is driven by the Board’s commitment to return value to its shareholders while also prudently managing its balance sheet and maintaining financial flexibility to pursue growth and diversification opportunities. Dividend payments depend on, among other things, performance of existing contracts including outlook for profit share, and will be considered in conjunction with the Company’s financial position, debt covenants, capital requirements, and market conditions going forward.

SECOND QUARTER FINANCIAL REVIEW

Condensed Income Statement

Amounts in USD million (except share and per share information)	unaudited			
	Q2 2019	Q2 2018	Year to date	
			2019	2018
Operating revenues	21.9	21.9	43.5	43.5
Operating profit before depreciation - EBITDA	21.0	20.6	41.8	41.6
Normalized EBITDA	21.9	21.5	43.6	43.4
Operating profit - EBIT	12.6	12.2	25.0	24.8
Gain / (loss) on investments	-	-	(0.1)	-
Net interest expense	(10.0)	(10.4)	(20.3)	(20.6)
Unrealized gain/(loss) on interest swaps	(2.2)	0.5	(3.4)	2.4
Profit/(loss) before income tax	0.4	2.3	1.2	6.6
Income tax expense	(0.1)	(0.2)	(0.1)	(0.2)
Non-cash income tax (expense) / benefit	0.4	(0.1)	0.5	(0.6)
Net profit/(loss) for the period *	0.7	2.0	1.6	5.8
Adjusted net profit	2.5	1.6	4.5	4.0
Average number of common shares	60,616,505	60,616,505	60,616,505	60,616,505
Earnings/(loss) per share (USD)	0.01	0.03	0.03	0.10

* Applicable to common stockholders of the parent company

Second quarter results

AMSC's operating revenues for each of Q2 2019 and Q2 2018 were USD 21.9 million. EBITDA was USD 21.0 million in Q2 2019 (USD 20.6 million in Q2 2018). EBIT was USD 12.6 million in Q2 2019 (USD 12.2 million in Q2 2018).

Net interest expense (interest expense less interest income) for Q2 2019 was USD 10.0 million (USD 10.4 million in Q2 2018).

In Q2 2019, AMSC had an unrealized loss of USD 2.2 million on the mark-to-market valuation of its interest rate swap contracts related to its vessel financing (gain of USD 0.5 million in Q2 2018).

AMSC had a net profit before tax for Q2 2019 of USD 0.4 million (USD 2.3 million in Q2 2018). Non-cash deferred income tax benefit was USD 0.4 million in Q 2019 (expense of USD 0.1 million in Q2 2018). Current tax expense was USD 0.1 million in Q2 2019 and USD 0.2 million in Q2 2018.

The non-cash deferred income tax expense/benefit was the result of accelerated tax depreciation, which has created differences between accumulated depreciation for book and tax purposes and corresponding tax losses, the net of which is recognized as a deferred tax liability on the balance sheet.

As of 30 June 2019, AMSC has approximately USD 554 million of federal net operating losses in carryforward in its U.S. subsidiaries. See Note 6 for more detailed information.

Net profit for Q2 2019 was USD 0.7 million compared to USD 2.0 million in Q2 2018.

Year to date results

AMSC's operating revenues for each of the first half of 2019 and 2018 were USD 43.5 million. EBITDA was USD 41.8 million in the first half of 2019 (USD 41.6 million for the six months ending 30 June 2018). EBIT was USD 25.0 million for the six months ending 30 June 2019 and USD 24.8 million for the same period in 2018.

Net interest expense (interest expense less interest income) for the first half of 2019 was USD 20.3 million (USD 20.6 million for the same period in 2018).

In the first half of 2019, AMSC had an unrealized loss of USD 3.4 million on the mark-to-market valuation of its interest rate swap contracts related to its vessel financing (gain of USD 2.4 in the first half of 2018).

AMSC had a net profit before tax for the six months ending 30 June 2019 and 2018 of USD 1.2 million and USD 6.6 million, respectively. Non-cash deferred income tax benefit was USD 0.5 million in the first six months of 2019 (expense of USD 0.6 million in the same period of 2018). AMSC recognized an income tax expense of USD 0.1 million in the first half of 2019 (USD 0.2 million in the same period 2018), relating to state taxes. Net profit for year-to-date 2019 was USD 1.6 million compared to USD 5.8 million in the same period of 2018.

Condensed Statement of Financial Position

Amounts in USD million	<i>unaudited</i>		31-Dec 2018 *
	30-Jun 2019	30-Jun 2018	
Vessels	695.0	728.8	711.8
Interest-bearing long term receivables (DPO)	25.8	27.7	26.7
Other non current assets	-	16.4	16.4
Derivative financial assets	-	4.0	2.4
Trade and other receivables	0.2	0.2	0.2
Cash held for specified uses	4.0	2.8	2.7
Cash and cash equivalents	53.2	51.3	51.1
Total assets	778.2	831.2	811.3
Total equity	167.9	183.0	176.1
Deferred tax liabilities	12.5	12.2	13.0
Interest-bearing long term debt	543.5	587.2	572.3
Derivative financial liabilities	1.0	-	-
Interest-bearing short term debt	37.7	28.3	29.6
Deferred revenues and other payables	15.5	20.5	20.3
Total equity and liabilities	778.2	831.2	811.3

* Derived from audited financial statements

The decrease in Vessels from 31 December 2018 reflects depreciation of the Company's 10 vessels for the six months ending 31 June 2019.

During Q2 2019, Overseas Shipholding Group, Inc. ("OSG") made repayments on the DPO of USD 0.9 million, of which USD 0.5 million is principal repayment. See note 12 to the condensed consolidated financial statements for additional information on the DPO.

Other non-current assets included AMSC's 19.6% investment in Philly Tankers AS ("PTAS"). In Q1 2019, PTAS liquidated the company and distributed its remaining available cash to its shareholders. AMSC received USD 16.3 million net of tax, of which USD 10.7 million was used to repay all outstanding principal and interest on its subordinated loan from Aker ASA. In total, AMSC received USD 28.8 million in gross after tax proceeds from the initial USD 25 million investment in PTAS.

Interest bearing debt as of 30 June 2019 was USD 581.2 million, net of USD 5.9 million in capitalized fees versus USD 601.9 million as of 31 December 2018. This debt relates to the bank financing for the Company's 10 vessels of USD 367.1 million and the bond of USD 220.0 million. AMSC was in compliance with all of its debt covenants as of 30 June 2019.

Outlook

During the second quarter of 2019 the Jones Act tanker market saw two more time charter fixtures at close to USD 60,000 per day. Multiple vessels will face time charter contract renewals toward the end of 2019 and AMSC remains optimistic with regards to levels at which these ships will be renewed.

The crude spread between WTI priced in Houston and Bonny Light remained open during Q2 and the monthly cargoes being shipped to the U.S. Northeast remained stable at similar levels as seen over the last two years.

Clean cargo volumes, mainly from the U.S. Gulf into Florida, remained stable with the majority of the Jones Act fleet being deployed on this trade.

As older tankers and ATBs have come off long-term charters in 2018 and 2019, their owners have faced expensive drydock decisions, and we have seen another two ATBs leaving the market in Q2 2019. The expectation is that this trend will continue as 10 units (4 tankers and 6 ATBs) are above 30 years of age. Nonetheless, some older vessels have gone through special surveys signaling the rising optimism in the market.

AMSC continues to enjoy downside protection with “come hell or high water” bareboat contracts, with five product tankers secured until December 2022, four product tankers secured until December 2020 and one shuttle tanker secured until June 2025. If the market enters into a period of extended strength, the Company may benefit from a profit share arrangement with OSG, which provides upside beyond fixed contracted rates.

Risks

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

AMSC’s activities also expose the Company to a variety of other financial risks, including but not limited to, currency, interest rate, refinancing, and liquidity risk.

For further details of AMSC’s risks, refer to the 2018 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 exemption.

Lysaker, 23 August 2019

The Board of Directors and President / CEO
American Shipping Company ASA

Annette Malm Justad
Chairperson

Peter D. Knudsen
Director

Kristian Røkke
Director

Pål Magnussen
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 2019 and for the first half of 2019 were approved by the Board of Directors and Managing Director on 23 August 2019.

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.

Lysaker, 23 August 2019

The Board of Directors and President / CEO
American Shipping Company ASA

Annette Malm Justad
Chairperson

Peter D. Knudsen
Director

Kristian Røkke
Director

Pål Magnussen
President / CEO

AMERICAN SHIPPING COMPANY ASA GROUP CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER AND HALF YEAR 2019

CONDENSED INCOME STATEMENT

Amounts in USD million (except share and per share information)	<i>unaudited</i>			
	Q2 2019	Q2 2018	Year to date 2019 2018	
Operating revenues	21.9	21.9	43.5	43.5
Operating expenses	(0.9)	(1.3)	(1.7)	(1.9)
Operating profit before depreciation - EBITDA	21.0	20.6	41.8	41.6
Depreciation	(8.4)	(8.4)	(16.8)	(16.8)
Operating profit - EBIT	12.6	12.2	25.0	24.8
Gain / (loss) on investments	-	-	(0.1)	-
Net interest expense	(10.0)	(10.4)	(20.3)	(20.6)
Unrealized gain/(loss) on interest swaps	(2.2)	0.5	(3.4)	2.4
Profit/(loss) before income tax	0.4	2.3	1.2	6.6
Income tax expense	(0.1)	(0.2)	(0.1)	(0.2)
Non-cash income tax (expense) / benefit	0.4	(0.1)	0.5	(0.6)
Net profit/(loss) for the period *	0.7	2.0	1.6	5.8
Average number of common shares	60,616,505	60,616,505	60,616,505	60,616,505
Earnings/(loss) per share (USD)	0.01	0.03	0.03	0.10

CONDENSED STATEMENT OF CHANGES IN COMPREHENSIVE INCOME

Amounts in USD million	<i>unaudited</i>			
	Q2 2019	Q2 2018	Year to date 2019 2018	
Net income/(loss) for the period	0.7	2.0	1.6	5.8
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income/(loss) for the period *	0.7	2.0	1.6	5.8

* Applicable to common stockholders of the parent company.

CONDENSED STATEMENT OF FINANCIAL POSITION

Amounts in USD million	<i>unaudited</i>		
	30-Jun 2019	30-Jun 2018	31-Dec 2018 *
Assets			
Non-current assets			
Vessels	695.0	728.8	711.8
Interest-bearing long term receivables (DPO)	25.8	27.7	26.7
Other long term assets	-	16.4	16.4
Derivative financial assets	-	4.0	2.4
Total non-current assets	720.8	776.9	757.3
Current assets			
Trade and other receivables	0.2	0.2	0.2
Cash held for specified uses	4.0	2.8	2.7
Cash and cash equivalents	53.2	51.3	51.1
Total current assets	57.4	54.3	54.0
Total assets	778.2	831.2	811.3
Equity and liabilities			
Total equity	167.9	183.0	176.1
Non-current liabilities			
Bond payable	220.0	220.0	220.0
Other interest-bearing loans	329.4	374.0	358.5
Derivative financial liabilities	1.0	-	-
Capitalized fees	(6.0)	(6.8)	(6.2)
Deferred tax liability	12.5	12.2	13.0
Total non-current liabilities	557.0	599.4	585.3
Current liabilities			
Interest-bearing short-term debt	37.7	28.3	29.6
Deferred revenues and other payables	15.5	20.5	20.3
Total current liabilities	53.2	48.8	49.9
Total liabilities	610.2	648.2	635.2
Total equity and liabilities	778.2	831.2	811.3

* Derived from audited financial statements

CONDENSED STATEMENT OF CHANGES IN TOTAL EQUITY

Amounts in USD million	unaudited	
	Year to date	
	2019	2018
Equity as of beginning of period	176.1	186.9
Total comprehensive income for the period	1.6	5.8
Repurchase of treasury shares	-	-
Proceeds from sale of treasury shares	-	-
Dividends/return of capital	(9.7)	(9.7)
Total equity as of end of period	167.9	183.0

CONDENSED CASH FLOW STATEMENT

Amounts in USD million	unaudited	
	Year to date	
	2019	2018
Net cash flow from operating activities	19.1	23.4
Net cash flow from investing activities	16.3	0.3
Net cash flow used in financing activities	(32.0)	(23.9)
Net change in cash and cash equivalents	3.4	(0.2)
Cash and cash equivalents, including cash held for specified uses at the beginning of period	53.8	54.3
Cash and cash equivalents, including cash held for specified uses at end of period	57.2	54.1

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2019
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 six months ended 30 June 2019 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 2018 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 2018.

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 2018.

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 2018 that have a significant impact on AMSC's financial reporting for the six months ended 30 June 2019.

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 2018.

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

6. Tax

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

Without the benefit of accelerated depreciation on vessels for U.S. income tax purposes, the Company would have U.S. taxable income. Accordingly, substantially all of the deferred tax expense results from accelerated tax depreciation, which has created differences between accumulated depreciation for book and tax purposes and corresponding tax losses, the net of which is recognized as a deferred tax liability. The Company expects that the deferred tax liability will continue to grow until the U.S. subsidiaries are in a tax payable position for U.S. Federal income tax purposes, which is not expected until the vessels are fully depreciated for tax purposes and currently available tax operating losses are fully utilized. Deferred tax expense is a non-cash item.

Deferred tax assets include the Company's net operating losses in carryforward, the losses on derivative financial liabilities, unused interest expense deductions and capitalized loan fees. Deferred tax liabilities include the value of the vessels. AMSC's effective tax rate is significantly impacted by losses in Norway for which no tax benefit is recorded.

The Company has approximately USD 554 million of federal net operating losses in carryforward in the U.S. subsidiaries as of 30 June 2019, of which approximately USD 381 million are subject to certain limitations under Internal Revenue Service Code Section 382 (see note 5 of the 2018 consolidated financial statements for more details). The Company also has USD 94.1 million of net operating losses in carryforward in Norway as of 31 December 2018.

7. Share capital and equity

As of 30 June 2019, 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)	2019		2018	
	15-Mar-19	5-Jun-19	1-Mar-18	7-Jun-18
NOK per share	0.6936	0.6975	0.6209	0.654
USD per share	0.080	0.080	0.080	0.080
Aggregate NOK (millions)	42.0	42.3	37.6	39.6
Aggregate USD (millions)	4.8	4.8	4.8	4.8

8. Interest-bearing debt

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

Amounts in USD million	6 months to	
	30-Jun-19	30-Jun-18
Balance at beginning of period	601.9	628.4
Repayment of debt / loan fees	(22.3)	(14.2)
Amortization of loan fees and discount	1.5	1.3
Balance at end of period	581.2	615.5

The Company was in compliance with all of its debt covenants as of 30 June 2019.

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

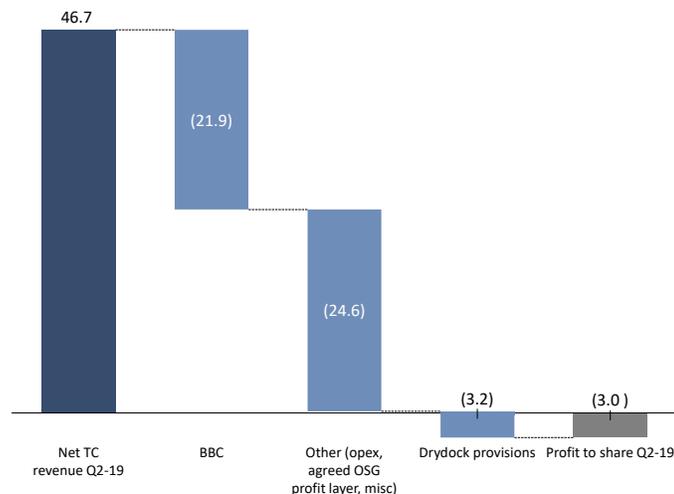
Amounts in USD million	3 months to		6 months to	
	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
Interest expense	(10.7)	(11.0)	(21.6)	(21.7)
Interest income	0.7	0.6	1.3	1.1
Net interest expense	(10.0)	(10.4)	(20.3)	(20.6)

11. Profit sharing agreement with OSG

AMSC and OSG have an agreement to share profits from OSG's operations of AMSC's 10 vessels. The calculation of profit to share is complex and made on an aggregated fleet level. The calculation thus starts with total vessel revenue, subtracted by defined cost elements including provisions for drydock costs. The profit share is reported quarterly, but is calculated on an aggregated fleet level over a full calendar year. Accordingly, one may have individual quarters with positive profit share offset by quarters with negative profit share. Nonetheless, AMSC's portion of the profit can never be negative on an annual basis.

However, in years of weak markets there may be shortfalls in net time charter revenues applied to cover provisions for future drydocks. Such shortfalls need to be recovered by net time charter revenues in subsequent years with stronger markets. Similarly, if drydock provisions deducted in the profit share calculation are too high these are adjusted through a true-up mechanism once special surveys for individual vessels are completed. The concept of true-ups ensure that any shortfall or excess in drydock provisions are adjusted to reflect the actual cost of drydocks over the five year special survey cycles.

Profit Sharing Calculation for Q2 2019



AMSC's 50% share of the full year profit is used to reduce the OSG credit. In the agreement negotiated with OSG, the "OSG credit" is the amount of AMSC's profit sharing that OSG retains prior to having an obligation to remit profit sharing payments to AMSC. After the OSG credit has been fully reduced to zero, AMSC will receive its 50% share of the subsequent profit share in cash. The OSG credit balance was as of 31 December 2018 USD 5.9 million. Since profit share for 1H 2019 was zero, the OSG credit balance of USD 5.9 million has not been reduced, and interest of USD 0.3 million was accrued.

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 USD 7.0 million 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.

Amounts in USD million	6 months to	
	30-Jun-19	30-Jun-18
Balance at beginning of period	26.7	28.7
Repayments of principal	(0.9)	(1.0)
Balance at end of period	25.8	27.7

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 2018 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 30 June 2019, 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	Fair value	Fair value
	30-Jun-19	30-Jun-19	hierarchy *
Interest-bearing receivables (DPO)	25.8	21.3	3
Interest swap used for economic hedging	(1.0)	(1.0)	2
Unsecured bond issue (gross)	(220.0)	(221.1)	2
Secured loans (gross)	(367.1)	(369.1)	2

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

* Described in the 2018 consolidated financial statements

14. Alternative Performance Measures

Alternative performance measures are financial measures other than the financial measures defined under IFRS. In accordance with guidelines, AMSC publishes the explanation of the use of alternative performance measures used by the Company, definitions of the performance measures used and reconciliation with the IFRS financial statement.

AMSC discloses Normalized EBITDA and Adjusted Net Profit in order to provide meaningful supplemental information to management and investors as the Company believes these measures enhance an understanding of the Company's operating earnings. The Company also discloses its revenue backlog which includes its bareboat charter revenue from fixed bareboat contracts, not including options.

Normalized EBITDA is calculated as operating revenues (base bareboat revenue) less operating expenses plus profit sharing plus DPO. Adjusted Net Profit includes net profit/(loss) after tax, adjusting for non-recurring items, currency fluctuations, mark-to-market of derivatives and changes to deferred tax. The tables below illustrate the comparative information for normalized EBITDA and reconciliation to the reported EBITDA and Adjusted net profit and a reconciliation to net profit/(loss) after tax.

	<i>unaudited</i>			
	Q2 2019	Q2 2018	Year to date 2019 2018	
Normalized EBITDA (amounts in USD millions)				
Base bareboat revenue	21.9	21.9	43.5	43.5
Less operating expenses	(0.9)	(1.3)	(1.7)	(1.9)
Reported EBITDA	21.0	20.6	41.8	41.6
Plus profit share	-	-	-	-
Plus DPO	0.9	0.9	1.8	1.8
Normalized EBITDA	21.9	21.5	43.6	43.4

	<i>unaudited</i>			
	Q2 2019	Q2 2018	Year to date 2019 2018	
Adjusted net profit (amounts in USD millions)				
Net profit/loss after tax	0.7	2.0	1.6	5.8
Add back:				
Unrealized (gain)/loss on interest swaps	2.2	(0.5)	3.4	(2.4)
Non-cash income tax expense	(0.4)	0.1	(0.5)	0.6
Adjusted net profit	2.5	1.6	4.5	4.0

15. American Tanker, Inc. consolidated financial statements

In accordance with the bond loan agreement, below are the consolidated unaudited financial statements for American Tanker, Inc. and its subsidiaries for the first half 2019.

CONDENSED INCOME STATEMENT

Amounts in USD million (except share and per share information)	<i>unaudited</i>
	Q2 2019
Operating revenues	43.5
Operating expenses	(0.8)
Operating profit before depreciation - EBITDA	42.7
Depreciation	(16.8)
Operating profit - EBIT	26.0
Net interest expense	(24.8)
Unrealized gain/(loss) on interest swaps	(3.4)
Other financial expenses	(1.3)
Profit/(loss) before income tax	(3.5)
Income tax expense	(0.1)
Non-cash income tax benefit/(expense)	0.7
Net profit/(loss) for the period *	(2.8)
Average number of common shares	1,000
Earnings/(loss) per share (USD thousands)	(2.83)

* Applicable to common stockholders of the parent company.

CONDENSED STATEMENT OF FINANCIAL POSITION

	<i>unaudited</i>
Amounts in USD million	30-Jun 2019
Assets	
Non-current assets	
Vessels	693.9
Interest-bearing long term receivables (DPO)	25.8
Derivative financial assets	-
Total non-current assets	719.7
Current assets	
Other current assets	0.1
Cash held for specified uses	4.0
Cash and cash equivalents	30.8
Total current assets	34.9
Total assets	754.6
Equity and liabilities	
Total equity	58.0
Non-current liabilities	
Bond payable	220.0
Other interest-bearing loans	416.3
Derivative financial liabilities	1.0
Capitalized fees	(6.0)
Deferred tax liability	13.2
Total non-current liabilities	644.6
Current liabilities	
Interest-bearing short-term debt	37.7
Deferred revenues and other payables	14.3
Total current liabilities	52.0
Total liabilities	696.6
Total equity and liabilities	754.6

CONDENSED CASH FLOW STATEMENT

	<i>unaudited</i>
Amounts in USD million	Q2 2019
Net cash flow from operating activities	20.1
Net cash flow used in financing activities	(15.5)
Net change in cash and cash equivalents	4.6
Cash and cash equivalents, including cash held for specified uses at the beginning of period	30.2
Cash and cash equivalents, including cash held for specified uses at end of period	34.8

16. Subsequent events

On 23 August 2019, the Board authorized a quarterly dividend payment of USD 0.08 per share to the shareholders on record as of 2 September 2019, in line with prior guidance. The shares in AMSC will be traded ex. dividend from and including 30 August 2019, and the dividend will be paid on or about 10 September 2019. The dividend is classified as a return of paid in capital.

American Shipping Company ASA
Oksenøyveien 10
PO Box 230
1326 Lysaker
NORWAY

Pål Magnussen

President / CEO

Tel: +47 24 13 00 04

Cell: +47 90 54 59 59

pal.magnussen@amshipco.no

Morten Bakke

CFO

Tel: +47 24 13 00 87

Cell: +47 90 09 55 94

morten.bakke@amshipco.no

Leigh Jaros

Business Controller/

Financial Manager

Cell: +1 484 880 3741

leigh.jaros@amshipco.com

Disclaimer

This release includes and is based, inter alia, on forward-looking information and statements that are subject to risks and uncertainties that could cause actual results to differ. Such forward-looking information and statements are based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for American Shipping Company ASA and its subsidiaries and affiliates (the "American Shipping Company Group") lines of business. These expectations, estimates, and projections are generally identifiable by statements containing words such as "expects," "believes," "estimates" or similar expressions. Important factors that could cause actual results to differ materially from those expectations include, among others, economic and market conditions in the geographic areas and industries that are or will be major markets for the American Shipping Company Group's businesses, oil prices, market acceptance of new products and services, changes in governmental regulations, interest rates, fluctuations in currency exchange rates and such other factors as may be discussed from time to time. Although American Shipping Company ASA believes that its expectations and the information in this release were based upon reasonable assumptions at the time when they were made, it can give no assurance that those expectations will be achieved or that the actual results will be as set out in this release. Neither American Shipping Company ASA nor any other company within the American Shipping Company Group is making any representation or warranty, expressed or implied, as to the accuracy, reliability or completeness of the information in the release, and neither American Shipping Company ASA, any other company within the American Shipping Company Group nor any of their directors, officers or employees will have any liability to you or any other persons resulting from your use of the information in the release.

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.