

End of a Challenging Year

Fourth quarter 2009 – Aker Philadelphia Shipyard ASA (together with its subsidiaries, referred to herein as AKPS or the company) continued to make progress on its tanker series for American Shipping Company ASA (together with its subsidiaries, referred to herein as AMSC). At 31 December 2009, new-builds 013-016 were in various stages of completion. For the quarter ended 31 December 2009, the company recorded operating revenues of USD 46.3 million and EBITDA (earnings before interest, taxes, depreciation and amortization) of negative USD 1.2 million. On 11 December 2009, AKPS entered into agreements with Overseas Shipholding Group, Inc. (together with its subsidiaries, referred to herein as OSG), AMSC, Aker ASA and various related parties to modify certain aspects of their commercial arrangements and settle all the outstanding commercial disputes among them, including the dismissal with prejudice of all claims in the arbitration with AMSC and OSG. The settlement resolved certain issues facing AKPS, including its ability to maintain adequate near term liquidity during the ongoing twelve tanker build program for AMSC and OSG, and terminated the exclusivity agreements among AKPS, AMSC and OSG, providing AKPS complete flexibility to build tankers for other parties.

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On 11 December 2009, AKPS delivered the eighth tanker in the series of twelve tankers to AMSC and OSG and entered into settlements with OSG, AMSC, Aker ASA and various related parties. As part of the settlements, AMSC sold its rights to purchase two tankers in the twelve ship build program (AKPS Hulls 015 and 016, new-builds 012 and 015) to OSG in order to resolve AMSC's previously disclosed challenges to finance these vessels, and AKPS further agreed to pay liquidated damages in the event of late delivery of these vessels on the terms and conditions defined in the agreements. Also as part of the agreements, exclusivity between AKPS and OSG and between AKPS and AMSC for tanker construction was eliminated, allowing the company to pursue opportunities with any interested parties. In addition, AKPS and AMSC agreed to cancel AMSC's options for tankers beyond Hull 020 (i.e., AKPS Hulls 021-029). AMSC maintains four options with AKPS for product tankers (i.e., AKPS Hulls 017-020). As part of the settlement agreements, fixed pricing was negotiated on the remaining tankers and AMSC agreed to pay approximately USD 2.6 million for credit enhancements related to the construction financing (ultimately payable to Caterpillar Financial Services Corporation and Aker ASA) and to assign its rights in approximately USD 3.0 million in deposits for long lead materials to AKPS. Due to the revised pricing, total revenues on the existing shipbuilding contracts with AMSC were reduced by \$9.7 million.

In accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), Aker Philadelphia Shipyard is recognizing the last nine tankers of the twelve-tanker order as one single project. As such, revenue and expense are

being recognized on a total project basis. As of 31 December 2009, Aker Philadelphia Shipyard is approximately 74% complete with the project.

EBITDA for the quarter ended 31 December 2009 was negative USD 1.2 million compared to USD 3.7 million for the fourth quarter ended 31 December 2008. Revenues for Q4 2009 were USD 46.3 million compared to Q4 2008 revenues of USD 72.5 million. The decrease in EBITDA and revenues quarter over quarter is primarily driven by the amended pricing for the remaining tankers noted above and less progress completed on the nine-tanker project. For Q4 2009, the net loss was USD 12.7 million compared to a net loss of USD 0.6 million for Q4 2008. These negative results were primarily caused by the revised pricing on the remaining tankers and an impairment charge to goodwill of USD 11.0 million taken in Q4 2009.

Net financial income for Q4 2009 was USD 0.1 million compared to net financial expense of USD 1.6 million for Q4 2008. This change in quarter over quarter is primarily due to the continued weakening of the U.S. dollar in Q4 2009 which positively impacted certain cash deposits which are held in NOK, and the reduction in forward currency contracts as they were used to purchase equipment overseas.

For the twelve months ended 31 December 2009, revenues were USD 226.7, representing a USD 58.3 million decrease over the twelve months ended 31 December 2008. EBITDA for the twelve months ended 31 December 2009 decreased to USD 13.4 million compared to EBITDA of USD 16.2 million for the twelve months ended 31 December 2008.

Amounts in USD millions (except share and per share information)	Unaudited		Unaudited	
	Q4 2009	Q4 2008	Twelve Months Ended 31 Dec.	
Operating revenues	46.3	72.5	226.7	285.0
EBITDA	(1.2)	3.7	13.4	16.2
Operating profit/(loss) - EBIT	(14.1)	1.9	(5.0)	9.1
Profit/(loss) before tax	(14.0)	0.3	1.2	0.1
Loss for the period	(12.7)	(0.6)	(4.4)	(1.8)
Average number of shares	10,165,305	10,165,305	10,165,305	10,165,305
Basic and diluted earnings per share (USD)	(1.25)	(0.05)	(0.43)	(0.17)

Amounts in USD millions	Unaudited	
	31-Dec 2009	31-Dec 2008
Property, plant & equipment	66.8	70.8
Intangible assets	-	11.0
Other non-current assets	3.4	0.9
Vessels under construction - receivables	94.6	162.1
Prepayments and other receivables	12.1	22.1
Interest-bearing short-term receivables	3.0	4.8
Cash and cash equivalents	36.2	23.6
Total assets	216.1	295.3
Total equity	87.3	91.7
Deferred tax liabilities	4.6	2.4
Interest-bearing long-term debt	31.2	33.2
Interest-bearing construction loans	48.0	118.5
Interest-bearing short-term debt	2.1	2.1
Tax payable and trade and other payables	42.9	47.4
Total equity and liabilities	216.1	295.3

Net loss for the twelve month period ended 31 December 2009 was USD 4.4 million compared to a net loss of USD 1.8 million for the twelve month period ended 31 December 2008. These negative results were driven primarily by the pricing concessions noted above as well as less progress on the nine-tanker project in 2009 than in 2008.

Vessels-under-construction receivables represent the total work in progress less payments made by American Shipping Company. Vessels-under-construction receivables at 31 December 2009 decreased USD 67.5 million from USD 162.1 million at 31 December 2008. This decrease is due to the timing of progress payments made by AMSC as well as the timing of vessel deliveries.

Cash and cash equivalents at 31 December 2009 increased USD 12.6 million from USD 23.6 million at 31 December 2008 due to the timing of financing draw-downs under Aker Philadelphia Shipyard's construction financing facility and the timing of progress payments made by AMSC.

Construction loans decreased to USD 48.0 million at 31 December 2009 from USD 118.5 million at 31 December 2008 due to the timing of construction financing draw-downs and the vessel delivery on 11 December 2009.

Quarterly and annual fluctuations in the above key balance sheet accounts will continue to occur as the company continues to make progress on its current build project.

Operations

At the end of the fourth quarter of 2009, Aker Philadelphia Shipyard had four vessels under construction. The vessels have reached the following milestones: Ship 13 was fully assembled in the Building Dock and was undergoing final painting and outfitting prior to launching, Ship 14 was dock mounted on 12 October 2009, Ship 15 continued construction and Ship 16 was started on 9 December 2009.

Continuous improvement projects have continued to decrease our costs with a reduction in production hours and other costs over the series.

Health, Safety, and Environmental mindset initiatives and training have contributed to a reduction in the lost time injury frequency of about 14% for 2009 compared to 2008.

Outlook

Going forward in 2010, revenues will be generated from additional work completed on the remaining four tankers being built for AMSC and OSG. The company continues to make progress on the tanker program and, if full capacity is maintained, still targets an EBITDA margin of 6% or better over the project which is scheduled to be completed in Q1 2011.

A key focus for 2010 continues to be securing new orders to expand the backlog. Start of production for the first unsecured/option vessel (Hull 017) is planned for Spring 2010, but this schedule is dependent upon securing a firm order and/or construction financing for this vessel. Although no firm orders or construction financing are in place, AKPS has made prior purchase commitments on long lead items for Hulls 017-020 as tankers and continues to make commitments on Hull 017 as required by the intended production schedule. If Hull 017 is not built, whether pursuant to a firm order or on speculation, it is estimated that the company would incur expenses in excess of USD 15 million. If the shipyard is unable to build additional vessels beyond the current 12-ship series without a significant interruption, then the company would incur significant additional expenses and it would be very challenging for the company to continue operations after delivery of the twelfth tanker. In addition, because multiple vessels are in production at any one time, lack of continued firm backlog will cause operational inefficiencies for completion of the remaining vessels in the current 12-ship series.

Aker Philadelphia Shipyard continues to pursue prospects for new construction projects for the future. Product and shuttle tankers and containerships remain important prospects. Additionally, as a result of renewable energy initiatives, AKPS is evaluating requests for the construction of vessels to support the installation of offshore wind turbines. AKPS considers each opportunity for the value it would create for AKPS and its shareholders.

The ongoing global economic crisis has continued to create uncertainties which have delayed the decision making process for new builds and have created difficulties regarding the financing of new build projects. AKPS continues to monitor and assess its

vendors, financing partners and customers closely. However, AKPS remains committed to providing the Jones Act market with the most cost efficient and environmentally friendly merchant vessels possible and believes that it will be the supplier of choice when these vessels are ordered.

Risks

The overall market risk is related to the Jones Act, but market experts believe that significant changes to the legislation are unlikely. AKPS is also exposed to normal market risk related to imbalance between supply and demand for vessels and the associated reduction in new projects. AKPS faces risks if it is unable to secure new orders and/or financing for vessels after the current 12-ship series. For further analysis of these risks, please refer to the Outlook discussion above.

AKPS faces risks related to construction of vessels. The risks related to vessel construction are primarily the shipyard's ability to meet anticipated learning curves and through-put, as well as the availability of skilled workers and the risk of maintaining stable supplier networks and subcontractors.

AKPS's activities also expose it to a variety of financial risks including price risk due to material escalation, currency risk, interest rate risk, credit risk and liquidity risk.

AKPS's activities also expose it to counterparty risk. AKPS's construction financing has certain cross-defaults to AMSC's take-out financing for AKPS Hulls 012-014 and OSG's obligation to purchase AKPS Hull 015. In addition, AKPS's construction financing and capital expenditure financing contain defaults triggered by an AMSC insolvency event. AKPS closely monitors these links to AMSC and OSG and their potential impact on operations, including through frequent updates with AMSC's management.

For further analysis of risks, please refer to the 2008 AKPS annual report.

19 February 2010

Board of Directors

Aker Philadelphia Shipyard ASA

INCOME STATEMENT

Amounts in USD millions (except share and per share information)	Unaudited		Unaudited	
	Q4 2009	Q4 2008	Twelve Months 2009	Twelve Months Ended 31 Dec. 2008
Operating revenues	46.3	72.5	226.7	285.0
Operating expenses	(47.5)	(68.8)	(213.3)	(268.8)
Operating profit/(loss) before depreciation and impairment	(1.2)	3.7	13.4	16.2
Depreciation	(1.9)	(1.8)	(7.4)	(7.1)
Impairment of goodwill	(11.0)	-	(11.0)	-
Operating profit/(loss)	(14.1)	1.9	(5.0)	9.1
Net financial items	0.1	(1.6)	6.2	(9.0)
Profit/(loss) before tax	(14.0)	0.3	1.2	0.1
Tax (expense)/credit	1.3	(0.9)	(5.6)	(1.9)
Loss for the period *	(12.7)	(0.6)	(4.4)	(1.8)
Average number of shares	10,165,305	10,165,305	10,165,305	10,165,305
Basic and diluted earnings per share (USD)	(1.25)	(0.05)	(0.43)	(0.17)

* All attributed to the equity holders of AKPS.

STATEMENT OF COMPREHENSIVE INCOME

Amounts in USD millions	Unaudited		Unaudited	
	Q4 2009	Q4 2008	Twelve Months 2009	Twelve Months Ended 31 Dec. 2008
Loss for the period	(12.7)	(0.6)	(4.4)	(1.8)
Other comprehensive income, net of income tax	-	-	-	-
Total comprehensive income for the period *	(12.7)	(0.6)	(4.4)	(1.8)

* All attributed to the equity holders of AKPS.

STATEMENT OF FINANCIAL POSITION

Amounts in USD millions	Unaudited	
	31-Dec 2009	31-Dec 2008
Assets		
Non-current assets		
Property, plant & equipment	66.8	70.8
Intangible assets	-	11.0
Other non-current assets	3.4	0.9
Total non-current assets	70.2	82.7
Current assets		
Vessels under construction-receivables	94.6	162.1
Prepayments and other receivables	12.1	22.1
Interest-bearing short-term receivables	3.0	4.8
Cash and cash equivalents	36.2	23.6
Total current assets	145.9	212.6
Total assets	216.1	295.3
Equity and liabilities		
Total equity	87.3	91.7
Non-current liabilities		
Interest-bearing loans	31.2	33.2
Deferred tax liabilities	4.6	2.4
Total non-current liabilities	35.8	35.6
Current liabilities		
Construction and other short-term loans	48.0	118.5
Interest-bearing short-term debt	2.1	2.1
Tax payable and trade and other payables	42.9	47.4
Total current liabilities	93.0	168.0
Total liabilities	128.8	203.6
Total equity and liabilities	216.1	295.3

STATEMENT OF CHANGES IN EQUITY

Amounts in USD millions	Unaudited	
	Twelve Months Ended 31 Dec.	
	2009	2008
As of beginning of period	91.7	98.0
Total comprehensive income for the period	(4.4)	(1.8)
Dividends paid	-	(4.5)
As of end of period	87.3	91.7

CASH FLOW STATEMENT

Amounts in USD millions	Unaudited	
	Twelve Months Ended 31 Dec.	
	2009	2008
Net cash flow from operating activities	88.6	(73.1)
Net cash flow from investing activities	(3.4)	(6.5)
Net cash flow from financing activities	(72.6)	44.8
Net change in cash and cash equivalents	12.6	(34.8)
Cash and cash equivalents at beginning of period	23.6	58.4
Cash and cash equivalents at end of period	36.2	23.6

Notes to the consolidated interim financial statements for the 4th quarter 2009

1. Introduction - Aker Philadelphia Shipyard ASA

Aker Philadelphia Shipyard ASA (“AKPS”) is a company domiciled in Norway. The condensed interim consolidated financial statements for the three and twelve month periods ended 31 December 2009 and 31 December 2008 are comprised of AKPS and its wholly owned subsidiary Aker Philadelphia Shipyard, Inc. (“APSI”) and Aker Philadelphia Priming, Inc., (“APPI”), a wholly owned subsidiary of APSI.

This interim report has not been subject to audit or review by independent auditors.

The consolidated quarterly and 2008 annual financial statements of AKPS, which include a detailed description of accounting policies and significant estimates, are available at www.akerphiladelphia.com.

2. Basis of Preparation

These consolidated interim financial statements reflect all adjustments, in the opinion of AKPS’s management, that are necessary for a fair presentation of the results of operations for the periods presented. Operating results for the three and twelve month periods are not necessarily indicative of the results that may be expected for any subsequent quarter or year. These interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2008.

AKPS was formed on 16 October 2007 to be the holding company of APSI which owns a shipyard located in Philadelphia, PA.

On 3 December 2008, APSI formed a wholly-owned subsidiary, APPI, to own and operate APSI’s prime-plating operations.

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 31 December 2008.

AKPS adopted IAS 1, as amended regarding the presentation of financial statements. This requires the company to present non-owner equity changes in a statement of comprehensive income (which includes the current income statement). Currently there are no non-owner equity components applicable to AKPS.

AKPS also adopted IFRS 8-operating segments in the first quarter of 2009. As the company only has one segment, the implementation of IFRS 8 did not impact presentation.

AKPS also adopted Revised IAS 23 that requires companies to capitalize borrowing costs on qualifying assets. Before adoption of Revised IAS 23, companies had a choice to either capitalize or expense such costs. AKPS already capitalized the majority of borrowing costs so adoption of Revised IAS 23 did not have a significant impact on its consolidated financial statements.

There have not been any other new IFRS standards or interpretations issued after the completion of the consolidated financial statements for the year 2008 or that have had a significant impact on Q4 2009. In addition, no standard effective in 2010 are expected to significantly impact AKPS.

4. Significant accounting principles

The accounting policies applied by AKPS in these condensed consolidated interim financial statements are substantially the same as those applied by AKPS in its consolidated financial statements as of and for the year ended 31 December 2008.

5. Use of estimates

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The most significant judgments made by management in preparing these condensed consolidated interim financial statements in applying AKPS' 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 2008.

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

At the end of 31 December 2009, AKPS had 10,165,305 ordinary shares at a par value of NOK 10 per share which is the same as the average number of shares used in the calculation of earnings per share in all periods in 2008 and through 31 December 2009.

8. Interest-bearing debt

The following shows material changes in interest-bearing debt during 2009:

Interest-bearing debt				
Amounts in USD millions	Long-term loans	Short-term excl. construction loans	Construction loans	Total interest-bearing debt
Balance 01.01.09	33.2	2.1	118.5	153.8
Repayment of debt	(2.0)	-	(240.0)	(242.0)
Issuance of debt	-	-	169.5	169.5
Balance 31.12.09	31.2	2.1	48.0	81.3

9. Related party transactions

Converto Capital Fund AS (formerly named Aker Capital Fund AS), an investment fund controlled by Aker ASA, is the majority shareholder of Aker Philadelphia Shipyard ASA, owning 50.3% of its total outstanding shares as of 31 December 2009. AKPS has business relationships with several companies which are ultimately controlled by Aker ASA. AKPS believes that related party transactions are made on terms equivalent to those that prevail in arm's length transactions.

The group has service agreements with Aker ASA and its affiliates which provide certain specified consulting, accounting, tax, financial and administrative services. All payables are paid within the normal course of business.

Related administrative costs and financial statement amounts for the 3-month period ending 31 December 2009 were USD 22.7 thousand (USD 47.3 thousand for the same period in 2008) and for the 12-month period ending 31 December 2009 were USD 78.2 thousand (USD 245.9 thousand for the same period in 2008).

In its shipbuilding activities, AKPS subcontracts and hires services from several Aker controlled companies. Related costs for the 3-month period ending 31 December 2009 were USD 0.7 million (USD 2.4 million for the same period in 2008) and for the 12-month period ending 31 December 2009 were USD 5.0 million (USD 7.5 million for the same period in 2008).

10. Capitalized interest

Amounts in USD millions	Q4	Q4	Twelve Months Ended 31 Dec.	
	2009	2008	2009	2008
Interest expense	(0.8)	(1.3)	(3.9)	(5.8)
Interest capitalized on construction contracts	0.5	1.0	2.7	4.6
Net interest expense	(0.3)	(0.3)	(1.2)	(1.2)

11. Construction contracts

The order backlog represents an obligation to deliver vessels that have not yet been produced for AMSC and OSG. The order backlog is USD 246.7 million at 31 December 2009 and represents future sales. Order backlog represents base contract price plus a fixed price for material escalation and is subject to adjustments based on change orders as defined in the construction contracts.

Amounts in USD millions	Order Backlog	Order intake	Order Backlog
	31.12.09	12 months to 31.12.09	31.12.08
Product Tankers	246.7	-	499.9
Total	246.7	-	499.9

The recognized profit on contracts in process for the periods that ended:

Amounts in USD millions	31.12.09	31.12.08
Contract revenue recognized as revenue to date	690.8	464.9
Less contract expenses	(644.8)	(434.8)
Recognized profit to date	46.0	30.1
Contract costs incurred to date	(663.7)	(429.8)

As of 31 December 2009 and 31 December 2008, the costs incurred that will be billable to customers upon delivery of the ships were USD 94.6 million and USD 162.1 million, respectively, using the percentage of completion method.

Advances from customers as of 31 December 2009 and 31 December 2008 totaled USD 98.6 million and 87.7 million, respectively.

Retentions related to construction contracts are included in interest-bearing short-term receivables and relate to contractual hold backs from the container vessel customer contingent upon final closeout of warranty work. These receivables bear interest at a floating rate.

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Disclaimer

This press 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 Aker Philadelphia Shipyard ASA and its subsidiaries and affiliates (the "Aker Philadelphia Shipyard 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 Aker Philadelphia Shipyard 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 Aker Philadelphia Shipyard ASA believes that its expectations and the information in this press 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 press release. Neither Aker Philadelphia Shipyard ASA nor any other company within the Aker Philadelphia Shipyard Group is making any representation or warranty, expressed or implied, as to the accuracy, reliability or completeness of the information in the press release, and neither Aker Philadelphia Shipyard ASA, any other company within the Aker Philadelphia Shipyard 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 press release.

Aker Philadelphia Shipyard ASA undertakes no obligation to publicly update or revise any forward-looking information or statements in the press release, other than what is required by law.

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