



1999 Annual Report to Shareholders

NORDIC AMERICAN TANKER SHIPPING LIMITED

**1999 ANNUAL
REPORT TO
SHAREHOLDERS**

BUSINESS

General

Nordic American Tanker Shipping Limited (the "Company") was incorporated on June 12, 1995, under the laws of the Islands of Bermuda ("Bermuda") for the purpose of acquiring, disposing, owning, leasing, and chartering three double hull Suezmax oil tankers (the "Vessels") and engaging in activities necessary, suitable or convenient to accomplish, or in connection with or incidental to, the foregoing. The principal executive offices of the Company are located at: Cedar House, 41 Cedar Avenue, Hamilton HM EX, Bermuda, telephone number (441) 295-2244.

In September 1995, the Company offered and sold to the public 11,731,613 warrants ("Warrants") at the initial public offering price of \$5.00 per Warrant. The exercise price of a Warrant was \$10.21. Prior to September 30, 1997 (the "Exercise Date"), the Company did not have any operations other than certain limited operations related to the acquisition of the Vessels, of which all three were delivered in the last half of 1997. The Company now owns three modern double hull 150,000 dead-weight tonne ("dwt") Suezmax tankers (the "Vessels"). The Vessels were built at Samsung Heavy Industries Co. Ltd. in South Korea (the "Builder").

On September 30, 1997, all of the outstanding Warrants of the Company were exercised at an exercise price of \$10.21 per Warrant. The Company received a total of \$119,779,768.73 by issuing a total of 11,731,613 new Common Shares (the "Shares"). At that time there was a total of 11,813,850 Shares in issue. Expenses in the total amount of approximately \$337,000 related to the exercise of the Warrants were deducted from the proceeds of the exercise.

On October 6, 1997, the Company paid to the Charterer for payment to the Builder a total of \$119,490,000 for final payment of the three Vessels.

On November 30, 1998, the Company's shareholders approved a proposal to allow the Company to borrow money for the purpose of repurchasing its Shares. On December 28, 1998, the Company purchased 2,107,244 Shares through a "Dutch Auction" self-tender offer at a price of \$12.50 per Share. In addition, the Company paid \$715,000 in transaction costs. After the repurchase, a total of 9,706,606 Shares are in issue, down from 11,813,850 Shares.

Pursuant to an agreement (the "Management Agreement") between the Company and its Manager, Ugland Nordic Shipping ASA (the "Manager"), the Manager provides certain management, administrative and advisory services to the Company.

Vessels owned by the Company

Each Vessel acquired by the Company is a 1997 built, 151,459 dwt double hull Suezmax oil tanker. The purchase price of each Vessel was approximately \$56.9 million (the "Original Contract Price"). The Vessels were delivered between August and December 1997 and have been designed according to the specifications set forth in the shipbuilding contracts between the Builder and the Company (the "Shipbuilding Contracts").

Each Vessel is registered on Isle of Man and flies the British flag.

Chartering Operations Commenced on September 30, 1997

By their terms, each Vessel is chartered to BP Shipping Ltd. (the "Charterer"), pursuant to separate "hell and high water" bareboat charters (the "Charters"). The initial term of these charters is from September 30, 1997 and will end approximately seven years after the such date, subject to extension at the option of the Charterer for up to seven successive one-year periods. Under each Charter, the Charterer is required to provide the Company with at least twelve months' prior notice of each such extension. The Company's dividend policy is to pay dividends to the holders of the Company's Shares in amounts substantially equal to the amounts received by it under the Charters, less expenses. In 1999, a portion of these dividends was considered return of capital for United States federal income tax purposes.

The daily charterhire rate payable under each Charter is comprised of two components: (i) a fixed minimum rate of charterhire of \$13,500 per Vessel per day (the "Base Rate"), paid quarterly in advance, and (ii) additional charterhire (which will be determined and paid quarterly in arrears and may equal zero) which would equal the excess, if any, of a weighted average of the daily time charter rates for two round-trip trade routes traditionally served by Suezmax tankers (Bonny, Nigeria to/from the Louisiana Offshore Oil Port, and Hound Point, U.K. to/from Philadelphia, Pennsylvania (the "Reference Ports")), over the sum of (A) an agreed amount of \$8,500 representing daily operating costs and (B) the Base Rate ("Additional Hire"). The amount of Additional Hire, if any, will be determined by the London Tanker Brokers Panel or another panel of ship brokers mutually acceptable to the Charterer and the Company (the "Brokers Panel"). In 1999, the Company did not receive Additional Hire for any of the 4 quarter periods.

Pursuant to the terms of the Charters, the Charterer's obligation to pay charterhire is absolute, regardless whether there is loss or damage to a Vessel of any kind or whether such Vessel or any part thereof is rendered unfit for use or is requisitioned for hire or for title, and regardless of any other reason whatsoever. The Charterer is also obligated to indemnify and hold the Company harmless from all liabilities arising from the operation, design and construction of the Vessels prior to and during the term of the Charters, including environmental liabilities, other than liabilities arising out of the gross negligence or willful misconduct of the Company. The obligations of the Charterer are guaranteed by BP Amoco p.l.c., the successor company to the merger between Amoco Corp and The British Petroleum Company p.l.c.

The Charters will end approximately seven years after September 30, 1997, unless extended as noted above. At least six months prior to the end of the term (including any extension thereof) of a Charter, the holders of the Shares will be entitled to vote on a proposal to sell the related Vessels and to distribute the net proceeds of such sale to the holders of the Shares to the extent permitted under Bermuda law. The Board of Directors of the Company (the "Board") will make a recommendation as to that proposal, which recommendation may favor such sale or an alternative plan, such as the operation, rechartering or other disposition of the Vessels. The proposal to sell the Vessels and distribute the resulting net proceeds shall be adopted if approved by the holders of a majority of the Common Shares voting at the meeting called for such purpose.

Nature of Trading Market

The primary trading market for the Shares is the American Stock Exchange (the "AMEX"), on which the Shares are listed under the symbol NAT. The secondary trading market for the Shares is the Oslo Stock Exchange (the "OSE") also with the symbol NAT.

The high and low bid prices for the Shares by quarter, in 1998 and 1999 are as follows:

	<u>AMEX</u> <u>Low</u>	<u>AMEX</u> <u>High</u>	<u>OSE</u> <u>Low</u>	<u>OSE</u> <u>High</u>
For the quarter ended:				
March 31, 1998	\$14 7/8	\$16 1/2	NOK 110.00	NOK 120.00
June 30, 1998	\$14 3/4	\$16 1/4	NOK 115.00	NOK 129.00
September 30, 1998	\$11 3/4	\$15 1/2	NOK 125.00	NOK 125.00
December 31, 1998	\$10 3/4	\$13 1/2	NOK 95.00	NOK 99.00
March 31, 1999	\$10 1/8	\$11 5/8	NOK NA	NOK NA
June 30, 1999	\$10 7/8	\$11 3/4	NOK NA	NOK NA
September 30, 1999	\$11 1/4	\$12 3/4	NOK 95.00	NOK 95.00
December 31, 1999	\$10 1/8	\$12	NOK 94.00	NOK 95.00

These bid quotations represent interdealer quotations, without retail mark-ups, mark-downs or commissions, and do not necessarily represent actual transactions.

On December 31, 1999, the closing price of the Shares as quoted on the AMEX was \$10 5/8 and as quoted on the OSE was NOK 94.00. On such date, there were 9,706,606 Shares issued and outstanding.

SELECTED FINANCIAL INFORMATION

The following Balance Sheet as of December 31, 1999 and Income Statement for the period January 1, 1999 through December 31, 1999, have been derived from the Financial Statements of the Company which are included herein and which have been audited by Deloitte & Touche, independent auditors, whose report thereon is also included herein. The Balance Sheet information provided below should be read in conjunction with the accompanying Financial Statements and the related notes thereto, and the discussion under Management's Discussion and Analysis of Financial Condition and Results of Operations herein.

**BALANCE SHEET INFORMATION
DECEMBER 31, 1999**

ASSETS:

Cash and cash on deposit	\$ 2,507,017
Prepaid Finance Expenses	72,395
Prepaid Insurance	70,833
Vessels	<u>155,406,085</u>
Total Assets	<u>\$ 158,056,330</u>

LIABILITIES:

Accrued interest on Bank Loan	77,333
Bank Loan	30,000,000

SHAREHOLDERS' EQUITY:

9,706,606	common shares, par value \$0.01 per share, outstanding, 50 million authorized	\$ 97,066
	Other Shareholders Equity	<u>\$ 127,881,931</u>
	Total Liabilities and Equity	<u>\$ 158,056,330</u>

INCOME STATEMENT INFORMATION JANUARY 1, 1999
THROUGH DECEMBER 31, 1999

Revenue	\$ 14,782,500
Ship brokers commission	(184,781)
Management fee & Misch. administration cost	(314,004)
Directors Insurance	(97,500)
Depreciation	(6,831,039)
Net operating income	7,355,176
Net financial items	(1,580,500)
NET PROFIT FOR THE YEAR	\$ 5,774,676

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS**

Overview

The Company owns three modern double hull 151,459 dead weight tonne Suezmax tankers (the Vessels), which were delivered in the last half of 1997. The Vessels were built at Samsung Heavy Industries Ltd. in South Korea.

The Charterer has agreed to charter each Vessel for a period of seven years from September 30, 1997. Each Charter is subject to extension at the option of the Charterer for up to seven successive one-year periods. During the term of each Charter (including any extension thereof) the Charterer is obligated to pay (i) the Base Rate, which is charterhire at a fixed minimum daily rate of \$13,500 per Vessel per day (time charter equivalent of \$22,000 per day), payable quarterly in advance and (ii) Additional Hire, to the extent spot charter rates exceed certain levels, payable quarterly in arrears, from January 1998. The amount of Additional Hire for each quarter, if any, will be determined by the Brokers Panel.

In January 2000, the Brokers Panel in London determined that there would be no Additional Hire for the period October 1 to December 31, 1999. The total charterhire for 1999 was thus \$14,782,500. Charterhire (time charter equivalent) in each quarter of 1999 was \$22,000 per day per Vessel, respectively.

On January 3, 2000, the Company received \$3,685,500 in Base Hire from the Charterer for the period from January 1 up to March 31, 2000.

Results of Operations

The Company's revenues from the charterhire for the period January 1 to December 31, 1999 derived from Base Hire of \$14,782,500 (\$13,500 per day per Vessel).

Net costs during the period from January 1 to December 31, 1999, were \$7,427,324 of which twelve months depreciation of the Vessels constitutes \$6,831,039.

Liquidity and Capital Resources

Total assets of the Company at December 31, 1999 were \$158,056,330 compared to \$166,045,090 at December 31, 1998. Cash held at December 31, 1999 was \$2,507,017.

Dividend payment

Total dividend paid out in 1999 was \$13,103,918 or \$1.35 per Share. The dividend payments in 1999 have been as follows:

1 st quarter	\$0.32 per share
2 nd quarter	\$0.32 per share
3 rd quarter	\$0.35 per share
4 th quarter	\$0.36 per share

NAT has declared a dividend of \$0.34 for the first quarter of 2000. The dividend of \$0.34 will be paid to Shareholders in February 2000.

The Company is incorporated in Bermuda. Under current Bermuda law, the Company is not subject to tax on income or capital gains, and no Bermuda withholding tax will be imposed upon payments of dividends by the Company to its shareholders. No Bermuda tax is imposed on holders with respect to the sale or exchange of Shares. Furthermore, the Company has received from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966, as amended, an assurance that, in the event that Bermuda enacts any legislation imposing any tax computed on profits or income, including any dividend or capital gains withholding tax, or computed on any capital asset, appreciation, or any tax in the nature of an estate, duty or inheritance tax, then the imposition of any such tax shall not be applicable. The assurance further provides that such taxes, and any tax in the nature of estate duty or inheritance tax, shall not be applicable to the Company or any of its operations, nor to the shares, debentures or other obligations of the Company, until March 2016.

Repurchase of Common Stock

On December 28, 1998, the Company repurchased 2,107,244 Shares through a "Dutch Auction" self-tender offer at a price of \$12.50 per Share. After the repurchase, a total of 9,706,606 Shares are in issue, down from 11,813,850 Shares. Payment for the repurchased Shares was made at the end of December 1998.

In 1998 the Company made a drawn down of a Loan of \$30,0 million with Den norske Bank ASA, Oslo, Norway (DnB) to finance the repurchase of Shares. The total purchase price of the Shares including the costs associated with the transaction was \$ 27.1 million. On May 12, 1999 the General Shareholders Meeting approved the remaining proceeds being utilized to increase the quarterly dividends.

An important objective of the repurchase of Shares was to increase the Company's cash distribution to shareholders while the Vessels are on charter to the Charterer. While the Vessels

are on charter, the minimum cash distribution per Share has increased by \$0.15, from \$1.20 to \$1.35 per year, an increase of 12.5%.

The Company has entered into an interest swap agreement with DnB, making the Company paying a fixed interest on the Loan of 5.80 % p.a. including the margin of 0.525 % for the next 5 years. The swap agreement terminates on the final repayment date of the Loan, i.e. the fourth quarter of the year 2004.

DIRECTORS AND OFFICERS

Directors and Senior Management of the Company and the Manager

Pursuant to the Management Agreement, the Manager provides management, administrative and advisory services to the Company with respect to the Vessels.

Set forth below are the names and positions of the directors and executive officers of the Company and the Manager. Directors of the Company are elected annually, and each director elected holds office until a successor is elected. Officers of both the Company and the Manager are elected from time to time by vote of the respective board of directors and hold office until a successor is elected.

The Company

<u>Name</u>	<u>Age</u>	<u>Position</u>
Herbjørn Hansson	52	Director and President
John D. Campbell	57	Director and Secretary *
Niels Erik Feilberg	38	Vice President and Treasurer
Tharald Brøvig	57	Director
Hon. Sir David Gibbons	72	Director
George C. Lodge	72	Director
Axel Stove Lorentzen	47	Director
Andreas Ove Ugland	45	Director

* John D. Campbell resigned as Director and Secretary of the Company at the General Shareholders Meeting on May 12, 1999. In the same meeting Peter Bubbenzer of Appleby, Spurling & Kempe, Bermuda was appointed new Secretary of the Company

The Manager

<u>Name</u>	<u>Age</u>	<u>Position</u>
Arve Andersson	45	Director
Tharald Brøvig	57	Director
Niels Erik Feilberg	38	Chief Financial Officer
Herbjørn Hansson	52	Director; President and Chief Executive Officer
Njål Hansson	57	Director
Ulf G. Ryder	48	Director

Christian Rytter Jr	44	Director
Andreas Ove Ugland	45	Director, Chairman

Certain biographical information with respect to each director and executive officer of the Company and the Manager is set forth below.

Herbjørn Hansson has been President and Chief Executive Officer of the Company and of the Manager since July 1995 and September 1993, respectively, and has served as a director of the Manager since its organization in June 1989 and as a director of the Company since July 1995. Mr. Hansson formerly served as the Chairman of the Board of the Manager from June 1989 to September 1993. Mr. Hansson has been involved in various aspects of the shipping industry and international finance since the early 1970s, including serving as Chief Economist of Intertanko, the International Association of Independent Tanker Owners, from 1975-1980. He was an executive officer of the Anders Jahre/Kosmos Group from 1980 to 1989, serving as Chief Financial Officer from 1983 to 1988.

John D. Campbell was the Secretary of the Company and a director of the Company from July 1995 to May 1999. Mr. Campbell has been a Senior Partner of the law firm of Appleby, Spurling & Kempe, Bermuda counsel to the Company, since December 1987.

Niels Erik Feilberg has been Vice President and Treasurer of the Company since July 1995 and is Chief Financial Officer of the Manager, which he has been with since 1994. He was working in the Treasury Department of Anders Jahre/Kosmos Group from 1987 and in the same area in the Skaugen Group from 1989 to the end of 1993.

Tharald Brøvig has been a director of the Company since July 1995 and has been a director of the Manager since its organization in June 1989.

Sir David Gibbons has been a director of the Company since September 1995. Sir David served as the Prime Minister of Bermuda from August 1977 to January 1982. Sir David has served as Chairman of The Bank of N.T. Butterfield and Son Limited since 1986 and as Chief Executive Officer of Edmund Gibbons Ltd. since 1954.

George C. Lodge has been a director of the Company since September 1995. Professor Lodge has been a member of the Harvard Business School faculty since 1963. He was named associate professor of business administration at Harvard in 1968 and received tenure in 1972.

Axel Stove Lorentzen has been a director of the Company since September 1995. Mr. Stove Lorentzen has also served as a director and Chairman of the Manager since May 1991 and September 1993 to June 1996, respectively, a director and Chairman of Lorentzen & Stemoco A/S since January 1981 and November 1994, respectively, and as a director of Skipskredittforeningen AS from March 1988 to May 1996. Mr. Stove Lorentzen formerly served as a director of Grand Hotel A/S from May 1986 to October 1993 and a director of Belships Company Ltd. Ships A/S from February 1984 to June 1993.

Njål Hansson has been a director of the Manager since its organization in June 1989. Mr. Hansson is a private investor and owns the company Siv.ing, Njål Hansson A/S is a company engaged in the importing and distribution of consumer electronics in Norway. Mr. Hansson is the brother of Herbjørn Hansson.

Arve Andersson has been a director of the Manager since June 1996. Mr Andersson has been a director of Andreas Ugland & Sons AS and is now a senior partner in Markus & Co. A.S.

Andreas Ove Ugland has been a director of the Company since February 1997. Mr. Ugland has also served as director and Chairman of: Ugland International Holding Plc, a shipping/transport company listed on the London Stock Exchange, Andreas Ugland & Sons AS, Grimstad, Norway, Høegh Ugland Autoliners AS, Oslo and Buld Associates Inc., Bermuda. Mr. Ugland has had his whole career in shipping in the Ugland family owned shipping group.

Ulf G. Ryder has been a Director of the Manager since June 1999. Mr. Ryder is Managing Director of Stena Bulk AB of Gothenburg, Sweden.

Christian Rytter Jr has been a director of the Manager since May 1996. Mr. Rytter is Managing Director of L.Giil-Johannessen AS and is also Chairman of Seabulk a.s.

COMPENSATION OF DIRECTORS AND OFFICERS

Pursuant to the Management Agreement, the Manager will pay from the Management Fee the annual directors' fees of the Company, currently estimated at an aggregate amount of \$52,000 per annum hence from the inception of the Company through December 31, 1999 the Directors of the Company have not been paid by the Company any amount for services rendered by them to the Company in all capacities.

INTEREST OF MANAGEMENT IN CERTAIN TRANSACTIONS

The Manager owns 2,144,971 (22,10%) Shares in the Company as of the date hereof and is party to the Management Agreement with the Company, pursuant to which the Manager is entitled to a management fee of \$250,000 per annum.

ADDITIONAL INFORMATION

The Company will file with the Securities and Exchange Commission an Annual Report on Form 20-F. A copy of such report is available without cost to each shareholder.

BP Amoco p.l.c, the successor company to the merger between Amoco Corp and The British Petroleum Company p.l.c., files annual reports on Form 20-F (File No. 005-42076) and periodic reports on Form 6-K with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

**NORDIC AMERICAN TANKER
SHIPPING LIMITED**

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NORDIC AMERICAN TANKER SHIPPING LIMITED

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BALANCE SHEET AT DECEMBER 31.

(all figures are in \$)

ASSETS

Curent assets		1999	1998
Bank deposits	Note 1	2,507,017	3,637,758
Prepaid finance costs	Note 5	72,395	86,875
Prepaid insurance		70,833	83,333
Total current assets		<u>2,650,245</u>	<u>3,807,966</u>
Long term assets			
Vessels	Note 3	155,406,085	162,237,124
Total long-term assets		<u>155,406,085</u>	<u>162,237,124</u>
TOTAL ASSETS		<u>158,056,330</u>	<u>166,045,090</u>

LIABILITIES AND SHAREHOLDERS EQUITY

Current liabilities		1999	1998
Accounts payable		0	675,384
Accrued interest on Bank loan	Note 5	77,333	43,781
Total Current Liabilities		<u>77,333</u>	<u>719,165</u>
Long-term liabilities			
Mortagage Loan	Note 5	30,000,000	30,000,000
Total Long-term liabilities		<u>30,000,000</u>	<u>30,000,000</u>
Shareholders Equity			
Share Capital	Note 6	97,066	97,066
Other Shareholders Equity	Note 6	127,881,931	135,228,859
Total Shareholders Equity		<u>127,978,997</u>	<u>135,325,925</u>
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		<u>158,056,330</u>	<u>166,045,090</u>

PROFIT AND LOSS ACCOUNT

(all figures are in \$)

		1999	1998
Operating revenues		14,782,500	16,006,199
Ship brokers commission		(184,781)	(184,781)
Administrative expenses	Note 2,4	(411,504)	(412,779)
Depreciation	Note 3	<u>(6,831,039)</u>	<u>(6,831,039)</u>
Net operating income		7,355,176	8,577,600
Interest income		214,532	105,999
Interest expense	Note 5	(1,767,449)	(43,781)
Other finance charges	Note 5	<u>(27,583)</u>	<u>(10,306)</u>
Net financial income		(1,580,500)	51,912
NET PROFIT BEFORE TAX		<u>5,774,676</u>	<u>8,629,512</u>
Tax expense		0	0
NET PROFIT FOR THE YEAR		<u>5,774,676</u>	<u>8,629,512</u>
Earnings per share (EPS)		0.59	0.73

STATEMENT OF CASH FLOW

(all figures are in \$)

	1999	1998
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit (loss)	5,774,676	8,629,512
Depreciation	6,831,039	6,831,039
Increase (decrease) in receivables and payables	(614,852)	(2,682,212)
Net cash used in operating activities	11,990,863	12,778,339
CASH FLOW FROM INVESTING ACTIVITIES		
Investment in Vessels	0	0
Cash flow used in investing activities	0	0
CASH FLOW FROM FINANCING ACTIVITIES		
Additional warrant issue costs	(17,686)	(36,676)
Dividends paid	(13,103,918)	(15,712,421)
Bank Loan	0	30,000,000
Repurchase of Common Stock	0	(27,055,933)
Cash flow provided by financing activities	(13,121,604)	(12,805,030)
NET (DECREASE) INCREASE IN CASH	(1,130,741)	(26,691)
BEGINNING CASH AND CASH EQUIVALENT	3,637,758	3,664,449
END CASH AND CASH EQUIVALENT	2,507,017	3,637,758

NORDIC AMERICAN TANKER SHIPPING LIMITEDNOTES TO FINANCIAL STATEMENTS
PERIOD JANUARY 1, 1999 THROUGH DECEMBER 31, 1999**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Cash and Cash on Deposit - Cash and cash on deposit consists of all cash and demand deposits with a maturity of three months or less.

Income and Expenses - The Company accounts for all income and expenses using the accrual method of accounting.

Income taxes - The Company is not subject to taxation in the United States of America.

2. RELATED PARTY TRANSACTION

The Company has entered into a management agreement with Uglund Nordic Shipping ASA (UNS) under which UNS will provide certain administrative, management and advisory services to the Company for an amount of \$250,000 per year. In addition, a fee of \$1.85 million was in 1995 was paid by the Company to UNS on the date of the issuance of the warrants in consideration for certain of UNS' previous activities on behalf of the Company prior to the consummation of the offering.

This fee was included as part of the offering costs in 1995.

3. DEPRECIATION

Depreciation is calculated on a straight-line basis over the estimated lifetime of 25 years. The basis for the depreciation is the actual cost price of the vessels in 1997, i.e \$ 170,775,970 in total for the three vessels.

All vessels

Total cost price in 1997	\$ 170,775,970
Accumulated depreciation per January 1, 1999	\$ 8,538,846
<u>Depreciation January 1 through December 31, 1999</u>	<u>\$ 6,831,039</u>
Book value per December 31, 1999	\$ 155,406,085

British Harrier

Total cost price in 1997	\$ 56,926,900
Accumulated depreciation per January 1, 1999	\$ 2,846,345
<u>Depreciation January 1 through December 31, 1999</u>	<u>\$ 2,277,076</u>
Book value per December 31, 1999	\$ 51,803,479

British Hawk

Total cost price in 1997	\$ 56,926,900
Accumulated depreciation per January 1, 1999	\$ 2,846,345
<u>Depreciation January 1 through December 31, 1999</u>	<u>\$ 2,277,076</u>
Book value per December 31, 1999	\$ 51,803,479

British Hunter

Total cost price in 1997	\$ 56,922,170
Accumulated depreciation per January 1, 1999	\$ 2,846,156
<u>Depreciation January 1 through December 31, 1999</u>	<u>\$ 2,276,887</u>
Book value per December 31, 1999	\$ 51,799,127

4. ADMINISTRATIVE EXPENSES

Management fee, Ugland Nordic Shipping ASA	\$ 250,000
Directors and officers insurance	\$ 97,500
Other fees and expenses, mostly related to Repurchasing of Shares	<u>\$ 64,004</u>
Total administrative expenses	\$ 411,504

5. MORTGAGE LOAN, ACCRUED INTEREST, PREPAID FINANCE COSTS

The Company has drawn upon a Loan of \$ 30 mill with Den norske Bank, Oslo (DnB) to finance the repurchase of shares. The Company has entered into an interest swap agreement with DnB, enabling the Company to pay a fixed interest on the loan of 5.80 % p.a. including the margin of 0.525 % for the next 5 years. The swap agreement terminates on the final repayment date of the Loan, i.e. the 4th quarter of year 2004.

The Company pays an annual agency fee of \$10,000 to DnB in connection with the \$30,0 mill. Loan.

Accrued interest at December 31, 1999

\$30 mill, LIBOR 5,80 % for 16 days, \$77,333.

Prepaid finance costs

In connection with the draw down of the Mortgage Loan in 1998 of \$30 mill, the Company paid \$86,875 in an arrangement fee and commitment fee. The fees will be amortized over the term of the Loan, i.e. with 1/6 every year from January 1, 1999.

**6. STATEMENT OF SHAREHOLDERS EQUITY
YEAR ENDED DECEMBER 31, 1999, 1998 AND 1997**

	Common Stock		Class B Stock		Other Equity
	Issued Shares	Amount	Issued Shares	Amount	
BALANCE DECEMBER 31, 1996	82 237	822	12 000	12 000	51 586 857
Repurchase of B Stock			-12 000	-12 000	
Exercise of Warrants to Common Stock	11 731 613	117 316			119 662 453
Common Stock issue cost					-336 907
Transfer from other equity 1)					-1 529 048
BALANCE DECEMBER 31, 1997	11 813 850	118 138	0	0	169 383 355
Repurchase of Common Stock	-2 107 244	-21 072			-26 319 478
Repurchase cost					-715 383
Additional Warrant exercise cost					-36 676
Transfer from other equity 1)					-7 082 959
BALANCE DECEMBER 31, 1998	9 706 606	97 066	0	0	135 228 859
Additional costs, Repurchase of Shares					-17 686
Transfer from other equity 1)					-7 329 242
BALANCE DECEMBER 31, 1999	9 706 606	97 066	0	0	127 881 931

1) This is part of the amount that the Company paid out of equity for dividends. As the Company distributes all available cash, its distributions may exceed its net profit. The Company has also paid additional capital transaction costs related to the warrant exercise and repurchase of shares in 1997, 1998 and 1999.

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