NORDIC AMERICAN TANKER SHIPPING LTD
Form 6-K
January 21, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13A-16 OR 15D-16 OF

THE SECURITIES EXCHANGE ACT OF 1934

For the month of January 2010

Commission File Number: 001-13944

NORDIC AMERICAN TANKER SHIPPING LIMITED

(Translation of registrant s name into English)

LOM Building, 27 Reid Street, Hamilton, HM 11, Bermuda

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F x Form 40-F ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ¨

Note: Regulation S-T Rule 101(b) (1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ¨.

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant s home country), or under the rules of the home country exchange on which the registrant s securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant s security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

INFORMATION CONTAINED IN THIS FORM 6-K REPORT

Attached as Exhibit 1 are management s discussion and analysis of financial condition and results of operations and the condensed financial statements of Nordic American Tanker Shipping Limited (the Company), as of and for the nine months ended September 30, 2009.

This Report on Form 6-K is hereby incorporated by reference into the Company s Registration Statement on Form F-3 ASR (Registration No. 333-162171) filed on September 28, 2009.

EXHIBIT 1

NORDIC AMERICAN TANKER SHIPPING LIMITED (NAT)

As used herein, we, us, our and the Company all refer to Nordic American Tanker Shipping Limited. This management s discussion and analy of financial condition and results of operations should be read together with the discussion included in the Company s Annual Report on Form 20-F for the fiscal year ended December 31, 2008.

Management s Discussion and Analysis of Financial Condition and Results of Operations for the Nine Months Ended September 30, 2009

General

We are an international tanker company that, as of September 30, 2009, owned or agreed to acquire 16 modern double-hull Suezmax tankers averaging approximately 155,000 deadweight tons, or dwt, each, two of which are newbuildings that we expect to take delivery of in 2010. We were formed in June 1995 for the purpose of acquiring and chartering three double-hull Suezmax tankers that were built in 1997. We have bareboat chartered one of our original three vessels to Gulf Navigation Company LLC, or Gulf Navigation, of Dubai, U.A.E. for a term of five years at a fixed rate charterhire, subject to two one-year extensions at Gulf Navigation s option. The last one-year option was not exercised, thus the vessel is scheduled to be redelivered to us in November 2010. We acquired our fourth vessel in November 2004, our fifth and sixth vessels in March 2005, our seventh vessel in August 2005, our eighth vessel in November 2005, our ninth vessel in April 2006, our tenth and eleventh vessel in November 2006, our twelfth vessel in December 2006. In November 2007, we agreed to acquire two Suezmax newbuildings from First Olsen Ltd. for a price at delivery of $90 million per vessel. The vessels are to be built at the Bohai Shipyard in China. We acquired our fifteenth vessel in February 2009 and the sixteenth vessel in July 2009.

Current fleet list as of January 21, 2010:

Vessel Name	Employment	Built	Dwt	Delivered to NAT
Gulf Scandic	Bareboat	1997	151,475	August 1997
Nordic Hawk	Spot	1997	151,475	October 1997
Nordic Hunter	Spot	1997	151,400	December 1997
Nordic Voyager	Spot	1997	149,591	November 1997
Nordic Fighter	Spot	1998	153,328	March 2005
Nordic Discovery	Spot	1998	153,328	August 2005
Nordic Saturn	Spot	1998	157,332	November 2005
Nordic Jupiter	Spot	1998	157,411	April 2006
Nordic Sprite	Spot	1999	147,188	February 2009
Nordic Moon	Spot	2002	159,999	November 2006
Nordic Grace	Spot	2002	149,921	July 2009
Nordic Mistral	Spot	2002	163,548	November 2009
Nordic Cosmos	Spot	2003	159,998	December 2006
Nordic Apollo	Spot	2003	159,999	November 2006
Nordic Freedom	Spot	2005	163,455	March 2005
Nordic Passat		2002	163,000	Expected delivery by March 1, 2010
Nordic Galaxy		2010	158,480	Expected delivery by May 2010
Nordic Vega		2010	158,480	Expected delivery by August 2010

As of September 30, 2009, we employed 13 of the 14 operating vessels in the spot market or on spot market-related time charters, while one vessel was on a long-term fixed rate bareboat charter.

Recent Developments

On October 5, 2009, we announced an agreement to acquire from an unaffiliated third party, a 2002-built, modern double-hull Suezmax tanker with a carrying capacity of 164,236 dwt for an aggregate purchase price of $51.5 million, for which we have paid a deposit of $5.2 million. The Company took delivery of the vessel on November 17, 2009. The vessel was financed by cash on hand, and is operating in the spot market or on spot-related time charters.

On November 7, 2009, we announced an agreement to acquire from an unaffiliated third party, a 2002-built, modern double-hull Suezmax tanker with a carrying capacity of 164,274 dwt for an aggregate purchase price of $51.5 million, for which we have paid a deposit of $5.2 million. The vessel is expected to be delivered to us no later than March 1, 2010, and will be financed by cash on hand. The vessel is expected to be operated in the spot market or on spot-related time charters.

The two Suezmax newbuildings to be built at Bohai Shipyard were originally scheduled for delivery by the end of December 2009 and April 2010, respectively. The sellers have advised that the expected delivery of the two vessels will be by the end of May 2010 and August 2010, respectively. The remaining installments to be paid for the newbuildings amount to $136.2 million.

In November 2009, the Company s board of directors declared a dividend of $0.10 per share in respect of the third quarter of 2009. The dividend was paid on December 4, 2009 to shareholders of record as of November 23, 2009.

Our Charters

It is our policy to operate our vessels either in the spot market, on spot-related time charters, or on bareboat charters. Our goal is to take advantage of potentially higher market rates with spot market-related rates and voyage charters. We currently employ 14 of our 15 operating vessels in the spot market or on spot market-related time charters and may consider charters at fixed rates depending on market conditions. Following the redelivery of the Gulf Scandic scheduled for November 2010, we expect to operate the vessel in the spot market.

Cooperative Arrangements

We currently employ 14 of our 15 operating vessels in spot market cooperative arrangements with other vessels that are not owned by us. The vessels are operated in the spot market under our supervision. These arrangements are managed and operated by Stena Bulk AB, a Swedish group, and by Frontline Chartering Services Inc, both of which are third party administrators. The administrators are responsible for the commercial management of the participating vessels, including marketing, chartering, operating and purchasing bunker (fuel oil) for the vessels. The participants, including us, remain responsible for all other costs including the financing, insurance, crewing and technical management of the relevant vessels. The earnings of all of the vessels are aggregated and divided according to the relative performance capabilities of each vessel and the actual earning days each vessel was available during the period.

Spot Charters

During the nine months ended September 30, 2009, we temporarily operated four vessels in the spot market, other than in cooperative arrangements. Tankers operating in the spot market are typically chartered for a single voyage which may last up to several weeks. Tankers operating in the spot market may generate increased profit during a period of strong tanker rates, while tankers on fixed rate time charters generally provide more predictable cash flows.

Under a typical voyage charter in the spot market, we are paid freight on the basis of moving cargo from a loading port to a discharging port. We are responsible for paying both operating costs and voyage costs and the charterer is responsible for any delay at the loading or discharging ports.

Bareboat Charters

We have chartered one of our vessels, the *Gulf Scandic*, under a bareboat charter to Gulf Navigation, for a five-year term that was scheduled to terminate in the fourth quarter of 2009, subject to two one-year extensions at Gulf Navigation s option. Gulf Navigation exercised its first one-year option and extended the charter for one additional year through the fourth quarter of 2010. The last one-year option was not exercised, thus the vessel is scheduled to be redelivered to us in November 2010. Under the terms of this bareboat charter, Gulf Navigation is contractually obligated to pay a fixed charterhire of $17,325 per day for the entire charter period. During the charter period, Gulf Navigation is responsible for operating and maintaining the vessel and is responsible for covering all operating costs and expenses with respect to the vessel.

Operating Results

For the nine months period ended September 30, 2009, our only source of revenue was from the 14 vessels we owned and operated during the period. Of these 14 vessels, nine vessels operated on spot-related time charters through cooperative arrangements, four vessels operated on spot-related time charters through cooperative arrangements and in the spot market, and one vessel operated on bareboat charter at a fixed charterhire rate.

We present our statements of operations using voyage revenues and voyage expenses. Under a bareboat charter, the charterer pays substantially all of the vessel voyage and operating costs. Under a spot market-related time charter, the charterer pays substantially all of the vessel voyage costs and the vessel owner pays the operating costs. Under a spot charter, the vessel owner pays all vessel voyage and operating costs. Vessel voyage costs consist primarily of fuel, port charges and commissions. Operating costs consist primarily of vessel maintenance, crewing, regulatory compliance and insurance.

Since the amount of voyage expenses that we incur for a charter depends on the type of the charter, we use net voyage revenues to provide comparability among the different types of charters. Net voyage revenue, a non-GAAP financial measure, provides more meaningful disclosure than voyage revenues, the most directly comparable financial measure under accounting principles generally accepted in the United States of America, or U.S. GAAP. Net voyage revenues divided by the number of days on the charter provides the Time Charter Equivalent, or TCE, rate. TCE is a measure of the average daily revenue performance of a vessel on a per voyage basis. The Company s method of calculating TCE is determined by dividing voyage revenues (net of voyage expenses) by voyage days for the relevant time period. Voyage expenses primarily consist of port, canal and fuel costs that are unique to a particular voyage, which would otherwise be paid by the charterer under a time charter contract, as well as commissions. TCE revenues, a non-GAAP measure, provides additional meaningful information in conjunction with revenues from our vessels, the most directly comparable GAAP measure, because it assists Company management in making decisions regarding the deployment and use of its vessels and in evaluating their financial performance. TCE is also a standard shipping industry performance measure used primarily to compare period-to-period changes in a shipping company s earnings performance. For bareboat charters, operating costs must be added in order to calculate TCE rates. Net voyage revenues and TCE rates are widely used by investors and analysts in the tanker shipping industry for comparing the financial performance of companies and for preparing industry averages.

The following table reconciles our net voyage revenues to voyage revenues.

	Nine Months Ended September 30,		
All figures in USD 000	**2009 Unaudited**	**2008 Unaudited**	**Variance**
Voyage Revenue	97,525	187,129	
Voyage Expenses	(5,735)	(9,689)	
Net Voyage Revenue	**91,790**	**177,440**	**-48.3%**
Vessel Operating Days	3,583	3,288	
Vessel Revenue Days [(1)]	3,519	3,158	
Off-hire Days	**64**	**130**	**-50.7%**

(1) Revenue days consist of 273 days related to the one vessel employed on bareboat charter and 3,246 days related to vessels employed in the spot market or on spot market-related time charters.

Our voyage revenues decreased 47.9% to $97.5 million for the nine months ended September 30, 2009, from $187.1 million for the nine months ended September 30, 2008. Voyage expenses decreased 41.2% to $5.7 million for the nine months ended September 30, 2009, from $9.7 million for the nine months ended September 30, 2008. Net voyage revenues decreased 48.3% to $91.8 million for the nine months ended September 30, 2009, from $177.4 million for the nine months ended September 30, 2008. The decrease in net voyage revenues was primarily a result of the decrease in average TCE rates. The table below reconciles our TCE rate to voyage revenue.

	Nine Months Ended September 30,	
All figures in USD 000	2009 Unaudited	2008 Unaudited
Voyage Revenue	97,525	187,129
Less Bareboat Revenue	(4,730)	(4,747)
Less Voyage Expenses	(5,735)	(9,689)
Time Charter Equivalent Revenue	**87,060**	**172,693**
Available Days	3,519	3,158
Less Bareboat days	(273)	(273)
Available Days - spot market	3,246	2,885
Time Charter Equivalent Rate per day	**~$ 26,800**	**~$ 59,900**

The average TCE rate for our vessels employed on spot market-related rates for the nine months ended September 30, 2009 was $26,800 per day per vessel compared to $59,900 per day per vessel for the nine months ended September 30, 2008. The tanker spot market rates and TCE rates are determined by, among other things, the demand for the carriage of oil and the distance the oil is to be carried, measured in ton miles and the supply of vessels to transport that oil.

For the nine months ended September 30, 2009, the total off-hire was 64 days compared to 130 days for the nine months ended September 30, 2008. The 64 days off-hire for the nine months ended September 30, 2009 were a result of 15 days of planned drydockings and of 49 days unplanned technical off-hire. The 130 days off-hire for the nine months ended September 30, 2008 were a result of 111 days of planned drydockings and of 19 days unplanned technical off-hire.

Vessel operating expenses, excluding depreciation expense, were $31.9 million for the nine months ended September 30, 2009, compared to $26.9 million for the nine months ended September 30, 2008, an increase of 18.6%. The increase in vessel operating expenses was primarily a result of the expansion of the fleet by two additional Suezmax tankers in February 2009 and July 2009, respectively. In addition, the Company experienced increased crew cost, lubricating oil costs and repair and maintenance costs during the nine months ended September 30, 2009 compared to the nine months ended September 30, 2008.

General and administrative expenses were $13.3 million for the nine months ended September 30, 2009, compared to $10.8 million for the nine months ended September 30, 2008. The general and administrative expenses for the nine months ended September 30, 2009 include a non-cash charge of $5.2 million of share-based compensation to our manager, Scandic American Shipping Ltd., or our Manager, for shares related to the follow-on offering in January 2009 and May 2009, and a cost of $2.0 million related to the deferred compensation plan for the Company s Chief Executive Officer. The general and administrative expenses for the nine months ended September 30, 2008 include a non-cash charge of $3.5 million of share-based compensation to our Manager, for shares related to the follow-on offering in May 2008, and a cost of $1.4 million related to the deferred compensation plan for the Company s Chief Executive Officer. Pursuant to our management agreement, our Manager has a right to ownership of 2% of the Company s total outstanding shares. In addition, we reimburse our Manager for administrative expenses and pay our Manager an annual fixed fee of $265,000.

Depreciation expense increased 13.2% to $40.4 million for the nine months ended September 30, 2009, from $35.7 million for the nine months ended September 30, 2008. The increase in depreciation expense is primarily due to expansion of the fleet and to amortization of drydocking costs incurred in 2008.

Total other expenses decreased to $0.9 million for the nine months ended September 30, 2009, compared to $2.3 million for the nine months ended September 30, 2008, a decrease of 60.9%. The decrease is primarily due to repayment of debt and lower interest rates. As of September 30, 2009 and as of September 30, 2008, the Company had no debt.

Liquidity and Capital Resources

Cash flows provided by operating activities decreased 52.7% for the nine months ended September 30, 2009 to $41.3 million from $87.3 million for the same period in 2008. Decrease in cash flows provided by operating activities is primarily a result of the decrease in average TCE rates, an increase in vessel operating expenses such as crew cost, lubricating oil costs and repair and maintenance costs, timing of payments of revenues and drydocking payments.

Cash flows used in investing activities increased to $114.9 million for the nine months ended September 30, 2009, from $10.1 million for the nine months ended September 30, 2008. The investing activities consist primarily of payments made in connection with the delivery of *Nordic Sprite* in February 2009 and *Nordic Grace* in July 2009.

Cash flows provided by financing activities for the nine months ended September 30, 2009 increased to $130.5 million compared to cash flows used for financing activities of $59.5 million for the nine months ended September 30, 2008. This increase is due to higher proceeds from the issuance of common stock and lower dividend payments, offset by lower repayment of debt.

The Company had no long-term debt outstanding as of September 30, 2009. As of the date of this report, the Company has no long-term debt outstanding.

The Company believes that its working capital is sufficient to fund its ongoing operations and commitments for capital expenditures.

Balance Sheets

All figures in USD 000, except share and per share amount

	Notes	September 30, 2009 Unaudited	December 31, 2008
ASSETS			
Current Assets			
Cash and Cash Equivalents		88,265	31,378
Accounts Receivable, net $0 allowance at September 30, 2009 and December 31, 2008		21,070	40,335
Voyages in Progress		2,227	
Deposit on Contract		18,000	
Prepaid Expenses and Other Assets		33,787	22,406
Total Current Assets		**163,349**	**94,119**
Non-current Assets			
Vessels, Net		784,800	707,853
Deposit on Contract			9,000
Other Non-current Assets		9,895	2,906
Total Non-current Assets		**794,695**	**719,759**
Total Assets		**958,044**	**813,878**
LIABILITIES AND SHAREHOLDERS EQUITY			
Current Liabilities			
Accounts Payable	2	4,721	1,947
Deferred Revenue		537	449
Accrued Liabilities		4,139	3,817
Total Current Liabilities		**9,397**	**6,214**
Long-term Debt	3		15,000
Deferred Compensation Liability		6,090	4,078
Total Liabilities		**6,090**	**25,292**
Commitments and Contingencies			
SHAREHOLDERS EQUITY			
Common Stock, par value $0.01 per Share; 51,200,000 shares authorized, 42,204,904 shares issued and outstanding and 34,373,271 shares issued and outstanding at September 30, 2009 and December 31, 2008, respectively		422	344
Additional Paid-in Capital		954,065	905,262
Retained Earnings		(11,930)	(117,020)
Total Shareholders Equity	4	**942,557**	**788,586**

Total Liabilities and Shareholders Equity	**958,044**	**813,878**

The footnotes are an integral part of these condensed financial statements.

Statements of Operations

All figures in USD 000, except share and per share amount

		Nine Months Ended September 30,	
		2009	**2008**
	Notes	**Unaudited**	**Unaudited**
Voyage Revenues		97,525	187,129
Voyage Expenses		(5,735)	(9,689)
Vessel Operating Expenses - excluding depreciation expense presented below		(31,947)	(26,918)
General and Administrative Expenses	2, 6	(13,257)	(10,829)
Depreciation Expense		(40,395)	(35,731)
Net Operating Income		**6,191**	**103,962**
Interest Income		520	799
Interest Expense	3	(1,363)	(2,942)
Other Financial Expense		(68)	(173)
Total Other Expense		**(911)**	**(2,316)**
Net Income		**5,280**	**101,646**
Basic Earnings per Share		0.13	3,16
Diluted Earnings per Share		0.13	3.15
Basic Weighted Average Number of Common Shares Outstanding		39,857,965	32,190,342
Diluted Weighted Average Number of Common Shares Outstanding		39,961,992	32,270,384

The footnotes are an integral part of these condensed financial statements.

Statements of Cash Flows

All figures in USD 000

	Nine Months Ended September 30,	
	2009 Unaudited	**2008 Unaudited**
Cash Flows from Operating Activities		
Net Income	5,280	101,646
Reconciliation of Net Income to Net Cash Provided by Operating Activities		
Depreciation Expense	40,395	35,731
Amortization of Deferred Finance Costs	490	455
Deferred Compensation Liability	2,012	1,421
Compensation - Restricted Shares	180	854
Share-based Compensation	3,016	3,578
Capitalized Interest	123	(575)
Changes in Operating Assets and Liabilities:		
Accounts Receivables	19,265	(49,613)
Accounts Payable and Accrued Liabilities	2,683	(332)
Drydocking Expenditures	(1,929)	(16,872)
Prepaid and Other Assets	(20,048)	3,255
Voyages in Progress	(2,227)	7,753
Other Non-current Assets	(7,936)	
Net Cash Provided by Operating Activities	**41,304**	**87,301**