TOP TANKERS INC.
Form 6-K
June 13, 2007

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 June 2007

Commission File Number 000-50859

TOP TANKERS INC.
(Translation of registrant's name into English)

1, Vassilissis Sofias Meg. Alexandrou Str.
151 24 Maroussi
Greece
(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.

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes [_] No [X]

If “Yes” is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): ________.

INFORMATION CONTAINED IN THIS FORM 6-K REPORT

Included in this report on Form 6-K as Exhibit 1 is the Management's Discussion and Analysis of Financial Position and Performance Operating and Financial Review and Prospects of TOP Tankers (the "Company") for the Three Months Ended March 31, 2007.

We have entered into a sales agreement with Deutsche Bank Securities Inc. as sales agent pursuant to which we may, from time to time, sell shares in at the market and negotiated transactions with a total market price of up to $30,000,000. The commissions will be between 2.75% and 4.0%. The sales agreement is attached to this report as Exhibit 2.

This Form 6-K is hereby incorporated by reference to the Company's registration statement on Form F-3 filed on August 1, 2005 (Registration No. 333-127086).

Exhibit 1

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND PERFORMANCE OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following is a discussion of our financial condition and results of operations for the quarters ended March 31, 2007 and 2006. You should read this section together with the condensed financial information for the periods mentioned below.

We are a provider of international seaborne transportation services, carrying refined petroleum products and crude oil. As of March 31, 2007, our fleet size was 24 vessels, or 2.5 million dwt (including 18 vessels sold and leased back for a period of 5 to 7 years) as compared to 27 vessels, or 2.6 million dwt on March 31, 2006.

We actively manage the deployment of our fleet between spot market voyage charters, which generally last from several days to several weeks, and time charters, which can last up to several years. A spot market voyage charter is generally a contract to carry a specific cargo from a load port to a discharge port for an agreed upon total amount. Under spot market voyage charters, we pay voyage expenses such as port, canal and fuel costs. A time charter is generally a contract to charter a vessel for a fixed period of time at a specified daily rate. Under time charters, the charterer pays voyage expenses such as port, canal and fuel costs. Under both types of charters, we pay for vessel operating expenses, which include crew costs, provisions, deck and engine stores, lubricating oil, insurance, maintenance and repairs, as well as for commissions on gross charter rates. We are also responsible for the vessel's intermediate and special survey costs.

Vessels operating on time charters provide more predictable cash flows, but can yield lower profit margins than vessels operating in the spot market during periods characterized by favorable market conditions. Vessels operating in the spot market generate revenues that are less predictable but may enable us to capture increased profit margins during periods of improvements in vessel rates although we are exposed to the risk of declining vessel rates, which may have a materially adverse impact on our financial performance. We are constantly evaluating opportunities to increase the number of our vessels deployed on time charters, but only expect to enter into additional time charters if we can obtain contract terms that satisfy our charter rate criteria.

Operating Results

For discussion and analysis purposes only, we evaluate performance using time charter equivalent, or TCE[1], revenues. TCE revenues are voyage revenues minus voyage expenses. Voyage expenses primarily consist of port, canal and fuel costs that are unique to a particular voyage, which would otherwise be paid by a charterer under a time charter, as well as commissions. We believe that presenting voyage revenues net of voyage expenses neutralizes the variability created by unique costs associated with particular voyages or the deployment of vessels on the spot market and presents a more accurate representation of the revenues generated by our vessels.

We calculate daily TCE rates by dividing TCE revenues by voyage days for the relevant time period. TCE revenues include demurrage revenue, which represents fees charged to charterers associated with our spot market voyages when the charterer exceeds the agreed upon time required to load or discharge a cargo. We calculate daily direct vessel operating expenses and daily general and administrative expenses for the relevant period by dividing the total expenses by the aggregate number of calendar days that we owned each tanker for the period.

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[1] Consistent with general practice in the tanker shipping industry, time charter equivalent, or TCE, is a measure of the average daily revenue performance of a vessel on a per voyage basis. Our method of calculating TCE is consistent with industry standards and is determined by dividing net voyage revenue by voyage days for the relevant time period. Net voyage revenues are voyage revenues minus voyage expenses. 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 third party charter commissions.

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The following table reflects calculation of the TCE (all amounts are expressed in thousands of U.S. dollars, except for Average Daily Time Charter Equivalent amounts and Total Voyage Days):

Dollars in thousands	**Three months ended March 31, 2006**	**Three months ended March 31, 2007**
Voyage revenues	$ 101,746	$ 73,988
Less Voyage expenses	(16,234)	(14,942)
Time charter equivalent revenue	$ 85,512	$ 59,046
Total voyage days	2,348	1,995
Average Daily Time Charter Equivalent	$ 36,419	$ 29,597

We depreciate our tankers on a straight-line basis over their estimated useful lives determined to be 25 years from the date of their initial delivery from the shipyard. Depreciation is based on cost less the estimated residual value. We capitalize the total costs associated with a dry-docking, as deferred charges, and amortize these costs on a straight-line basis over the period when the next dry-docking becomes due, which is typically 30 months. Regulations and/or incidents may change the estimated dates of next dry dockings.

In March 2006, we sold the *M/T Faithful, M/T Spotless, M/T Vanguard, M/T Doubtless, M/T Flawless, M/T Timeless, M/T Priceless* and *M/T Stopless* and entered into bareboat charter agreements to leaseback the vessels, for a period of five years.

The charter back agreements are accounted for as operating leases and the gains on each sale were deferred and are being amortized to income over the lease periods; lease payments relating to the bareboat charters of the vessels are separately reflected in the consolidated statements of income. According to the terms of the 2006 sale and leaseback transactions, 10% of the gross aggregate sales price, $55.0 million, has been withheld by the purchaser and will be paid to us not later than three months after the end of bareboat charter period or upon the resale of the vessels by the purchaser, if earlier. Consequently, we recognized this receivable from the purchaser at a discounted amount upon the sale of the vessels, classified as a non-current asset, and will accrete the balance of the receivable to the full $55.0 million, through deferred gain on sale and leaseback of vessels over the period of the bareboat charter or upon the resale of the vessels by the purchaser, if earlier. The purpose of the hold-back is to serve as security for the due and punctual performance and observance of all the terms and conditions from our behalf under the agreements.

The purpose of the sale and leaseback transactions that were completed in 2006 was to take advantage of the high asset price environment prevailing in the market at the time while maintaining commercial and operational control of the vessels for a period of five to seven years. The majority of the net proceeds of the transaction, after debt repayment, were distributed as a special dividend to the Company's shareholders.

Adjusted EBITDA[2], decreased by $44.8 million, or 80.6%, to $10.8 million for the first quarter of 2007 compared to $55.6 million for the first quarter of 2006. This decrease is due to the decrease of voyage revenues to $74 million in 2007 from $101.7 million in 2006 and an increase in charter hire expense to $29.5 million in 2007 from $7.6 million in 2006, as a result of the 13 sale and leaseback transactions concluded in 2006. Adjusted EBITDA reconciliation is presented in Appendix A.

Fleet Employment Profile

As of March 31, 2007, the Company's fleet size was 24 vessels, or 2.5 million dwt (including 18 vessels sold and leased back for a period of 5 to 7 years) as compared to 27 vessels, or 2.6 million dwt on March 31, 2006.

[2]Adjusted EBITDA represents earnings before interest and finance costs, interest income, taxes, depreciation and amortization. Interest and finance costs, net includes interest expense, interest income, amortization of deferred financing fees, other financial costs, gain or loss from termination of swaps and swap fair value changes. Adjusted EBITDA is included in this report because we believe it provides investors with an understanding of operating performance over comparative periods. Adjusted EBITDA should not be considered as a substitute for operating income or net income (all as determined in accordance with generally accepted accounting principles) for the purpose of analyzing our operating performance, as Adjusted EBITDA is not defined by generally accepted accounting principles. We presented Adjusted EBITDA, however, because it is commonly used by certain investors and analysts to analyze and compare companies on the basis of operating performance.

In April 2007, the Company sold the Suezmax tanker M/T Errorless for $52.5 million, resulting in a book gain of $2.0 million, which will be recognized in the second quarter of 2007. The vessel was delivered to its new owners on April 30, 2007.

The following key indicators serve to highlight changes in the financial performance of the Company's fleet during the first quarters ended March 31, 2006 and 2007:

	Suezmax Fleet		
	Three Months Ended March 31,		
(In U.S. Dollars unless otherwise stated)	2006	2007	Change
Total available ship days	1,170	1,170	0.0%
Total operating days	1,112	1,084	-2.5%
Utilization	95.0%	92.6%	-2.5%
TCE per ship per day under spot voyage charter	$ 61,802	$ 38,565	-37.6%
TCE per ship per day under time charter	$ 39,108	$ 35,123	-10.2%
Average TCE	$ 52,741	$ 37,428	-29.0%
Other vessel operating expenses per ship per day	$ 7,634	$ 8,231*	7.8%

	Handymax Fleet		
	Three Months Ended March 31,		
(In U.S. Dollars unless otherwise stated)	2006	2007	Change
Total available ship days	1,260	990	-21.4%
Total operating days	1,236	911	-26.3%
Utilization	98.1%	92.0%	-6.2%
TCE per ship per day under spot voyage charter	-	-	-
TCE per ship per day under time charter	$ 21,735	$ 20,279	-6.7%
Average TCE	$ 21,735	$ 20,279	-6.7%
Other vessel operating expenses per ship per day	$ 5,397	$ 6,576	21.9%

	Total Fleet		
	Three Months Ended March 31,		
(In U.S. Dollars unless otherwise stated)	2006	2007	Change
Total available ship days	2,430	2,160	-11.1%
Total operating days	2,348	1,995	-15.0%
Utilization	96.6%	92.4%	-4.4%
TCE per ship per day under spot voyage charter	$ 61,802	$ 38,565	-37.6%
TCE per ship per day under time charter	$ 26,326	$ 24,467	-7.1%
Average TCE	$ 36,419	$ 29,597	-18.7%
Other vessel operating expenses per ship per day	$ 6,474	$ 7,473*	15.4%
General and administrative expenses per ship per day**	$ 3,024	$ 2,406	-20.4%

* The daily Other vessel operating expenses for the Suezmax Fleet and Total Fleet include approximately $332 and $180, respectively for the ballast tank cleaning process of the M/T Faultless, that are not expected to be covered by the insurance underwriters.

** The daily General and Administrative expenses include approximately $1,630 and $218 for the first quarter of 2006 and 2007, respectively, of non-cash restricted stock expense, general compensation provision, specific legal and auditing fees and depreciation for other fixed assets.

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Fleet Deployment:

During the first quarter of 2007, the Company had approximately 64% of the fleet’s operating days on long-term employment contracts. Fifteen of the Company’s 24 tankers were on time charter contracts with an average term of over three years with all but three of the time charters including profit sharing agreements.

On May 16, 2007, the Company announced a new time charter contract with a major South American oil company for its Suezmax M/T Flawless. The vessel is expected to earn approximately $44,500 per day, on a TCE basis, for one year and charterers have the option to extend the contract for an additional one year.

The Company has secured approximately 63% of the estimated operating days for 2007 under time charter contracts. At the same time, the seven Suezmaxes that will operate in the spot market, together with the profit sharing component of the time charter contracts, expose approximately 55% of the Company's estimated operating days for 2007 to spot rates, which may be potentially higher.

Suezmax Fleet:

During the first quarter of 2007, nine of the Company’s Suezmax tankers operated in the spot market, earning on average $38,565 per vessel per day on a time charter equivalent (TCE) basis.

During the first quarter of 2007, four of the Company’s Suezmax tankers operated under time charter contracts, earning on average $35,123 per vessel per day on a time charter equivalent (TCE) basis.

As of the date of this filing, the Company’s Suezmax fleet for the second quarter of 2007 has been fixed for employment as follows:

Spot: 52% of operating days at average daily TCE of $45,000
Total (Spot and time charter, including profit sharing): 67% of operating days at average daily TCE of $41,000.

Handymax Fleet:

All of the Company’s Handymax tankers operate under long term employment agreements that provide for a base rate and additional profit-sharing.

During the first quarter of 2007, including the profit-sharing allocated to the Company the Handymax fleet earned on average $20,279 per vessel per day on a time charter equivalent (TCE) basis.

As of the date of this filing, the Company’s Handymax fleet for the second quarter of 2007 has been fixed for 66% of its operating days at average daily TCE of $21,000.

The following table presents the Company's expected fleet list and employment:

	Dwt	Year Built	Charter Type	Expiry	Daily Base Rate	Profit Sharing Above Base Rate (2007)	Daily Charter Hire Expense
12 Suezmax Tankers							
Timeless[C]	154,970	1991	Spot				$25,000
Flawless[C]	154,970	1991	Time Charter	Q3/2008 [A]	$44,500	None	$25,000
Stopless[C]	154,970	1991	Spot				$25,000
Priceless[C]	154,970	1991	Time Charter	Q3/2008	$35,000	50% thereafter	$25,000
Faultless[D]	154,970	1992	Spot				$23,450
Noiseless[D]	149,554	1992	Time Charter	Q2/2010	$36,000 [1]	None	$23,450
Stainless[D]	149,599	1992	Spot				$23,450
Endless[D]	135,915	1992	Time Charter	Q4/2008 [E]	$36,500	None	$23,450
Limitless[D]	136,055	1993	Spot				$23,450
Stormless[F]	150,038	1993	Time Charter	Q4/2009	$36,900	None	
Ellen P[F]	146,286	1996	Spot				
Edgeless[F]	147,048	1994	Spot				
11 Handymax Tankers							
Victorious[B]	47,084	1991	Time Charter	Q3/2009	$14,000	50% thereafter	$11,500
Sovereign[B]	47,084	1992	Time Charter	Q3/2009	$14,000	50% thereafter	$11,600
Invincible[B]	47,084	1992	Time Charter	Q3/2009	$14,000	50% thereafter	$11,500
Relentless[B]	47,084	1992	Time Charter	Q3/2009	$14,000	50% thereafter	$11,500
Vanguard[C]	47,084	1992	Time Charter	Q1/2010	$15,250	50% thereafter	$13,200
Restless[B]	47,084	1991	Time Charter	Q4/2009	$15,250	50% thereafter	$11,600
Spotless[C]	47,094	1991	Time Charter	Q1/2010	$15,250	50% thereafter	$13,200
Doubtless[C]	47,076	1991	Time Charter	Q1/2010	$15,250	50% thereafter	$13,200
Faithful[C]	45,720	1992	Time Charter	Q2/2010	$14,500	100% first $500 + 50% thereafter	$13,200
Dauntless[F]	46,168	1999	Time Charter	Q1/2010	$16,250	100% first $1,000 + 50%	

						thereafter
Ioannis P[F]	46,346	2003	Time Charter	Q4/2010	$18,000	100% first $1,000 + 50% thereafter
Total Tanker DWT	**2,304,253**					

A. Charterers have option to extend contract for an additional one-year period
B. Vessels sold and leased back in August and September 2005 for a period of 7 years
C. Vessels sold and leased back in March 2006 for a period of 5 years
D. Vessels sold and leased back in April 2006 for a period of 7 years
E. Charterers have option to extend contract for an additional four-year period
F. Owned vessels

1. Base rate will change to $35,000 in Q2 2008 until expiration.

Credit Facility

As of March 31, 2007, TOP Tankers had total indebtedness under senior secured credit facilities of $225.7 million with its lenders, the Royal Bank of Scotland ("RBS") and HSH Nordbank ("HSH"), maturing in 2015 and 2013 respectively.

As of March 31, 2007, the Company has three interest rate swap agreements with RBS for the notional amounts of $31.7 million, $10 million and $10 million for a period of four, seven and seven years, respectively. Under these agreements the interest rate is fixed at an effective annual rate of 4.66% (in addition to the applicable margin), 4.23% and 4.11%, respectively. The Company also has one interest rate swap agreement with HSH for the notional amount of $40.2 million for a period of five years, at a fixed interest rate of 4.80% in addition to the applicable margin. In addition, the Company has two interest rate swap agreements with Deutsche Bank and Egnatia Bank for the notional amounts of $50 million and $10 million for a period of seven and seven years, respectively. Under these agreements the interest rate is fixed at an effective annual rate of 4.45% and 4.76%, respectively. The two swaps with RBS for notional amounts of $10 million and $10 million, the swap with Deutsche Bank for a notional amount of $50 million and the swap with Egnatia Bank for a notional amount of $10 million, include steepening terms based on the 2 and 10 year swap difference, which is calculated quarterly in arrears. The interest rate for the remaining balance of the loans is LIBOR, plus the margin. On March 31, 2007, the Company's ratio of indebtedness to total capital was approximately 53.0%.

Quarter ended March 31, 2007 compared to the quarter ended March 31, 2006

VOYAGE REVENUES--Voyage revenues decreased by $27.7 million, or 27.2%, to $74.0 million for 2007 compared to $101.7 million for 2006. This decrease is due to the decrease of operating days to 1,995 days in 2007 from 2,348 days in 2006 as a result of the decrease in the average number of vessels and the decrease in the utilization rate of vessels as a result of the dry-dockings of M/T Stopless and M/T Vanguard and the ballast tanks cleaning process of M/T Faultless. Specifically, during the first quarter of 2007 the average number of vessels operating was 24.0, down from 27.0 for the respective period in 2006. Also, during the first quarter of 2007 the average TCE rate was lower by 18.7% or $29,597 from $36,419 in the respective period in 2006.

VOYAGE EXPENSES--Voyage expenses primarily consist of port charges, including canal dues, bunkers (fuel costs) and commissions that are unique to a particular voyage. These expenses, which are paid by the charterer under a time charter contract, as well as commissions, decreased by $1.3 million, or 8.0%, to $14.9 million for 2007 compared to $16.2 million for the respective period in 2006. This decrease is primarily due to the decrease of our average number of vessels to 24.0 from 27.0 in the first quarter of 2006, as well as a decrease in the average market price for bunkers from the respective period in 2006.

NET VOYAGE REVENUES--Net voyage revenues, which are voyage revenues minus voyage expenses, decreased by $26.5 million, or 31.0%, to $59.0 million for the first quarter of 2007 compared to $85.5 million the first quarter of the prior year. This decrease is the result of the decrease of our total voyage days for the fleet to 1,995 days in the first quarter of 2007 from 2,348 days in the respective period of 2006, due to the decrease of our average number of vessels to 24.0 in 2007 from 27.0 in 2006 as well as the lower charter rates realized on our vessels during the first quarter of 2007.

		Three months ended March 31, 2006		Three months ended March 31, 2007
Dollars in thousands				
Voyage revenues	$	101,746	$	73,988
Less Voyage expenses		(16,234)		(14,942)
Net voyage revenues	$	85,512	$	59,046

The following provides a further analysis of our net voyage revenues for the first quarter of 2007 as compared to the first quarter of the prior year:

Spot Charter Revenues:

- Our tankers operated an aggregate of 726 days, or 36.4%, in the spot market during the first quarter of 2007, compared to 668 days, or 28.4%, in the spot market during the respective period of the prior year.

- The average daily spot rate was $38,565 for the first quarter of 2007 compared to the average daily spot rate of $61,802 for the respective period in 2006.

- Revenues from our vessels' spot trading decreased by 32.2% to $28.0 million, compared to $41.3 million in 2006. Spot market revenues were 47.4% of net voyage revenue in the first quarter of 2007, compared to 48.3% of net voyage revenue generated in the spot market during the prior year.

Time Charter Revenues:

- Our tankers operated an aggregate of 1,269 days, or 63.6%, on time charter contracts during the first quarter of 2007, compared to 1,680 days, or 71.6%, on time charter contracts during the prior year.

- The average daily time charter rate was $24,467 for the first quarter of 2007 compared to average daily time charter rate of $26,326 for the respective period in the prior year.

- Revenues from our time charter contracts decreased by 29.9% for the first quarter of 2007 to $31.0 million, compared to $44.2 million in the respective period of 2006. Time charter revenues were 52.6%, of net voyage revenue in the first quarter of 2007, compared to 51.7% during the respective period of 2006.

- CHARTER HIRE EXPENSE--Charter hire expense, which refers to lease payments for the 18 vessels sold and leased back, which are treated as operating leases, increased by $21.9 million, or 288.1%, to $29.5 million for the first quarter of 2007 compared to $7.6 million for the respective period of the prior year. This increase is due to the 3 sale and leaseback transactions for a total of 13 vessels which were concluded in mid March (8 vessels) and April (5 vessels) 2006.

OTHER VESSEL OPERATING EXPENSES--Other vessel operating expenses, which include crew costs, insurance, repairs and maintenance, spares, consumable stores and taxes increased by $0.4 million, or 2.6%, to $16.1 million for the first quarter of 2007 compared to $15.7 million for the respective period of the prior year. The increase is attributed mainly to repairs and maintenance expenses of approximately $1.1 million incurred in the first quarter of 2007 during the dry-docking of two vessels. This increase was partly set off by the decrease in the number of calendar days to 2,160 in the first quarter of 2007 from 2,430 days in the respective period in 2006.

GENERAL AND ADMINISTRATIVE EXPENSES-- General and administrative expenses, which include all of our onshore expenses and sub-managers' fees, decreased by $2.1 million, or 28.8%, to $5.2 million for the first quarter of 2007 compared to $7.3 million for the respective period in the prior year. This decrease is mainly due to the bonus compensation provision of $2.5 million recorded in the first quarter of 2006. No similar bonus provision was made in the first quarter of 2007.

FOREIGN CURRENCY GAINS OR LOSSES--We incurred a $29,000 foreign currency gain in the first quarter of 2007 compared to a loss of $62,000 for the respective period in the prior year.

DEPRECIATION AND AMORTIZATION--Depreciation and amortization, which include depreciation of tankers and amortization of dry dockings, decreased by $8.3 million, or 47.2%, to $9.3 million for the first quarter of 2007 compared to $17.6 million for the prior year due to a lower number of owned vessels in the first quarter of 2007 versus the similar period in 2006.

	Three months ended March 31, 2006	**Three months ended March 31, 2007**
Dollars in thousands		
Vessels depreciation expense	$ 15,185	$ 5,239
Amortization of dry dockings	2,390	4,036
	$ 17,575	$ 9,275

This decrease was due to the 13 sale and leaseback deals concluded during 2006 and the sale of 3 vessels during the fourth quarter of 2006 which resulted in a decrease in depreciation expense of $9.9 million. The sale and leasebacks were treated as operating leases for financial reporting purposes. As a result the vessels are not recorded as assets and therefore there is no depreciation expense. The decrease was partially offset by an increase of $1.6 million in the amortization of dry dockings, due to the fact that 11 vessels were dry-docked between March 31, 2006 and March 31, 2007.

AMORTIZATION OF DEFERRED GAIN ON SALE AND LEASEBACK OF VESSELS--Amortization of deferred gain on sale and leaseback of vessels increased by $1.6 million, or 200.0%, to $2.4 million for the first quarter of 2007 compared to $0.8 million for the respective period in 2006. This increase is due to the 13 sale and leaseback transactions concluded in 2006.

OPERATING INCOME--Operating income decreased by $36.6 million, or 96.3%, to $1.4 million for the first quarter of 2007 compared to $38.0 million for the respective period in 2006. This decrease is mainly due to:

1. The decrease in voyage revenues which decreased by $27.7 million, or 27.2%, to $74.0 million for 2007 compared to $101.7 million for 2006. This decrease is due to the decrease of operating days to 1,995 days in 2007 from 2,348 days in 2006 as a result of the decrease in the average number of vessels as well as the lower charter rates realized by our vessels during the first quarter of 2007.

2. The 13 sale and leaseback transactions concluded in 2006, which resulted in the increase of charter hire expense by $21.9 million, or 288.1%, to $29.5 million for the first quarter of 2007 compared to $7.6 million for the respective period of the prior year. This increase was partly set off by the decrease in the depreciation expense.

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3. INTEREST AND FINANCE COSTS--Interest and finance costs decreased by $6.7 million, or 83.7%, to $1.3 million for the first quarter of 2007 compared to $8.0 million for the prior year. This decrease is mainly due to the repayment of $170.7 million in secured debt associated with five vessels sold and leased back in April 2006 and three vessels sold in the fourth quarter of 2006.

INTEREST INCOME--Interest income increased by $0.6 million, or 216.1%, to $0.8 million for the first quarter of 2007 compared to $0.3 million for the prior year. This increase is due to the increase in cash and cash equivalents, associated mainly with the proceeds from the sale of vessels in 2006.

OTHER NET--We recognized an expense of $0.01 million for the first quarter of 2007 versus an expense of $0.004 million during 2006.

NET INCOME--Net income was $0.9 million for the first quarter of 2007 compared to net income of $30.2 million for the respective period in the prior year.

Liquidity and Capital Resources

Cash flows provided by operating activities decreased 88.9% for the three months ended March 31, 2007 to $4.9 million compared to $44.1 million for the same period in 2006. This decrease was attributed to a decrease in net income of $29.3 million down to $0.9 million for the quarter ended March 31, 2007 from $30.2 million for the respective period in 2006 as well as an increase in dry-docking payments of $6.8 million, up from $0 for the respective period in 2006. The decrease in net income was attributed to a decrease in voyage revenues by $27.7 million, or 27.2%, to $74.0 million for 2007 compared to $101.7 million for 2006. This decrease is due to the decrease of operating days to 1,995 days in 2007 from 2,348 days in 2006 as a result of the decrease in the average number of vessels. Additionally, operating expenses increased mainly due to the 13 sale and leaseback transactions concluded in 2006, which resulted in the increase of charter hire expense by $21.9 million, or 288.1%, to $29.5 million for the first quarter of 2007 compared to $7.6 million for the respective period of the prior year. This increase was partly set off by the decrease in the depreciation expense.

Cash flows used by investing activities were $16.0 million for the three months ended March 31, 2007, which mainly represents the first installment for two out of six new-buildings ordered by the Company in 2006. For the same period of 2006, the Company had generated cash from investing activities of $251.3 million mainly as a result of the sale and leaseback of eight vessels completed in March 2006.

For the three months ended March 31, 2007, the Company had net cash inflows from financing activities of $5.8 million as a result of the drawdown of $10.0 million from the existing revolving credit facility, to partially finance the installment for the 2 new-buildings, and a principal repayment of $4.3 million for outstanding debt obligations. For the same period of 2006, the Company had net cash outflows from financing activities of $288.0 million as a result of a debt repayment of $141.0 million and a dividend payment of $147.0 million.

At March 31, 2007, the Company had a revolving credit facility outstanding of $93.0 million and a loan outstanding of $132.7 million:

a) Revolving Credit Facility: In January 2007, $10.0 million was drawn down from the revolving credit facility to partially finance the construction of two new-buildings. The outstanding amount will be fully repaid in 2015. As of March 31, 2007, the undrawn amount amounted to $65.0 million. The revolving credit facility bears interest at LIBOR plus a margin.

b) Loan: The loan of $132.7 million outstanding as at March 31, 2007, was drawn down in 2005 and originally amounted to $154.0 million. It was obtained to partially finance the acquisitions of the vessels Stormless, Ellen P., Errorless and Edgeless. The loan consisted of 2 tranches of $130.0 million (Tranche A) and $24.0 million (Tranche B).

TOP TANKERS INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
DECEMBER 31, 2006 AND MARCH 31, 2007 (UNAUDITED)
(Expressed in thousands of U.S. Dollars - except share and per share data)

	December 31, 2006	March 31, 2007
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	29,992	24,617
Accounts receivable trade, net	27,187	19,057
Insurance claims	247	1,613
Inventories (Note 4)	6,460	6,540
Advances to various creditors	3,707	4,657
Prepayments and other	5,206	5,275
Vessel held for sale	-	50,013
Total current assets	72,799	111,772
FIXED ASSETS:		
Advances for vessels under construction (Note 5)	28,683	43,461
Vessels, net (Note 6)	306,418	251,166
Other fixed assets, net (Note 3)	3,195	4,226
Total fixed assets	338,296	298,853
OTHER NON CURRENT ASSETS:		
Deferred charges, net (Note 7)	31,850	34,605
Long-term receivables (Note 11)	29,790	30,685
Restricted cash (Notes 8 and 11)	50,000	50,000
Total assets	522,735	525,915
LIABILITIES AND STOCKHOLDERS’ EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt (Note 8)	16,588	32,440
Accounts payable	14,991	12,043
Accrued liabilities (Note 9)	7,354	8,372
Unearned revenue	1,676	3,105
Total current liabilities	40,609	55,960
INTEREST RATE SWAPS (Note 8)	3,384	1,673

LONG-TERM DEBT, net of current portion (Note 8)	201,464	191,444
DEFERRED GAIN ON SALE AND LEASEBACK OF VESSELS (Note 11)	79,423	77,885
COMMITMENTS AND CONTINGENCIES (Note 10)		
STOCKHOLDERS EQUITY		
Preferred stock, $0,01 par value; 20,000,000 shares authorized; none issued	-	-
Common stock, $0,01 par value; 100,000,000 shares authorized; 32,429,105 shares issued and outstanding at December 31, 2006 and March 31, 2007	324	324
Additional paid-in capital	116,755	116,906
Accumulated other comprehensive loss (Notes 8 and 12)	(6)	(6)
Retained earnings	80,782	81,729
Total stockholders equity	197,855	198,953
Total liabilities And stockholders' equity	522,735	525,915

The accompanying notes are an integral part of these consolidated condensed financial statements.

TOP TANKERS INC.
CONSOLIDATED CONDENSED STATEMENTS
OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2007 (UNAUDITED)
(Expressed in thousands of U.S. Dollars - except share and per share data)

	2006	2007
REVENUES:		
Voyage revenues (Note 1)	101,746	73,988
EXPENSES:		
Voyage expenses (Note 14)	16,234	14,942
Charter hire expense (Note 11)	7,638	29,498
Amortization of deferred gain on sale and leaseback of vessels (Note 11)	(812)	(2,433)
Other vessel operating expenses (Note 14)	15,731	16,141
Depreciation (Note 6)	15,185	5,239
Amortization of dry-docking costs (Note 7)	2,390	4,036
Sub-Manager fees	641	606
Other general and administrative expenses	6,707	4,592
Foreign currency (gains) / losses, net	62	(29)
Operating income	37,970	1,396
OTHER INCOME (EXPENSES):		
Interest and finance costs (Notes 8 and 16)	(8,066)	(1,262)
Interest income	261	825
Other, net	(4)	(12)
Total other income (expenses), net	(7,809)	(449)
Net Income	30,161	947
Earnings per share, basic and diluted (Note 13)	1.05	0.03
Weighted average common shares outstanding, basic	28,099,212	32,331,129
Weighted average common shares outstanding, diluted	28,140,381	32,357,064

The accompanying notes are an integral part of these consolidated condensed financial statements.

TOP TANKERS INC.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2007 (UNADUITED)
(Expressed in thousands of U.S. Dollars)

	2006	**2007**
Cash Flows from (used in) Operating Activities:		
Net income	30,161	947
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	15,251	5,366
Amortisation of dry-docking costs	2,390	4,036
Amortisation of deferred financing costs	1,588	81
Stock-based compensation expense	1,396	151
Change in fair value of interest rate swaps	(248)	(1,711)
Amortisation of deferred gain on sale and leaseback of vessels	(812)	(2,433)
Loss on sale of other fixed assets	-	61
Gain on sale of vessels	-	
Payments for dry-docking	-	(6,791)
(Increase) Decrease in:		
Accounts receivable	5,493	8,130
Insurance claims	55	(1,366)
Inventories	(678)	(80)
Advances to creditors	(2,091)	(950)
Prepayments and other	(3,208)	(69)
Increase (Decrease) in:		
Accounts payable	(3,413)	(2,948)
Accrued liabilities	(1,132)	1,018
Unearned revenue	(684)	1,430
Net Cash from Operating Activities	44,068	4,872
Cash Flows from (used in) Investing Activities:		
Advances for vessels under construction	-	(14,778)
Vessel acquisitions and improvements	(18)	-
Net proceeds from sale of vessels	251,502	-
Net proceeds from sale of other fixed assets	-	28
Acquisition of other fixed assets	(147)	(1,247)
Net Cash from (used in) Investing Activities	251,337	(15,997)
Cash Flows from (used in) Financing Activities:		
Proceeds from long-term debt	-	10,000
Principal payments of long-term debt	(6,369)	(4,250)
Repayment of long-term debt	(134,627)	-
Payment of financing costs	(63)	-
Dividends paid	(146,951)	-

Net Cash from (used in) Financing Activities	(288,010)	5,750
Net increase (decrease) in cash and cash equivalents	7,395	(5,375)
Cash and cash equivalents at beginning of period	17,462	29,992
Cash and cash equivalents at end of period	24,857	24,617
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	6,644	1,443

The accompanying notes are an integral part of these consolidated condensed financial statements.

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NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

1. Basis of Presentation and General Information:

The accompanying consolidated condensed financial statements include the accounts of TOP Tankers Inc. (formerly Ocean Holdings Inc.) ("TOP") and its wholly owned subsidiaries (collectively the "Company") and have been prepared in accordance with U.S generally accepted accounting principles ("U.S. GAAP") for interim financial information. They also have been prepared in accordance with rules and regulations of the Securities and Exchange Commission and should be read in conjunction with the Company's Annual Report on Form 20-F for the year ended December 31, 2006. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements.

These consolidated condensed financial statements have been prepared on the same basis as the financial statements included in the Company's Annual Report on Form 20-F for the year ended December 31, 2006 and, in the opinion of the management, reflect all adjustments (consisting solely of adjustments of a normal recurring nature) considered necessary for a fair presentation of the financial position, results of operations and cash flows for the periods presented. The operating results for the three-month period ended March 31, 2007 are not necessarily indicative of the results that might be expected for the fiscal year ending December 31, 2007.

As of March 31, 2007, the Company operated twenty four vessels, of which five were owned, eighteen were leased pursuant to sales and leaseback arrangements discussed in Note 11 and one was held for sale as discussed in Note 6. As of March 31, 2007, fourteen of the vessels were operating under long-term time charters, nine vessels were operating under voyage charters and one of the vessels was undergoing her scheduled dry-docking.

2. Recently Issued Accounting Pronouncements:

FASB Interpretation No. 48: In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48), which supplements SFAS No. 109, "Accounting for Income Taxes", by defining the confidence level that a tax position must meet in order to be recognized in the financial statements. The Interpretation requires that the tax effects of a position be recognized only if it is "more-likely-than-not" to be sustained based solely on its technical merits as of the reporting date. The more-likely-than-not threshold represents a positive assertion by management that a company is entitled to the economic benefits of a tax position. If a tax position is not considered more-likely-than-not to be sustained based solely on its technical merits, no benefits of the position are to be recognized. Moreover, the more-likely-than-not threshold must continue to be met in each reporting period to support continued recognition of a benefit. At adoption, companies must adjust their financial statements to reflect only those tax positions that are more-likely-than-not to be sustained as of the adoption date. Any necessary adjustment would be recorded directly to retained earnings in the period of adoption and reported as a change in accounting principle. This Interpretation is effective as of the beginning of the first fiscal year beginning after December 15, 2006. In 2007, the adoption of FIN 48 did not have a material impact on the financial position, results of operations or cash flows of the Company.

2. Recently Issued Accounting Pronouncements – (continued):

FSP No. AUG AIR-1: In September 2006, the FASB Staff issued FSP No. AUG AIR-1, "Accounting for Planned Major Maintenance Activities," ("FSP No. AUG AIR-1"). FSP No. AUG AIR-1 prohibits the use of the accrue-in-advance method of accounting for planned major maintenance activities in annual and interim financial reporting periods, if no liability is required to be recorded for an asset retirement obligation based on a legal obligation for which the event obligating the entity has occurred. FSP No. AUG AIR-1 also requires disclosures regarding the method of accounting for planned major maintenance activities and the effects of implementing the FSP. The guidance in FSP No. AUG AIR-1 is effective for the Company as of January 1, 2007. In 2007, the adoption of FSP No. AUG AIR-1 did not have a material impact on the financial position, results of operations or cash flows of the Company.

3. Transactions with Related Parties:

(a) ***Pyramis Technical Co. S.A.:*** On July 9, 2004, the Company entered into an agreement to lease office space in Athens, Greece from Pyramis Technical Co. SA, which is wholly owned by the father of the Company's Chief Executive Officer. The agreement was for duration of six years beginning July 2004 with a lessee's option for an extension of four years. The monthly rental was Euro 39,000 and effective January 1, 2006 was adjusted for inflation to Euro 40,365. Other general and administrative expenses for the three months period ended March 31, 2006 include $ 144 of rentals paid to Pyramis Technical Co. S.A. In January 2006 the Company entered into an agreement to lease office space in Athens, Greece, with an unrelated party. The change in office location, due to necessary refurbishments, took place in October 2006; therefore, the Company paid to Pyramis Technical Co. S.A the October rent plus four rentals as termination compensation. In April and August 2006, the Company entered into an agreement with Pyramis Technical Co. S.A. for the renovation of the new premises. The total contracted cost totaled Euro 1,844,360, of which Euro 1,935,680.52 ($2,496) were paid up to March 31, 2007. The amount of $2,699 related to renovation works, discussed above, is included in Other fixed assets, net, in the accompanying 2007 consolidated balance sheet and is depreciated over the lease period, which is 12 years.

4. Inventories:

Inventories at December 31, 2006 and at March 31, 2007 are as follows:

	December 31, 2006	March 31, 2007
Bunkers	$ 4,624	$ 4,719
Lubricants	1,319	1,330
Consumable stores	517	491
	$ 6,460	$ 6,540

5. Advances for Vessels under Construction:

In October 2006, the Company entered into an agreement for the construction of six handymax Product / Chemical tankers. The total contract price is $285,380 and is payable in five installments as follows: 15% is payable upon arrangement of the Refund Guarantee, 15% is payable upon commencement of steel cutting, 20% is payable upon keel laying, 20% is payable upon launching and 30% upon delivery of the vessel. The vessels' construction will be partially financed from long-term bank financing discussed in Note 8. The first installment for four of the six vessels of $28,638 was paid in December 2006. In January 2007, the first installment for the remaining two vessels of $14,169 was paid and is also included in Advances for Vessels under Construction, in the accompanying consolidated balance sheets. The Advances for Vessels under Construction as of December 31, 2006 and March 31, 2007 are analyzed as follows:

	December 31, 2006	March 31, 2007
Construction installments	$ 28,638	$ 42,807
Capitalized interest	34	591
Capitalized expenses	11	63
	$ 28,683	$ 43,461

The vessels are expected to be delivered during the first six months of 2009.

6. Vessels, net:

The movement in vessels cost and accumulated depreciation during the three-months ended March 31, 2007 is as follows:

	Vessel Cost	Accumulated Depreciation	Vessels, net
Balance, January 1, 2007	$ 331,324	$ (24,906)	$ 306,418
- Vessel held for sale	(55,638)	5,625	(50,013)
- Depreciation	-	(5,239)	(5,239)
Balance, March 31, 2007	$ 275,686	$ (24,520)	$ 251,166

On March 30, 2007, the Company entered into an agreement to sell the vessel Errorless to an unrelated party for a consideration of $52,500. The gain from the sale of approximately $2,000 was recognized upon the delivery of the vessel to the buyer, on April 30, 2007.

7. Deferred Charges:

The movement during the three-month period ended March 31, 2007 is as follows:

	Dry-Docking
Balance, January 1, 2007	$ 31,850
- Additions	6,791
- Amortization	(4,036)
Balance, March 31, 2007	$ 34,605

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8. Long-term Debt:

The amounts in the accompanying consolidated balance sheets are analyzed as follows:

Borrower(s)	December 31, 2006	March 31, 2007
The Company	$ 218,052	$ 223,884
Less- current portion	(16,588)	(32,440)
Long-term portion	$ 201,464	$ 191,444

The Company:

At December 31, 2006, the Company had a revolving credit facility outstanding of $83,000 and a loan outstanding of $137,000. At March 31, 2007, the Company had a revolving credit facility outstanding of $93,000 and a loan outstanding of $132,750.

Revolving Credit Facility: In January 2007, $10,000 was drawn down from the revolving credit facility to partially finance the construction of two vessels (Note 5). The outstanding amount under the revolving credit facility of $93,000 is payable in 10 semi-annual installments of approximately $6,045 starting on April 30, 2011 plus a balloon payment of $32,550 payable together with the final installment, if no further amounts are drawn. As of March 31, 2007, the undrawn amount amounted to $65,000. The revolving credit facility bears interest at LIBOR plus a margin.

Loan: The loan of $132,750 was drawn down in 2005 and originally amounted to $154,000. It was obtained to partially finance the acquisitions of the vessels Stormless, Ellen P., Errorless and Edgeless (Note 6). The loan consisted of 2 tranches of $130,000 (Tranche A) and $24,000 (Tranche B). Tranche A was payable in 32 consecutive quarterly installments of $2,750 each, starting on March 13, 2006 plus a balloon payment of $42,000 payable together with the final installment. Tranche B was payable in 16 consecutive quarterly installments of $1,500 each, starting on March 13, 2006. The Company paid a fee of 1% upon signing of the agreement, or $1,540.

In April 2007, following the sale of Errorless (Note 6), $22,000 was prepaid ($5,500 against Tranche A and $16,500 as a full prepayment of Tranche B). As a result of the prepayment, Tranche A is payable in 27 consecutive quarterly installments of $2,610, starting on June 13, 2007 plus a balloon payment of $40,280 payable together with the final installment. The loan bears interest at LIBOR plus a margin (as of March 31, 2007 0.8% for Tranche A and 1.35% for Tranche B).

The loans are secured as follows:

First priority mortgages over the Company's owned vessels;
Assignments of insurance and earnings of the owned mortgaged vessels;
Corporate guarantee of TOP Tankers Inc;
Pledge over the earnings accounts of the owned vessels.

Debt Covenants: The loans contain financial covenants, calculated on a consolidated basis, requiring the Company to ensure that the aggregate market value of the mortgaged vessels at all times exceed 140% of the aggregate outstanding principal amounts under the loans, to ensure that total assets minus total debt will not at any time be less than $250,000 and to maintain liquid funds which at any time be not less than the higher of $10,000 or $500 per vessel. As a result, the minimum liquid funds required under the loan covenants of $12,000 on a consolidated basis, as of December 31, 2006 and March 31, 2007, are included in restricted cash in the accompanying consolidated balance sheets. The Company is permitted to pay dividends under the loans so long as they are not in default of a loan covenant or if such dividend payment would not result in a default of a loan covenant. The Company’s management believes that as of March 31, 2007 the Company is in compliance with all loan covenants.

Interest Expense: Interest expense for the three-month periods ended March 31, 2006 and 2007, amounted to $7,433 and $2,684 respectively and is included in interest and finance costs in the accompanying consolidated statements of income (Note 16).

Scheduled Principal Repayments: The principal payments required to be made after March 31, 2007, are as follows:

Period	**Amount**
April 1, 2007 – March 31, 2008	$ 32,440
April 1, 2008 – March 31, 2009	10,440
April 1, 2009 – March 31, 2010	10,440
April 1, 2010 – March 31, 2011	10,440
April 1, 2011 and thereafter	161,990
	225,750
Less unamortized financing fees	(1,866)
	$ 223,884

Interest Rate Swaps: The fair value of the interest rate swaps in the accompanying consolidated balance sheets are analyzed as follows:

SWAP	**Notional Amount**	**Period**	**Effective Date**	**Interest Rate Payable**	**Fair Value - Asset (Liability)**	
					December 31, 2006	March 31, 2007
(i)	$ 31,753	4 years	June 30, 2005	4.66%	$ 283	$ 228
(ii)	$ 40,241	5 years	January 30, 2006	4.80%	$ 273	$ 131
(iii)	$ 10,000	7 years	September 30, 2006	4.23%	$ (569)	$ (225)
(iv)	$ 10,000	7 years	September 30, 2006	4.11%	$ (514)	$ (167)
(v)	$ 50,000	7 years	September 29, 2006	4.45%	$ (2,383)	$ (1,363)
(vi)	$ 10,000	7 years	July 3, 2006	4.76%	$ (474)	$ (277)
					$ (3,384)	**$ (1,673)**

As of December 31, 2006 and March 31, 2007, the swaps' fair values, based on third party valuations, are a net liability of $3,384 and $1,673, respectively. The change in fair value of the swap agreements was recorded in interest and finance costs (Note 16).

9. Accrued Liabilities:

The account consisted of:

	December 31, 2006	**March 31, 2007**
Interest on long-term debt	$ 630	$ 1,871
Vessel operating and voyage expenses	5,455	5,715
General and administrative expenses	1,269	786
Total	**$ 7,354**	**$ 8,372**

10. Commitments and Contingencies:

As at March 31, 2007 the Company had under construction six handymax Product / Chemical tankers scheduled for delivery between January and June 2009, at a total cost of $285,380. The remaining expected payments as of March 31, 2007 are $128,321 in 2008 and $114,252 in 2009.

In March and April 2006, the Company entered into Sale and Leaseback agreements for 13 vessels for a period of five to seven years. According to the terms of the transactions, 10% of the gross aggregate sales price, $55,000, has been withheld by the purchaser to serve as security for the due and punctual performance and observance of all the terms and conditions by the Company under the agreements. Not later than three months after the end of bareboat charter period or upon the resale of the vessels by the purchaser, if earlier, $47,000 out of the $55,000 will become payable to the Company. According to the agreement with one of the owners-lessors for four vessels, the owner-lessor may forfeit a payment of up to $8,000, or may be required to pay up to $16,000, based on the residual value of these four vessels.

During December 2006, the Company was named defendant in various putative class action securities law suits brought in the United States District Court, Southern District of New York. The Company maintains a directors and officers liability insurance which covers the Company and its indemnified directors for up to $20,000. The deductible of this policy of $250 was expensed during 2006. Management believes any additional litigation costs or settlement to be covered by the insurance policy.

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11. Sale and Leaseback of Vessels:

The Company entered into sales and leaseback transactions in 2005 and 2006 as follows:

(a) In August and September 2005, the Company sold the vessels Restless, Sovereign, Relentless, Invincible and Victorious and realized a total gain of $17,159. The Company entered into bareboat charter agreements to leaseback the same five vessels for a period of seven years. The charter back agreements are accounted for as operating leases and the gain on the sale was deferred and is being amortized to income over the seven-year lease period with the amortization of $613 and $613 included in Amortization of deferred gain on sale and leaseback of vessels in the accompanying 2006 and 2007 consolidated statements of income, respectively. During the three months periods ended March 31, 2006 and 2007, lease payments relating to the bareboat charters of the vessels were $5,193 and $5,193, respectively and are included in Charter hire expense in the 2006 and 2007 accompanying consolidated statements of income.

(b) In March 2006, the Company sold the vessels Flawless, Timeless, Priceless, Stopless, Doubtless, Vanguard, Faithful and Spotless to two unrelated parties (buyers/lessors) for $292,000; of which 90% or $262,800 was received upon closing of the sale. Simultaneous with the sale of the eight vessels, the Company entered into bareboat charter agreements to leaseback the same eight vessels for a period of five years with no lease renewal option. Another unrelated party assumed in June 2006 the rights and obligations of one of the buyers/lessors through a novation agreement with no other changes to the terms and conditions of the agreements.

The obligations of the Company under the respective bareboat charter agreements were secured by the unpaid sales price representing 10% of the total sales price or $29,200. The unpaid sales price is payable to the Company within three months after the expiry of the individual bareboat charter agreements or termination of the said agreements, if earlier. The collection of the unpaid sales price is secured by a second priority mortgage on the corresponding vessels with the Company having no recourse to the owners or investors of the buyers/lessors.

In addition, the agreements allow the buyers/lessors to sell the vessels covered by the bareboat charter agreements. In respect of the agreements with one of the buyers/lessors, in the event of the sale of the vessels prior to the termination of the bareboat charter agreements corresponding to four vessels, the corresponding unpaid sales price, up to a maximum amount of $2,000 for each vessel, shall be used to cover any shortfall between the net sales proceeds and the sum of the: (i) outstanding amount under financing obtained by the buyer in connection with the acquisition of the vessel, and (ii) the principal amount of the investment made by the investors of the buyer/lessor.

The bareboat charter agreements are accounted for as operating leases and the gain on the sale of $23,840 was deferred and is being amortized to income over the five-year lease period. The deferred gain was calculated by deducting from the sales price the carrying amount of the vessels, the expenses related to the sale and the unpaid sales price (which is treated as a residual value guarantee and will be recognized in income upon collection). The amortization of the deferred gain amounted to $199 and $1,192 for the three-month periods ended March 31, 2006 and 2007, respectively, and is included in Amortization of deferred gain on sale and leaseback of vessels in the accompanying consolidated statements of income. The total lease payments for the three-month periods ended March 31, 2006 and 2007 related to the foregoing leases were $2,445 and $13,752, respectively and are included in Charter Hire Expense in the accompanying consolidated statements of income.

(c) In April 2006, the Company sold the vessels Limitless, Endless, Stainless, Faultless and Noiseless to an unrelated party (buyer/lessor) for $258,000; of which 90% or $232,200 was received upon closing of the sale. Simultaneous with the sale of the five vessels, the Company entered into bareboat charter agreements to leaseback the five vessels for a period of seven years with no lease renewal option.

The obligations of the Company under the respective bareboat charter agreements were secured by the unpaid sales price representing 10% of the total sales price or $25,800. The unpaid sales price is payable to the Company within three months after the expiry of the individual bareboat charter agreements or upon termination of the said agreements, if earlier. The collection of the unpaid sales price is secured by a second priority mortgage on the corresponding vessels with the Company having no recourse to the shareholders (owners) of the buyer/lessor.

The bareboat charter agreements are accounted for as operating leases and the gain on the sale of $17,580 was deferred and is being amortized to income over the seven-year lease period. The deferred gain was calculated by deducting from the sales price the carrying amount of the vessels, the expenses related to the sale and the unpaid sales price (which is treated as a residual value guarantee and will be recognized in income upon collection). The amortization of the deferred gain amounted to $628 for the three-month period ended March 31, 2007 and is included in Amortization of deferred gain on sale and leaseback of vessels in the accompanying consolidated statements of income. The total lease payments for the three-month period ended March 31, 2007 related to the foregoing leases were $10,553 and are included in Charter Hire Expense in the accompanying consolidated statements of income.

The Company's future minimum lease payments required to be made after March 31, 2007, related to the foregoing bareboat charter agreements, are as follows:

Period	**Amount**
April 1, 2007 – December 31, 2007	$ 89,367
Year ending December 31, 2008	118,982
Year ending December 31, 2009	118,865
Year ending December 31, 2010	118,865
Year ending December 31, 2011 and thereafter	142,952
	$ 589,031

The sale and leaseback transactions entered into in 2006 contain financial covenants, calculated on a consolidated basis, requiring the Company to ensure that the net assets value of the Company's vessels (owned and those covered by bareboat charter agreements) at all times exceed $125,000 and book equity at all times exceed $75,000. Furthermore, a minimum amount of $20,000 through December 15, 2006 and $25,000 thereafter and until the final date of the bareboat charters, shall be maintained on deposit by the Company. The Company during the bareboat charter period will maintain consolidated cash balances of at least $50,000, including the $20,000 / $25,000, mentioned above. The $50,000 required to be maintained is presented separately as restricted cash.

As disclosed above, a portion of the sales price (representing 10% of the gross aggregate sales price) in the amount of $55,000 has been withheld by the buyers/lessors and will be paid to the Company not later than three months after the end of bareboat charter period or upon the resale of the vessels, if earlier. Consequently, such unpaid sales price was recorded as a receivable at its discounted amount. The discount will be accreted through deferred gain on sale and leaseback of vessels over the period of the bareboat charter agreements or through the date of the resale of the vessels, if earlier. As of March 31, 2007 the present value of the unpaid sales price was $30,685.

Furthermore, the Company has agreed with the lessors through a separate performance guarantee deeds that it irrevocably and unconditionally guarantees the prompt and punctual payment of all sums payable by the Company to the lessors under or pursuant to the agreements. The term of the performance guarantees covers the period of the leases.

12. Stock Incentive Plan:

On July 1, 2005, January 3, 2006 and July 6, 2006 (the "grant dates") the Company granted restricted shares pursuant to the Company's 2005 Stock Incentive Plan ("the Plan"), which was adopted in April 2005 to provide certain key persons (the "Participants"), on whose initiatives and efforts the successful conduct of the Company's business depends, and who are responsible for the management, growth and protection of the Company's business, with incentives to: (a) enter into and remain in the service of the Company, a Company's subsidiary, or Company's joint venture, (b) acquire a proprietary interest in the success of the Company, (c) maximize their performance, and (d) enhance the long-term performance of the Company (whether directly or indirectly) through enhancing the long-term performance of a Company subsidiary or Company joint venture. A total of 1,000,000 shares of common stock were reserved for issuance under the Plan, which is administered by the Company's Board of Directors. The granted shares have no exercise price and constitute a bonus in nature.

The Company's Board of Directors administers the Plan and, on July 1, 2005, identified 45 key persons (including the Company's CEO and other 8 officers and independent members of the Board) to whom shares of restricted common stock of the Company (the "Shares") were granted. For this purpose 249,850 new shares were granted, out of which 190,000 shares were granted to the Company's CEO, 48,300 shares to 8 officers and independent members of the Board and the remaining 11,550 shares were granted to 36 employees. From the total of 59,850 shares granted to officers, independent members of the Board and employees, 1,250 shares were forfeited prior to the vesting date.

On January 3, 2006, the Company's Board of Directors identified 29 key persons (including the Company's CEO and other 8 officers and independent members of the Board) to whom shares of restricted common stock of the Company (the "Shares") were granted. For this purpose 125,000 new shares were granted, out of which 80,000 shares were granted to the Company's CEO, 38,000 shares to 8 officers and independent members of the Board and the remaining 7,000 shares were granted to 20 employees. From the total of 45,000 shares granted to officers, independent members of the Board and employees, 1,100 shares were forfeited prior to the vesting date.

On July 6, 2006, the Company's Board of Directors identified 60 key persons (including the Company's CEO and other 8 officers and independent members of the Board) to whom shares of restricted common stock of the Company (the "Shares") were granted. For this purpose 320,000 new shares were granted, out of which 221,250 shares were granted to the Company's CEO, 68,000 shares to 8 officers and independent members of the Board and the remaining 30,750 shares were granted to 51 employees. From the total of 98,750 shares granted to officers, independent members of the Board and employees, 1,750 shares were forfeited up to December 31, 2006. There were no forfeitures during the first quarter of 2007.

The "Restricted Stock Agreements" were signed between the Company and the Participants on the respective grant dates. Under these agreements, the Participants have the right to receive dividends and the right to vote the Shares, subject to the following restrictions:

i. Grants to Company's CEO. The Company's CEO shall not sell, assign, exchange, transfer, pledge, hypothecate or otherwise dispose of or encumber any of the Shares other than to a company, which is wholly owned by the Company's CEO. The restrictions lapse on the earlier of (i) one year from the grant date or (ii) termination of the Company's CEO employment with the Company for any reason.

ii. Grants to Other Participants. The Participants (officers, independent members of the Board and Company's employees) shall not sell, assign, exchange, transfer, pledge, hypothecate or otherwise dispose of or encumber any of the Shares. The restrictions lapse on one year from the grant date conditioned upon the Participant's continued employment with the Company from the date of the agreement (i.e. July 1, 2005, January 3, 2006, or July 6, 2006) until the date the restrictions lapse (the "restricted period").

As the shares granted to the Company's CEO do not contain any future service vesting conditions, all such shares are considered vested shares on the grant date.

On the other hand, in the event another Participant's employment with the Company terminates for any reason before the end of the restricted period, that Participant shall forfeit all rights to all Shares that have not yet vested as of such date of termination. Dividends earned during the restricted period will not be returned to the Company, even if the unvested shares are ultimately forfeited. As these Shares granted to other Participants contain a time-based service vesting condition, such shares are considered non-vested shares on the grant date.

A summary of the status of the Company's vested and non-vested shares as of March 31, 2007 and movement during the three months ended March 31, 2007, is presented below:

	Number of non-vested shares		Weighted average grant date fair value per non-vested share
As at January 1, 2007	**140,900**	**$**	**8.25**
Vested	(43,900)	$	12.71
As at March 31, 2007	**97,000**	**$**	**6.23**

	Number of vested shares
As at January 1, 2007	**549,850**
Non-vested shares granted in 2006, vested during 2007	43,900
As at March 31, 2007	**593,750**

Effective January 1, 2005, the Company adopted FASB Statement 123(R) to account for share-based payments. As the Company did not have share-based compensation arrangements prior to the date of adoption, all share-based compensation provided to employees (and those provided to non-employee directors for their services as directors) is recognized in accordance with the provisions of Statement 123(R) and classified as Other general and administrative expenses in the consolidated income statement.

The fair value of each share granted on July 1, 2005, January 3, 2006 and July 6, 2006 were $15.82, $12.71 and $6.23, respectively, which are equal to the market value of the Company's common stock on those dates. The grant date fair values of the vested shares granted to the CEO amounted to $3,006, $1,017 and $1,378, respectively and were recognized in full as compensation in the third quarter of 2005, in the first quarter of 2006 and in the third quarter of 2006, respectively, on the grant dates. The grant date fair values of the non-vested shares granted to the remaining Participants, net of forfeitures, amounted to $927, $558 and $604, respectively and are being recognized ratably as compensation in the consolidated income statements over the one-year vesting period, of which $379 and $151 was recognized in the three-month periods ended March 31, 2006 and 2007, respectively.

As of March 31, 2007, the total unrecognized compensation cost related to non-vested share awards is $151, which is expected to be recognized by June 30, 2007.

The dividends declared on shares granted under the Plan are recognized in the financial statements as a charge to retained earnings, except for the dividends declared on non-vested shares that are forfeited or expected to be forfeited before the end of the vesting period. In that case, dividends declared on such shares are recognized as additional compensation in the consolidated income statement.

Due to the low historical employee turnover, the Company's management assumes that none of the non-vested shares will be forfeited before the end of the vesting period.

The amount of dividends on the granted shares, recognized as a charge to retained earnings, is presented in the following table:

Type of Shares granted	Quarterly Dividend per share	Special Dividend per share	Total Dividends Paid in Q1 2006
Vested	$ 0.21	$ 5.00	$ 1,407
Non-vested	$ 0.21	$ 5.00	$ 545

13. Earnings Per Common Share:

All shares issued (including non-vested shares issued under the Company's Incentive Plan) are the Company's common stock and have equal rights to vote and participate in dividends. However, for the purposes of calculating basic earnings per share, such non-vested shares are not considered outstanding until the time-based vesting restriction has lapsed. Furthermore, dividends declared during the year for non-vested shares are deducted from net income for purposes of calculating net income available to common shareholders in computing basic earnings per share.

For purposes of calculating diluted earnings per share, dividends declared during the year for non-vested shares are not deducted from net income since such calculation assumes that non-vested shares were fully vested from the grant date. However, the denominator of the diluted earnings per share calculation includes the incremental shares assumed issued under the treasury stock method weighted for the period the non-vested shares were outstanding.

We have excluded the dilutive impact of all 104,650 and 97,000 non-vested shares outstanding as of March 31, 2006 and 2007, respectively, for purposes of calculating diluted earnings per share for those periods because the effect of the application of the treasury stock method to such securities would be anti-dilutive to basic earnings per share.

The components of the calculation of basic and diluted earnings per share for the three month periods ended March 31, 2006 and 2007 are as follows:

	2006	2007
Net income as reported:	$ 30,161	$ 947
Less: dividends declared during the period for non-vested shares	(545)	-
Net income available to common shareholders	$ 29,616	$ 947
Weighted average common shares outstanding, basic	28,099,212	32,331,129

Add: dilutive effect of non-vested shares	41,169	25,935
Weighted average common shares outstanding, diluted	28,140,381	32,357,064
Earnings per share, basic and diluted	$ 1.05	$ 0.03

14. Voyage and Other Vessel Operating Expenses:

The amounts in the accompanying consolidated statements of income are as follows:

Voyage Expenses	Three Months Ended March 31, 2006	Three Months Ended March 31, 2007
Port charges	$ 3,797	$ 4,292
Bunkers	8,962	8,562
Commissions	3,475	2,088
Total	$ 16,234	$ 14,942

Vessel Operating Expenses	Three Months Ended March 31, 2006	Three Months Ended March 31, 2007
Crew wages and related costs	$ 6,688	$ 6,374
Insurance	1,783	1,672
Repairs and maintenance	3,773	4,303
Spares and consumable stores	3,440	3,785
Taxes	47	7
Total	$ 15,731	$ 16,141

In February 2007, a ballast tanks cleaning process was effected on the M/T Faultless. The vessel resumed operations in March 2007. The Company incurred approximately $1,857 in expenses associated with the cleaning process, which are included in repairs and maintenance expense for the three months ended March 31, 2007. These expenses have been partially offset by $1,469 of probable insurance recoveries, which are expected to be received under our insurance policies during the second quarter of 2007. We have recorded a receivable due from the insurance company and is included in the balance sheet at March 31, 2007. The Company is in the process of seeking additional insurance related recoveries for loss of hire during the repairs period, however, due to the uncertainty regarding the claims no additional amounts have been recorded.

15. Leases:

In January 2006, the Manager entered into an agreement to lease office space in Athens, Greece, with an unrelated party. The office is located at 1, Vasilisis Sofias & Megalou Alexandrou Street, 151 24 Maroussi, Athens, Greece. The agreement is for duration of twelve years beginning May 2006 with a lessee's option for an extension of ten years. The monthly rental is Euro 120,000 adjusted annually for inflation increase plus 1%. Other general and administrative expenses for the three months ended March 31, 2007, include $491 of office rentals. The annual minimum rentals payable under non-cancelable operating leases after March 31, 2007 through May 1, 2018 before any adjustment for inflation (approximately 3% annually) and annual increase (1%), translated using the exchange rate of $/Euro at March 31, 2007 are:

Year	Amount
2007	$1,440
2008	1,921
2009	1,921
2010	1,921
2011 and thereafter	14,084
	$21,287

In February 2007, Top Tankers (U.K.) Limited entered into a lease agreement for office space in London. The agreement is for duration of 9 months ending November 2007. The monthly lease is GBP 5,300, payable monthly in advance.

16. Interest and Finance Costs:

The amounts in the accompanying consolidated statements of income are as follows:

		Three Months Ended March 31, 2006		Three Months Ended March 31, 2007
Interest on long-term debt	$	7,433	$	3,241
Less: capitalized interest (Note 5)		-		(557)
Bank charges		269		208
Non-qualifying swaps' fair value change		(1,224)		(1,711)
Amortization and write-off of financing fees		1,588		81
Total	$	8,066	$	1,262

17. Subsequent events:

a) ***Bareboat charter termination:*** Based on the Memorandum of Agreement dated April 24, 2007, the owner and lessor of M/T Invincible agreed to sell the vessel to a third party. The Company and the lessor mutually agreed to terminate the bareboat charter. The termination of the bareboat charter will become effective upon the vessel's delivery to her new owners, expected to take place in June 2007.

b) ***Re-acquisition of four vessels and bareboat charters termination:*** Based on the Memoranda of Agreement dated May 23, 2007, the Company agreed to re-acquire four Suezmax tankers that it sold in 2006 in a sale and lease-back transaction, and to terminate the respective bareboat charters. The four Suezmax tankers are *Limitless* (DWT 136,055 built 1993), *Endless* (DWT 135,915 built 1992), *Noiseless* (DWT 149,554 built 1992) and *Stainless* (DWT 149,599 built 1992). The re-acquisition price is $208,000 and will be financed by bank debt, by the early redemption of the seller's credit associated with the 2006 sales and lease back transactions and by existing cash balances. The vessels were delivered on May 31, 2007.

c) ***New Credit Facility***: On May 29 2007, the Company entered into a credit facility agreement for the amount of $147,500 to partially finance the re-acquisition of four vessels mentioned above. The facility has a term of five years and will be repaid in twenty quarterly installments starting August 31, 2007 as follows: i) eight installments of $7,437.5; ii) eight installments of $5,000; iii) three installments of $4,500; and iv) a balloon payment of $34,500. The credit facility is subject to a 1% arrangement fee paid on drawdown. The credit facility bears interest at LIBOR plus a margin.

CAPITALIZATION TABLE

The following table sets forth our consolidated capitalization at March 31, 2007 and pro-forma as at March, 31 2007. There have been no significant adjustments to our capitalization since March 31, 2007, as so adjusted.

(Expressed in thousands of U.S. Dollars)	**As at March 31, 2007**	**As at March 31, 2007** (Pro-forma)*
Debt:		