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TOP TANKERS INC.
Form 6-K
December 08, 2006

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 December 2006

Commission File Number: 000-50859

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

1, Vassilissis Sofia Str. & Meg.
Alexandrou St.
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 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): ____

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: ____

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

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 press release issued by TOP Tankers Inc. (the "Company") on December 7, 2006 announcing the Company's financial results for the third quarter and first nine months of 2006 and restatement of the financial results for the first, second quarter and first half of 2006.

EXHIBIT 1

[LOGO]
[GRAPHIC OMITTED]

NEWS RELEASE for December 7, 2006 at 7:35 AM EST

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| | | |
|----------|---------------------------|-------------------------|
| Contact: | Michael Mason (investors) | Stamatis Tsantanis, CFO |
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TOP TANKERS REPORTS FINANCIAL RESULTS FOR THE THIRD QUARTER AND THE NINE-MONTH PERIOD OF 2006 AND RESTATEMENT OF FIRST, SECOND QUARTER AND FIRST HALF OF 2006

ATHENS, GREECE (December 7, 2006) ... TOP Tankers Inc (NasdaqGS:TOPT) today announced its operating results for the third quarter and nine-month period of 2006 and restatement of first, second quarter and first half of 2006 unaudited financial statements.

Operating results for the third quarter and nine-month period of 2006

For the three months ended September 30, 2006, the Company reported net loss of \$11,394,000, or \$0.35 per share, compared with net income of \$7,921,000, or \$0.28 per share, for the third quarter of 2005. The weighted average numbers of basic shares used in the computations were 32,163,137 and 28,020,990 for the third quarters of 2006 and 2005, respectively. The results for the third quarter of 2006 and 2005 include net charges of \$5,377,000, or \$0.17 per share and \$5,665,000, or \$0.20 per share, respectively, of special items(1) that affected the Company's net results for the period that the Company believes are typically excluded by securities analysts in their published estimates of the Company's financial results, which are described in Appendix A of this release. In addition, the third quarter of 2006 was also reduced by \$0.07 per share, resulting from the revised accounting treatment of a "Seller's Credit", discussed below. For the three months ended September 30, 2006, operating loss was \$2,485,000, compared with operating income of \$13,670,000 for the third quarter of 2005. EBITDA(2) for the third quarter of 2006 was \$7,704,000, compared with \$28,324,000 for the third quarter of 2005. Voyage revenues for the third quarter of 2006 were \$70,646,000, compared to \$50,003,000 recorded in the third quarter of 2005.

For the nine months ended September 30, 2006, the Company reported net income of \$11,929,000, or \$0.37 per share, compared with net income of \$40,594,000, or \$1.45 per share, for the nine months ended September 30, 2005. The weighted average numbers of basic shares used in the computations were 29,964,597 and 27,895,019 for the nine months ended September 30, 2006 and 2005, respectively. The results for the nine months ended September 30, 2006 and 2005 include net charges of \$7,946,000, or \$0.27 per share and \$6,115,000, or \$0.22 per share, respectively, of special items that affected the Company's net income for the period that the Company believes are typically excluded by securities analysts in their published estimates of the Company's financial results, which are described in Appendix A of this release. In addition, the first nine months of

- (1) See Appendix A to this release for information about special items.
- (2) See Appendix A to this release for reconciliation of EBITDA.

2006 were also reduced by \$0.15 per share, resulting from the revised accounting treatment of a "Seller's Credit", discussed below. For the nine months ended September 30, 2006, operating income was \$33,845,000, compared with \$53,845,000 for the same period last year. EBITDA for the nine-month period ended September 30, 2006 was \$71,770,000, compared with \$91,171,000 for the same period last year. Voyage revenues for the nine-month period ended September 30, 2006 were \$242,249,000, compared to \$153,623,000 recorded in the same period last year.

Restatement of first, second quarter and first half of 2006 unaudited financial

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statements

The Company reported a restatement of first, second and first half of 2006 unaudited financial statements resulting from the accounting treatment of certain aspects of the sale and leaseback transactions that were completed in March and April 2006.(3) The sale and leaseback transactions involved the sale of 13 vessels to financial institutions unaffiliated with the Company, for a consideration of \$550 million, and their simultaneous leaseback under bareboat charters to separate subsidiaries of the Company for a period of five to seven years. Under the terms of the sale and leaseback transactions, upon completion of the sale of the vessels, the Company received 90% of the consideration, or \$495 million. The remaining 10% of the consideration or \$55 million, commonly referred to as "Seller's Credit", was not due from the purchaser until not later than three months after the end of the bareboat charter period or upon the resale of the vessels by the purchaser, if earlier. The main purpose of the Seller's Credit is to secure a portion of the seller-lessee's payments to the owner-lessor. The sale and leaseback transactions resulted in a total book gain of \$96 million.

The Company deferred and amortized over the relevant charter period of five to seven years the total gain of \$82 million (which is the total gain including the present value of the Seller's Credit. This amount was included in part in "Deferred Income" in the Company's interim unaudited financial statements for the first quarter of 2006, and in full in the Company's interim unaudited financial statements for the second quarter of 2006. The Company has decided to restate its interim unaudited financial statements and exclude the Seller's Credit of \$55 million from the total gain and to defer recognition of the full amount until payment. The non-cash effect from deducting the Seller's Credit of \$55 million from the total gain of \$96 million, is to reduce net income per share by \$0.01 and \$0.07 for the first and second quarter of 2006, respectively. The net income per share in all subsequent quarters until December 31, 2010 will be reduced by approximately \$0.07.

In addition, there are some balance sheet reclassifications for the same periods resulting from the financial covenants contained in the agreements for the sale and leaseback transactions and the change of discount rate initially used to value the Seller's Credit of \$55 million.

Under the financial covenants, the Company is required to maintain a minimum amount of \$20 million up to December 15, 2006 and \$25 million thereafter and until the expiration of the bareboat charters, in a specified Company bank account. Furthermore, during the bareboat charter period, the Company is required to maintain a consolidated cash balances of at least \$50 million, including the \$20/\$25 million, mentioned above. As of June 30, 2006 and during the bareboat charter period, the amount of \$50 million will be presented separately as restricted cash, even though there are no actual restrictions as to withdrawal or use imposed by any financial institution. The restricted cash, included in Other Non-Current Assets, in the reported first and second quarter of 2006 financial results amounted to \$13.5 million, relates to minimum

(3) See later on this release reported and restated unaudited interim financial statements for first, second quarter and first half of 2006.

liquidity requirements under loan covenants relating to the Company's owned vessels. This amount will also be included in the \$50 million minimum consolidated cash balances.

Evangelos J. Pistiolis, President and Chief Executive Officer of TOP Tankers Inc, commented, "During the third quarter of 2006, we continued our extensive upgrading of our entire fleet. The total investment in our tankers will be in excess of \$50 million and has been completed by more than 60% in 2006. We have

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conducted extensive works on our tankers, closely supervised by our experienced technical team, in order to upgrade the vessels to the highest possible standards.

Once again, we would like to emphasize our commitment to provide the highest quality of service to our clients and we will continue to operate and maintain our fleet with the utmost efficiency and professionalism.

Regarding our recently announced newbuilding orders, our strategy is to modernize and expand our fleet. For that purpose, we have recently sold three Handymaxes, one built in 1998 and two built in 1999. Many people in the industry consider the aggregate sale price of \$128 million to be one of the highest prices ever achieved for such vessels.

In addition, we have entered into an agreement to acquire four newbuildings for \$191 million. Assuming we exercise our option to acquire two additional newbuildings, our current total order will increase to six vessels, or \$286 million. Furthermore, we managed to achieve deliveries in the first and second quarters of 2009, even though most shipyards are not offering tanker newbuilding deliveries before 2010, or 2011".

The following key indicators serve to highlight changes in the financial performance of the Company's fleet during the third quarters and nine-month periods ended September 30, 2005 and 2006:

| (In U.S. Dollars unless otherwise stated) | Three Months Ended | | September 30, | |
|---|--------------------|--------|---------------|-----|
| | 2005 | 2006 | Change | Nin |
| | ---- | ---- | ----- | - |
| Total available ship days | 828 | 1,196 | 44.4% | 2, |
| Total operating days | 729 | 854 | 17.1% | 1, |
| Utilization | 88.0% | 71.4% | -18.9% | 89 |
| TCE(4) per ship per day under spot voyage charter | 23,698 | 39,378 | 66.2% | 38, |
| TCE per ship per day under time charter | 30,044 | 38,387 | 27.8% | 30, |
| Average TCE | 27,075 | 38,998 | 44.0% | 35, |
| Vessel operating expenses per ship per day | 7,743 | 7,637 | -1.4% | 7, |

| (In U.S. Dollars unless otherwise stated) | Three Months Ended | | September 30, | |
|--|--------------------|--------|---------------|-----|
| | 2005 | 2006 | Change | Nin |
| | ---- | ---- | ----- | - |
| Total available ship days | 1,209 | 1,288 | 6.5% | 3, |
| Total operating days | 1,142 | 1,213 | 6.2% | 3, |
| Utilization | 94.5% | 94.2% | -0.3% | 95 |
| TCE per ship per day under spot voyage charter | - | - | - | 11, |
| TCE per ship per day under time charter | 18,369 | 20,633 | 12.3% | 19, |
| Average TCE | 18,369 | 20,633 | 12.3% | 19, |
| Vessel operating expenses per ship per day | 4,875 | 6,290 | 29.0% | 4, |

Total Fleet*

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| (In U.S. Dollars unless otherwise stated) | Three Months Ended | September 30, | Change | Nin |
|--|--------------------|---------------|--------|-----|
| | 2005 | 2006 | ----- | 2 |
| | ---- | ---- | ----- | - |
| Total available ship days | 2,111 | 2,484 | 17.7% | 5, |
| Total operating days | 1,945 | 2,067 | 6.3% | 5, |
| Utilization | 92.1% | 83.2% | -9.7% | 93 |
| TCE per ship per day under spot voyage charter | 23,628 | 39,378 | 66.7% | 36, |
| TCE per ship per day under time charter | 20,617 | 24,412 | 18.4% | 21, |
| Average TCE | 21,144 | 28,221 | 33.5% | 24, |
| Vessel operating expenses per ship per day | 5,932 | 6,939 | 17.0% | 5, |
| General and administrative expenses per ship per day** | 4,141 | 2,357 | -43.1% | 2, |

* Total Fleet information includes data for one Handysize tanker in 2005.

** The daily General and Administrative expenses include approximately \$2,703 and \$673 for the three-month period and \$1,091 and \$804 for the 9-month period ended September 30, 2005 and 2006 respectively, of non-cash restricted stock expense, convertible offering issuance costs write-off and general compensation provision.

(4) 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 commissions.

Fleet Report

As of September 30, 2006, the Company's fleet under management totalled 27 vessels or 2.6 million dwt (including 18 vessels sold and leased back for a period of 5 to 7 years) as compared to 22 vessels or 2.0 million dwt on September 30, 2005.

In September and October 2006, the Company agreed to sell the vessels M/T Taintless, M/T Soundless and M/T Topless for a total consideration of \$127.5 million, resulting in an expected total book gain of \$12 million, which will be recognized in the fourth quarter of 2006. The M/T Taintless and M/T Soundless were delivered to new owners in November 2006 and the M/T Topless is expected to be delivered to its new owners by the end of December 2006.

In November, 2006, the Company entered into an agreement with SPP Shipbuilding Co, Ltd of the Republic of Korea for the construction of four 50,000 dwt Product / Chemical tankers. The vessels will be delivered during the first and second quarters of 2009. The Company also has the option to order two additional tankers with the same specifications and delivery periods. The total investment for the Company (excluding the option) will be approximately \$190.9 million, which will be funded with secured credit lines and working capital.

Fleet Deployment

During the third quarter of 2006, the Company had approximately 74% of the fleet's operating days on long-term employment contracts. 20 of the Company's 27 tankers were on time charter contracts with an average term of over three years with all but two of the time charters including profit sharing agreements.

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Suezmax Fleet:

During the third quarter of 2006, six of the Company's Suezmax tankers operated in the spot market, earning on average \$39,378 per vessel per day on a time charter equivalent (TCE) basis.

During the third quarter of 2006, four of the Company's Suezmax tankers operated under time charter contracts, earning on average \$38,387 per vessel per day on a time charter equivalent (TCE) basis.

During the third quarter of 2006, three of the Company's Suezmax tankers were undergoing their special surveys and were not operational.

In December 2006, the Company amicably agreed with Glencore for the earlier redelivery of three 154,970 dwt Suezmax tankers, the M/T Flawless, the M/T Timeless and the M/T Stopless, all built in 1991 by Hyundai Heavy Industries Co of the Republic of Korea. These three vessels had been scheduled to be redelivered on or about April 2007.

The Company has entered into a time charter contract for the 154,970 dwt Suezmax M/T Priceless, built in 1991 by Hyundai Heavy Industries Co of the Republic of Korea, with a major oil trader. The contract, which has a base rate of \$35,000 and 50% sharing of the profit generated above the base rate, expires in August 2008.

Handymax Fleet:

All of the Company's Handymax tankers operate under long term employment agreements with Glencore and Vitol that provide for a base rate of charter hire and additional profit-sharing.

During the third quarter of 2006, including the profit-sharing allocated to the Company from these profit-sharing agreements, the Handymax fleet earned on average \$20,633 per vessel per day on a TCE basis.

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

| | Dwt | Year Built | Charter Type | Expiry | Daily Base Rate | Profits Above Base |
|----------------------|---------|---------------|--------------|-------------|--------------------|-----------------------|
| | ----- | ----- | ----- | ----- | ----- | ----- |
| 13 Suezmax Tankers | | | | | | |
| Timeless (C) | 154,970 | 1991 | Spot | | | |
| Flawless (C) | 154,970 | 1991 | Spot | | | |
| Stopless (C) | 154,970 | 1991 | Spot | | | |
| Priceless (C) | 154,970 | 1991 | Time Charter | Q3/2008 | \$35,000 | 50% there |
| Faultless (B) | 154,970 | 1992 | Spot | | | |
| Noiseless (B) | 149,554 | 1992 | Time Charter | Q2/2010 | \$37,000 (1) | None |
| Stainless (B) | 149,599 | 1992 | Spot | | | |
| Endless (B) | 135,915 | 1992 | Time Charter | Q4/2008 (A) | \$36,500 | None |
| Limitless (B) | 136,055 | 1993 | Spot | | | |
| Stormless | 150,038 | 1993 | Spot | | | |
| Ellen P. | 146,286 | 1996 | Spot | | | |
| Errorless | 147,048 | 1993 | Spot | | | |
| Edgeless | 147,048 | 1994 | Spot | | | |
| 11 Handymax Tankers | | | | | | |
| Victorious (B) | 47,084 | 1991 | Time Charter | Q3/2009 | \$14,000 | 50% there |

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| | | | | | | |
|----------------------|---------------|------|--------------|---------|--------------|-----------|
| Sovereign (B) | 47,084 | 1992 | Time Charter | Q3/2009 | \$14,000 | 50% there |
| Invincible (B) | 47,084 | 1992 | Time Charter | Q3/2009 | \$14,000 | 50% there |
| Relentless (B) | 47,084 | 1992 | Time Charter | Q3/2009 | \$14,000 | 50% there |
| Vanguard (C) | 47,084 | 1992 | Time Charter | Q1/2010 | \$13,250 (2) | 100% firs |
| Restless (B) | 47,084 | 1991 | Time Charter | Q1/2010 | \$13,250 (2) | 100% firs |
| Spotless (C) | 47,094 | 1991 | Time Charter | Q1/2010 | \$13,250 (2) | 100% firs |
| Doubtless (C) | 47,076 | 1991 | Time Charter | Q1/2010 | \$13,250 (2) | 100% firs |
| Faithful (C) | 45,720 | 1992 | Time Charter | Q1/2010 | \$13,250 (2) | 100% firs |
| Dauntless | 46,168 | 1999 | Time Charter | Q1/2010 | \$16,250 | 100% firs |
| Ioannis P. | 46,346 | 2003 | Time Charter | Q4/2010 | \$18,000 | 100% firs |
| Total Tanker DWT | 2,451,301 | | | | | |

-
- (A) Charterers have option to extend contract for an additional four-year period
- (B) Vessels sold and leased back for a period of 7 years.
- (C) Vessels sold and leased back for a period of 5 years.
- (1) Base rate will change to \$36,000 in Q2 2007 and \$35,000 in Q2 2008 until expiration.
- (2) Base rate will change to \$14,300, plus 50% profit sharing participation thereafter, from Q1 2007 until expiration.

Credit Facility

As of September 30, 2006, TOP Tankers had total indebtedness under senior secured credit facilities of \$299 million with its lenders, the Royal Bank of Scotland ("RBS") and HSH Nordbank ("HSH"), maturing in 2015 and 2013, respectively. As of the date of this release, and after giving effect to the delivery of the M/T Topless to its new owners, the Company's total indebtedness under senior secured credit facilities was \$204 million.

As of September 30, 2006, the Company has three interest rate swap agreements with RBS for the amounts of \$33.3 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%, 4.52% and 4.40%, respectively, in addition to the applicable margin. The Company also has one interest rate swap agreement with HSH for the amount of \$42.1 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 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 4.63% and 4.70%, respectively, in addition to the applicable margin. The above swaps of \$10 million, \$10 million, \$50 million and \$10 million, include steepening terms based on the 2 and 10 year swap difference, which is calculated quarterly in arrears.

On September 30, 2006, the Company's ratio of indebtedness to total capital was approximately 60.4%.

Resignation of Auditors

TOP Tankers recently announced the resignation of its independent auditors, Ernst & Young. The Company is currently discussing with another major accounting firm that firm's appointment as the Company's independent auditors.

Conference Call and Webcast

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TOP Tankers' management team will host a conference call to review the results and discuss other corporate news and its outlook on Thursday, December 7, 2006, at 11:00 AM EST, which will be broadcast live over the Internet. Those interested in listening to the live webcast may do so by going to the Company's website at www.toptankers.com, or by going to www.investorcalendar.com.

The telephonic replay of the conference call will be available by dialling 877 660 6853 (from the US and Canada) or +1 201 612 7415 (from outside the US and Canada) and by entering account number 286 and conference ID number 219731. An online archive will also be available immediately following the call at the sites noted above. Both are available for one week, through December 14, 2006.

About TOP Tankers Inc

TOP Tankers Inc is an international provider of worldwide seaborne crude oil and petroleum products transportation services. The Company operates a fleet of 24 tankers, consisting of 13 double-hull Suezmax tankers and 11 double-hull Handymax tankers, with a total carrying capacity of approximately 2.5 million dwt, of which 88.2% are sister ships. Fourteen of the Company's 24 tankers are on time charter contracts with an average term of over three years with all but two of the time charters including profit sharing agreements.

Forward-Looking Statements

Matters discussed in this release may constitute forward-looking statements. Forward-looking statements reflect our current views with respect to future events and financial performance and may include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts.

The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in our records and other data available from third parties. Although TOP Tankers believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, TOP Tankers cannot assure you that it will achieve or accomplish these expectations, beliefs or projections.

Important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the strength of world economies and currencies, general market conditions, including changes in charterhire rates and vessel values, failure of a seller to deliver one or more vessels, failure of a buyer to accept delivery of a vessel, inability to procure acquisition financing, changes in demand for oil and petroleum products, the effect of changes in OPEC's petroleum production levels and worldwide oil consumption and storage, changes in demand that may affect attitudes of time charterers, scheduled and unscheduled drydocking, changes in our voyage and operating expenses, including bunker prices, dry-docking and insurance costs, changes in governmental rules and regulations including requirements for double-hull tankers or actions taken by regulatory authorities, potential liability from pending or future litigation, domestic and international political conditions, potential disruption of shipping routes due to accidents and political events or acts by terrorists.

Risks and uncertainties are further described in reports filed by TOP Tankers with the US Securities and Exchange Commission.

TABLES FOLLOW

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TOP TANKERS INC.

CONSOLIDATED STATEMENTS OF INCOME

(Expressed in thousands of U.S. Dollars - except for share and per share data)

| | Three Months Ended September 30, | | Nine Months Ended September 30, 2006 |
|---|-------------------------------------|-------------|---|
| | 2005 | 2006 | |
| | (unaudited) | (unaudited) | (unaudited) |
| REVENUES: | | | |
| Voyage revenues | \$ 50,003 | \$ 70,646 | \$ 153,000 |
| EXPENSES: | | | |
| Voyage expenses | 8,877 | 12,314 | 23,000 |
| Charter hire expense | 1,898 | 29,847 | 1,000 |
| Vessel operating expenses | 12,523 | 17,235 | 32,000 |
| Depreciation and amortization | 14,634 | 10,286 | 37,000 |
| General and administrative expenses | 8,742 | 5,856 | 14,000 |
| Amortization of deferred gain on sale of vessels | (225) | (2,433) | (1,000) |
| (Gain) on sale of vessels | (10,115) | - | (10,000) |
| Foreign currency (gains)/losses, net | (1) | 26 | (1,000) |
| Operating income (loss) | 13,670 | (2,485) | 53,000 |
| OTHER INCOME (EXPENSES): | | | |
| Interest and finance costs | (6,280) | (9,801) | (14,000) |
| Interest income | 511 | 989 | 1,000 |
| Other, net | 20 | (97) | (1,000) |
| Total other expenses, net | (5,749) | (8,909) | (13,000) |
| Net Income (loss) | \$ 7,921 | \$ (11,394) | \$ 40,000 |
| Earnings / (loss) per share, basic and diluted | \$ 0.28 | \$ (0.35) | \$ 1.00 |
| Weighted average common shares outstanding, basic and diluted | 28,020,990 | 32,163,137 | 27,895,000 |

TOP TANKERS INC.

CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of U.S. Dollars - except for share and per share data)

December 31,
2005

September
30,
2006

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(Unaudited)

ASSETS

CURRENT ASSETS:

| | | |
|---------------------------|-----------|-----------|
| Cash and cash equivalents | \$ 17,462 | \$ 38,444 |
| Other current assets | 50,112 | 44,818 |

| | | |
|----------------------|--------|--------|
| Total current assets | 67,574 | 83,262 |
|----------------------|--------|--------|

FINANCIAL INSTRUMENTS

| | | |
|-----------------------|-----|-----|
| FINANCIAL INSTRUMENTS | 425 | 425 |
|-----------------------|-----|-----|

| | | |
|--------------|---------|---------|
| VESSELS, NET | 886,754 | 425,000 |
|--------------|---------|---------|

| | | |
|-----------------|---|-------|
| RESTRICTED CASH | - | 5,000 |
|-----------------|---|-------|

| | | |
|--------------------------|--------|-------|
| OTHER NON-CURRENT ASSETS | 26,144 | 5,000 |
|--------------------------|--------|-------|

| | | |
|--------------|------------|------------|
| Total assets | \$ 980,897 | \$ 611,262 |
|--------------|------------|------------|

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

| | | |
|-----------------------------------|-----------|-----------|
| Current portion of long-term debt | \$ 45,329 | \$ 11,000 |
|-----------------------------------|-----------|-----------|

| | | |
|----------------------------------|-------|-------|
| Deferred income, current portion | 2,451 | 3,000 |
|----------------------------------|-------|-------|

| | | |
|---------------------------|--------|-------|
| Other current liabilities | 30,814 | 3,000 |
|---------------------------|--------|-------|

| | | |
|---------------------------|--------|--------|
| Total current liabilities | 78,594 | 17,000 |
|---------------------------|--------|--------|

FINANCIAL INSTRUMENTS

| | | |
|--|---------|--------|
| LONG-TERM DEBT, net of current portion | 518,774 | 18,000 |
|--|---------|--------|

| | | |
|---|--------|-------|
| DEFERRED INCOME, net of current portion | 13,871 | 7,000 |
|---|--------|-------|

| | | |
|----------------------|---------|--------|
| STOCKHOLDERS' EQUITY | 369,658 | 19,000 |
|----------------------|---------|--------|

| | | |
|--|------------|------------|
| Total liabilities and stockholders' equity | \$ 980,897 | \$ 611,262 |
|--|------------|------------|

Note: As of June 30, 2006 and during the bareboat charter period, the amount of \$50 million will be presented separately as restricted cash, even though there are no actual restrictions as to withdrawal or use imposed by any financial institution. As of December 31, 2005, restricted cash relating to minimum liquidity requirements under loan covenants relating to the Company's owned vessels was included in "Other Non-Current Assets" and amounted to \$13.5 million. This amount will be included in the \$50 million minimum consolidated cash balances.

TOP TANKERS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of U.S. Dollars)

Nine Months Ended September

| | |
|------|------|
| 2005 | 2006 |
|------|------|

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| | (unaudited) | (unaudite |
|---|-------------|-----------|
| Cash Flows from (used in) Operating Activities: | | |
| Net income | \$ 40,594 | \$ 11 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 38,384 | 42 |
| Stock-based compensation | 3,242 | 3 |
| Change in fair value of financial instruments | - | 2 |
| Amortization of deferred income | (267) | (5 |
| Gain on sale of vessels | (10,115) | |
| Change in operating assets and liabilities | 5,161 | 11 |
| Payments for dry-docking | (6,351) | (21 |
| | ----- | ----- |
| Net Cash from Operating Activities | 70,648 | 44 |
| | ----- | ----- |
| Cash Flows from (used in) Investing Activities: | | |
| Advances for vessels acquisitions | (10,875) | |
| Acquisition of vessels | (387,319) | |
| Net proceeds from sale of vessels | 153,085 | 474 |
| Other | (200) | |
| | ----- | ----- |
| Net Cash from (used in) Investing Activities | (245,309) | 473 |
| | ----- | ----- |
| Cash Flows from (used in) Financing Activities: | | |
| Proceeds from long-term debt | 284,294 | |
| Payments of long-term debt | (87,256) | (270 |
| Swap termination proceeds | 1,170 | |
| (Increase) decrease in restricted cash | - | (36 |
| Issuance of common stock | - | 26 |
| Payment of financing costs | (2,866) | |
| Dividends paid | (24,607) | (217 |
| | ----- | ----- |
| Net Cash from (used in) Financing Activities | 170,735 | (497 |
| | ----- | ----- |
| Net increase (decrease) in cash and cash equivalents | (3,926) | 21 |
| Cash and cash equivalents at beginning of period | 114,768 | 17 |
| | ----- | ----- |
| Cash and cash equivalents at end of period | \$ 110,842 | \$ 38 |
| | ===== | ===== |
| SUPPLEMENTAL CASH FLOW INFORMATION | | |
| Interest paid | \$ 13,200 | \$ 15 |
| | ===== | ===== |

RESTATEMENT OF FIRST QUARTER OF 2006 UNAUDITED FINANCIAL STATEMENTS

TOP TANKERS INC.

CONSOLIDATED STATEMENTS OF INCOME

(Expressed in thousands of U.S. Dollars - except for share and per share data)

Three Months Ended March 31,
2006

----- Ef

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| | As Originally Reported | As Restated | Re m |
|--|---------------------------|----------------------|---------|
| | ----- (unaudited) | ----- (unaudited) | ----- |
| REVENUES: | | | |
| Voyage revenues | \$ 101,746 | \$ 101,746 | \$ |
| EXPENSES: | | | |
| Voyage expenses | 16,234 | 16,234 | |
| Charter hire expense | 7,638 | 7,638 | |
| Vessel operating expenses | 15,731 | 15,731 | |
| Depreciation and amortization | 17,641 | 17,641 | |
| General and administrative expenses | 7,282 | 7,282 | |
| Amortization of deferred gain on sale of vessels | (1,055) | (812) | |
| Foreign currency losses | 62 | 62 | |
| | ----- | ----- | |
| Operating income | 38,213 | 37,970 | |
| | ----- | ----- | |
| OTHER INCOME (EXPENSES): | | | |
| Interest and finance costs | (8,066) | (8,066) | |
| Interest income | 261 | 261 | |
| Other, net | (4) | (4) | |
| | ----- | ----- | |
| Total other expenses, net | (7,809) | (7,809) | |
| | ----- | ----- | |
| Net Income | \$ 30,404 | \$ 30,161 | \$ |
| | ===== | ===== | ===== |
| Earnings per share, basic and diluted | \$ 1.06 | \$ 1.05 | \$ |
| | ===== | ===== | ===== |
| Weighted average common shares outstanding, basic and diluted | 28,099,212 | 28,099,212 | |
| | ===== | ===== | ===== |

Note: The change in "Amortization of deferred gain on sale of vessels" resulted from the revised accounting treatment of the Seller's Credit.

TOP TANKERS INC.

CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of U.S. Dollars - except for share and per share data)

MARCH 31, 2006

| | As Originally Reported | As Restated |
|-----------------|---------------------------|----------------------|
| | ----- (unaudited) | ----- (unaudited) |
| ASSETS | | |
| CURRENT ASSETS: | | |

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| | | | | |
|--|----|---------|----|---------|
| Cash and cash equivalents | \$ | 24,857 | \$ | 24,857 |
| Other current assets | | 50,541 | | 50,541 |
| | | ----- | | ----- |
| Total current assets | | 75,398 | | 75,398 |
| FINANCIAL INSTRUMENTS | | 1,009 | | 1,009 |
| VESSELS, NET | | 643,924 | | 643,924 |
| OTHER NON-CURRENT ASSETS | | 46,497 | | 39,924 |
| | | ----- | | ----- |
| Total assets | \$ | 766,828 | \$ | 760,255 |
| | | ===== | | ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | |
| CURRENT LIABILITIES: | | | | |
| Current portion of long-term debt | \$ | 136,117 | \$ | 136,117 |
| Deferred income, current portion | | 11,701 | | 7,211 |
| Other current liabilities | | 25,585 | | 25,585 |
| | | ----- | | ----- |
| Total current liabilities | | 173,403 | | 168,924 |
| LONG-TERM DEBT, net of current portion | | 288,491 | | 288,491 |
| DEFERRED INCOME, net of current portion | | 50,091 | | 48,244 |
| STOCKHOLDERS' EQUITY | | 254,843 | | 254,600 |
| | | ----- | | ----- |
| Total liabilities and stockholders' equity | \$ | 766,828 | \$ | 760,255 |
| | | ===== | | ===== |

Note: The change in "Other Non-Current Assets" resulted from the change of discount rate initially used to value the Seller's Credit.

The change in "Deferred Income, current and long-term portion" and "Stockholders' Equity" resulted from the revised accounting treatment and the change of discount rate initially used to value the Seller's Credit.

TOP TANKERS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of U.S. Dollars)

| | Three Months Ended March 31, 2006 | | | |
|---|--------------------------------------|----------------------|---------------------------------|--------|
| | As Originally Reported | As Restated | Effect of Restate ment | |
| | ----- (unaudited) | ----- (unaudited) | ----- | |
| Cash Flows from (used in) Operating Activities: | | | | |
| Net income | \$ | 30,404 | \$ | 30,161 |
| Adjustments to reconcile net income to net | | | \$ | (|

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| | | | |
|--|-----------|-----------|----|
| cash | | | |
| provided by operating activities: | | | |
| Depreciation and amortization | 19,229 | 19,229 | |
| Stock-based compensation | 1,396 | 1,396 | |
| Change in fair value of financial instruments | (248) | (248) | |
| Amortization of deferred income | (1,055) | (812) | |
| Change in operating assets and liabilities | (5,658) | (5,658) | |
| Net Cash from Operating Activities | 44,068 | 44,068 | |
| Cash Flows from (used in) Investing Activities: | | | |
| Net proceeds from sale of vessels | 251,502 | 251,502 | |
| Other | (165) | (165) | |
| Net Cash from (used in) Investing Activities | 251,337 | 251,337 | |
| Cash Flows from (used in) Financing Activities: | | | |
| Payments of long-term debt | (140,996) | (140,996) | |
| Payment of financing costs | (63) | (63) | |
| Dividends paid | (146,951) | (146,951) | |
| Net Cash from (used in) Financing Activities | (288,010) | (288,010) | |
| Net increase (decrease) in cash and cash equivalents | 7,395 | 7,395 | |
| Cash and cash equivalents at beginning of period | 17,462 | 17,462 | |
| Cash and cash equivalents at end of period | \$ 24,857 | \$ 24,857 | \$ |
| SUPPLEMENTAL CASH FLOW INFORMATION | | | |
| Interest paid | \$ 6,644 | \$ 6,644 | \$ |

Note: The change in "Net Income" resulted from the revised accounting treatment of the Seller's Credit.

RESTATEMENT OF SECOND QUARTER AND FIRST HALF OF 2006 UNAUDITED FINANCIAL STATEMENTS

TOP TANKERS INC.

CONSOLIDATED STATEMENTS OF INCOME
(Expressed in thousands of U.S. Dollars - except for share and per share data)

Three Months Ended June 30,
2006

Six Months Ended
30, 2006

| | | | |
|------------------------|-------------|-----------------------|------------------------|
| As Originally Reported | As Restated | Effect of Restatement | As Originally Reported |
|------------------------|-------------|-----------------------|------------------------|

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| | ----- (unaudited) | ----- (unaudited) | ----- | ----- |
|---|----------------------|----------------------|------------|------------|
| REVENUES: | | | | |
| Voyage revenues | \$ 69,857 | \$ 69,857 | \$ 0 | \$ 171,603 |
| EXPENSES: | | | | |
| Voyage expenses | 13,826 | 13,826 | 0 | 30,060 |
| Charter hire expense | 28,969 | 28,969 | 0 | 36,607 |
| Vessel operating expenses | 16,218 | 16,218 | 0 | 31,949 |
| Depreciation and amortization | 9,944 | 9,944 | 0 | 27,585 |
| General and administrative expenses | 4,770 | 4,770 | 0 | 12,052 |
| Amortization of deferred gain on sale of vessels | (4,161) | (2,432) | 1,729 | (5,216) |
| Foreign currency losses | 202 | 202 | 0 | 264 |
| | ----- | ----- | ----- | ----- |
| Operating income | 89 | (1,640) | (1,729) | 38,302 |
| | ----- | ----- | ----- | ----- |
| OTHER INCOME (EXPENSES): | | | | |
| Interest and finance costs | (6,222) | (6,222) | 0 | (14,288) |
| Interest income | 1,067 | 869 | (198) | 1,328 |
| Other, net | 155 | 155 | 0 | 151 |
| | ----- | ----- | ----- | ----- |
| Total other expenses, net | (5,000) | (5,198) | (198) | (12,809) |
| | ----- | ----- | ----- | ----- |
| Net Income | \$ (4,911) | \$ (6,838) | \$ (1,927) | \$ 25,493 |
| | ===== | ===== | ===== | ===== |
| Earnings per share, basic and diluted | \$ (0.17) | \$ (0.24) | \$ (0.07) | \$ 0.86 |
| | ===== | ===== | ===== | ===== |
| Weighted average common shares outstanding, basic and diluted | 29,586,783 | 29,586,783 | 0 | 28,847,107 |
| | ===== | ===== | ===== | ===== |

Note: The change in "Amortization of deferred gain on sale of vessels" and "Interest Income" resulted from the revised accounting treatment of the Seller's Credit.

TOP TANKERS INC.

CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of U.S. Dollars - except for share and per share data)

| | ----- JUNE 30, 2006 ----- | |
|--------|---------------------------------|----------------------|
| | As Originally Reported | As Restated |
| | ----- (Unaudited) | ----- (Unaudited) |
| ASSETS | | |

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| | | |
|--|------------|----------|
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 84,793 | \$ 48,2 |
| Other current assets | 36,912 | 36,9 |
| | ----- | ----- |
| Total current assets | 121,705 | 85,2 |
| FINANCIAL INSTRUMENTS | | |
| | 1,719 | 1,7 |
| VESSELS, NET | 431,344 | 431,3 |
| RESTRICTED CASH | - | 50,0 |
| OTHER NON-CURRENT ASSETS | 70,977 | 44,4 |
| | ----- | ----- |
| Total assets | \$ 625,745 | \$ 612,7 |
| | ===== | ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Current portion of long-term debt | \$ 16,662 | \$ 16,6 |
| Deferred income, current portion | 16,864 | 9,7 |
| Other current liabilities | 29,393 | 29,3 |
| | ----- | ----- |
| Total current liabilities | 62,919 | 55,7 |
| LONG-TERM DEBT, net of current portion | 284,505 | 284,5 |
| DEFERRED INCOME, net of current portion | 76,518 | 72,8 |
| STOCKHOLDERS' EQUITY | 201,803 | 199,6 |
| | ----- | ----- |
| Total liabilities and stockholders' equity | \$ 625,745 | \$ 612,7 |
| | ===== | ===== |

Note: * As of June 30, 2006 and during the bareboat charter period, the amount of \$50 million will be presented separately as restricted cash, even though there are no actual restrictions as to withdrawal or use imposed by any financial institution. In the reported unaudited consolidated balance sheet as of June 30, 2006, restricted cash relating to minimum liquidity requirements under loan covenants relating to the Company's owned vessels amounted to \$13.5 million and was included in Other Non-Current Assets.

The change in "Other Non-Current Assets" resulted from the change of discount rate initially used to value the Seller's Credit.

The change in "Deferred Income, current and long-term portion" and "Stockholders' Equity" resulted from the revised accounting treatment and the change of discount rate initially used to value the Seller's Credit.

TOP TANKERS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of U.S. Dollars)

Six Months Ended June 30, 2006

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| | As Originally Reported | As Restated | Effect Restat ment |
|---|------------------------------|----------------------|--------------------------|
| | ----- (Unaudited) | ----- (Unaudited) | ----- |
| Cash Flows from (used in) Operating Activities: | | | |
| Net income | 25,493 | 23,323 | (2, |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 30,550 | 30,550 | |
| Stock-based compensation | 1,755 | 1,755 | |
| Change in fair value of financial instruments | (709) | (709) | |
| Long-term receivables discount adjustment | (198) | - | |
| Amortization of deferred income | (5,216) | (3,244) | 1, |
| Change in operating assets and liabilities | 11,779 | 11,779 | |
| Payments for dry-docking | (8,691) | (8,691) | |
| | ----- | ----- | ----- |
| Net Cash from Operating Activities | 54,763 | 54,763 | |
| | ----- | ----- | ----- |
| Cash Flows from (used in) Investing Activities: | | | |
| Net proceeds from sale of vessels | 474,616 | 474,616 | |
| Other | (279) | (279) | |
| | ----- | ----- | ----- |
| Net Cash from (used in) Investing Activities | 474,337 | 474,337 | |
| | ----- | ----- | ----- |
| Cash Flows from (used in) Financing Activities: | | | |
| Payments of long-term debt | (266,018) | (266,018) | |
| (Increase) decrease in restricted cash | - | (36,500) | (36, |
| Issuance of common stock | 21,778 | 21,778 | |
| Payment of financing costs | (63) | (63) | |
| Dividends paid | (217,466) | (217,466) | |
| | ----- | ----- | ----- |
| Net Cash from (used in) Financing Activities | (461,769) | (498,269) | (36, |
| | ----- | ----- | ----- |
| Net increase (decrease) in cash and cash equivalents | 67,331 | 30,831 | (36, |
| Cash and cash equivalents at beginning of period | 17,462 | 17,462 | |
| | ----- | ----- | ----- |
| Cash and cash equivalents at end of period | 84,793 | 48,293 | (36, |
| | ===== | ===== | ===== |
| SUPPLEMENTAL CASH FLOW INFORMATION | | | |
| Interest paid | 12,304 | 12,304 | |
| | ===== | ===== | ===== |

Note: The change in "Net Income", "Long-term receivables discount adjustment" and "Amortization of deferred income" resulted from the revised accounting treatment of the Seller's Credit.

As of June 30, 2006 and during the bareboat charter period, the amount of \$50 million will be presented separately as restricted cash, even though there are no actual restrictions as to withdrawal or use imposed by any financial institution. In the reported unaudited consolidated balance sheet as of June 30, 2006, restricted cash

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relating to minimum liquidity requirements under loan covenants relating to the Company's owned vessels amounted to \$13.5 million.

APPENDIX A - SPECIFIC ITEMS AFFECTING NET INCOME AND RECONCILIATION OF EBITDA

Set forth below are some of the significant items of income and expense that affected the Company's net income for the third quarter and first nine months of 2005 and 2006, all of which are items the Company believes are typically excluded by securities analysts in their published estimates of the Company's financial results:

| Description ----- | Three Months Ended | | | | September 30, 2006 ----- |
|--|--------------------|-----------|--------------------|-----------|-----------------------------|
| | September 30, 2005 | | September 30, 2006 | | |
| | (unaudited) | | (unaudited) | | |
| | \$ | Per Share | \$ | Per Share | |
| | - | ----- | - | ----- | - |
| Reported net income | 7,921 | 0.28 | (11,394) | (0.35) | 40,594 |
| Restricted share plan to officers and personnel | 3,242 | 0.12 | 1,672 | 0.05 | 3,242 |
| Issuance costs for preferred stock | 965 | 0.03 | - | - | 965 |
| Gain from termination of interest rate swap | (42) | (0.00) | - | - | (42) |
| Change of fair value of interest rate swaps | - | - | 3,705 | 0.12 | - |
| Bonus compensation provision to officers and personnel | 1,500 | 0.05 | - | - | 1,950 |
| Total | 5,665 | 0.20 | 5,377 | 0.17 | 6,115 |
| Net income after specific items | 13,586 | 0.48 | (6,017) | (0.18)* | 46,709 |
| | ===== | ===== | ===== | ===== | ===== |

* The net income for third quarter and the nine months ended September 30, 2006 was also reduced by \$0.07 and \$0.15 per share respectively, resulting from the revised accounting treatment of the Seller's Credit discussed in this release.

EBITDA RECONCILIATION(5)

| (Expressed in Thousands of U.S Dollars) | Three Months Ended September 30, | | Nine Months ----- |
|---|----------------------------------|----------|----------------------|
| | 2005 | 2006 | |
| NET INCOME (LOSS) | 7,921 | (11,394) | 40,594 |
| DEPRECIATION AND AMORTIZATION | 14,634 | 10,286 | 37,274 |
| INTEREST AND FINANCE COSTS, NET | 5,769 | 8,812 | 13,303 |
| | ----- | ----- | ----- |

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| | | | |
|--------|--------|-------|--------|
| EBITDA | 28,324 | 7,704 | 91,171 |
| | ===== | ===== | ===== |

(5) EBITDA represents earnings before interest and finance costs, net, taxes, depreciation and amortization. Interest and finance costs, net include gain or loss from termination of swaps and swap fair value changes. EBITDA is included in this release because we believe it provides investors with an understanding of operating performance over comparative periods. EBITDA should not be considered as a substitute for income from operations, net income or cash flows from operating activities (all as determined in accordance with generally accepted accounting principles) for the purpose of analyzing our operating performance, financial position and cash flows, as EBITDA is not defined by generally accepted accounting principles. We presented EBITDA, however, because it is commonly used by certain investors and analysts to analyze and compare companies on the basis of operating performance and to determine a company's ability to service and/or incur debt.

#

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TOP TANKERS INC.

Dated: December 7, 2006

By /s/ Stamatis N. Tsantanis

Name: Stamatis N. Tsantanis
Title: Chief Financial Officer

SK 23116 0001 728691