MobileSmith, Inc.
Form 10-Q
November 13, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 001-32634

MOBILESMITH, INC.
(Exact name of registrant as specified in its charter)

Delaware	95-4439334
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

5400 Trinity Road, Suite 208 Raleigh, North Carolina	27607
(Address of principal executive offices)	(Zip Code)

(855) 516-2413
(Registrant’s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer”, “smaller reporting company” and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer		Accelerated filer
Non-accelerated filer	(Do not check if a smaller reporting company)	Smaller reporting company
		Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

As of November 13, 2017, there were 24,722,647 shares of the registrant’s common stock, par value $0.001 per share, outstanding.

MOBILESMITH, INC.

FORM 10-Q
For the Quarterly Period Ended September 30, 2017

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PART I – FINANCIAL INFORMATION
MOBILESMITH, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

	September 30, 2017 (unaudited)	December 31, 2016
Current Assets		
Cash and Cash Equivalents	$1,443,262	$548,146
Restricted Cash	61,713	116,577
Trade Accounts Receivable, Less Allowance for Doubtful Accounts of $12,500 and $0, Respectively	267,939	273,091
Prepaid Expenses and Other Current Assets	49,549	64,642
Total Current Assets	1,822,463	1,002,456
Property and Equipment, Net	81,647	104,129
Capitalized Software, Net	195,903	274,833
Intangible Assets, Net	24,469	37,593
Total Other Assets	302,019	416,555
Total Assets	$2,124,482	$1,419,011
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Trade Accounts Payable	$84,059	$43,518
Accrued Expenses	178,673	193,836
Accrued Interest	881,242	455,269
Capital Lease Obligations	36,624	36,950
Deferred Revenue	1,239,165	1,404,951
Bank Loan	5,000,000	-
Total Current Liabilities	7,419,763	2,134,524
Long-Term Liabilities		
Bank Loan	-	5,000,000
Convertible Notes Payable, Related Parties, Net of Discount	43,788,609	39,655,579
Convertible Notes Payable, Net of Discount	680,640	680,640
Capital Lease Obligations	36,733	63,834
Deferred Rent	30,839	42,189
Total Long-Term Liabilities	44,536,821	45,442,242

Total Liabilities	51,956,584	47,576,766
Commitments and Contingencies (Note 3)		
Stockholders' Deficit		
Preferred Stock, $0.001 Par Value, 5,000,000 Shares Authorized, No Shares Issued and Outstanding at September 30, 2017 and December 31, 2016	-	-
Common Stock, $0.001 Par Value, 100,000,000 Shares Authorized At September 30, 2017 and December 31, 2016; 19,827,542 Shares Issued and Outstanding at September 30, 2017 and December 31, 2016	19,828	19,828
Additional Paid-in Capital	98,650,709	98,245,063
Accumulated Deficit	(148,502,639)	(144,422,646)
Total Stockholders' Deficit	(49,832,102)	(46,157,755)
Total Liabilities and Stockholders' Deficit	$2,124,482	$1,419,011

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

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MOBILESMITH, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended	
	September 30,	September 30,
	2017	2016
REVENUES:		
Subscription and Support	$1,886,344	$415,1661,618, or 5.8%, to $29,499 for 2006 compared to $27,881 for the prior year. VOYAGE EXPENSES--Voyage expenses primarily consist of port charges, including canal dues, bunkers (fue costs) and commissions that are unique to a particular voyage. These expenses, which are paid by th charterer under a time charter contract, as well as commissions, increased $18.5 million, or 50.1%, t $55.4 million for 2006 compared to $36.9 million for the prior year. This increase is primarily due t increase of our average number of vessels to 26.7 in 2006 from 21.7 in 2005, as well as the increase total spot market days for fleet to 2,411 days in 2006 from 1,869 days in 2005. Furthermore, the ave market price for bunkers increased in 2006 approximately by 17.0%. NET VOYAGE REVENUES- voyage revenues, which are voyage revenues minus voyage expenses, increased by $47.4 million, o 22.9%, to $254.7 million for 2006 compared to $207.3 million for the prior year. This increase is th result of the increase of our total voyage days for fleet to 8,634 days in 2006 from 7,436 days in 200 to the increase of our average number of vessels to 26.7 in 2006 from 21.7 in 2005. 2005 2006 ---- - Dollars in thousands Voyage revenues................................ $244,215 $310,043 Less Voyage expenses........................... (36,889) (55,351) Net voyage revenues............................ $207,326 $254 ======== ======== The following describes our charter revenues for 2006 as compared to the p year: Freight revenues: o Our tankers operated an aggregate of 2,411 days, or 27.9%, in the spot ma during 2006, compared to 1,869 days, or 25.1%, in the spot market during the prior year. o The aver daily spot rate was $45,328 for 2006 compared to average daily spot rate of $43,713 for the prior ye Revenues from our vessels' spot trading increased by 33.8% to $109,286,000, compared to $81,700 2005. Spot market revenues were 42.9%, of net voyage revenue in 2006, compared to 39.4%, of net voyage revenue generated in the spot market during the prior year. Hire revenues: o Our tankers ope an aggregate of 6,223 days, or 72.1%, on time charter contracts during 2006, compared to 5,567 day 74.9%, on time charter contracts during the prior year. o The average daily time charter rate was $2 for 2006 compared to average daily time charter rate of $22,566 for the prior year. o Revenues from time charter contracts increased by 15.7% to $145,406,000, compared to $125,626,000 in 2005. Tin charter revenues were 57.1%, of net voyage revenue in 2006, compared to 60.6% during the prior y CHARTER HIRE EXPENSE--Charter hire expense, which refers to lease payments for the 18 vess sold and leased back, which are treated as operating leases, increased by $89.1 million, or 1,237.5% $96.3 million for 2006 compared to $7.2 million for the prior year. This increase is due to the 13 sal leaseback deals which were concluded in 2006. OTHER VESSEL OPERATING EXPENSES--Oth vessel operating expenses, which include crew costs, insurance, repairs and maintenance, spares,

consumable stores and taxes increased by $18.8 million, or 39.7%, to $66.1 million for 2006 compa
$47.3 million for the prior year. This increase is primarily due to the increase of our total calendar d
for fleet to 9,747 days in 2006 from 7,905 days in 2005, due to the increase of our average number o
vessels to 26.7 in 2006 from 21.7 in 2005, and due to the increase of daily average other vessel oper
expenses by $795, or 13.3%, to $6,780 for 2006 compared to $5,985 for the prior year. The increase
daily average other vessel operating expenses is attributed mainly to the increase of our average nur
of suezmax tankers in 2006 from 8.3 in 2005 to 13.0 in 2006, and to the increased maintenance exp
per vessel due to extensive repairs conducted in 2006. SUB-MANAGER FEES--Sub-Manager fees
relate to the fees paid to V.Ships Management Limited and Hanseatic Shipping Company Ltd., decr
by $0.4 million, or 12.9%, to $2.7 million for 2006 compared to $3.1 million for the prior year. This
decrease is mainly due to the transfer of technical management and crewing of 10 vessels from Unic
Management to V.Ships Management Limited and Hanseatic Shipping Company Ltd. effectuated in
third quarter of 2005. Unicom Management charged a monthly fee of $14,000 per vessel for technic
management and crewing, whereas V.Ships Management Limited and Hanseatic Shipping Compan
charge for technical management and crewing a monthly fee per vessel of $10,000 and $7,083
respectively for technical management and crewing. OTHER GENERAL AND ADMINISTRATIV
EXPENSES--Other general and administrative expenses, which include all of our onshore expenses
decreased by $0.4 million, or 1.9%, to $20.3 million for 2006 compared to $20.7 million for the pri
year. This decrease is mainly due to decreased compensation of our senior management and directo
which was in the aggregate amount of $4.2 million during 2006, compared to $8.1 million paid last
Daily general and administrative expenses per tanker decreased by $652, or 21.6%, to $2,361 for 20
compared to $3,013 for the prior year. FOREIGN CURRENCY GAINS OR LOSSES--We incurred
$255,000 foreign currency loss for 2006 compared to a gain of $68,000 for the prior year. GAIN ON
SALE OF VESSELS--During 2006, we sold the vessels M/T Taintless, M/T Soundless and M/T To
for a total consideration of $127.5 million, which resulted in a total book gain of $12.7 million. Dur
2005, we sold the vessels M/T Fearless and M/T Yapi for a total consideration of $38.3 million, wh
resulted in a total book gain of $10.1 million. DEPRECIATION AND AMORTIZATION--Depreci
and amortization, which include depreciation of tankers and amortization of drydockings, decreased
$4.6 million, or 8.7%, to $48.5 million for 2006 compared to $53.1 million for the prior year. 2005
---- ---- Dollars in thousands Vessels depreciation expense.............................. $47,055 $35,266
Amortization of drydockings............................... 5,999 13,187 ------- ------- $53,054 $48,453 This
decrease was due to the 13 sale and leaseback deals concluded during 2006 which resulted in a decr
in depreciation expense of $11.8 million. The sale and leasebacks were treated as operating leases f
financial reporting purposes. As a result the vessels are not recorded as assets and therefore there is
depreciation expense. The decrease was partially balanced by an increase of $7.2 million in the
amortization of drydockings, due to the fact that 8 out of 9 vessels drydocked during 2006, underwe
their special surveys. AMORTIZATION OF DEFERRED GAIN ON SALE AND LEASEBACK O
VESSELS--Amortization of deferred gain on sale and leaseback of vessels increased by $7.3 millio
912.5%, to $8.1 million for 2006 compared to $0.8 million for the prior year. This increase is due to
13 sale and leaseback transactions concluded in 2006 and due to the 5 sale and leaseback transactio
concluded in the third quarter of 2005. OPERATING INCOME--Operating income decreased by $4
million, or 52.4%, to $41.4 million for 2006 compared to $86.9 million for the prior year. Despite th
increase of net voyage revenues by $47.4 million, or 22.9%, to $254.7 million for 2006 compared to
$207.3 million for the prior year, this decrease is mainly due to: 1. The increase in other vessel oper
expenses by $18.8 million, or 39.7%, to $66.1 million for 2006 compared to $47.3 million for the pr
year. 2. The 13 sale and leaseback transactions concluded in 2006, which resulted in: o The increase
charter hire expense by $89.1 million, or 1,237.5%, to $96.3 million for 2006 compared to $7.2 mill
for the prior year, o the decrease of the vessel depreciation expense by $11.8 million, or 25.0%, to $
million for 2006 compared to $47.1 million for the prior year, and o the amortization of deferred ga
sale and leaseback of vessels, which increased by $7.3 million, or 912.5%, to $8.1 million for 2006
compared to $0.8 million for the prior year. INTEREST AND FINANCE COSTS--Interest and fina

costs increased by $9.0 million, or 44.5%, to $29.2 million for 2006 compared to $20.2 million for t
prior year. This increase is mainly due to the fair market value of the interest rate swaps decreasing
$4.2 million and the write-off of the financing fees of $3.8 million associated with the prepayment o
loans due to the 13 sale and leaseback transactions concluded in 2006. INTEREST INCOME--Inter
income increased by $1.2 million, or 66.7%, to $3.0 million for 2006 compared to $1.8 million for t
prior year. This increase is due to the increase in cash and cash equivalents, associated mainly with
increase in proceeds from the sale of vessels in 2006. OTHER NET--We recognized an expense of $
million during 2006 versus an income of $0.1 million during 2005. NET INCOME--Net income wa
$15.1 million for 2006 compared to net income of $68.7 million for the prior year. Year ended Dece
31, 2005 compared to the year ended December 31, 2004 VOYAGE REVENUES--Voyage revenue
increased by $150.4 million, or 160.3%, to $244.2 million for 2005 compared to $93.8 million for th
prior year. This increase is due to the acquisition of 3 tankers, 6 tankers and 5 tankers during the firs
second and fourth quarters of 2005, respectively, which contributed $96.1 million in voyage revenu
is due to the overall increase in operating days which increased the voyage revenues generated by th
remaining vessels to $148.1 million in 2005 from $93.8 million in 2004. VOYAGE EXPENSES--V
expenses primarily consist of port charges, including canal dues and bunkers (fuel costs) that are un
a particular voyage. These expenses, which are paid by the charterer under a time charter contract, a
as commissions, increased $20.0 million, or 118.3%, to $36.9 million for 2005 compared to $16.9 m
for the prior year. This increase is primarily due to the increase in the average number of tankers in
fleet during 2005 compared to the prior year, as well as the increase in the cost of fuel to operate the
tankers. NET VOYAGE REVENUES--Net voyage revenues, which are voyage revenues minus voy
expenses, increased by $130.4 million, or 169.6%, to $207.3 million for 2005 compared to $76.9 mi
for the prior year. This increase is the result of the increase in the average number of tankers in our f
and the overall increase in operating days during 2005 compared to the prior year. The average num
tankers in our fleet increased 126.0% to 21.7 tankers during 2005 compared to 9.6 tankers during th
year. 2004 2005 ---- ---- Dollars in thousands Voyage revenues................................. $93,829 $244.
Less Voyage expenses............................. (16,898) (36,889) Net voyage revenues............................
$76,931 $207,326 ======== ======== The following describes our charter revenues for 2005 as
compared to the prior year: Freight revenues: o Our tankers operated an aggregate of 1,869 days, or
25.1%, in the spot market during 2005, compared to 1,435 days, or 44.6%, in the spot market during
prior year. o $81,700,000, or 39.4%, of net voyage revenue was generated in the spot market during
compared to $44,793,000, or 58.3%, of net voyage revenue generated in the spot market during the
year. o The average daily spot rate was $43,713 for 2005 compared to average daily spot rate of $31
for the prior year. Hire revenues: o Our tankers operated an aggregate of 5,567 days, or 74.9%, on ti
charter contracts during 2005, compared to 1,780 days, or 55.4%, on time charter contracts during th
prior year. o $125,626,000, or 60.6%, of net voyage revenue was generated by time charter contract
during 2005, compared to $32,138,000, or 41.7%, of net voyage revenue generated by time charter
contracts during the prior year. o The average daily time charter rate was $22,566 for 2005 compare
average daily time charter rate of $18,055 for the prior year. CHARTER HIRE EXPENSE--Charter
expense refers to lease payments for the 5 vessels sold and leased back in 2005, which are treated as
operating leases, and amounted to $7.2 million. OTHER VESSEL OPERATING EXPENSES--Othe
vessel operating expenses, which include crew costs, insurance, repairs and maintenance, spares,
consumable stores and taxes increased by $30.4 million, or 179.9%, to $47.3 million for 2005 comp
to $16.9 million for the prior year. This increase is primarily due to the increase in the average numb
tankers in our fleet, which increased 126.0% between the periods. Daily Other vessel operating expe
per tanker increased by $1,191, or 24.8%, to $5,985 for 2005 compared to $4,794 for the prior year.
increase is a result of the significant increase of our Suezmax vessels, which generally require highe
operating expenses as compared to the Handymax vessels. MANAGEMENT FEES, SUB-MANAG
FEES AND OTHER GENERAL AND ADMINISTRATIVE EXPENSES--General and administrat
expenses, which include all of our onshore expenses and the fees paid to V.Ships Management Lim
Unicom Management and Hanseatic Shipping Company Ltd., increased by $15.2 million, or 176.7%

$23.8 million for 2005 compared to $8.6 million for the prior year. This increase is due to increased
and additional administrative costs in connection with the operation of our larger fleet, and the dutie
typically associated with public companies and to the compensation of our senior management and
directors, which was in the aggregate amount of $8.1 million in 2005, compared to $4.4 million paic
2004. Daily general and administrative expenses per tanker increased $574, or 23.5%, to $3,013 for
compared to $2,439 for the prior year. FOREIGN CURRENCY GAINS OR LOSSES--We incurred
$68,000 foreign currency gain for 2005 compared to a loss of $75,000 for the prior year. GAIN ON
OF VESSELS--During the third quarter of 2005 we sold the vessels M/T Fearless and M/T Yapi an
realized a total gain of $10.1 million. During 2004 we sold the vessels M/T Tireless and M/T Med
Prologue and we realized a total gain of $0.6 million. DEPRECIATION AND
AMORTIZATION--Depreciation and amortization, which include depreciation of tankers and
amortization of drydockings, increased by $38.5 million, or 263.7%, to $53.1 million for 2005 comp
to $14.6 million for the prior year. This increase is primarily due to the increase in the average numl
tankers in our fleet, the increase in the book value of our fleet as a result of our acquisitions of tanke
during 2005, and the amortization of capitalized expenses associated with drydockings that occurred
the first time to vessels that are part of our fleet. 2004 2005 ---- ---- Dollars in thousands Vessels
depreciation expense............................ $13,108 $47,055 Amortization of drydockings.....................
1,514 5,999 ------- ------- $14,622 $53,054 Depreciation of vessels increased by $34.0 million, or 25
to $47.1 million for 2005 compared to $13.1 million for the prior period. This increase is due to the
increase in the book value of our fleet as a result of our acquisitions of tankers during 2005 compare
the prior year. Amortization of drydockings increased by $4.5 million, or 300.0%, to $6.0 million fo
2005 compared to $1.5 million for the prior year. This increase includes amortization associated wit
$10.5 million of capitalized expenditures relating to our tankers during 2005 compared to $7.4 milli
capitalized expenditures during the prior year. This increase is the result of the amortization of capit
expenses associated mainly with drydockings which took place in 2005, most of which relate to tank
which have capitalized drydocking expenditures for the first time since we acquired them. We antic
that the amortization associated with drydockings will continue to increase in 2006 due to the increa
the average number of tankers in our fleet, the increase in costs associated with drydockings, and th
are currently drydocking vessels for the first time since these vessels became part of our fleet.
AMORTIZATION OF DEFERRED GAIN ON SALE AND LEASEBACK OF VESSELS--Amorti
of deferred gain on sale and leaseback of vessels amounted $0.8 million and is associated to the 5 sa
leaseback transactions completed in 2005. OPERATING INCOME--Operating income increased by
million, or 132.3%, to $86.9 million for 2005 compared to $37.4 million for the prior year. This inc
is mainly due to the acquisition of 3 tankers, 6 tankers and 5 tankers during the first, second and fou
quarters of 2005, respectively, which contributed $96.1 million in voyage revenues and to the overa
increase in operating days which increased the voyage revenues generated by the remaining vessels
$148.1 million in 2005 from $93.8 million in 2004. INTEREST AND FINANCE COSTS--Interest a
finance costs increased by $15.0 million, or 288.5%, to $20.2 million for 2005 compared to $5.2 mi
for the prior year. This increase is the result of the increase in our weighted average outstanding deb
result of our acquisitions of tankers. Interest expense is anticipated to decrease in 2006 as a result of
debt prepayment in connection with the sale and leaseback of 5 tankers in 2005. INTEREST
INCOME--Interest income increased by $1.3 million, or 260.0%, to $1.8 million for 2005 compared
$0.5 million for the prior year. OTHER NET--We recognized an income of $0.1 million during 200
2004. NET INCOME--Net income was $68.7 million for 2005 compared to net income of $32.8 mi
for the prior year. B. Liquidity and capital resources Liquidity and capital resources Since our forma
our sources of funds have been equity provided by our shareholders, long-term borrowings and oper
cash flows. Our principal use of funds has been capital expenditures to establish and grow our fleet,
maintain the quality of our vessels, comply with international shipping standards and environmental
and regulations, fund working capital requirements, make principal repayments on outstanding loan
facilities, and pay dividends. We expect to rely upon operating cash flows, long-term borrowings an
equity financings to implement our growth plan. We believe that our current cash balance as well as

operating cash flows will be sufficient to meet our liquidity needs for the next year. Our practice has to acquire vessels using a combination of funds received from equity investors and bank debt secure mortgages on our vessels. Our business is capital intensive and its future success will depend on our ability to maintain a high-quality fleet through the acquisition of newer vessels and the selective sale older vessels. These acquisitions will be principally subject to management's expectation of future m conditions as well as our ability to acquire vessels on favorable terms. According to the terms of the sale and leaseback transactions, 10% of the gross aggregate sales price, $55.0 million, has been with by the purchaser and will be paid to us not later than three months after the end of bareboat charter p or upon the resale of the vessels by the purchaser, if earlier. Consequently, we recognized this recei from the purchaser at a discounted amount upon the sale of the vessels, classified as a non-current a and will accrete the balance of the receivable to the full $55.0 million, through deferred gain on sale 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. December 31, 2006, we had total indebtedness under senior secured credit facilities of $220.0 millio with our lenders, the Royal Bank of Scotland ("RBS") and HSH Nordbank ("HSH"), maturing in 20 and 2013 respectively. As of April 19, 2007, and after giving effect to the payment of first installme paid in January 2007 for the two remaining newbuildings, our total indebtedness under the senior se credit facilities is $225.7 million with $65.0 million undrawn under the RBS revolving credit facilit Cash and cash equivalents increased $12.5 million to $30.0 million as of December 31, 2006 compa $17.5 million as of December 31, 2005. That increase results primarily from the increase of our tota voyage days for fleet to 8,634 days in 2006 from 7,436 days in 2005, due to the increase of our aver number of vessels to 26.7 in 2006 from 21.7 in 2005. Working capital is current assets minus curren liabilities, including the current portion of long-term debt. Working capital surplus was $22.5 millio of December 31, 2006, compared to a working capital deficit of $11.0 million as of December 31, 2 The current portion of long-term debt, net of unamortized deferred financing costs, included in our liabilities was $16.6 million and $45.3 million as of December 31, 2006 and December 31, 2005, respectively. NET CASH FROM OPERATING ACTIVITIES--decreased 77.7% to $21.1 million d 2006, compared to $94.7 million during the prior year. This decrease is primarily attributable to the decrease in net income by $53.6 million, to $15.1 million in 2006 from $68.7 million in 2005 and to increase in payments for drydockings by $24.0 million, to $34.5 million in 2006 from $10.5 million 2005. NET CASH FROM (USED) IN INVESTING ACTIVITIES--2006 ended with net cash inflow $531.6 million compared to net cash outflows of $524.9 million during the prior year. During 2006 completed 13 sale and leaseback deals and sold 3 vessels resulting in net proceeds of $599.2 million whereas in 2005, we completed 5 sale and leaseback deals and sold 2 vessels resulting in net procee $153.1 million and we acquired 14 tankers at a total cost of $677.1 million. NET CASH FROM (US IN) FINANCING ACTIVITIES--2006 ended with net cash outflows of $540.1 million compared to cash inflows of $332.9 million during the prior year. The change in cash from (used in) financing activities relates to the following: o Net proceeds from borrowing under long-term debt were $20.0 million during 2006 compared to $472.5 million, in connection with the acquisition of 9 Suezmax ta and 5 product tankers, during 2005. o Principal repayments of long-term debt were $369.5 million d 2006 compared to $100.0 million during the prior year. o Net issuance of common stock of $26.9 m during 2006. o Dividends of $217.5 million paid during 2006 compared to $30.5 million paid during prior year. C. Research and Development, patents and licenses, etc. Not applicable. D. Trend Inform Discussed under ITEM 5. E. Off Balance Sheet Arrangements We did not have any off-balance she arrangements, as of December 31, 2006. F. Tabular Disclosure of Contractual Obligations The follo table sets forth our contractual obligations and their maturity dates as of December 31, 2006. Payme due by period --------------------- 2-3 4-5 More than --- --- --------- Contractual Obligations: Total 1 years years 5 years ---------------------- ----- ------ ----- ----- ------- (in thousands of $) (1) Long term 280,667 29,421 53,052 49,058 149,136 ------------------ ------- ----- ----- ----- ------- (2) Newbuild 256,742 14,169 242,573 - - ----------------- ------- ----- ------- - - (3) Operating leases 21,487 1,896

3,792 12,007 ------------------- ------ ----- ----- ----- ------ (4) Lease payments under sale and leaseba
618,529 118,865 237,847 194,029 67,788 --- ------- ------- ------- -
------ Total 1,177,425 164,351 537,264 246,879 228,931 ----- --------- ------- ------- ------- ------- (1)
Term Debt: As of December 31, 2006, the outstanding balance of our long-term debt of $220.0 mill
consisted of two credit facilities, with Royal Bank of Scotland, which we refer to as the RBS revolv
credit facility and HSH Nordbank, which we refer to as the HSH credit facility. The above table als
includes interest payments calculated using the Company's weighted average interest rate as of Dec
31, 2006, of 6.00%. RBS Revolving Credit Facility: As of December 31, 2006 the outstanding amou
under the RBS revolving credit facility was $83.0 million, payable in 10 semi-annual installments o
approximately $5.4 million starting April 30, 2011, plus a balloon payment of $29.0 million payabl
together with the last installment, if no further amounts are drawn. As of December 31, 2006, the u
amount under the RBS revolving credit facility amounted to $75.0 million. As of the date of this rep
and after giving effect to the payment of first installment in January 2007, of the two remaining
newbuildings, the outstanding amount totaled $93.0 million, payable in 10 semi-annual installment
approximately $6.0 million starting April 30, 2011, plus a balloon payment of $33.0 million payabl
together with the last installment, if no further amounts are drawn. As of the date of this report the
undrawn amount under the RBS revolving credit facility amounted to $65.0 million. Additional ter
conditions of the RBS credit facility are as follows: The initial interest rate on the RBS credit facili
basis points over LIBOR. The interest rate will be adjusted quarterly to 100 basis points over LIBO
the aggregate amount drawn to aggregate value of ships is greater than 60%. The RBS credit facilit
collateralized by a first priority mortgage on each of the 2 out of 6 vessels we owned as of Decemb
2006 and by virtue of a deed of assignment in respect of each of the newbuildings contracts. The R
credit facility contains, among other things, financial covenants requiring us to: ensure that the agg
market value of our fleet at all times exceeds 130% of the aggregate outstanding principal amount u
the credit facility; maintain minimum liquid funds with the lender of not less than the greater of $10
million or $0.5 million per vessel in our fleet; ensure that our total assets minus our debt will not at
time be less than $250.0 million and at all times exceed 35% of our total assets; ensure that EBITD
defined in the RBS credit facility) will at all times exceed 120% of the aggregate of interest expens
debt due during a particular period; and meet minimum liquid funds requirements. The RBS credit
also contains general covenants that require us to maintain adequate insurance coverage and obtain
bank's consent before we incur new indebtedness that is secured by the vessels mortgaged thereund
addition, the RBS credit facility prohibits us, without the lender's consent, from appointing a chief
executive officer other than Evangelos Pistiolis and requires that the vessels mortgaged thereunder
managed by TOP Tanker Management, which will subcontract the technical management of the
mortgaged vessels to V.Ships Management Limited, Hanseatic Shipping Company Ltd., and any ot
company acceptable to the lender. We will be permitted to pay dividends under the RBS credit faci
long as we are not in default of a loan covenant. A commitment fee of 0.35% per annum accrues on
amount of the undrawn balance under the revolving credit facility, which is payable quarterly in arr
As of December 31, 2006, we had three interest rate swaps with RBS, summarized as follows: (i) f
initial notional amount of $36.5 million, with effective date of November 3, 2005 and for a period o
years, with a fixed interest rate of 4.66% plus the applicable bank margin, in order to hedge portion
variable interest rate exposure. (ii) for a notional amount of $10.0 million, with effective date of
September 30, 2006 and for a period of seven years, with an initial interest rate of 4.23%, in order t
hedge portion of the variable interest rate exposure. (iii) for a notional amount of $10.0 million, wit
effective date of September 30, 2006 and for a period of seven years, with an initial interest rate of
in order to hedge portion of the variable interest rate exposure. For the swaps (ii) and (iii) we will p
initial fixed interest rate, as designated above, and will receive a floating interest rate, which is the
3-month LIBOR, as is determined on the reset dates. In the first period (fourth quarter of 2006), the
difference between the 10-year swap rate and the 2-year swap rate was greater to minus 5 basis poi
and we paid the initial fixed rate and received the floating interest rate. In the next three periods, if
difference between the 10-year swap rate and the 2-year swap rate is greater or equal to 0 basis poi

then we will continue to pay the initial fixed rate and continue to receive the respective floating rate difference between the 10-year swap rate and the 2-year swap rate is less than 0 basis points, then w pay the initial fixed rate, plus three times the difference between 0 basis points and the difference be the 10-year swap rate and the 2-year swap rate. In all subsequent periods, if the difference between 10-year swap rate and the 2-year swap rate is greater or equal to 8 basis points, then we will continu pay the previous rate and continue to receive the respective floating rate. If the difference between t 10-year swap rate and the 2-year swap rate is less than 8 basis points, then we will pay the previous plus three times the difference between 8 basis points and the difference between the 10-year swap and the 2-year swap rate. The interest rate that we will pay for those swaps is capped at 10.25%. DV Credit Facility: In March 2005, we entered into a credit facility with DVB Bank, for a total of $56.5 million, to finance the purchase of 2 Suezmax tankers, the M/T Stopless and the M/T Stainless. The was payable in 28 varying quarterly installments beginning on July 29, 2005 and a balloon payment $10.2 million, payable together with the last installment. The interest rate on the DVB credit facility 125 basis points over LIBOR. Beginning on the date of the credit facility and ending on the final drawdown date, we paid the lender a quarterly commitment fee of 0.25% of the average undrawn a of the loan. The DVB credit facility was collateralized by a first priority mortgage on the M/T Stopl and the M/T Stainless. A fee of 1% was paid upon drawdown of the loan. In March and April 2006, following the sale and leaseback of M/T Stopless and M/T Stainless we repaid in full $50.1 million then outstanding amount of the loan. HSH Credit Facility: In November 2005, we concluded a bank of $154.0 million to partially finance the acquisition cost of vessels M/T Stormless, M/T Ellen P., M Errorless and M/T Edgeless. The loan is divided into 2 tranches of $130.0 million and $24.0 million respectively. Tranche A is payable in 32 consecutive quarterly installments of $2.7 million each, sta March 13, 2006, plus a balloon payment of $42.0 million payable together with the last installment. Tranche B is payable in 16 consecutive quarterly installments of $1.5 million each, starting March 1 2006. The initial interest rate in respect of Tranche A is 80 basis points over LIBOR. The interest ra be adjusted to 90 basis points over LIBOR if the aggregate amount drawn to aggregate value of ship greater than 60% but equal or below 70% and will be adjusted to 110 basis points over LIBOR if th aggregate amount drawn to aggregate value of ships is greater than 70%. The initial interest rate in of Tranche B is 110 basis points over LIBOR. The interest rate will be adjusted to 135 basis points LIBOR if the aggregate amount drawn to aggregate value of ships is greater than 65% but equal or 75% and will be adjusted to 160 basis points over LIBOR if the aggregate amount drawn to aggrega value of ships is greater than 75%.The loan was subject to a fee of 1% paid upon signing of the agreement. The HSH credit facility contains, among other things, financial covenants requiring us t ensure that the aggregate market value of the mortgaged vessels is equal to at least 140% of the outstanding principal amount under the loan, until the Tranche B repayment and 130% thereafter, e that our total assets minus our debt will not at any time be less than $250.0 million or 35% of our to assets, to ensure that our EBITDA (as defined in the HSH credit facility agreement) will not at any be less than 120% of the aggregate of interest expenses and debt due at a particular period, and mai certain minimum liquid funds of not less than the greater of $10.0 million or $0.5 million per vessel fleet, including the sold and leased-back vessels. In addition, the HSH credit facility prohibits us, w the lender's consent, from appointing a chief executive officer other than Evangelos Pistiolis and re that the mortgaged vessels are managed by TOP Tanker Management, which may subcontract the technical management of the mortgaged vessels to V.Ships Management Limited, Hanseatic Shippi Company Ltd., or any other company acceptable to the lender. In connection with the loan of $154. million discussed above, we entered into an interest rate swap agreement with declining notional ba in order to hedge its variable interest rate exposure, with effective date January 30, 2006, for an init notional amount of $45.0 million and for a period of five years, with a fixed interest rate of 4.8% pl applicable bank margin. Other Interest Rate Swaps: In July 2006, we entered with Deutsche Bank a Egnatia Bank into the following interest rate swap agreements. Under those agreements, we will pa initial fixed interest rate, as designated below, and will receive a floating interest rate, which is the 3-month LIBOR, as is determined on the reset dates. If the difference between the 10-year swap rat

the 2-year swap rate is greater or equal to 5 basis points, then we will continue to pay the initial fixe
and continue to receive the respective floating rate. If the difference between the 10-year swap rate a
the 2-year swap rate is less than 5 basis points, then we will pay the initial fixed rate, plus two times
difference between 5 basis points and the difference between the 10-year swap rate and the 2-year s
rate. The interest rate that we will pay is capped at 8.80%. (i) for a notional amount of $50.0 million
effective date of July 3, 2006 and for a period of seven years, with an initial interest rate of 4.63%, i
order to hedge portion of the variable interest rate exposure. (ii) for a notional amount of $10.0 milli
with effective date of July 3, 2006 and for a period of seven years, with an initial interest rate of 4.7
order to hedge portion of the variable interest rate exposure. During the fourth quarter of 2006, the s
(i) was restructured and we will pay an initial fixed interest rate, as designated below, and will recei
floating interest rate, which is the 3-month LIBOR, as is determined on the reset dates. In the first p
(fourth quarter of 2006), the difference between the 10-year swap rate and the 2-year swap rate was
greater to minus 5 basis points, and we paid the initial fixed rate and received the floating interest ra
the next three periods, if the difference between the 10-year swap rate and the 2-year swap rate is gr
or equal to 0 basis points, then we will continue to pay the initial fixed rate and continue to receive t
respective floating rate. If the difference between the 10-year swap rate and the 2-year swap rate is l
than 0 basis points, then we will pay the initial fixed rate, plus three times the difference between 0
points and the difference between the 10-year swap rate and the 2-year swap rate. In all subsequent
periods, if the difference between the 10-year swap rate and the 2-year swap rate is greater or equal
basis points, then we will continue to pay the previous rate and continue to receive the respective flo
rate. If the difference between the 10-year swap rate and the 2-year swap rate is less than 8 basis poi
then we will pay the previous rate, plus three times the difference between 8 basis points and the
difference between the 10-year swap rate and the 2-year swap rate. The interest rate that we will pay
the restructured swap is capped at 10.25%. (i) for a notional amount of $50.0 million, with effective
of September 29, 2006 and for a period of seven years, with an initial interest rate of 4.45%, in orde
hedge portion of the variable interest rate exposure. (2) Newbuildings: In October 2006, we entered
an agreement for the construction of six handymax Product / Chemical tankers. The total contract pr
amounted to $285.4 million and is payable in five instalments 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. The first instalment f
four of the six vessels of $28.7 million was paid in December 2006. The vessels are expected to be
delivered during the first six months of 2009. In January 2007, we paid the first installment of $14.2
million, in relation to the two remaining newbuildings. Part of this installment was financed through
RBS revolving credit facility and amounted $10.0 million. (3) Operating Leases: In January 2006, w
entered into an agreement to lease office space in Athens, Greece, with an unrelated party. The offic
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 extensio
ten years. The monthly rental is Euro 120,000 adjusted annually for inflation increase plus 1%. (4) L
payments under sale and leasebacks: In August and September 2005, we sold the M/T Restless, M/T
Sovereign, M/T Relentless, M/T Invincible and M/T Victorious, and entered into bareboat charter
agreements to leaseback the vessels, for a period of seven years. During 2005, lease payments relati
the bareboat charters of these vessels were $7.2 million. The total minimum lease payments require
made after December 31, 2006, related to the bareboat charters of these vessels are $119.1 million. I
March 2006, we sold the M/T Faithful, M/T Spotless, M/T Vanguard, M/T Doubtless, M/T Flawles
Timeless, M/T Priceless and M/T Stopless, and entered into bareboat charter agreements to leaseba
vessels, for a period of five years. The total minimum lease payments required to be made after Dec
31, 2006, related to the bareboat charters of these vessels are $231.3 million. In April 2006, we sold
M/T Limitless, M/T Endless, M/T Stainless, M/T Faultless and M/T Noiseless, and entered into bar
charter agreements to leaseback the vessels, for a period of seven years. The total minimum lease
payments required to be made after December 31, 2006, related to the bareboat charters of these ves

are $268.1 million. During 2006, lease payments relating to the bareboat charters of the aforementio
vessels were $96.3 million. Other contractual obligations: TOP Tanker Management, our wholly-ow
subsidiary, is responsible for the chartering, operational and technical management of our tanker fle
including crewing, maintenance, repair, capital expenditures, drydocking, vessel taxes, maintaining
insurance and other vessel operating expenses under management agreements with our vessel ownin
subsidiaries. As of December 31, 2006 TOP Tanker Management has subcontracted the day to day
technical management and crewing of 5 Handymax tankers and 8 Suezmax tankers to V.Ships
Management Limited, a ship management company and has subcontracted the day to day technical
management and crewing of 5 Handymax tankers and 3 Suezmax tankers to Hanseatic Shipping Co
Ltd, a ship management company operating in Cyprus. Additionally, TOP Tanker Management has
subcontracted the crewing of 1 Handymax tanker and 2 Suezmax tankers to V. Ships Management
Limited. TOP Tanker Management pays a monthly fee of $10,000 per vessel for technical managem
and crewing of the 13 vessels and $3,100 per vessel for the crewing of 3 vessels under its agreemen
V. Ships Management and a monthly fee of $7,083 per vessel for the 8 vessels under its agreements
Hanseatic Shipping Company. The agreements between Top Tanker Management and V.Ships
Management Limited and Hanseatic Shipping Company Ltd., continue until written notice of termi
is given by either party. In such case, they terminate after a period of two or three months from the
upon which such notice was given. Accordingly, they are not included in the table of contractual
obligations presented above. Other major capital expenditures include funding our maintenance pro
of regularly scheduled intermediate survey or special survey drydocking necessary to preserve the q
of our vessels as well as to comply with international shipping standards and environmental laws an
regulations. Although we have some flexibility regarding the timing of this maintenance, the costs a
relatively predictable. Management anticipates that these vessels which are younger than 15 years a
required to undergo in-water intermediate surveys 2.5 years after a special survey drydocking and th
vessels are to be drydocked every five years, while vessels 15 years or older are to be drydocked fo
intermediate survey every 2.5 years in which case the additional intermediate survey drydockings ta
place of in-water surveys. During 2006, we had 740 off-hire days associated with 9 drydockings and
off-hire days associated with 1 drydocking which as of the year-end was still in progress. During 20
had 270 off hire days associated with 8 drydockings. During 2004, we had 250 off hire days associa
with 5 drydockings. During 2003 we had 83 off hire days associated with 2 drydockings. Each
intermediate survey drydocking is estimated to require approximately 25 days and each special surv
drydocking is estimated to require approximately 35 days. In addition to the costs described above,
drydockings result in off hire time for a vessel, during which the vessel is unable to generate revenu
hire time includes the actual time the vessel is in the shipyard as well as ballast time to the shipyard
the port of last discharge. The ability to meet this maintenance schedule will depend on our ability t
generate sufficient cash flows from operations or to secure additional financing. Critical Accounting
Policies: The discussion and analysis of our financial condition and results of operations is based up
consolidated financial statements, which have been prepared in accordance with U.S. generally acce
accounting principles, or U.S. GAAP. The preparation of those financial statements requires us to m
estimates and judgments that affect the reported amount of assets and liabilities, revenues and expe
and related disclosure of contingent assets and liabilities at the date of our financial statements. Act
results may differ from these estimates under different assumptions or conditions. Critical accountin
policies are those that reflect significant judgments or uncertainties, and potentially result in materia
different results under different assumptions and conditions. We have described below what we beli
are our most critical accounting policies that involve a higher degree of judgment and the methods o
application. For a description of all of our significant accounting policies, see Note 2 to our consoli
financial statements included herein. Depreciation. We record the value of our vessels at their cost (
includes the contract price, pre-delivery costs incurred during the construction of newbuildings,
capitalized interest and any material expenses incurred upon acquisition such as initial repairs,
improvements and delivery expenses to prepare the vessel for its initial voyage) less accumulated
depreciation. We depreciate our vessels on a straight-line basis over their estimated useful lives, est

to be 25 years from the date of initial delivery from the shipyard. Depreciation is based on cost of th
vessel less its residual value which is estimated to be $160 per light-weight ton. A decrease in the us
life of the vessel or in the residual value would have the effect of increasing the annual depreciation
charge. When regulations place limitations over the ability of a vessel to trade on a worldwide basis
vessel's useful life is adjusted at the date such regulations become effective. Deferred drydock costs
follow the deferral method of accounting for dry-docking costs whereby actual costs incurred are de
and are amortized on a straight-line basis over the period through the date the next dry-docking beco
due. Management anticipates that these vessels which are younger than 15 years will be required to
undergo in-water intermediate surveys 2.5 years after a special survey drydocking and that such ves
will be drydocked every five years, while vessels 15 years or older will be drydocked for an interme
survey every 2.5 years in which case the additional intermediate survey drydockings take the place o
in-water surveys. Dry-docking costs for vessels sold and leased back are amortized on a straight line
over the period through the next dry-docking becomes due or through the termination of the lease,
whichever comes first. Costs capitalized as part of the drydock include all works required by the ves
Classification Societies and for the maintenance of the vessels CAP rating, which may consist of ac
costs incurred at the dry-dock yard, including dry-dock dues and general services for vessel prepara
coating of WBT/COT, steelworks, piping works and valves, machinery works and electrical works.
those works which are carried out during dry-dock time for routine maintenance according to the
Company's Planned Maintenance System as well as modifications, improvements required by third
(i.e Port Authorities, Oil Majors, standards set by the Company etc.) and not required by the vessels
Classification Societies are not capitalized but expensed as incurred. Unamortized dry-docking cost
vessels that are sold are written off and included in the calculation of the resulting gain or loss in the
of the vessel's sale. Impairment of long-lived assets. We evaluate the carrying amounts (primarily fo
vessels and related drydock costs) and periods over which long-lived assets are depreciated to deter
events have occurred which would require modification to their carrying values or useful lives. In
evaluating useful lives and carrying values of long-lived assets, we review certain indicators of pote
impairment, such as undiscounted projected operating cash flows, vessel sales and purchases, busine
plans and overall market conditions. We determine undiscounted projected net operating cash flows
each vessel and compare them to the vessel carrying value including unamortized drydock costs. If o
estimate of undiscounted future cash flows for any vessel is lower than the vessel's carrying value p
any unamortized drydock costs, the carrying value is written down, by recording a charge to operati
the fair market value if the fair market value is lower than the vessel's carrying value. We obtain fai
market valuations from reputable international sale and purchase brokers performed on an individua
vessel basis. As vessel values are volatile, the actual fair market value of a vessel may differ signific
from estimated fair market values within a short period of time. Allowance for doubtful accounts.
Revenue is based on contracted voyage and time charter parties and, although our business is with
customers who we believe to be of the highest standard, there is always the possibility of dispute, m
over terms, calculation and payment of demurrages. In such circumstances, we assess the recoverab
amounts outstanding and we estimate a provision if there is a possibility of non-recoverability, comb
with the application of a historical recoverability ratio, for purposes of determining the appropriate
provision for doubtful accounts. Although we believe our provisions to be based on fair judgment at
time of their creation, it is possible that an amount under dispute is not recovered and the estimated
provision for doubtful recoverability is inadequate. G. Safe Harbor Matters discussed in this Item 5
include assumptions, expectations, projections, intentions and beliefs about future events. These
statements are intended as "forward-looking statements". We caution that assumptions, expectations
projections, intentions and beliefs about future events may and often do vary from actual results and
differences can be material. Please see "Cautionary Statement Regarding Forward-Looking Stateme
this Report. ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES A. Directors a
Senior Management Set forth below are the names, ages and positions of our directors, executive of
and key employees. Our board of directors is elected annually on a staggered basis, and each directo
elected holds office for a three-year term. Officers are elected from time to time by vote of our boar

directors and hold office until a successor is elected. Name Age Position ---- --- -------- Thomas F. Jackson ....59 Director and Chairman of the Board Evangelos J. Pistiolis ....34 Direc President and Chief Executive Officer Stamatios N. Tsantanis ....35 Director and Chief Finan Officer Vangelis G. Ikonomou ....42 Director and Executive Vice President Michael G. Doc ....47 Director Christopher J. Thomas ....47 Director Roy Gibbs ....57 Director Stavros Emmanuel....................64 Chief Operating Officer of TOP Tanker Management G Goumopoulos..................57 Chief Technical Officer of TOP Tanker Management Eirini Alexandropoulou ....35 Secretary Biographical information with respect to each of our directo executives is set forth below. Thomas F. Jackson is the Chairman of our Board of Directors since Ju 2004, and has over 27 years experience in the shipping industry. Mr. Jackson is also a Director of P Finance Corporation, which he established in 2000 as a provider of financial advisory and consulta services to select Greek shipping companies. Mr. Jackson commenced his banking career with Nati Westminster Bank in 1967, and moved to the Piraeus Branch, Greece in 1977. In 1986 he headed th Bank's Operations Department in Athens, and returned to Piraeus in 1989 where he assumed the rol Corporate and Shipping Marketing Manager. In 1994 he was appointed Head of Shipping for the Ba Greece. Mr. Jackson is an Associate of the Institute of Financial Services (formerly the Chartered In of Bankers), and is a past lecturer for the Institutes examinations. Evangelos J. Pistiolis founded our Company in 2000, is our President and Chief Executive Officer and serves on our board of directors July 2004. Mr. Pistiolis graduated from Southampton Institute of Higher Education in 1999 where h studied shipping operations and from Technical University of Munich in 1994 with a bachelor's deg mechanical engineering. His career in shipping started in 1992 when he was involved with the day t operations of a small fleet of drybulk carriers. From 1994 through 1995 he worked at Howe Robins Co. Ltd., a London shipbroker specializing in container vessels. While studying at the Southampton Institute of Higher Education, Mr. Pistiolis oversaw the daily operations of Compass United Mariti Container Vessels, a ship management company located in Greece. Stamatios N. Tsantanis is our C Financial Officer and serves on our board of directors since July 2004. Mr. Tsantanis was previousl employed by Alpha Finance, a member of the Alpha Bank group, a leading Greek financial instituti from 1999 to 2004. In his capacity as a senior investment banker he participated in a number of equ debt and convertible securities offerings in Europe and the United States in the transportation sector shipping in particular. Prior to that, Mr. Tsantanis worked in the operations department of Athloma Shipping and Trading. Mr. Tsantanis holds a Masters degree in Shipping Trade and Finance from th University Business School in London, and a Bachelors degree in Shipping Economics from the University of Piraeus. Vangelis G. Ikonomou is our Executive Vice President and serves on our boa directors since July 2004. Prior to joining the Company, Mr. Ikonomou was the Commercial Direct Primal Tankers Inc. From 2000 to 2002, Mr. Ikonomou worked with George Moundreas & Compa where he was responsible for the purchase and sale of second-hand vessels and initiated and develo shipping industry research department. Mr. Ikonomou worked, from 1993 to 2000, for Eastern Mediterranean Maritime Ltd., a ship management company in Greece, in the commercial as well as safety and quality departments. Mr. Ikonomou holds a Masters degree in Shipping Trade and Finan from the City University Business School in London, a Bachelors degree in Business Administratio the University of Athens in Greece and a Navigation Officer Degree from the Higher State Mercha Marine Academy in Greece. Michael G. Docherty serves on our board of directors since July 2004. Docherty is a founding partner of Independent Average Adjusters Ltd., an insurance claims adjustin located in Athens, Greece, which he co-founded in 1997. Mr. Docherty has 24 years of internationa experience handling maritime insurance claims. Christopher J. Thomas serves on our board of direc since July 2004. Mr. Thomas is also the Chief Financial Officer of Paragon Shipping Inc. From 200 2006, Mr. Thomas was the Chief Financial Officer of DryShips Inc., which is a publicly traded com with securities registered under the Securities Exchange Act of 1934. From 1999 to 2004, Mr. Thon was the Chief Financial Officer and a director of Excel Maritime Carriers Ltd., which is also a publi traded company with securities registered under the Securities Exchange Act of 1934. Prior to joinir Excel, Mr. Thomas was the Chief Financial Officer of Cardiff Marine Inc. Mr. Thomas holds a degr

Business Administration from Crawley University, England. Roy Gibbs serves on our board of dire
since July 2004. Mr. Gibbs has been the chief executive officer of Standard Chartered Grindlays Ba
Greece, formerly ANZ Grindlays, since 1992. From 1988 to 1992, Mr. Gibbs was the chief manage
domestic banking at ANZ Grindlays, London. Prior to that he was assistant director for property,
construction and shipping at ANZ London. Mr. Gibbs joined National and Grindlays Bank in 1965.
Captain Stavros Emmanuel is the Chief Operating Officer of TOP Tanker Management since July 2
He has 32 years experience in the shipping industry and expertise in operation and chartering issues
to joining TOP Tanker Management, Captain Emmanuel served as General Manager of Primal Tan
Inc., where his responsibilities included chartering and operations management. Prior to joining Pri
Tankers in 2000, Captain Emmanuel worked in various management capacities for Compass United
Maritime. Captain Emmanuel obtained a Naval Officers degree from ASDEN Nautical Academy of
Aspropyrgos, Greece and earned a Master Mariners degree in 1971. George Goumopoulos is the Ch
Technical Officer of TOP Tanker Management since July 2004. Prior to joining TOP Tanker
Management, Mr. Goumopoulos served as Technical Manager of Primal Tankers Inc. From 1981 to
Mr. Goumopoulos worked for Athenian Sea Carriers as Fleet Manager, Deputy Technical Manager
finally as Technical Director. Mr. Goumopoulos holds a Bachelor degree from the University of
Michigan, USA in Marine Engineering and Naval Architecture, where he also completed his postgr
studies in the same fields. He holds a Diploma from NTUA (EMP Athens) in Marine Engineering a
Naval Architecture. Eirini Alexandropoulou is our Secretary since August 2004. Mrs. Alexandropou
principal occupation for the past 8 years is as a legal advisor providing legal services to ship manag
companies with respect to corporate and commercial as well as shipping and finance law issues in G
From 2001 to 2004, Mrs. Alexandropoulou served as a legal advisor to Eurocarriers SA, a ship man
Most recently, from 2000 to 2001, Mrs. Alexandropoulou served as a legal advisor to Belize's ship
registry office in Piraeus. Mrs. Alexandropoulou has been a member of the Athens Bar Association
1997 and has a law degree from the Law Faculty of the University of Athens. Committees of the Bo
Directors We have established an audit committee comprised of three members, which pursuant to a
written audit committee charter, is responsible for reviewing our accounting controls and recommen
to the board of directors the engagement of our outside auditors. Each member is an independent di
under the corporate governance rules of the Nasdaq National Market. The members of the audit
committee are Messrs. Docherty, Gibbs and Thomas. While the Company is exempt from the requi
to have an audit committee financial expert, both Mr. Thomas and Mr. Gibbs meet the qualification
audit committee financial expert. B. Compensation We did not pay any compensation to members o
senior management or our directors for the fiscal year ended December 31, 2002 or for the fiscal ye
ended December 31, 2003. We did not pay any benefits in 2002 or 2003. During the fiscal year end
December 31, 2004, 2005 and 2006, we paid to the members of our senior management and to our
directors aggregate compensation of $4.4 million, $8.1 million and $4.2 million respectively. We do
have a retirement plan for our officers or directors. Equity Incentive Plan In April 2005 our board of
directors has adopted the TOP Tankers Inc. 2005 Stock Incentive Plan, or the Plan, under which our
officers, key employees and directors may be granted options to acquire common stock. A total of
1,000,000 shares of common stock were reserved for issuance under the Plan, which is administered
our board of directors. The Plan also provides for the issuance of stock appreciation rights, dividend
equivalent rights, restricted stock, unrestricted stock, restricted stock units, and performance shares
discretion of our board of directors. The Plan will expire 10 years from the date of its adoption. On
2005, January 3, 2006 and July 6, 2006 (the "grant dates") the Company granted restricted shares pu
to the Company's 2005 Stock Incentive Plan ("the Plan"), which was adopted in April 2005 to provi
certain key persons (the "Participants"), on whose initiatives and efforts the successful conduct of th
Company's business depends, and who are responsible for the management, growth and protection o
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 o
Company, (c) maximize their performance, and (d) enhance the long-term performance of the Comp
(whether directly or indirectly) through enhancing the long-term performance of a Company subsid

Company joint venture. A total of 1,000,000 shares of common stock were reserved for issuance un
Plan, which is administered by the Company's Board of Directors. The granted shares have no exerc
price and constitute a bonus in nature. The Company's Board of Directors administers the Plan and,
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 (th
"Shares") were granted. For this purpose 249,850 new shares were granted, out of which 190,000 sh
were granted to the Company's CEO, 48,300 shares to 8 officers and independent members of the B
and the remaining 11,550 shares were granted to 36 employees. On January 3, 2006, the Company's
Board of Directors identified 29 key persons (including the Company's CEO and other 8 officers an
independent members of the Board) to whom shares of restricted common stock of the Company (th
"Shares") were granted. For this purpose 125,000 new shares were granted, out of which 80,000 sha
were granted to the Company's CEO, 38,000 shares to 8 officers and independent members of the B
and the remaining 7,000 shares were granted to 20 employees. On July 6, 2006, the Company's Boa
Directors identified 60 key persons (including the Company's CEO and other 8 officers and indepen
members of the Board) to whom shares of restricted common stock of the Company (the "Shares")
granted. For this purpose 320,000 new shares were granted, out of which 221,250 shares were grant
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. The "Restricted Stock Agreements" were si
between the Company and the Participants on the respective grant dates. Under these agreements, th
Participants have the right to receive dividends and the right to vote the Shares, subject to the follow
restrictions: Company's CEO The Participant shall not sell, assign, exchange, transfer, pledge,
hypothecate or otherwise dispose of or encumber any of the Shares other than to a company, which
wholly owned by the Participant. The restrictions lapse on the earlier of (i) one year from the grant
(ii) termination of the Participant's employment with the Company for any reason. Other Participant
Participants 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
Participant's continued employment with the Company from the date of the agreement (i.e. July 1, 2
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
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, tha
Participant shall forfeit all rights to all Shares that have not yet vested as of such date of termination
However, it is the intention of the Company's Board of Directors not to seek repayment of the divid
earned during the restricted period, even if the unvested shares ultimately are forfeited. As these Sha
granted to other Participants contain a time-based service vesting condition, such shares are conside
non-vested shares on the grant date. A summary of the status of the Company's non-vested and veste
shares as of December 31, 2006 and movement during the years ended December 31, 2005 and 200
presented below: Number of non-vested shares As at January 1, 2005 -- Granted 59,850 Forfeited (2
------------------------------ As at December 31, 2005 59,650 ------------------------------ Granted 143,
Vested (58,600) Forfeited (3,900) ------------------------------ As at December 31, 2006 140,900
============================== Number of vested shares As at January 1, 2005 -- Grant
190,000 As at December 31, 2005 190,000 ------------------------------ Granted 301,250 Non-vested
granted in 2005, vested during 2006 58,600 ------------------------------ As at December 31, 2006 549
============================== During 2005, the employment of one of the other Partic
was terminated and 200 restricted shares that were granted to him under the Plan were forfeited. Du
2006, the employment of six of the other Participants was terminated and 3,900 restricted shares tha
granted to them under the Plan were forfeited. C. Board practices and exemptions from Nasdaq corp
governance rules The Company has certified to Nasdaq that its corporate governance practices are i
compliance with, and are not prohibited by, the laws of the Republic of the Marshall Islands. Theref
the Company is exempt from all of Nasdaq's corporate governance practices other than the requirem
regarding the disclosure of a going concern audit opinion, notification of material non-compliance w

Nasdaq corporate governance practices, and the establishment and composition of an audit committ complies with SEC Rule 10A-3 and a formal written audit committee charter. The practices followe the Company in lieu of Nasdaq's corporate governance rules are described below. o In lieu of a compensation committee comprised of independent directors, the full Board of Directors determine compensation. o In lieu of a nomination committee comprised of independent directors and a forma written charter addressing the nominations process, the full Board of Directors, as set forth in the Company's by-laws, regulates nominations. o The Company holds annual meetings of shareholders the BCA, similar to Nasdaq requirements. o In lieu of obtaining an independent review of related pa transactions for conflicts of interests, the disinterested members of the Board of Directors approve r party transactions under the BCA. o In lieu of obtaining shareholder approval prior to the issuance c designated securities, the Company complies with provisions of the BCA providing that the Board c Directors approves share issuances. o The Company's Board does not hold regularly scheduled mee at which only independent directors are present. The Company complies with the Nasdaq corporate governance requirements pertaining to the board of directors, a majority of which must be independ the disclosure of a going concern audit opinion, the distribution of annual and interim reports; share meetings, quorum, peer review, and direct registration program and the disclosure of a notification c material non-compliance. ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS A. Major shareholders The following table sets forth information regarding (i) tl owners of more than five percent of our common stock that we are aware of and (ii) the total amour capital stock owned by our officers and directors as of February 14, 2007. All of the shareholders, including the shareholders listed in this table, are entitled to one vote for each share of common stoc held. Amount Percent Title of Class Identity of Person or Group Owned of Class ------------- -------------------------- ----- -------- Common Stock, QVT Financial LP* 3,089,806 9.5% par value Kingdom Holdings Inc.** 2,361,181 7.3% $.01 per Evangelos Pistiolis*** 1,727,379 5.3% share O and directors other than Evangelos Pistiolis 200,000 0.6% All officers and directors 1,927,379 5.9% group ---------- * As at March 9, 2007. ** A company owned primarily by adult relatives of our Pre Chief Executive Officer and Director, Evangelos Pistiolis. *** By virtue of the shares owned indire through Sovereign Holdings Inc., a company wholly-owned by Evangelos Pistiolis. B. Related party transactions Up to June 30, 2004, the ship-owning companies had a management agreement with Pr Tankers Inc., which was wholly owned by the father of the Company's Chief Executive Officer, unc which management services were provided in exchange for a fixed monthly fee per vessel, which w renewed annually. The fees charged by Primal Tankers Inc. during 2002, 2003 and 2004 amounted million, $1.7 million and $1.1 million, respectively. During 2004, Top Tanker Management Inc. acc from Primal Tankers Inc. other fixed assets for a consideration of $0.1 million. In July 2004, the Co entered into an agreement to lease office space in Athens, Greece from Pyramis Technical Co. SA, is wholly owned by the father of the Company's Chief Executive Officer. The agreement was for du of six years beginning July 2004 with a lessee's option for an extension of four years. The monthly r was Euro 39,000 and effective January 1, 2006 was adjusted for inflation to Euro 40,365. In January the Company entered into an agreement to lease office space in Athens, Greece, with an unrelated p The change in office location, due to necessary refurbishments, took place in October 2006; therefo 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 Tec Co. S.A. for the renovation of the new premises. The total contracted cost totaled Euro 1,593,250. A transactions with Primal Tankers Inc. and Pyramis Techical Co. S.A. were performed at arm's lengt normal commercial terms. C. Interests of experts and counsel. Not applicable. D. Employees As of December 31, 2006, we had 3 employees, while our wholly-owned subsidiary, TOP Tanker Manage employed 68 employees, all of whom are shore-based. As of December 31, 2006 we employed also sea going employees, indirectly through our sub-managers. E. Share ownership The common shares beneficially owned by our directors and senior managers and/or companies affiliated with these individuals are disclosed in "Item 7. Major Shareholders and Related Party Transactions" below. IT FINANCIAL INFORMATION. A. Consolidated Statements and Other Financial Information. See I

18. DIVIDEND POLICY The Company paid special dividends of $5.00 per share and $2.50 per sha
March 27, 2006 and April 25, 2006, respectively. On April 6, 2006 our Board of Directors decided t
discontinue the Company's policy of paying regular quarterly dividends. The declaration and payme
any future special dividends shall remain subject to the discretion of the Board of Directors and sha
based on general market and other conditions including the Company's earnings, financial strength a
cash requirements and availability. We are permitted to pay dividends under the loans so long as we
not in default of a loan covenant and if such dividend payment would not result in a default of a loa
covenant. B. Significant Changes. Not Applicable. ITEM 9. THE OFFER AND LISTING. Price Ra
Common Stock The trading market for our common stock is the Nasdaq Global Select Market, on w
the shares are listed under the symbol "TOPT." The following table sets forth the high and low clos
prices for our common stock since our initial public offering of common stock at $11.00 per share o
23, 2004, as reported by the Nasdaq Global Select Market. The high and low closing prices for our
common stock for the periods indicated were as follows: HIGH LOW ---- --- For the Fiscal Year En
December 31, 2006 .... $18.22 $4.65 For the Fiscal Year Ended December 31, 2005 ....
$22.00 $12.27 For the Fiscal Year Ended December 31, 2004 (beginning July 23,
2004).................................... $24.14 $10.51 For the Quarter Ended March 31,
2005.. $22.00 $14.25 June 30, 2005... $19
$14.21 September 30, 2005.. $16.90 $13.75 December 31,
2005.. $15.01 $12.27 March 31, 2006.. $18.
$11.90 June 30, 2006... $12.62 $6.09 September 30,
2006... $6.72 $5.50 December 31, 2006.. $6.35
For the Month: HIGH LOW March 2007 (Only for the period of March 1-15) $5.02 $4.66
February 2007 .... $5.18 $4.79 January 2007 ....
$5.04 $4.65 December 2006.. $5.53 $4.65 November
2006.. $6.35 $5.04 October 2006 .... $6.23
ITEM 10. ADDITIONAL INFORMATION A. Share Capital Not applicable. B. Memorandum and
Articles of Association Our purpose, as stated in Section B of our Articles of Incorporation, is to en
in any lawful act or activity for which corporations may now or hereafter be organized under the Ma
Islands Business Corporations Act. Our articles of incorporation and bylaws do not impose any limi
on the ownership rights of our shareholders. Under our bylaws, annual shareholder meetings will be
at a time and place selected by our board of directors. The meetings may be held in or outside of the
Marshall Islands. Special meetings of the shareholders, unless otherwise prescribed by law, may be
for any purpose or purposes at any time by the board of directors. Notice of every annual and specia
meeting of shareholders shall be given at least 15 but not later than 60 days before such meeting to
shareholder of record entitled to vote thereat. Directors. Our directors are elected by a plurality of th
votes cast by shareholders entitled to vote. There is no provision for cumulative voting. The board o
directors must consist of at least one member. The board of directors may change the number of dir
only by the vote of not less than 66 2/3% of the entire board. Each director shall be elected to serve
the third succeeding annual meeting of shareholders and until his successor shall have been duly ele
and qualified, except in the event of his death, resignation, removal, or the earlier termination of his
of office. The board of directors has the authority to fix the amounts which shall be payable to the
members of our board of directors for attendance at any meeting or for services rendered to us. Diss
Rights of Appraisal and Payment. Under the Business Corporation Act of the Republic of the Marsh
Islands, or BCA, our shareholders have the right to dissent from various corporate actions, includin
merger or sale of all or substantially all of our assets not made in the usual course of our business, a
receive payment of the fair value of their shares. In the event of any further amendment of the articl
shareholder also has the right to dissent and receive payment for his or her shares if the amendment
certain rights in respect of those shares. The dissenting shareholder must follow the procedures set f
the BCA to receive payment. In the event that, among other things, the institution of proceedings in
circuit court in the judicial circuit in the Marshall Islands in which our Marshall Islands office is sit
The value of the shares of the dissenting we and any dissenting shareholder fail to agree on a price f

shares, the BCA procedures involve shareholder is fixed by the court after reference, if the court so
to the recommendations of a court-appointed appraiser. Shareholders' Derivative Actions. Under the
BCA, any of our shareholders may bring an action in our name to procure a judgment in our favor, a
known as a derivative action, provided that the shareholder bringing the action is a holder of commo
stock both at the time the derivative action is commenced and at the time of the transaction to which
action relate. Anti-takeover Provisions of our Charter Documents. Several provisions of our articles
incorporation and by-laws may have anti-takeover effects. These provisions are intended to avoid co
takeover battles, lessen our vulnerability to a hostile change of control and enhance the ability of ou
board of directors to maximize shareholder value in connection with any unsolicited offer to acquire
However, these anti-takeover provisions, which are summarized below, could also discourage, delay
prevent (1) the merger or acquisition of our company by means of a tender offer, a proxy contest or
otherwise, that a shareholder may consider in its best interest and (2) the removal of incumbent offic
and directors. Business Combinations The Company's Amended and Restated Articles of Incorporat
include provision which prohibit the Company from engaging in a business combination with an
interested shareholder for a period of three years after the date of the transaction in which the person
became an interested shareholder, unless: o prior to the date of the transaction that resulted in the
shareholder becoming an interested shareholder, the Board approved either the business combinatio
the transaction that resulted in the shareholder becoming an interested shareholder; o upon consumm
of the transaction that resulted in the shareholder becoming an interested shareholder, the interested
shareholder owned at least 85% of the voting stock of the corporation outstanding at the time the
transaction commenced; o at or subsequent to the date of the transaction that resulted in the shareho
becoming an interested shareholder, the business combination is approved by the Board and authori
an annual or special meeting of shareholders by the affirmative vote of at least 66 2/3% of the outsta
voting stock that is not owned by the interested shareholder; and o the shareholder became an intere
shareholder prior to the consummation of the initial public offering. Blank Check Preferred Stock U
the terms of our articles of incorporation, our board of directors has authority, without any further vo
action by our shareholders, to issue up to 20,000,000 shares of blank check preferred stock. Our boa
directors may issue shares of preferred stock on terms calculated to discourage, delay or prevent a c
of control of our company or the removal of our management. Classified Board of Directors Our art
of incorporation provide for the division of our board of directors into three classes of directors, wit
class as nearly equal in number as possible, serving staggered, three-year terms. Approximately one
of our board of directors will be elected each year. This classified board provision could discourage
third party from making a tender offer for our shares or attempting to obtain control of our company
could also delay shareholders who do not agree with the policies of the board of directors from remo
a majority of the board of directors for two years. Election and Removal of Directors Our articles of
incorporation prohibit cumulative voting in the election of directors. Our by-laws require parties oth
than the board of directors to give advance written notice of nominations for the election of director
articles of incorporation also provide that our directors may be removed only for cause and only upo
affirmative vote of the holders of at least 80% of the outstanding shares of our capital stock entitled
vote for those directors. These provisions may discourage, delay or prevent the removal of incumbe
officers and directors. Limited Actions by Shareholders Our articles of incorporation and our by-law
provide that any action required or permitted to be taken by our shareholders must be effected at an
annual or special meeting of shareholders or by the unanimous written consent of our shareholders.
articles of incorporation and our by-laws provide that, subject to certain exceptions, only our board
directors may call special meetings of our shareholders and the business transacted at the special me
is limited to the purposes stated in the notice. Accordingly, a shareholder may be prevented from ca
special meeting for shareholder consideration of a proposal over the opposition of our board of direc
and shareholder consideration of a proposal may be delayed until the next annual meeting. Super-m
Required for Certain Amendments to Our By-Laws On February 28, 2007 we amended our by-laws
require that amendments to certain provisions of our by laws may be made when approved by 66 2/
the entire Board of Directors. These provisions that require 66 2/3% vote of the Board of Directors t

amended are provisions governing: the nature of business to be transacted at our annual meetings of shareholders, the calling of special meetings by our Board of Directors, any amendment to change the number of directors constituting our Board of Directors, the method by which our Board of Directors elected, the nomination procedures of our board of directors, removal of our board of directors and the filling of vacancies on our Board of Directors. C. Material Contracts Long Term Debt As of Decem 31, 2006 we had long term debt obligations under two credit facilities, the RBS credit facility and the HSH Nordbank credit facility. For a full description of our credit facilities see "Tabular Disclosure of Contractual Obligations - Long Term Debt" above. Newbuildings As of December 31, 2006 we had commitments under 6 shipbuilding contracts for the construction of 6 Handymax Product / Chemica tankers scheduled for delivery during the first six months of 2009. For a full description of our newbuildings see "Tabular Disclosure of Contractual Obligations - Newbuildings" above. Office sp lease In January 2006, we entered into an agreement to lease office space in Athens, Greece, with an unrelated party. The agreement is for duration of twelve years beginning May 2006 with a lessee's o for an extension of ten years. For a full description of the office space lease see "Tabular Disclosure Contractual Obligations - Operating leases" above. Sale and leaseback As of December 31, 2006 we commitments under sale and leaseback agreements for 18 out of the 24 of our vessels under manage In March and April of 2006, the subsidiaries of the Company sold and subsequently leasedback 13 v for a period of five to seven years. The Company guaranteed to the buyers of the vessels the paymen all sums owed by its subsidiaries under the sale and leaseback charters and agreed to accept liability behalf of its subsidiaries for the obligations of its subsidiaries to the buyers of its vessels. Financial undertakings of the Company are contained in the quadripartite deeds and the guarantees of these transactions. The quadripartite deeds and guarantees which are included as exhibits to this annual re contain restrictive covenants which state, among other things, that the Company agrees, as charter guarantor that it will at all times throughout the security period (as defined in the quadripartite deed maintain a minimum amount of $20.0 million in its account with Fortis Bank commencing on the fi drawdown date (as described in the quadripartite deeds) and December 15, 2006 and a minimum am of $25.0 million in its account with Fortis Bank for the period between December 15, 2006 and the expiration of the guarantee. As guarantor, the Company is to further ensure that there are no encumbrances existing over the amounts it is to maintain in its account. Further, as guarantor the Company undertakes to maintain cash balances of at least $50.0 million in bank accounts in its nam the name of its subsidiaries (including the $25.0 million maintained with Forties). The Company als undertakes to ensure that its net asset value at all time exceeds $125.0 million and that its book equi all time exceeds $75.0 million, to endeavor that any excess cash flow from vessel operations will be into the Company's account with Fortis and to provide details regarding the operating expenses and earnings of its vessels to Fortis at three month intervals. For a full description of the sale and leaseb commitments see "Tabular Disclosure of Contractual Obligations - Lease payments under sale and leasebacks" above. Stockholders Rights Agreement We entered into a Stockholders Rights Agreeme with Computershare Investor Services, LLC, as Rights Agent, as of August 19, 2005. Under this Agreement, we declared a dividend payable of one preferred share purchase right, or Right, to purch one one-thousandth of the Company's Series A Participating Cumulative Preferred Stock for each outstanding share of TOP Tankers common stock, par value $0.01 per share. The Right will separate the common stock and become exercisable after (1) a person or group acquires ownership of 15% o of the company's common stock or (2) the 10th business day (or such later date as determined by the company's board of directors) after a person or group announces a tender or exchange offer which w result in that person or group holding 15% or more of the company's common stock. On the distribu date, each holder of a right will be entitled to purchase for $25 (the "Exercise Price") a fraction (1/1 of one share of the company's preferred stock which has similar economic terms as one share of com stock. If an acquiring person (an "Acquiring Person") acquires more than 15% of the company's com stock then each holder of a right (except that acquiring person) will be entitled to buy at the exercise a number of shares of the company's common stock which has a market value of twice the exercise Any time after the date an Acquiring Person obtains more than 15% of the company's common stoc

before that Acquiring Person acquires more than 50% of the company's outstanding common stock, company may exchange each right owned by all other rights holders, in whole or in part, for one sha the company's common stock. The rights expire on the earliest of (1) August 31, 2015 or (2) the exc or redemption of the rights as described above. The company can redeem the rights at any time prio public announcement that a person has acquired ownership of 15% or more of the company's comm stock. The terms of the rights and the Stockholder Rights Plan may be amended without the consent rights holders at any time on or prior to the Distribution Date. After the distribution date, the terms o rights and the Stockholder Rights Plan may be amended to make changes, which do not adversely a the rights of the rights holders (other than the Acquiring Person). The rights will not have any voting rights. The rights will have the benefit of certain customary anti-dilution protections Sales Agreeme with Cantor Fitzgerald & Co. We entered into a Sales Agreement with Cantor Fitzgerald & Co. on A 13, 2006, pursuant to which we agreed that from time to time we will issue and sell and agreed upon number of our shares of common stock through Cantor Fitzgerald & Co. who will act as agent and/o principal for us in the sale of these shares. The agreement expired in October 2006. D. Exchange co The Marshall Islands imposes no exchange controls on non-resident corporations. E. Tax Considera The following is a discussion of the material Marshall Islands and United States federal income tax considerations relevant to an investment decision by a U.S. Holder and a non U.S. Holder, each as d below, with respect to the common stock. This discussion does not purport to deal with the tax consequences of owning common stock to all categories of investors, some of which, such as dealer securities and investors whose functional currency is not the United States dollar, may be subject to special rules. You are encourages to consult your own tax advisors concerning the overall tax consequences arising in your own particular situation under United States federal, state, local or fore law of the ownership of common stock. Marshall Islands Tax Considerations In the opinion of Sewa Kissel LLP, the following are the material Marshall Islands tax consequences of our activities to us shareholders of our common stock. We are incorporated in the Marshall Islands. Under current Mar Islands law, we are not subject to tax on income or capital gains, and no Marshall Islands withholdin will be imposed upon payments of dividends by us to our shareholders. United States Federal Incom Considerations In the opinion of Seward & Kissel LLP, our United States counsel, the following are material United States federal income tax consequences to us of our activities and to U.S. Holders a U.S. Holders, each as defined below, of our common stock. The following discussion of United Stat federal income tax matters is based on the Internal Revenue Code of 1986, or the Code, judicial dec administrative pronouncements, and existing and proposed regulations issued by the United States Department of the Treasury, all of which are subject to change, possibly with retroactive effect. Tre Regulations promulgated in August of 2003 interpreting Code Section 883, became effective on Jan 1, 2005 for calendar year taxpayers such as ourselves and our subsidiaries. The discussion below is in part, on the description of our business as described in "Business" above and assumes that we co our business as described in that section. Except as otherwise noted, this discussion is based on the assumption that we will not maintain an office or other fixed place of business within the United Sta References in the following discussion to "we" and "us" are to TOP Tankers Inc. and its subsidiaries consolidated basis. United States Federal Income Taxation of Our Company Taxation of Operating Income: In General Unless exempt from United States federal income taxation under the rules discu below, a foreign corporation is subject to United States federal income taxation in respect of any inc that is derived from the use of vessels, from the hiring or leasing of vessels for use on a time, voyag bareboat charter basis, from the participation in a pool, partnership, strategic alliance, joint operatin agreement, code sharing arrangements or other joint venture it directly or indirectly owns or particip in that generates such income, or from the performance of services directly related to those uses, wh we refer to as "shipping income," to the extent that the shipping income is derived from sources wit United States. For these purposes, 50% of shipping income that is attributable to transportation that or ends, but that does not both begin and end, in the United States constitutes income from sources the United States, which we refer to as "U.S.-source shipping income." Shipping income attributabl transportation that both begins and ends in the United States is considered to be 100% from sources

the United States. We are not permitted by law to engage in transportation that produces income wh
considered to be 100% from sources within the United States. Shipping income attributable to
transportation exclusively between non-U.S. ports will be considered to be 100% derived from sour
outside the United States. Shipping income derived from sources outside the United States will not
subject to any United States Federal income tax. In the absence of exemption from tax under Sectio
our gross U.S. source shipping income would be subject to a 4% tax imposed without allowance for
deductions as described below. Exemption of Operating Income from United States Federal Income
Taxation Under Section 883 of the Code and the regulations thereunder, we will be exempt from Un
States federal income taxation on our U.S.-source shipping income if: (1) we are organized in a fore
country (our "country of organization") that grants an "equivalent exemption" to corporations organ
the United States; and (2) either (A) more than 50% of the value of our stock is owned, directly or
indirectly, by individuals who are "residents" of our country of organization or of another foreign co
that grants an "equivalent exemption" to corporations organized in the United States, which we refe
the "50% Ownership Test," or (B) our stock is "primarily and regularly traded on an established sec
market" in our country of organization, in another country that grants an "equivalent exemption" to
States corporations, or in the United States, which we refer to as the "Publicly-Traded Test". The M
Islands, Cyprus and Liberia, the jurisdictions where our ship-owning subsidiaries are incorporated,
grant an "equivalent exemption" to United States corporations. Therefore, we will be exempt from U
States federal income taxation with respect to our U.S.-source shipping income if either the 50%
Ownership Test or the Publicly-Traded Test is met. The regulations provide, in pertinent part, that s
of a foreign corporation will be considered to be "primarily traded" on an established securities mar
the number of shares of each class of stock that are traded during any taxable year on all established
securities markets in that country exceeds the number of shares in each such class that are traded du
that year on established securities markets in any other single country. Our common stock, which is
sole class of issued and outstanding stock, is and we anticipate will continue to be "primarily traded
the Nasdaq National Market. Under the regulations, our common stock will be considered to be "reg
traded" on an established securities market if one or more classes of our stock representing 50% or
of our outstanding shares, by total combined voting power of all classes of stock entitled to vote and
value, is listed on the market which we refer to as the listing threshold. Since our common stock, ou
class of stock, is listed on the Nasdaq National Market, we will satisfy the listing requirement. It is
required that with respect to each class of stock relied upon to meet the listing threshold, (i) such cla
stock be traded on the market, other than in minimal quantities, on at least 60 days during the taxab
or one-sixth of the days in a short taxable year; and (ii) the aggregate number of shares of such class
stock traded on such market is at least 10% of the average number of shares of such class of stock
outstanding during such year or as appropriately adjusted in the case of a short taxable year. We bel
we will satisfy the trading frequency and trading volume tests. Even if this were not the case, the
regulations provide that the trading frequency and trading volume tests will be deemed satisfied if, a
the case with our common stock, such class of stock is traded on an established market in the Unite
States and such stock is regularly quoted by dealers making a market in such stock. Notwithstandin
foregoing, the regulations provide, in pertinent part, that each class of our stock will not be conside
be "regularly traded" on an established securities market for any taxable year in which 50% or more
each class of our outstanding shares of the stock are owned, actually or constructively under specifi
stock attribution rules, on more than half the days during the taxable year by persons who each own
more of the value of each class of our outstanding stock, which we refer to as the "5 Percent Overri
Rule." For purposes of being able to determine the persons who own 5% or more of our stock, or "5
Shareholders," the regulations permit us to rely on those persons that are identified on Schedule 13
Schedule 13D filings with the United States Securities and Exchange Commission, or the "SEC," as
having a 5% or more beneficial interest in our common stock. The regulations further provide that a
investment company identified on a SEC Schedule 13G or Schedule 13D filing which is registered
the Investment Company Act of 1940, as amended, will not be treated as a 5% shareholder for such
purposes. In the event the 5 Percent Override Rule is triggered, the regulations provide that the 5 Pe

Override Rule will not apply if we can establish that among the closely-held group of 5% Sharehold there are sufficient 5% Shareholders that are considered to be qualified shareholders for purposes of Section 883 to preclude non-qualified 5% Shareholders in the closely-held group from owning 50% more of each class of our stock for more than half the number of days during such year. We believe we currently satisfy the Publicly--Traded Test and are not subject to the 5 percent override Rule and will take this position for U.S. federal income tax reporting purposes. However, there are factual circumstances beyond our control which could cause us to lose the benefit of this exemption. Taxati the Absence of Code Section 883 Exemption To the extent the benefits of Code Section 883 are unavailable, our U.S. source shipping income, to the extent not considered to be "effectively connec with the conduct of a U.S. trade or business, as described below, would be subject to a 4% tax impo Section 887 of the Code on a gross basis, without the benefit of deductions. Since under the sourcin described above, no more than 50% of our shipping income would be treated as being derived from sources, the maximum effective rate of U.S. federal income tax on our shipping income would neve exceed 2% under the 4% gross basis tax regime. To the extent the benefits of the Code Section 883 exemption are unavailable and our U.S. source shipping income is considered to be "effectively connected" with the conduct of a U.S. trade or business, as described below, any such "effectively connected" U.S. source shipping income, net of applicable deductions, would be subject to the U.S. federal corporate income tax currently imposed at rates of up to 35%. In addition, we may be subjec the 30% "branch profits" taxes on earnings effectively connected with the conduct of such trade or business, as determined after allowance for certain adjustments, and on certain interest paid or deem paid attributable to the conduct of its U.S. trade or business. Our U.S. source shipping income woul considered "effectively connected" with the conduct of a U.S. trade or business only if: o We have, considered to have, a fixed place of business in the United States involved in the earning of shipping income; and o substantially all of our U.S. source shipping income is attributable to regularly sched transportation, such as the operation of a vessel that follows a published schedule with repeated sail regular intervals between the same points for voyages that begin or end in the United States. We do have currently or intend to have, or permit circumstances that would result in having any vessel ope to the United States on a regularly scheduled basis. Based on the foregoing and on the expected mod our shipping operations and other activities, we believe that none of our U.S. source shipping incom be "effectively connected" with the conduct of a U.S. trade or business. United States Taxation of G Sale of Vessels Regardless of whether we qualify for exemption under Code Section 883, we will n subject to United States federal income taxation with respect to gain realized on a sale of a vessel, provided the sale is considered to occur outside of the United States under United States federal inc tax principles. In general, a sale of a vessel will be considered to occur outside of the United States this purpose if title to the vessel, and risk of loss with respect to the vessel, pass to the buyer outside United States. It is expected that any sale of a vessel by us will be considered to occur outside of the United States. United States Federal Income Taxation of U.S. Holders As used herein, the term "U.S Holder" means a beneficial owner of common stock that o is a United States citizen or resident, Uni States corporation or other United States entity taxable as a corporation, an estate the income of whi subject to United States federal income taxation regardless of its source, or a trust if a court within t United States is able to exercise primary jurisdiction over the administration of the trust and one or United States persons have the authority to control all substantial decisions of the trust, o owns the common stock as a capital asset, generally, for investment purposes, and o owns less than 10% of ou common stock for United States federal income tax purposes. If a partnership holds our common sto the tax treatment of a partner will generally depend upon the status of the partner and upon the activ of the partnership. If you are a partner in a partnership holding our common stock, you should consu your tax advisor. Distributions Subject to the discussion of passive foreign investment companies be any distributions made by us with respect to our common stock to a U.S. Holder will generally cons dividends, which may be taxable as ordinary income or "qualified dividend income" as described in detail below, to the extent of our current or accumulated earnings and profits, as determined under U States federal income tax principles. Distributions in excess of our earnings and profits will be treate

as a nontaxable return of capital to the extent of the U.S. Holder's tax basis in his common stock on
dollar for dollar basis and thereafter as capital gain. Because we are not a United States corporation,
Holders that are corporations will not be entitled to claim a dividends received deduction with respe
any distributions they receive from us. Dividends paid with respect to our common stock will gener
treated as "passive category income" or, in the case of certain types of U.S. Holders, "general catego
income" for purposes of computing allowable foreign tax credits for United States foreign tax credit
purposes. Dividends paid on our common stock to a U.S. Holder who is an individual, trust or estate
"U.S. Individual Holder") should be treated as "qualified dividend income" that is taxable to such U
Individual Holders at preferential tax rates (through 2010) provided that (1) the common stock is rea
tradable on an established securities market in the United States (such as the Nasdaq National Mark
which our stock is currently traded); (2) we are not a passive foreign investment company for the ta
year during which the dividend is paid or the immediately preceding taxable year (which we do not
believe we are, have been or will be); and (3) the U.S. Individual Holder has owned the common sto
more than 60 days in the 121-day period beginning 60 days before the date on which the common st
becomes ex-dividend. Therefore, there is no assurance that any dividends paid on our common stock
be eligible for these preferential rates in the hands of a U.S. Individual Holder. Any dividends paid
Company which are not eligible for these preferential rates will be taxed as ordinary income to a U.
Individual Holder. Special rules may apply to any "extraordinary dividend" generally, a dividend in
amount which is equal to or in excess of ten percent of a shareholder's adjusted basis (or, at the elec
the U.S. Individual Holder, the stock's then fair market value) in a share of common stock paid by u
we pay an "extraordinary dividend" on our common stock that is treated as "qualified dividend inco
then any loss derived by a U.S. Individual Holder from the sale or exchange of such common stock
be treated as long-term capital loss to the extent of such dividend. Sale, Exchange or other Dispositi
Common Stock Assuming we do not constitute a passive foreign investment company for any taxab
year, a U.S. Holder generally will recognize taxable gain or loss upon a sale, exchange or other
disposition of our common stock in an amount equal to the difference between the amount realized
U.S. Holder from such sale, exchange or other disposition and the U.S. Holder's tax basis in such sto
Such gain or loss will be treated as long-term capital gain or loss if the U.S. Holder's holding period
greater than one year at the time of the sale, exchange or other disposition. Such capital gain or loss
generally be treated as U.S.-source income or loss, as applicable, for U.S. foreign tax credit purpose
U.S. Holder's ability to deduct capital losses is subject to certain limitations. Passive Foreign Invest
Company Status and Significant Tax Consequences Special United States federal income tax rules a
to a U.S. Holder that holds stock in a foreign corporation classified as a passive foreign investment
company for United States federal income tax purposes. In general, we will be treated as a passive f
investment company with respect to a U.S. Holder if, for any taxable year in which such holder held
common stock, either o at least 75% of our gross income for such taxable year consists of passive in
(e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental
business), or o at least 50% of the average value of the assets held by the corporation during such ta
year produce, or are held for the production of, passive income. For purposes of determining whethe
are a passive foreign investment company, we will be treated as earning and owning our proportiona
share of the income and assets, respectively, of any of our subsidiary corporations in which we own
least 25 percent of the value of the subsidiary's stock. Income earned, or deemed earned, by us in
connection with the performance of services would not constitute passive income. By contrast, renta
income would generally constitute "passive income" unless we were treated under specific rules as
deriving our rental income in the active conduct of a trade or business. Based on our current operati
and future projections, we do not believe that we are, nor do we expect to become, a passive foreign
investment company with respect to any taxable year. Although there is no legal authority directly o
point, and we are not relying upon an opinion of counsel on this issue, our belief is based principally
the position that, for purposes of determining whether we are a passive foreign investment company
gross income we derive or are deemed to derive from the time chartering and voyage chartering acti
of our wholly-owned subsidiaries should constitute services income, rather than rental income.

Correspondingly, such income should not constitute passive income, and the assets that we or our wholly-owned subsidiaries own and operate in connection with the production of such income, in particular, the vessels, should not constitute passive assets for purposes of determining whether we passive foreign investment company. We believe there is substantial legal authority supporting our position consisting of case law and Internal Revenue Service pronouncements concerning the characterization of income derived from time charters and voyage charters as services income for ot tax purposes. However, in the absence of any legal authority specifically relating to the statutory provisions governing passive foreign investment companies, the Internal Revenue Service or a cour disagree with our position. In addition, although we intend to conduct our affairs in a manner to avo being classified as a passive foreign investment company with respect to any taxable year, we canno assure you that the nature of our operations will not change in the future. As discussed more fully b if we were to be treated as a passive foreign investment company for any taxable year, a U.S. Holde would be subject to different taxation rules depending on whether the U.S. Holder makes an electio treat us as a "Qualified Electing Fund," which election we refer to as a "QEF election." As an altern to making a QEF election, a U.S. Holder should be able to make a "mark-to-market" election with r to our common stock, as discussed below. Taxation of U.S. Holders Making a Timely QEF Electio U.S. Holder makes a timely QEF election, which U.S. Holder we refer to as an "Electing Holder," t Electing Holder must report each year for United States federal income tax purposes his pro rata sha our ordinary earnings and our net capital gain, if any, for our taxable year that ends with or within t taxable year of the Electing Holder, regardless of whether or not distributions were received from u the Electing Holder. The Electing Holder's adjusted tax basis in the common stock will be increased reflect taxed but undistributed earnings and profits. Distributions of earnings and profits that had be previously taxed will result in a corresponding reduction in the adjusted tax basis in the common sto and will not be taxed again once distributed. An Electing Holder would generally recognize capital loss on the sale, exchange or other disposition of our common stock. A U.S. Holder would make a election with respect to any year that our company is a passive foreign investment company by filin copy of IRS Form 8621 with his United States federal income tax return and a second copy in acco with the instructions to such form. If we were to be treated as a passive foreign investment company any taxable year, we would provide each U.S. Holder with all necessary information in order to ma qualified electing fund election described below. Taxation of U.S. Holders Making a "Mark-to-Mar Election Alternatively, if we were to be treated as a passive foreign investment company for any ta year and, as we anticipate, our stock is treated as "marketable stock," a U.S. Holder would be allow make a "mark-to-market" election with respect to our common stock, provided the U.S. Holder com and files IRS Form 8621 in accordance with the relevant instructions and related Treasury Regulati that election is made, the U.S. Holder generally would include as ordinary income in each taxable y excess, if any, of the fair market value of the common stock at the end of the taxable year over such holder's adjusted tax basis in the common stock. The U.S. Holder would also be permitted an ordin loss in respect of the excess, if any, of the U.S. Holder's adjusted tax basis in the common stock ove fair market value at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder's tax basis in his comm stock would be adjusted to reflect any such income or loss amount. Gain realized on the sale, excha other disposition of our common stock would be treated as ordinary income, and any loss realized o sale, exchange or other disposition of the common stock would be treated as ordinary loss to the ext that such loss does not exceed the net mark-to-market gains previously included by the U.S. Holder Taxation of U.S. Holders Not Making a Timely QEF or Mark-to-Market Election Finally, if we wer treated as a passive foreign investment company for any taxable year, a U.S. Holder who does not either a QEF election or a "mark-to-market" election for that year, whom we refer to as a "Non-Ele Holder," would be subject to special rules with respect to (1) any excess distribution (i.e., the portio any distributions received by the Non-Electing Holder on our common stock in a taxable year in ex 125 percent of the average annual distributions received by the Non-Electing Holder in the three preceding taxable years, or, if shorter, the Non-Electing Holder's holding period for the common st

and (2) any gain realized on the sale, exchange or other disposition of our common stock. Under the special rules: o the excess distribution or gain would be allocated ratably over the Non-Electing Hol aggregate holding period for the common stock; o the amount allocated to the current taxable year v be taxed as ordinary income; and o the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year. These penalties would not apply to a qualified pension, sharing or other retirement trust or other tax-exempt organization that did not borrow money or othe utilize leverage in connection with its acquisition of our common stock. If a Non-Electing Holder w an individual dies while owning our common stock, such holders successor generally would not rec step-up in tax basis with respect to such stock. United States Federal Income Taxation of "Non-U.S. Holders" A beneficial owner of common stock that is not a U.S. Holder is referred to herein as a "Non-U.S. Holder." Dividends on Common Stock Non-U.S. Holders generally will not be subject to United States federal income tax or withholding tax on dividends received from us with respect to o common stock, unless that income is effectively connected with the Non-U.S. Holder's conduct of a or business in the United States. If the Non-U.S. Holder is entitled to the benefits of a United States income tax treaty with respect to those dividends, that income is taxable only if it is attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States. Sale, Exchange o Other Disposition of Common Stock Non-U.S. Holders generally will not be subject to United State federal income tax or withholding tax on any gain realized upon the sale, exchange or other disposit our common stock, unless: o the gain is effectively connected with the Non-U.S. Holder's conduct o trade or business in the United States. If the Non-U.S. Holder is entitled to the benefits of an income treaty with respect to that gain, that gain is taxable only if it is attributable to a permanent establishn maintained by the Non-U.S. Holder in the United States; or o the Non-U.S. Holder is an individual v present in the United States for 183 days or more during the taxable year of disposition and other conditions are met. If the Non-U.S. Holder is engaged in a United States trade or business for Unite States federal income tax purposes, the income from the common stock, including dividends and the from the sale, exchange or other disposition of the stock that is effectively connected with the condu that trade or business will generally be subject to regular United States federal income tax in the san manner as discussed in the previous section relating to the taxation of U.S. Holders. In addition, if y a corporate Non-U.S. Holder, your earnings and profits that are attributable to the effectively conne income, which are subject to certain adjustments, may be subject to an additional branch profits tax rate of 30%, or at a lower rate as may be specified by an applicable income tax treaty. Backup Withholding and Information Reporting In general, dividend payments, or other taxable distribution made within the United States to you will be subject to information reporting requirements. In addit such payments will be subject to backup withholding tax if you are a non-corporate U.S. Holder and o fail to provide an accurate taxpayer identification number; o are notified by the Internal Revenue Service that you have failed to report all interest or dividends required to be shown on your federal income tax returns; or o in certain circumstances, fail to comply with applicable certification requirements. Non-U.S. Holders may be required to establish their exemption from information rep and backup withholding by certifying their status on IRS Form W-8BEN, W-8ECI or W-8IMY, as applicable. If you sell your common stock to or through a United States office or broker, the payme the proceeds is subject to both United States backup withholding and information reporting unless y certify that you are a non-U.S. person, under penalties of perjury, or you otherwise establish an exemption. If you sell your common stock through a non-United States office of a non-United State broker and the sales proceeds are paid to you outside the United States then information reporting a backup withholding generally will not apply to that payment. However, United States information reporting requirements, but not backup withholding, will apply to a payment of sales proceeds, even that payment is made to you outside the United States, if you sell your common stock through a non-United States office of a broker that is a United States person or has some other contacts with th United States. F. Dividends and paying agents Not applicable G. Statement by experts Not applicab

Documents on display. We file annual reports and other information with the SEC. You may read ar copy any document we file with the SEC at its public reference room at 100 F Street, N.E., Room 1: Washington, D.C. 20549. You may also obtain copies of this information by mail from the public reference section of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribe rates. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room. Our SEC filings are also available to the public at the web site maintained by the SI http://www.sec.gov, as well as on our website at http://www.toptankers.com. I. Subsidiary Informat Not Applicable Incorporation by Reference This Form 20-F is hereby incorporated by reference to t registration statement on Form F-3 filed on August 1, 2005 (Registration No. 333-127086). ITEM 1 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK A. Quantitati information about market risk Interest Rate Fluctuation. The international tanker shipping industry i capital intensive, requiring significant amounts of investment. Much of this investment is provided i form of long-term debt. Our debt usually contains interest rates that fluctuate with LIBOR. Increasi interest rates could adversely impact future earnings. Our interest expense is affected by changes in general level of interest rates. As an indication of the extent of our sensitivity to interest rate change following table sets forth the sensitivity of all credit facilities in U.S. dollars to a 100 basis points in in LIBOR on December 31 of each repayment year up to December 31, 2012. The following table t into account the interest rate swap agreements. Interest Expense Sensitivity to 100 Basis Point Chan LIBOR December 31, 2007.. 670,602 December 31, 2008.. 1,469,617 December 31, 2009.. 2,390 December 31, 2010.. 2,587,540 December 31, 2011.. 2,126,378 December 31, 2012.. 1,674 Foreign Exchange Rate Risk. We generate all of our revenues in U.S. dollars but incur approximate of our expenses in currencies other than U.S. dollars. For accounting purposes, expenses incurred in currencies are translated into U.S. dollars at the exchange rate prevailing on the date of each transac We constantly monitor the U.S Dollar exchange rate and we try to achieve more favorable exchange from the financial institutions we work with. Inflation. Although inflation has had a moderate impac our trading fleet's operating and voyage expenses in recent years, management does not consider inf to be a significant risk to operating or voyage costs in the current economic environment. However, event that inflation becomes a significant factor in the global economy, inflationary pressures would in increased operating, voyage and financing costs. ITEM 12. DESCRIPTION OF SECURITIES O THAN EQUITY SECURITIES Not Applicable. PART II ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES Neither we nor any of our subsidiaries have been subjec material default in the payment of principal, interest, a sinking fund or purchase fund installment or other material default that was not cured within 30 days. In addition, the payment of our dividends a and have not been in arrears or have not been subject to a material delinquency that was not cured w 30 days. ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS Not Applicable. ITEM 15. CONTROLS AND PROCEDURES a) Discl of Controls and procedures. Management assessed the effectiveness of the design and operation of t Company's disclosure controls and procedures pursuant to Rule 13a-15(e) of the Securities Exchang of 1934, as of the end of the period covered by this annual report (as of December 31, 2006). Based that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Compan disclosure controls and procedures are effective as of the evaluation date. b) Management's annual r on internal controls over financing reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) promul under the Securities Exchange Act of 1934. Internal control over financial reporting is defined in Ru 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designe or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's board of directors, management and other personnel, to provide reasonab assurance regarding the reliability of financial reporting and the preparation of financial statements external purposes in accordance with generally accepted accounting principles and includes those po

and procedures that: o Pertain to the maintenance of records that, in reasonable detail, accurately an
fairly reflect the transactions and dispositions of the assets of the Company; o Provide reasonable
assurance that transactions are recorded as necessary to permit preparation of financial statements i
accordance with generally accepted accounting principles, and that our receipts and expenditures ar
being made only in accordance with authorizations of Company's management and directors; and o
Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition,
disposition of our assets that could have a material effect on the financial statements. Because of its
inherent limitations, internal control over financial reporting may not prevent or detect misstatemen
Also, projections of any evaluation of effectiveness to future periods are subject to the risk that cont
may become inadequate because of changes in conditions, or that the degree or compliance with the
policies or procedures may deteriorate. Management conducted the evaulation of the effectiveness o
internal controls over financial reporting using the control criteria framework issued by the Commit
Sponsoring Organizations of the Treadway Commission (COSO) published in its report entitled Int
Control-Integrated Framework. Our management with the participation of our Chief Executive Offi
and Chief Financial Officer assessed the effectiveness of the design and operation of the Company's
internal controls over financial reporting pursuant to Rule 13a-15(f) of the Securities Exchange Act
1934, as of December 31, 2006. Based upon that evaluation, the Chief Executive Officer and Chief
Financial Officer concluded that the Company's internal controls over financial reporting are effecti
of December 31, 2006. This annual report does not include an attestation report of the Company's c
registered public accounting firm regarding internal control over financial reporting. Management's
was not subject to attestation by the Company's current registered public accounting firm pursuant t
temporary rules of the Securities and Exchange Commission that permit the Company to provide o
management's report in this annual report. c) Changes in internal controls over financial reporting T
were no changes in our internal controls over financial reporting that occurred during the period co
by this annual report that have materially effected or are reasonably likely to materially affect, the
Company's internal control over financial reporting. ITEM 16A. AUDIT COMMITTEE FINANCI
EXPERT We have established an audit committee comprised of three members which is responsibl
reviewing our accounting controls and recommending to the board of directors the engagement of o
outside auditors. Each member is an independent director under the corporate governance rules of t
Nasdaq National Market. The members of the audit committee are Messrs. Docherty, Gibbs and Th
While the Company is exempt from the requirement to have an audit committee financial expert, bo
Thomas and Mr. Gibbs meet the qualifications of an audit committee financial expert. ITEM 16B. C
OF ETHICS The Company's Board of Directors has adopted a Corporate Code of Business Ethics a
Conduct that applies to all employees, directors and officers, that complies with applicable guidelin
issued by the SEC. The finalized Code of Ethics has been approved by the Board of Directors and w
distributed to all employees, directors and officers. We will also provide any person a hard copy of
code of ethics free of charge upon written request. Shareholders may direct their requests to the atte
of Mrs Eirini Alexandropoulou at the Company's registered address and phone numbers. ITEM 16C
PRINCIPAL AUDITOR FEES AND SERVICES In November 2006, we announced the resignatio
our former principal auditors, Ernst and Young (Hellas), Certified Auditors Accountants S.A., and i
December 2006 we announced the appointment of Deloitte, Hadjipavlou, Sofianos & Cambanis S.A
(Deloitte) as our principal auditors for the year ended December 31, 2006. For the 2006 audit, Ernst
Young (Hellas) and Deloitte billed us audit fees of Euro 365,800 and Euro 400,000 respectively.
Additionally, in 2006, Ernst and Young (Hellas) billed us audit related fees of Euro 84,726. Our pri
auditors for the year ended December 31, 2005 were Ernst and Young (Hellas), Certified Auditors
Accountants S.A.. For the 2005 audit they billed us audit fees of Euro 220,000. Additionally, in 200
they billed us audit related fees of Euro 117,000. Our audit committee pre-approves all audit, audit-
and non-audit services not prohibited by law to be performed by our independent auditors and asso
fees prior to the engagement of the independent auditor with respect to such services. ITEM 16D.
EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES See Item 16A
above. ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATE

PURCHASES None. PART III ITEM 17. FINANCIAL STATEMENTS Not Applicable. ITEM 18. FINANCIAL STATEMENTS The following financial statements, together with the reports of Delo Hadjipavlou, Sofianos & Cambanis S.A. and Ernst and Young (Hellas), Certified Auditors Account S.A., thereon, are filed as part of this report: TOP TANKERS INC. INDEX TO CONSOLIDATED FINANCIAL STATEMENTS Page ------------ Reports of Independent Registered Public Accountin Firms F-1 / F-2 Consolidated Balance Sheets as of December 31, 2005 and 2006 F-3 Consolidated Statements of Income for the years ended December 31, 2004, 2005 and 2006 F-4 Consolidated Statements of Stockholders' Equity for the years ended December 31, 2004, 2005 and 2006 F-5 Consolidated Statements of Cash Flows for the years ended December 31, 2004, 2005 and 2006 F-6 to Consolidated Financial Statements F-7 REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM To the Board of Directors and Stockholders of Top Tankers Inc. We have a the accompanying consolidated balance sheet of Top Tankers Inc. and subsidiaries (the "Company" December 31, 2006, and the related statements of income, stockholders' equity, and cash flows for t year then ended. These financial statements are the responsibility of the Company's management. O responsibility is to express an opinion on these financial statements based on our audit. The financia statements of the Company for the years ended December 31, 2005 and 2004 were audited by other auditors whose report, dated February 24, 2006, expressed an unqualified opinion on those statemen We conducted our audit in accordance with the standards of the Public Company Accounting Overs Board (United States). Those standards require that we plan and perform the audit to obtain reasona assurance about whether the financial statements are free of material misstatement. The Company is required to, nor have we been engaged to perform an audit of their internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis of designing audit procedures that are appropriate in the circumstances, but not for the purpose of expr an opinion on the effectiveness of the Company's internal control over financial reporting. Accordin we express no such opinion. An audit also includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. In our opinion, s 2006 consolidated financial statements present fairly, in all material respects, the financial position Tankers Inc and subsidiaries as of December 31, 2006, and the results of its operations and its cash for the year then ended in conformity with accounting principles generally accepted in the United S of America. /s/ Deloitte., Hadjipavlou, Sofianos & Cambanis S.A. Athens, Greece April 12, 2007 REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM To the Stockholde TOP Tankers Inc. We have audited the accompanying consolidated balance sheets of TOP Tankers of December 31, 2004 and 2005, and the related consolidated statements of income, stockholders' e and cash flows for each of the three years in the period ended December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance w standards of the Public Company Accounting Oversight Board (United States). Those standards req that we plan and perform the audit to obtain reasonable assurance about whether the financial staten are free of material misstatement. We were not engaged to perform an audit of the Company's intern control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not the purpose of expressing an opinion on the effectiveness of the Company's internal control over fin reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test bas evidence supporting the amounts and disclosures in the financial statements, assessing the accountin principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. In our opinion, the financial statements referred to above present fairly, in all material respects, the consoli financial position of TOP Tankers Inc. at December 31, 2004 and 2005, and the consolidated results operations and its cash flows for each of the three years in the period ended December 31, 2005, in

conformity with U.S. generally accepted accounting principles. /s/ Ernst & Young (Hellas) Certified Auditors Accountants S.A. Athens, Greece February 24, 2006 TOP TANKERS INC. CONSOLIDA BALANCE SHEETS DECEMBER 31, 2005 AND 2006 (Expressed in thousands of U.S. Dollars - share and per share data) ASSETS 2005 2006 --------- --------- CURRENT ASSETS: Cash and cash equivalents 17,462 29,992 Accounts receivable trade, net 39,527 27,187 Insurance claims 258 247 Inventories (Note 4) 6,308 6,460 Advances to various creditors 3,083 3,707 Prepayments and other 5,206 --------- --------- Total current assets 67,574 72,799 --------- --------- INTEREST RATE SWAP (Note 8) 425 - --------- --------- FIXED ASSETS: Advances for vessels under construction (Note 5) 28,683 Vessels, net (Notes 6 and 8) 886,754 306,418 Other fixed assets, net (Note 3) 1,128 3,195 -- --------- Total fixed assets 887,882 338,296 --------- --------- OTHER NON CURRENT ASSETS: D charges, net (Note 7) 11,516 31,850 Long-term receivables (Note 11) - 29,790 Restricted cash (Note and 11) 13,500 50,000 --------- --------- Total assets 980,897 522,735 ========= ========= LIABILITIES AND STOCKHOLDERS' EQUITY CURRENT LIABILITIES: Current portion of long-term debt (Note 8) 45,329 16,588 Accounts payable 12,405 14,991 Accrued liabilities (Note 9 13,297 7,354 Unearned revenue 5,112 1,676 --------- --------- Total current liabilities 76,143 40,609 --------- --------- INTEREST RATE SWAPS (Note 8) - 3,384 --------- --------- LONG-TERM DEBT of current portion (Note 8) 518,774 201,464 --------- --------- DEFERRED GAIN ON SALE AND LEASEBACK OF VESSELS (Note 11) 16,322 79,423 --------- --------- COMMITMENTS AND CONTINGENCIES (Note 10) --------- --------- STOCKHOLDERS' EQUITY: Preferred stock, $0.0 value; 20,000,000 shares authorized; none issued (Note 12) - - Common stock, $0.01 par value; 100,000,000 shares authorized; 28,080,640 and 32,429,105 shares issued and outstanding at Decem 2005 and 2006, respectively (Note 12) 280 324 Additional paid-in capital (Note 12) 297,716 116,75 Accumulated other comprehensive income (loss) (Notes 8 and 13) 98 (6) Retained earnings 71,564 80,782 --------- --------- Total stockholders' equity 369,658 197,855 --------- --------- Total liabilities stockholders' equity 980,897 522,735 ========= ========= The accompanying notes are an int part of these consolidated statements. TOP TANKERS INC. CONSOLIDATED STATEMENTS O INCOME FOR THE YEARS ENDED DECEMBER 31, 2004, 2005 AND 2006 (Expressed in thou of U.S. Dollars - except share and per share data) 2004 2005 2006 ------------- --------------- --------- REVENUES: Voyage revenues (Note 1) 93,829 244,215 310,043 ------------- --------------- ---------- EXPENSES: Voyage expenses (Note 15) 16,898 36,889 55,351 Charter hire expense (Note 11) - 7, 96,302 Amortization of deferred gain on sale and leaseback of vessels (Note 11) - (837) (8,110) Oth vessel operating expenses (Note 15) 16,859 47,315 66,082 Depreciation (Note 6) 13,108 47,055 35, Amortization of dry-docking costs (Note 7) 1,514 5,999 13,187 Management fees charged by a rela party 1,120 - - (Note 3) Sub-Manager fees (Note 1) 803 3,159 2,755 Other general and administrati expenses 6,656 20,659 20,261 Foreign currency (gains) / losses, net 75 (68) 255 Gain on sale of ves (Note 6) (638) (10,115) (12,667) ------------- --------------- --------------- Operating income 37,434 8 41,361 ------------- --------------- --------------- OTHER INCOME (EXPENSES): Interest and financ (Notes 8 and 17) (5,201) (20,177) (29,175) Interest income 481 1,774 3,022 Other, net 80 134 (67) ------------- --------------- --------------- Total other income (expenses), net (4,640) (18,269) (26,220) ------------- --------------- --------------- Net Income 32,794 68,684 15,141 ============= =============== =============== Earnings per share, basic and diluted (Note 14) 2.54 2. 0.47 ============= =============== =============== Weighted average common sh outstanding, basic 12,922,449 27,926,771 30,550,274 ============= =============== =============== Weighted average common shares outstanding, diluted 12,922,449 27,932,01 30,603,868 ============= =============== =============== The accompanying note an integral part of these consolidated statements. TOP TANKERS INC. CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2 2005 AND 2006 (Expressed in thousands of U.S. Dollars - except share and per share data) Accumu Other Common Stock Additional Comprehensive Comprehensive ---------------------- Paid-in Incon Retained Income # of Shares Par Value Capital (loss) Earnings Total --------- ---------- ---------- --- ---------- ----------- ---------- BALANCE, December 31, 2003 6,000,000 60 13,351 - 2,908 16,319

=========== ========= ========== ========== ============ ========== Net inco
32,794 - - - - 32,794 32,794 Dividends paid ($0.39 per share) - - - - - (2,318) (2,318) Contributions t
additional paid-in capital - - - 17,077 - - 17,077 Issuance of common stock - 21,830,990 218 263,81
264,030 Dividends declared ($0.21 per share) - - - - - (5,845) (5,845) Other comprehensive income-
Unrealized loss on cash flow hedges (248) - - - (248) - (248) --------- Comprehensive income 32,546
- - ========= ---------- --------- ---------- ---------- ----------- ---------- BALANCE, December 31, 2
27,830,990 278 294,240 (248) 27,539 321,809 =========== ========= ========== ======
============ ========== Net income 68,684 - - - - 68,684 68,684 Dividends paid ($0.21 per
- - - - - (5,844) (5,844) Dividends paid ($0.21 per share) - - - - - (5,897) (5,897) Dividends paid ($0.2
share) - - - - - (7,020) (7,020) Dividends paid ($0.21 per share) - - - - - (5,898) (5,898) Issuance of
restricted shares, net of forfeitures - 249,650 2 3,476 - - 3,478 Other comprehensive income - Unrea
gain on cash flow hedges 1,517 - - - 1,517 - 1,517 - Reclassification of gains to earnings due to
discontinuance of cash flow hedges (1,171) - - - (1,171) - (1,171) --------- Comprehensive income 69
- - - - - ========= ---------- --------- ---------- ---------- ----------- ---------- BALANCE, December
2005 28,080,640 280 297,716 98 71,564 369,658 =========== ========= ==========
========== ============ ========== Net income 15,141 - - - - 15,141 15,141 Dividends p
($0.21 per share) - - - - - (5,923) (5,923) Dividends paid ($5.00 per share) - - - (141,028) - (141,028)
Dividends paid ($2.50 per share) - - - (70,515) - (70,515) Issuance of restricted shares, net of forfeit
441,100 5 3,705 - - 3,710 Issuance of common stock - 3,907,365 39 26,877 - - 26,916 Other
comprehensive income - Accumulated unrecognized actuarial losses - - - - (6) - (6) - Reclassificatio
gains to earnings due to (98) - - - (98) - (98) discontinuance of cash flow hedges --------- Compreher
income 15,043 - - - - - - ========= ---------- --------- ---------- ---------- ----------- ---------- BALA
December 31, 2006 32,429,105 324 116,755 (6) 80,782 197,855 =========== =========
========== ========== ============ ========== The accompanying notes are an integr
of these consolidated statements. TOP TANKERS INC. CONSOLIDATED STATEMENTS OF CA
FLOWS FOR THE YEARS ENDED DECEMBER 31, 2004, 2005 AND 2006 (Expressed in thous
U.S. Dollars) 2004 2005 2006 -------------- ------------- ------------- Cash Flows from Operating Activ
Net income 32,794 68,684 15,141 Adjustments to reconcile net income to net cash provided by ope
activities: Depreciation 13,108 47,055 35,594 Amortization of dry-docking costs 1,514 5,999 13,18
Amortization and write off of deferred financing costs 755 1,407 4,534 Stock-based compensation
expense - 3,478 3,710 Change in fair value of financial instruments - (327) 3,711 Amortization of
deferred gain on sale and leaseback of vessels - (837) (8,110) Gain on sale of other fixed assets - - (
Gain on sale of vessels (638) (10,115) (12,667) (Increase) Decrease in: Accounts receivable (19,153
(19,556) 12,340 Insurance claims 967 (160) 11 Inventories (2,712) (3,087) (152) Due from related p
(219) 219 - Advances to creditors - (1,230) (624) Prepayments and other (2,647) (15) (4,270) Increa
(Decrease) in: Accounts payable 7,331 2,047 2,586 Due to related parties (105) - - Accrued liabilitie
3,072 9,531 (5,949) Unearned revenue 1,899 2,058 (3,436) Payments for dry-docking (7,365) (10,4
(34,526) -------------- ------------- ------------- Net Cash from Operating Activities 28,601 94,673 21,0
-------------- ------------- ------------- Cash Flows from (used in) Investing Activities: Advances for ve
acquisitions / under construction (25,650) - (28,683) Vessel acquisitions and improvements (327,62
(677,111) (18) Advances to related parties 319 - - Increase in restricted cash - - (36,500) Net procee
from sale of vessels 8,536 153,085 599,176 Net proceeds from sale of fixed assets - - 255 Acquisitio
other fixed assets (475) (833) (2,639) -------------- ------------- ------------- Net Cash from (used in)
Investing Activities (344,899) (524,859) 531,591 -------------- ------------- ------------- Cash Flows fro
(used in) Financing Activities: Proceeds from long-term debt 281,900 472,549 20,000 Principal pay
of long-term debt (4,251) (31,180) (19,119) Repayment of long-term debt (115,260) (68,853) (350,3
Increase in restricted cash (9,700) (3,500) - Contributions to additional paid-in capital 17,077 - - Iss
of common stock 264,030 - 26,916 Payment of financing costs (2,755) (5,632) (63) Dividends paid
(2,318) (30,504) (217,466) -------------- ------------- ------------- Net Cash from (used in) Financing
Activities 428,723 332,880 (540,131) -------------- ------------- ------------- Net increase (decrease) in
and cash equivalents 112,425 (97,306) 12,530 Cash and cash equivalents at beginning of year 2,343

114,768 17,462 -------------- ------------- ------------- Cash and cash equivalents at end of year 114,76
17,462 29,992 ============= ============ ============ SUPPLEMENTAL CASH
FLOW INFORMATION Interest paid 3,157 18,683 22,307 ============= ============
============ The accompanying notes are an integral part of these consolidated statements. TO
TANKERS INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2
AND 2006 (Expressed in thousands of United States Dollars - except share and per share data, unle
otherwise stated F-9 1. Basis of Presentation and General Information: The accompanying consolida
financial statements include the accounts of Top Tankers Inc. (formerly Ocean Holdings Inc.), ("TO
and its wholly-owned subsidiaries (collectively the "Company"). Ocean Holdings Inc. was formed o
January 10, 2000, under the laws of Marshall Islands, was renamed to Top Tankers Inc. in May 200
is the sole owner of all outstanding shares of the following subsidiaries: (a) TOP Tanker Manageme
Inc., (the "Manager") established on May 24, 2004, under the laws of Marshall Islands, is responsib
all of the chartering, operational and technical management of the Company's fleet. Up to June 30, 2
the operations of the vessels were managed by Primal Tankers Inc., a related Liberian corporation w
was wholly owned by the father of the Company's Chief Executive Officer (Note 3). Since July 1, 2
the Company's ship-owning subsidiaries have a management agreement with the Manager, under w
management services are provided in exchange for a fixed monthly fee per vessel. The Manager has
subcontracted the day to day technical management of the vessels to unaffiliated ship management
companies, Unicom Management Services Ltd, V. Ships Management Limited and Hanseatic Shipp
Company Ltd (collectively the "Sub-Managers"). The Sub-Managers provide day to day operational
technical services to the Company's vessels at a fixed monthly fee per vessel. Such fees for the year
ended December 31, 2004, 2005 and 2006 totaled $ 803, $ 3,159 and $ 2,755 respectively and are
separately reflected in the accompanying consolidated statements of income. At December 31, 2005
2006 the amount due to the Sub-Managers totaled $ 2,714 and $ 1,739 respectively and is included
Accounts Payable in the accompanying consolidated balance sheets. (b) Top Bulker Management In
incorporated on April 7, 2005 under the laws of Marshall Islands, for the purpose to undertake the
management of a fleet of bulk carriers which have not been acquired to date. (c) Top Tankers (U.K.
Limited, incorporated in England and Wales on January 12, 2005, as a representative office in Lond
Top Tankers (U.K) Limited entered into a lease agreement for office space in London. The original
agreement had a one year duration ending December 31, 2005 and in early January 2006 was extend
one year. The annual rental was Great Britain Pounds ("GBP") 123,600, payable quarterly in advanc
Helidona Shipping Company Limited ("Helidona"), incorporated in the Marshall Islands in May 20
owner of the 29,998 DWT (built in 1989), tanker vessel "Yapi", which was sold in September 2005
Gramos Shipping Company Inc. ("Gramos"), incorporated in the Marshall Islands in January 2003,
of the 45,720 DWT (built in 1992), tanker vessel "Faithful", which was acquired in July 2003 from
Vermio Shipping Company Limited, which is a subsidiary of TOP, incorporated in the Marshall Isla
December 2001, owner of vessel "Faithful" for the period from February 2002 to July 2003. The ve
was sold and leased back in March 2006. (f) Rupel Shipping Company Inc. ("Rupel"), incorporated
Marshall Islands in January 2003, owner of the 44,646 DWT (built in 1992) tanker vessel "Fearless"
which was sold in July 2005. (g) Mytikas Shipping Company Ltd. ("Mytikas"), incorporated in the
Marshall Islands in February 2004, owner of the 136,055 DWT (built in 1993) tanker vessel "Limitl
which was acquired in March 2004 and sold and leased back in April 2006. (h) Litochoro Shipping
Company Ltd. ("Litochoro"), incorporated in the Marshall Islands in March 2004, owner of the 135
DWT (built in 1992) tanker vessel "Endless", which was acquired in March 2004 and sold and lease
back in April 2006. (i) Falakro Shipping Company Ltd. ("Falakro"), incorporated in Liberia in July
owner of the 47,076 DWT (built in 1991) tanker vessel "Doubtless", which was acquired in August
and sold and leased back in March 2006. (j) Pageon Shipping Company Ltd. ("Pageon"), incorporat
Cyprus in July 2004, owner of the 47,084 DWT (built in 1992) tanker vessel "Vanguard", which wa
acquired in August 2004 and sold and leased back in March 2006. (k) Vardousia Shipping Company
("Vardousia"), incorporated in Cyprus in July 2004, owner of the 47,084 DWT (built in 1992) tanke
vessel "Invincible", which was acquired in August 2004 and sold and leased back in September 200

Psiloritis Shipping Company Ltd. ("Psiloritis"), incorporated in Liberia in July 2004, owner of the 4
DWT (built in 1991) tanker vessel "Victorious", which was acquired in August 2004 and sold and le
back in September 2005. (m) Parnon Shipping Company Ltd. ("Parnon"), incorporated in Cyprus in
2004, owner of the 47,084 DWT (built in 1992) tanker vessel "Relentless", which was acquired in A
2004 and sold and leased back in September 2005. (n) Menalo Shipping Company Ltd. ("Menalo"),
incorporated in Cyprus in July 2004, owner of the 47,084 DWT (built in 1991) tanker vessel "Restle
which was acquired in August 2004 and sold and leased back in August 2005. (o) Pintos Shipping
Company Ltd. ("Pintos"), incorporated in Cyprus in July 2004, owner of the 47,084 DWT (built in
tanker vessel "Sovereign", which was acquired in August 2004 and sold and leased back in August
(p) Pylio Shipping Company Ltd. ("Pylio"), incorporated in Liberia in July 2004, owner of the 154,9
DWT (built in 1991) tanker vessel "Flawless", which was acquired in September 2004 and sold and
back in March 2006. (q) Idi Shipping Company Ltd. ("Idi"), incorporated in Liberia in July 2004, ov
of the 47,094 DWT (built in 1991) tanker vessel "Spotless", which was acquired in September 2004
sold and leased back in March 2006. (r) Taygetus Shipping Company Ltd. ("Taygetus"), incorporate
Liberia in July 2004, owner of the 154,970 DWT (built in 1991) tanker vessel "Timeless", which wa
acquired in September 2004 and sold and leased back in March 2006. (s) Kalidromo Shipping Comp
Limited ("Kalidromo"), incorporated in the Marshall Islands in May 2003, owner of the 31,766 DW
(built in 1980) tanker vessel "Tireless", which was sold in September 2004. (t) Olympos Shipping
Company Limited ("Olympos"), incorporated in the Marshall Islands in May 2003, owner of the 29
DWT (built in 1985), tanker vessel "Med Prologue" which was sold in December 2004 and Olympo
Shipping Company Limited, which is a subsidiary of TOP, incorporated in British Cayman Islands
December 1999, former owner of the vessel. (u) Kisavos Shipping Company Limited ("Kisavos"),
incorporated in the Marshall Islands in November 2004, owner of the 154,970 DWT (built in 1991)
vessel "Priceless", which was acquired in February 2005 and sold and leased back in March 2006. (
Imitos Shipping Company Limited ("Imitos"), incorporated in the Marshall Islands in November 20
owner of the 149,554 DWT (built in 1992) tanker vessel "Noiseless", which was acquired in April 2
and sold and leased back in April 2006. (w) Parnis Shipping Company Limited ("Parnis"), incorpora
the Marshall Islands in November 2004, owner of the 149,599 DWT (built in 1992) tanker vessel
"Stainless", which was acquired in April 2005 and sold and leased back in April 2006. (x) Parnasos
Shipping Company Limited ("Parnasos"), incorporated in Liberia in November 2004, owner of the
154,970 DWT (built in 1992) tanker vessel "Faultless", which was acquired in April 2005 and sold
leased back in April 2006. (y) Vitsi Shipping Company Limited ("Vitsi"), incorporated in Liberia in
November 2004, owner of the 154,970 DWT (built in 1991) tanker vessel "Stopless", which was ac
in April 2005 and sold and leased back in March 2006. (z) Giona Shipping Company Limited ("Gio
incorporated in Marshall Islands in March 2005, owner of the 46,217 DWT (built in 1999) tanker ve
"Taintless", which was acquired in March 2005 and sold in November 2006. (aa) Lefka Shipping
Company Limited ("Lefka"), incorporated in Marshall Islands in March 2005, owner of the 46,168
(built in 1999) tanker vessel "Dauntless", which was acquired in March 2005. (bb) Agrafa Shipping
Company Limited ("Agrafa"), incorporated in Marshall Islands in March 2005, owner of the 46,185
(built in 1999) tanker vessel "Soundless", which was acquired in April 2005 and sold in November
(cc) Agion Oros Shipping Company Limited ("Agion Oros"), incorporated in Marshall Islands in
February 2005, owner of the 47,262 DWT (built in 1998) tanker vessel "Topless", which was acqui
April 2005 and sold in December 2006. (dd) Nedas Shipping Company Limited ("Nedas"), incorpo
in Marshall Islands in April 2005, owner of the 150,038 DWT (built in 1993) tanker vessel "Storml
which was acquired in October 2005. (ee) Ilisos Shipping Company Limited ("Ilisos"), incorporated
Marshall Islands in April 2005, owner of the 46,346 DWT (built in 2003) tanker vessel "Ioannis P."
which was acquired in November 2005. (ff) Sperhios Shipping Company Limited ("Sperhios"),
incorporated in Marshall Islands in April 2005, owner of the 146,286 DWT (built in 1996) tanker ve
"Ellen P.", which was acquired in November 2005. (gg) Ardas Shipping Company Limited ("Ardas
incorporated in Marshall Islands in April 2005, owner of the 147,048 DWT (built in 1993) tanker ve
"Errorless", which was acquired in November 2005. (hh) Kifisos Shipping Company Limited ("Kifi

incorporated in Marshall Islands in April 2005, owner of the 147,048 DWT (built in 1994) tanker ve "Edgeless", which was acquired in December 2005. The Company is engaged in the ocean transport of crude oil and refined petroleum products worldwide through the ownership and operation of the t vessels mentioned above. On December 31, 2006, eight vessels were operating under voyage charte fifteen vessels under long-term time charters, with an estimated average duration of 36 months and vessel was undergoing her special survey. Twelve out of fifteen time charters include profit sharing agreements, which are settled on a calendar quarter basis. During 2006, 40% of the Company's voya revenues derived from these time charter agreements. During 2004, 2005 and 2006 two charterers individually accounted for more than 10% of the Company's voyage revenues as follows: Charterer 2005 2006 --------- ---- ---- ---- A 29% 20% 11% B 15% 32% 29% The Voyage revenues in the accompanying consolidated statements of income are analyzed as follows: Voyage Revenues 2004 2006 -------------- ---- ---- ---- Freight revenues 47,259 115,079 158,558 Hire revenues 46,570 129, 151,485 Total 93,829 244,215 310,043 2. Significant Accounting Policies: (a) Principles of Consolidation: The accompanying consolidated financial statements have been prepared in accordan with U.S generally accepted accounting principles ("US GAAP") and include the accounts and oper results of Top Tankers Inc. and its wholly-owned subsidiaries referred to in Note 1. All significant intercompany balances and transactions have been eliminated in consolidation. (b) Use of Estimates preparation of consolidated financial statements in conformity with U.S generally accepted accounti principles requires management to make estimates and assumptions that affect the reported amounts assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates. (c) Other Comprehensive Income (Loss): The Com follows the provisions of Statement of Financial Accounting Standards "Statement of Comprehensiv Income" (SFAS 130), which requires separate presentation of certain transactions, which are record directly as components of stockholders' equity. (d) Foreign Currency Translation: The Company's functional currency is the U.S. Dollar because all vessels operate in international shipping markets, therefore primarily transact business in U.S. Dollars. The Company's books of accounts are maintai U.S. Dollars. Transactions involving other currencies during the year are converted into U.S. Dollar using the exchange rates in effect at the time of the transactions. At the balance sheet dates, monetar assets and liabilities, which are denominated in other currencies, are translated to reflect the year-en exchange rates. Resulting gains or losses are reflected separately in the accompanying consolidated statements of income. (e) Cash and Cash Equivalents: The Company considers highly liquid investm such as time deposits and certificates of deposit with an original maturity of three months or less to cash equivalents. In relation to the sale and leaseback transactions, the Company should maintain du the bareboat charter period consolidated cash balances of at least $ 50,000, which will be presented separately as restricted cash. (f) Accounts Receivable--Trade: The amount shown as Accounts Receivable--Trade at each balance sheet date, includes estimated recoveries from charterers for hire freight and demurrage billings, net of a provision for doubtful accounts. At each balance sheet date, potentially uncollectible accounts are assessed individually, combined with the application of a histo recoverability ratio, for purposes of determining the appropriate provision for doubtful accounts. Provision for doubtful accounts at December 31, 2005 and 2006 totalled $ 316 and $ 283, and is summarized as follows: Provision for doubtful accounts ---------------- Balance, December 31, 2004 --Additions 337 --Reversals / write-offs (153) ---------------- Balance, December 31, 2005 316 --Additions 508 -- Reversals / write-offs (541) Balance, December 31, 2006 283 ---------------- (g) Insurance Claims: Insurance claims, relating mainly to crew medical expenses and hull and machine incidents are recorded upon collection or agreement with the relevant party of the collectible amoun Inventories: Inventories consist of bunkers, lubricants and consumable stores which are stated at the of cost or market. Cost, which consists of the purchase price, is determined by the first in, first out method. (i) Vessel Cost: Vessels are stated at cost, which consists of the contract price, pre-delivery incurred during the construction of newbuildings, capitalized interest and any material expenses inc upon acquisition (improvements and delivery costs). Subsequent expenditures for conversions and m

improvements are also capitalized when they appreciably extend the life, increase the earning capac improve the efficiency or safety of the vessels. Otherwise these amounts are charged to expense as incurred. (j) Impairment of Long-Lived Assets: The Company applies Statement of Financial Accou Standards ("SFAS 144") "Accounting for the Impairment or Disposal of Long-lived Assets", which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. Th standard requires that long-lived assets and certain identifiable intangibles held and used by an entit reviewed for impairment whenever events or changes in circumstances indicate that the carrying am of the assets, including unamortized drydock costs, may not be recoverable. When the estimate of undiscounted cash flows, excluding interest charges, expected to be generated by the use of the asse less than its carrying amount, the Company should evaluate the asset for an impairment loss. Measurement of the impairment loss is based on the fair value of the asset as provided by third parti this respect, management regularly reviews the carrying amount of the vessels in connection with th estimated recoverable amount for each of the Company's vessels. The review for impairment of eac vessel's carrying amount as of December 31, 2004, 2005 and 2006, did not result in an indication th carrying amounts are not recoverable. Furthermore, in the period a long-lived asset meets the "held sale" criteria of SFAS No. 144, a loss is recognized for any initial adjustment of the long-lived asset carrying amount to fair value less cost to sell. For the years ended December 31, 2004, 2005 and 20 such adjustments were identified. (k) Vessel Depreciation: Depreciation is calculated using the straight-line method over the estimated useful life of the vessels, after deducting the estimated salva value. Each vessel's salvage value is equal to the product of its lightweight tonnage and estimated sc rate. Management estimates the useful life of the Company's vessels to be 25 years from the date of delivery from the shipyard. Second hand vessels are depreciated from the date of their acquisition th their remaining estimated useful life. When regulations place limitations over the ability of a vessel trade on a worldwide basis, its useful life is adjusted at the date such regulations are adopted. (l) Ot fixed assets, net: Other fixed assets, net consists of furniture, office equipment, cars and leasehold improvements, stated at cost, which consists of the purchase / contract price less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful life assets, as presented below: Description Useful Life (years) ----------- ------------------- Leasehold improvements 12 Cars 6 Office equipment 5 Furniture and fittings 5 Computer equipment 3 (m) Accounting for Dry-Docking Costs: The Company follows the deferral method of accounting for dry-docking costs whereby actual costs incurred are deferred and are amortized on a straight-line ba over the period through the date the next dry-docking becomes due. Costs capitalized as part of the drydock include all works required by the vessels' Classification Societies and for the maintenance vessels Condition Assessment Program ("CAP") rating, which may consist of actual costs incurred dry-dock yard, including but not limited to, dry-dock dues and general services for vessel preparatio coating of Water Ballast Tanks/Cargo Oil Tanks ("WBT/COT"), steelworks, piping works and valv machinery works and electrical works. All those works which are carried out during dry-dock time routine maintenance according to the Company's Planned Maintenance System as well as modificat improvements required by third parties (i.e Port Authorities, Oil Majors, standards set by the Comp etc.) and not required by the vessels' Classification Societies are not capitalized but expensed as inc Unamortized dry-docking costs of vessels that are sold are written off and included in the calculatio the resulting gain or loss in the year of the vessel's sale. (n) Sale and Leaseback Transactions: The g on sale on vessel sale and leaseback transactions are deferred and amortized to income over the leas period. Dry-docking costs for vessels sold and leased back are amortized on a straight line basis ove period through the next dry-docking becomes due or through the termination of the lease, whicheve comes first. (o) Financing Costs: Fees incurred and paid to the lenders for obtaining new loans or refinancing existing ones are recorded as a contra to debt and such fees are amortized to interest exp over the life of the related debt using the effective interest method. Unamortized fees relating to loa repaid or refinanced are expensed when a repayment or refinancing is made and charged to interest finance costs. (p) Pension and Retirement Benefit Obligations--Crew: The ship-owning companies included in the consolidation, employ the crew on board, under short-term contracts (usually up to r

months) and accordingly, they are not liable for any pension or post retirement benefits. (q) Staff lea Indemnities - Administrative personnel: The Company's employees are entitled to termination paym in the event of dismissal or retirement with the amount of payment varying in relation to the employ compensation, length of service and manner of termination (dismissed or retired). Employees who r or are dismissed with cause are not entitled to termination payments. The Company's liability on an actuarially determined basis, at December 31, 2005 and 2006 amounted to $ 116 and $ 190, respecti (r) Accounting for Revenue and Expenses: Revenues are generated from voyage and time charter agreements. Time charter revenues are recorded over the term of the charter as service is provided. sharing represents the excess between an agreed daily base rate and the actual rate generated by the every quarter, if any, and is settled and recorded on a quarterly basis. Under a voyage charter the revenues, including demurrages and associated voyage costs, with the exception of port expenses w are recorded as incurred, are recognized on a proportionate performance method over the duration o voyage. A voyage is deemed to commence upon the completion of discharge of the vessel's previou cargo and is deemed to end upon the completion of discharge of the current cargo. Demurrage incor represents payments by the charterer to the vessel owner when loading or discharging time exceede stipulated time in the voyage charter. Vessel operating expenses are accounted for on the accrual ba Unearned revenue represents cash received prior to year-end related to revenue applicable to period December 31 of each year. (s) Repairs and Maintenance: All repair and maintenance expenses are expensed in the year incurred. Such costs are included in Other vessel operating expenses in the accompanying consolidated statements of income. (t) Stock Incentive Plan: All share-based compen provided to employees and to non-employee directors, for their services as directors, is included in general and administrative expenses in the consolidated income statements. The shares that do not c any future service vesting conditions are considered vested shares and recognized in full on the gran The shares that contain a time-based service vesting condition are considered non-vested shares on grant date and recognized over the vesting period. The shares, vested and non-vested are measured value, which is equal to the market value of the Company's common stock on the grant date. (u) Ear per Share: Basic earnings per share are computed by dividing net income by the weighted average n of common shares deemed outstanding during the year. Diluted earnings per share reflect the potent dilution that could occur if securities or other contracts to issue common stock were exercised. (v) Segment Reporting: The Company reports financial information and evaluates its operations by cha revenues and not by the length of ship employment for its customers, i.e., spot or time charters. The Company does not have discrete financial information to evaluate the operating results for each suc of charter. Although revenue can be identified for these types of charters, management cannot and d not identify expenses, profitability or other financial information for these charters. As a result, management, including the chief operating decision maker, reviews operating results solely by reve per day and operating results of the fleet and thus the Company has determined that it operates unde reportable segment. Furthermore, when the Company charters a vessel to a charterer, the charterer i to trade the vessel worldwide and, as a result, the disclosure of geographic information is impractica (w) Related Parties: The Company considers as related parties the affiliates of the Company; entitie which investments are accounted for by the equity method by the Company; trusts for the benefit of employees, such as pension and profit-sharing trusts, that are managed by or under the trusteeship o management; principal owners of the Company; its management; members of the immediate famili principal owners of the Company and its management; and other parties with which the Company m deal if one party controls or can significantly influence the management or operating policies of the to an extent that one of the transacting parties might be prevented from fully pursuing its own separ interests. Another party also is a related party if it can significantly influence the management or op policies of the transacting parties and can significantly influence the other to an extent that one or m the transacting parties might be prevented from fully pursuing its own separate interests. An Affilia party that, directly or indirectly through one or more intermediaries, controls, is controlled by, or ha common control with the Company. Control is the possession, direct or indirect, of the power to dir cause the direction of the management and policies of an enterprise through ownership, by contract

otherwise. Immediate Family is family members whom a principal owner or a member of managem
might control or influence or by whom they might be controlled or influenced because of the family
relationship. Management is the persons who are responsible for achieving the objectives of the Co
and who have the authority to establish policies and make decisions by which those objectives are t
pursued. Management normally includes members of the board of directors, the CEO, CFO, Vice
President in charge of principal business functions and other persons who perform similar policy m
functions. Persons without formal titles may also be members of management. Principal owners are
owners of record or known beneficial owners of more than 10% of the voting interests of the Comp
(x) Derivatives: Statement of Financial Accounting Standards ("SFAS No. 133"), "Accounting for
Derivative Instruments and Hedging Activities" (as amended) establishes accounting and reporting
standards requiring that every derivative instrument (including certain derivative instruments embed
other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair va
with changes in the derivatives' fair value recognized currently in earnings unless specific hedge
accounting criteria are met. During 2004, 2005 and 2006, the Company engaged in interest rate swa
agreements in order to hedge the exposure of interest rate fluctuations associated with the cash flow
portion of the Company's variable rate borrowings (Note 8). For swap agreements that are designate
qualified as cash flow hedges their fair value is included in financial instruments in the accompanyi
consolidated balance sheets with changes in the effective portion of the instruments' fair value recor
accumulated other comprehensive income (loss). The ineffective portion of the change in fair value
derivative financial instruments is immediately recognized in the income statement as a component
interest and finance costs. If the hedged item is a forecasted transaction that becomes probable of no
occuring, then the derivative financial instrument no longer qualifies as an effective cash flow hedg
that date and, as a result, cumulative fair value changes that were previously recorded in accumulate
other comprehensive income (loss) are immediately reclassified into earnings as a component of int
and finance costs. In all other instances, when a derivative financial instrument ceases to qualify as
effective cash flow hedge but if it is still possible the hedged forecasted transaction may occur, hedg
accounting ceases from that date and the instrument is prospectively marked to market through earn
but previously recorded changes in fair value remain in accumulated other comprehensive income u
the hedged item affects earnings or until it becomes probable that the hedged forecasted transaction
not occur. The off-balance sheet risk in outstanding option agreements involves the risk of a counte
not performing under the terms of the contract. The Company monitors its positions, the credit ratin
counterparties and the level of contracts it enters into with any one party. The Company has a polic
entering into contracts with parties that meet stringent qualifications and, given the high level of cre
quality of its derivative counterparty, the Company does not believe it is necessary to obtain collate
such arrangements. (y) Consolidation of Variable Interest Entities: FASB Interpretation No. 46R
addresses the consolidation of business enterprises (variable interest entities) to which the usual con
(ownership of a majority voting interest) of consolidation does not apply. The Interpretation focuses
financial interests that indicate control. It concludes that in the absence of clear control through voti
interests, a company's exposure (variable interest) to the economic risks and potential rewards from
variable interest entity's assets and activities are the best evidence of control. Variable interests are
and obligations that convey economic gains or losses from changes in the value of the variable inter
entity's assets and liabilities. Variable interests may arise from financial instruments, service contra
and other arrangements. If an enterprise holds a majority of the variable interests of an entity, it wo
considered the primary beneficiary. The primary beneficiary would be required to include assets,
liabilities, and the results of operations of the variable interest entity in its financial statements. (z)
Accounting Pronouncements: i) FASB Statement No. 154: In May 2005, the FASB issued FASB
Statement No. 154, "Accounting Changes and Error Corrections" (SFAS No. 154). SFAS No. 154 i
replacement of APB Opinion No. 20, "Accounting Changes" (APB 20) and FASB Statement No. 3,
"Reporting Accounting Changes in Interim Financial Statements" (SFAS No. 3). SFAS No. 154 pro
guidance on the accounting for and reporting of accounting changes and error corrections. It establi
retrospective application as the required method for reporting a voluntary change in accounting prin

APB 20 previously required that most voluntary changes in accounting principle be recognized by including in net income of the period of the change the cumulative effect of changing to the new accounting principle. SFAS No. 154 provides guidance for determining whether retrospective applic of a change in accounting principle is impracticable and for reporting a change when retrospective application is impracticable. SFAS No. 154 also requires that a change in method of depreciation, amortization, or depletion for long-lived, nonfinancial assets be accounted for as a change in accoun estimate that is effected by a change in accounting principle. APB 20 previously required that such change be reported as a change in accounting principle. SFAS No. 154 carries forward many provis APB 20 without change, including the provisions related to the reporting of a change in accounting estimate, a change in the reporting entity, and the correction of an error. SFAS No. 154 also carries forward the provisions of SFAS No. 3 that govern reporting accounting changes in interim financial statements. SFAS No. 154 is effective for accounting changes and corrections of errors made in fisc years beginning after December 31, 2005. The Company has adopted this pronouncement effective January 1, 2006. ii) FASB Interpretation No. 48: In June 2006, the FASB issued Interpretation No. "Accounting for Uncertainty in Income Taxes" (FIN 48), which supplements SFAS No. 109, "Acco 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 b recognized only if it is "more-likely-than-not" to be sustained based solely on its technical merits as reporting date. The more-likely-than-not threshold represents a positive assertion by management th 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 be recognized. Moreover, the more-likely-than-not threshold must continue to be met in each report period to support continued recognition of a benefit. At adoption, companies must adjust their finan 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 peri 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. The Company estimates that th statement will not have a significant impact on its financial position. iii) FASB Statement No. 157: September 2006, the FASB issued SFAS No. 157, "Fair Value Measurement" ("SFAS 157"). SFAS addresses standardizing the measurement of fair value for companies that are required to use a fair v measure of recognition for recognition or disclosure purposes. The FASB defines fair value as "the that would be received to sell an asset or paid to transfer a liability in an orderly transaction betweer market participants at the measure date". SFAS 157 is effective for financial statements issued for fi years beginning after November 15, 2007. The Company is currently evaluating the impact, if any, SFAS 157 on its financial position, results of operations and cash flows. iv) FSP No. AUG AIR-1: I 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 int financial reporting periods, if no liability is required to be recorded for an asset retirement obligatio based on a legal obligation for which the event obligating the entity has occurred. FSP No. AUG AI also requires disclosures regarding the method of accounting for planned major maintenance activit the effects of implementing the FSP. The guidance in FSP No. AUG AIR-1 is effective for the Com as of January 1, 2007. The adoption of FSP No. AUG AIR-1 will not have a material impact on the financial position, results of operations or cash flows of the Company. v) SAB 108: On September 2006, the SEC released staff accounting bulleting ("SAB") No. 108, which provides guidance on materiality. SAB No. 108 states that registrants should use both a balance sheet approach and an inc statement approach when quantifying and evaluating the materiality of a misstatement, contains gui on correcting errors under the dual approach, and provides transition guidance for correcting errors existing in prior years. If prior-year errors that had been previously considered immaterial (based or appropriate use of the registrant's prior approach) now are considered material based on the approac the SAB, the registrant need not restate prior period financial statements. SAB No. 108 is effective

annual financial statements covering the first fiscal year ending after November 15, 2006. This state
is effective for the Company for the fiscal year ended December 31, 2006. The effect of implementi
SAB No. 108 amounted $ 226, is included in Amortization of dry-docking costs and related to the
write-off of unamortized balance of bunkers consumed that previously deferred as part of the dry-do
costs. vi) FASB Statement No. 158: In September 2006, the FASB issued FASB Statement No. 158
"Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans" (SFAS No. 1
SFAS No. 158 is an amendment of FASB Statements No. 87, "Employers' Accounting for Pensions
(SFAS No. 87), No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Bene
Pension Plans and for Termination Benefits" (SFAS No. 88), No. 106 "Employers' Accounting for
Postretirement Benefits Other Than Pensions" (SFAS No. 106) and No. 132(R) "Employers' Disclo
about Pensions and Other Postretirement Benefits--an amendment of FASB Statements No. 87, 88,
106" (SFAS No. 132(R)). SFAS No. 158 requires an employer to recognize the overfunded or
underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an
or liability in its statement of financial position and to recognize changes in that funded status in the
in which the changes occur through comprehensive income of a business entity or changes in unrest
net assets of a not-for-profit organization. This Statement also requires an employer to measure the
status of a plan as of the date of its year-end statement of financial position, with limited exceptions
Statement requires an employer that is a business entity and sponsors one or more single-employer
defined benefit plans to: a) recognize the funded status of a benefit plan--measured as the difference
between plan assets at fair value (with limited exceptions) and the benefit obligation--in its statemen
financial position. For a pension plan, the benefit obligation is the projected benefit obligation; for a
other postretirement benefit plan, such as a retiree health care plan, the benefit obligation is the
accumulated postretirement benefit obligation, b) recognize as a component of other comprehensive
income, net of tax, the gains or losses and prior service costs or credits that arise during the period b
not recognized as components of net periodic benefit cost pursuant to FASB Statement No. 87,
Employers' Accounting for Pensions, or No. 106, Employers' Accounting for Postretirement Benefi
Other Than Pensions. Amounts recognized in accumulated other comprehensive income, including
gains or losses, prior service costs or credits, and the transition asset or obligation remaining from th
initial application of Statements 87 and 106, are adjusted as they are subsequently recognized as
components of net periodic benefit cost pursuant to the recognition and amortization provisions of t
Statements, c) measure defined benefit plan assets and obligations as of the date of the employer's fi
year-end statement of financial position (with limited exceptions) and d) disclose in the notes to fina
statements additional information about certain effects on net periodic benefit cost for the next fisca
that arise from delayed recognition of the gains or losses, prior service costs or credits, and transitio
or obligation. An employer with publicly traded equity securities is required to initially recognize th
funded status of a defined benefit postretirement plan and to provide the required disclosures as of t
of the fiscal year ending after December 15, 2006. The Company has adopted this pronouncement
effective December 31, 2006. The adoption of FASB 158 did not have a material impact on its finan
consolidated position, results of operations or cash flows. viii) FASB Statement No. 159: In Februar
2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial
Liabilities" ("SFAS 159"), which permits entities to choose to measure many financial instruments a
certain other items at fair value. SFAS 159 is effective as of the beginning of an entity's first fiscal y
that begins after November 15, 2007. Earlier adoption is permitted as of the beginning of a fiscal ye
begins on or before November 15, 2007, provided the entity also elects to apply the provisions of FA
Statement No. 157, "Fair Value Measurements". The Company is currently evaluating the impact of
SFAS 159, but does not expect the adoption of SFAS 159 to have a material impact on its financial
consolidated position, results of operations or cash flows. (aa) Reclassification of Prior Year Balanc
Certain amounts in the 2005 and 2004 consolidated financial statements have been reclassified to co
to the 2006 presentation. The reclassifications had no impact on the results of operations of the Com
Charter Hire Expense for the year ended December 31, 2005 has been presented on a separate line i
consolidated income statements to conform to the current year presentation. Charter Hire Expense w

previously reported within Vessel Operating Expenses. Advances to various creditors for the year er
December 31, 2005 has been presented on a separate line in the consolidated balance sheets to conf
the current year presentation. Advances to various creditors was previously reported within Prepayn
and other. Deferred gain on sale and leaseback of vessels, current portion for the year ended Decem
31, 2005 has been included in Deferred gain on sale and leaseback of vessels in the consolidated bal
sheets to conform to the current year presentation. Deferred gain on sale and leaseback of vessels, c
portion was previously reported on a separate line in current liabilities. 3. Transactions with Related
Parties: (a) Primal Tankers Inc.: As discussed in Note 1, up to June 30, 2004, the Company's ship-o
subsidiaries had management agreements with Primal Tankers Inc., under which management servi
were provided in exchange for a fixed monthly fee per vessel, which was renewed annually. The fee
charged by Primal Tankers Inc. during 2004 amounted to $ 1,120 and they are separately reflected i
2004 accompanying consolidated statement of income. During 2004, the Manager acquired from Pr
Tankers Inc. other fixed assets for a consideration of $ 150. (b) Pyramis Technical Co. S.A.: On Jul
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.
agreement was for duration of six years beginning July 2004 with a lessee's option for an extension
four years. The monthly rental was Euro 39,000 and effective January 1, 2006 was adjusted for infla
to Euro 40,365. Other general and administrative expenses for the years ended December 31, 2004,
and 2006 include $ 281, $ 586 and $ 705, respectively of rentals paid to Pyramis Technical Co. S.A
January 2006 the Company entered into an agreement to lease office space in Athens, Greece, with
unrelated party. The change in office location, due to necessary refurbishments, took place in Octob
2006; therefore, the Company paid to Pyramis Technical Co. S.A the October rent plus four rentals
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 totale
1,593,250, of which Euro 1,187,169.24 ($ 1,514) were paid during 2006. The amount of $ 1,799 rel
renovation works, discussed above, is included in Other fixed assets, net, in the accompanying 2006
consolidated balance sheet and is depreciated over the lease period, which is 12 years. 4. Inventorie
amounts shown in the accompanying consolidated balance sheets are analyzed as follows: 2005 200
----- Bunkers 3,976 4,624 Lubricants 1,501 1,319 Consumable stores 831 517 ----- ----- 6,308 6,460
===== ===== 5. Advances for Vessels under Construction: In October 2006, the Company entered
an agreement for the construction of six handymax Product / Chemical tankers. The total contract p
amounted to $ 285,380 and is payable in five instalments as follows: 15% is payable upon arrangem
the Refund Guarantee, 15% is payable upon commencement of steel cutting, 20% is payable upon k
laying, 20% is payable upon launching and 30% upon delivery of the vessel. The vessels' constructi
will be partially financed from long-term bank financing discussed in Note 8. The first instalment fo
of the six vessels of $ 28,638 was paid in December 2006 and is included in Advances for Vessels u
Construction, in the 2006 accompanying consolidated balance sheet. The Advances for Vessels und
Construction also include $ 34 and $ 11 relating to capitalized interest and costs respectively, in
accordance with the accounting policy discussed in Note 2(i) above. The vessels are expected to be
delivered during the first six months of 2009. 6. Vessels, net: The amounts in the accompanying
consolidated balance sheets are analyzed as follows: Vessel Accumulated Net Book Cost Depreciat
Value -------- ----------- -------- Balance, December 31, 2004 373,551 (17,554) 355,997 --Acquisitio
702,761 -- 702,761 --Disposals (139,921) 14,828 (125,093) --Depreciation -- (46,911) (46,911) -----
--------- --------- Balance, December 31, 2005 936,391 (49,637) 886,754 --Acquisitions 18 -- 18
--Disposals (605,085) 59,997 (545,088) --Depreciation -- (35,266) (35,266) --------- --------- ---------
Balance, December 31, 2006 331,324 (24,906) 306,418 ========= ========= =========
Acquisitions during the year ended December 31, 2005 represent (a) the acquisition cost of the five
vessels discussed in Note 1(u) through Note 1(y) for a total amount of $ 249,340, (b) the acquisition
of the four vessels discussed in Note 1(z) through Note 1(cc) for a total amount of $ 163,629 and (c)
acquisition cost of the five vessels discussed in Note 1(dd) through Note 1(hh) for a total amount of
289,792. In September and December 2004 vessels Tireless and Med Prologue, respectively, were s

for an aggregate price of $ 8,900. These sales, after the related sales expenses of $ 364 and the unamortized dry-docking costs written off of $ 1,265, resulted in a gain of $ 638, which is separatel reflected in the accompanying 2004 consolidated statement of income. In July and September 2005, vessels Fearless and Yapi were sold for an aggregate price of 38,348. These sales, after the related s expenses of $ 5,968 and the unamortized dry-docking costs written-off of $ 716, resulted in a gain o 10,115, which is separately reflected in the accompanying 2005 consolidated statement of income. I August and September 2005, the Company sold the Restless, Sovereign, Relentless, Invincible and Victorious for an aggregate price of 120,705, net of related sales expenses of $ 5,545, and entered simultaneously into bareboat charter agreements to leaseback the vessels for a period of seven years 11). In March and April 2006, the Company sold the Flawless, Timeless, Priceless, Stopless, Doubt Vanguard, Faithful, Spotless, Limitless, Endless, Faultless, Noiseless and Stainless for an aggregate of $ 529,616, net of related sales expenses of $ 20,384, and entered simultaneously into bareboat ch agreements to leaseback the vessels for periods of five to seven years (Note 11). According to the te the agreements, 10% of the gross aggregate sales price, $ 55,000, has been withheld by the purchase will be paid to the Company not later than three months after the end of bareboat charter period or u the resale of the vessels by the purchaser, if earlier. In November and December 2006, vessels Taint Soundless and Topless were sold for an aggregate price of $ 127,450. These sales, after the related s expenses of $ 2,890 resulted in a gain of $ 12,667, which is separately reflected in the accompanyin consolidated statement of income. All Company's vessels, having a total carrying value of $ 306,41 December 31, 2006, have been provided as collateral to secure the loans discussed in Note 8. 7. Def Charges: The unamortized amounts included in the accompanying consolidated balance sheets repre dry-docking costs and financing fees for the undrawn portion of the revolving credit facility (Note 8 are analyzed as follows: Dry- Financing Docking Fees Total ------- --------- ------- Balance, Decemb 2004 6,748 -- 6,748 --Additions 10,478 1,022 11,500 --Write-off due to sale of vessels (Note 6) (71 (716) --Amortization (5,999) (17) (6,016) -------- -------- -------- Balance, December 31, 2005 10,51 1,005 11,516 --Fees prior presented contra to debt -- 249 249 --Additions 34,526 -- 34,526 --Amorti (13,187) (1,254) (14,441) -------- -------- -------- Balance, December 31, 2006 31,850 -- 31,850 ==== ======== ======== Write-off of deferred dry-docking costs due to sale of vessels is included in on sale of vessels in the accompanying consolidated statements of income. 8. Long-term Debt: The amounts in the accompanying consolidated balance sheets are analyzed as follows: Borrower(s) 200 2006 --------------------------------- -------- -------- (a) The Company 512,315 218,052 (b) Vitsi 25,89 (c) Parnis 25,894 -- -------- -------- Total 564,103 218,052 Less- current portion (45,329) (16,588) -- -------- Long-term portion 518,774 201,464 ======== ======== (a) The Company: At December 2006, the Company had a revolving credit facility outstanding of $ 83,000 and a loan outstanding of 137,000. The outstanding amount under the revolving credit facility of $ 83,000 is payable in 10 semi-annual instalments of approximately $ 5,395 starting on April 30, 2011 plus a balloon paymen 29,050 payable together with the final instalment, if no further amounts are drawn. The applicable i rate as of December 31, 2006 is 5.97%. As of December 31, 2006, the undrawn amount amounted t 75,000. The loan of $ 137,000 was drawn down in 2005 and originally amounted to $ 154,000. It wa obtained to partially finance the acquisitions of the vessels Stormless, Ellen P., Errorless and Edgele (Note 6). The loan consists of 2 tranches of $ 130,000 (Tranche A) and $ 24,000 (Tranche B). Tranc is payable in 32 consecutive quarterly instalments of $ 2,750 each, starting on March 13, 2006 plus balloon payment of $ 42,000 payable together with the final instalment. Tranche B is payable in 16 consecutive quarterly instalments of $ 1,500 each, starting on March 13, 2006. The Company paid a 1% upon signing of the agreement, or $ 1,540. The loan bears interest at LIBOR plus a margin and a December 31, 2006 is 6.15%. At December 31, 2005, the Company had a revolving credit facility outstanding of $ 178,255 and loans outstanding of $ 339,000. At December 31, 2005, the outstandin balance under one loan and the revolving credit facility together wsa $ 363,255. In August and Sept 2005, following the sale of Fearless and Yapi discussed in Note 6 and the sale and leaseback of Res Sovereign, Relentless, Invincible and Victorious discussed in Notes 6 and 11, the Company prepaid 68,853 of the then outstanding amount of the loan. In November 2005, the loan was restructured an

Company simultaneously entered into an additional $ 206,000 revolving credit facility with the sam lender. The restructured loan of $ 195,657 was to refinance the then outstanding amount and was pa in 15 semi-annual instalments. The first instalment of $ 10,657 was paid on November 30, 2005 to b followed by 14 semi-annual instalments of $ 10,500 each, from May 31, 2006 to November 2012, p balloon payment of $ 38,000 payable together with the last instalment. The revolving credit facility concluded in order to refinance the then outstanding amount of $ 144,000 and to partially finance up additional amount of $ 206,000 the acquisition of tankers meeting specific criteria. The $ 206,000 w subject to a fee of 0.5% paid on signing of the agreement. On November 8, 2005, $ 34,255 was draw down to partially finance the acquisition cost of vessel Ioannis P (Note 6). The restructured loan and revolving credit facility bear interest at LIBOR plus a margin. In March and April 2006, following t sale and leaseback of Flawless, Timeless, Priceless, Doubtless, Vanguard, Faithful, Spotless, Limitl Endless, Faultless and Noiseless discussed in Notes 6 and 11, the Company prepaid in full $ 185,00 the loan outstanding amount of the loan and $ 20,255 of the then outstanding amount of the revolvin credit facility. Following the prepayment of $ 20,255 of the revolving credit facility, the undrawn an of $ 192,000 was cancelled in August 2006. In November and December 2006, following the sale o Taintless, Soundless and Topless discussed in Note 6, the Company prepaid $ 95,000 of the then outstanding amount of the revolving credit facility. On December 21, 2006, $ 20,000 was drawn do partially finance the construction of four vessels (Note 5). (b), (c) Vitsi - Parnis: Loan for an amoun 56,500 divided into two tranches, obtained in March 2005, to partially finance the acquisition cost o vessels Stainless and Stopless (Note 6). The loan was payable in 28 varying quarterly instalments st July 29, 2005, plus a balloon payment of $ 10,170 payable together with the last instalment. The loa subject to a fee of 1% paid on draw down. In March and April 2006, following the sale and leaseba Stopless and Stainless, discussed in Notes 6 and 11, the Company repaid in full $ 50,144 for the the outstanding amount of the loan. The loans are secured as follows: o First priority mortgages over th Company's vessels; o Assignments of insurance and earnings of the mortgaged vessels; o Corporate guarantee of the TOP Tankers Inc; o Pledge over the earnings accounts of the vessels. Debt Covena 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 agg outstanding principal amounts under the loans, to ensure that total assets minus total debt will not at time be less than $ 250,000 and to maintain liquid funds which at any time be not less than the high 10,000 or $ 500 per vessel. As a result, the minimum liquid funds required under the loan covenants 12,000 on a consolidated basis, as of December 31, 2006, are included in restricted cash in the accompanying consolidated balance sheets. The Company is permitted to pay dividends under the lo so long as they are not in default of a loan covenant or if such dividend payment would not result in default of a loan covenant. The Company's management believes that as of December 31, 2006, the Company is in compliance with loan covenants. Interest Expense: Interest expense for the years end December 31, 2004, 2005 and 2006, amounted to $ 4,161, $ 19,700 and $ 20,750 respectively and is included in interest and finance costs in the accompanying consolidated statements of income (Note The weighted average interest rates, including swaps and the relevant bank margins, for 2005 and 20 were 4.65% and 5.21%, respectively. Scheduled Principal Repayments: The annual principal payme required to be made after December 31, 2006, are as follows: Year ending December 31, Amount ----------------------- -------- 2007 17,000 2008 17,000 2009 17,000 2010 11,000 2011 and thereafter 158,000 -------- 220,000 Less unamortized financing fees (1,948) -------- 218,052 ======== Intere Swaps: The fair value of the interest rate swaps in the accompanying consolidated balance sheets ar analyzed as follows: Interest Notional Rate Fair SWAP Amount Period Effective Date Payable Valu Asset (Liability) ---- ------ ------ ------------- ---- ------------------------ December December 31, 2005 2006 -------- -------- (i) $ 100,500 5 years November 3, 2005 4.63% $ 327 -- (ii) $ 36,550 4 years November 3, 2005 4.66% $ 98 $ 283 (iii) $ 45,000 5 years January 30, 2006 4.80% -- $ 273 (iv) $ 1 7 years September 30, 2006 4.23% -- ($ 569) (v) $ 10,000 7 years September 30, 2006 4.11% -- ($ 5 (vi) $ 50,000 7 years September 29, 2006 4.45% -- ($ 2,383) (vii) $ 10,000 7 years July 3, 2006 4.70 ($ 474) ----- --------- $ 425 ($ 3,384) ===== ========= During August and September 2005, as a

of the sale of vessels and prepayment of the loan of $ 68,853 mentioned in (a) above, the Company
terminated the then existing swap of $ 98,500, which at that time was in a gain position. The swap's
termination resulted in a reclassification adjustment from other comprehensive income to earnings f
accumulated swap gain of $ 1,171, which is included in interest and finance costs (Note 17). In Nov
2005, upon the loan restructuring discussed under (a) above, the then existing swaps were restructur
into a new swap with declining notional balances in order to hedge the variable interest rate exposur
with effective date November 3, 2005; for an initial notional amount of $ 100,500 and for a period o
years, with a fixed interest rate of 4.63% plus the applicable bank margin (SWAP (i)). The then exis
swap of $ 36,550 was also amended to a new swap with declining notional balances in order to hedg
variable interest rate exposure, with effective date November 3, 2005; for an initial notional amount
36,550 and for a period of four years, with a fixed interest rate of 4.66% plus the applicable bank m
(SWAP (ii)). As a result of the sale and leaseback of vessels and full prepayment of the loans of $
185,000, discussed above, the Company on March 31, 2006, terminated the non-qualifying swap wi
initial notional amount of $ 100,500 (SWAP (i)), which at that time was in a gain position. In conne
with the loan of $ 154,000 discussed above, the Company entered into an interest rate swap agreem
with declining notional balances in order to hedge its variable interest rate exposure, with effective
January 30, 2006, for an initial notional amount of $ 45,000 and for a period of five years, with a fix
interest rate of 4.8% plus the applicable bank margin (SWAP (iii)). In July 2006, the Company ente
into the following interest rate swap agreements. Under those agreements, the Company will pay an
fixed interest rate, as indicated below, and will receive a floating interest rate, which is the 3-month
LIBOR, as is determined on the reset dates. If the difference between the 10-year swap rate and the
swap rate is greater or equal to 5 basis points, then the Company will continue to pay the initial fixe
and continue to receive the respective floating rate. If the difference between the 10-year swap rate
the 2-year swap rate is less than 5 basis points, then the Company will pay the initial fixed rate, plus
times the difference between 5 basis points and the difference between the 10-year swap rate and th
2-year swap rate. The interest rate that the Company will pay is capped at 8.80%. (a) for a notional
amount of $ 10,000, with effective date of July 5, 2006 and for a period of seven years, with an initi
interest rate of 4.52%. (b) for a notional amount of $ 10,000, with effective date of July 24, 2006 an
period of seven years, with an initial interest rate of 4.40%. (c) for a notional amount of $ 50,000, w
effective date of July 3, 2006 and for a period of seven years, with an initial interest rate of 4.63%. (
a notional amount of $ 10,000, with effective date of July 3, 2006 and for a period of seven years, w
initial interest rate of 4.70% (SWAP (vii)). During the fourth quarter of 2006, the swaps (a), (b) and
were restructured and the Company will pay an initial fixed interest rate, as indicated in the table ab
(SWAPS (iv), (v) and (vi) respectively), and will receive a floating interest rate, which is the 3-mon
LIBOR, as is determined on the reset dates. In the first period (fourth quarter of 2006), the differenc
between the 10-year swap rate and the 2-year swap rate was greater to minus 5 basis points, and the
Company paid the initial fixed rate and received the floating interest rate. In the next three periods,
difference between the 10-year swap rate and the 2-year swap rate is greater or equal to 0 basis poin
then the Company will continue to pay the initial fixed rate and continue to receive the respective fl
rate. If the difference between the 10-year swap rate and the 2-year swap rate is less than 0 basis poi
then the Company will pay the initial fixed rate, plus three times the difference between 0 basis poin
the difference between the 10-year swap rate and the 2-year swap rate. In all subsequent periods, if
difference between the 10-year swap rate and the 2-year swap rate is greater or equal to 8 basis poin
then the Company will continue to pay the previous rate and continue to receive the respective float
rate. If the difference between the 10-year swap rate and the 2-year swap rate is less than 8 basis poi
then the Company will pay the previous rate, plus three times the difference between 8 basis points
the difference between the 10-year swap rate and the 2-year swap rate. The interest rate that the Cor
will pay for the restructured swaps is capped at 10.25%. As of December 31, 2005 and 2006, the sw
fair values, based on third party valuations, are assets of $ 425 and a net liability of ($ 3,384),
respectively. The 2005 change in fair value of $ 327 on the swap agreements with initial notional ba
of $ 98,500, $ 93,500 and $ 27,931 was recorded in interest and finance costs, as the Company cons

that the future cash outflows hedged by these swaps were probable of not occurring. The change in f
value of $ 98 of the swap agreement with initial notional balance of $ 36,550 (SWAP (ii)) was recor
other comprehensive income (loss) as the Company considered that the related future cash outflows
hedged were probable of occurring. The 2006 fair value change on the swap agreements was record
interest and finance costs (Note 17), as the Company considered that the future cash outflows hedge
these swaps were probable of not occurring. The total impact in the consolidated income statements
the years ended December 31, 2005 and 2006, arising from the swaps termination and year-end swa
valuations, is a gain of $ 1,498 and a loss of ($ 2,733) respectively and is included in interest and fir
costs (Note 17). 9. Accrued Liabilities: The amounts in the accompanying consolidated balance she
analyzed as follows: 2005 2006 ------ ------ Interest on long-term debt 2,187 630 Vessels' operating
voyage expenses 4,222 5,455 General and administrative expenses 6,888 1,269 ------ ------ Total 13
7,354 ====== ====== 10. Commitments and Contingencies: As at December 31, 2006 the Compa
under construction six handymax Product / Chemical tankers scheduled for delivery between Januar
June 2009, at a total cost of $ 285,380. The remaining expected payments as of December 31, 2006
14,169 in 2007, $ 128,421 in 2008 and $ 114,152 in 2009. In March and April 2006, the Company e
into Sale and Leaseback agreements for 13 vessels for a period of five to seven years. According to
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
conditions of the Company under the agreements. Not later than three months after the end of bareb
charter period or upon the resale of the vessels by the purchaser, if earlier, $ 47,000 out of the $ 55,0
will become payable to the Company. According to the agreement with one of the owners-lessors fo
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 on various putative class action securities law suits brought in the United States D
Court, Southern District of New York. The Company maintains a Directors and Officers liability
insurance which covers the Company and its directors for up to $ 20,000. The Company has retaine
law firm specializing in relevant litigation, that has estimated the cost of the first year's legal expens
approximately matching the deductible of this policy of $ 250. Therefore, this amount is included in
general and administrative expenses in the 2006 consolidated statement of income. The Company's
management has assessed that at this stage, it is premature for any further provision in the financial
statements. Various claims, suits, and complaints, including those involving government regulations
product liability, arise in the ordinary course of the shipping business. In addition, losses may arise f
disputes with charterers, agents, insurance and other claims with suppliers relating to the operations
Company's vessels. Currently, management is not aware of any such claims or contingent liabilities
which should be disclosed, or for which a provision should be established in the accompanying
consolidated financial statements. The Company accrues for the cost of environmental liabilities wh
management becomes aware that a liability is probable and is able to reasonably estimate the probab
exposure. Currently, management is not aware of any such claims or contingent liabilities, which sh
be disclosed, or for which a provision should be established in the accompanying consolidated finan
statements. A minimum of up to $1 billion of the liabilities associated with the individual vessels ac
mainly for sea pollution, are covered by the Protection and Indemnity (P&I) Club insurance. 11. Sal
Leaseback of Vessels: The Company entered into sales and leaseback transactions in 2005 and 2006
follows: (a) In August and September 2005, the Company sold the vessels Restless, Sovereign, Rele
Invincible and Victorious and realized a total gain of $ 17,159. The Company entered into bareboat
charter agreements to leaseback the vessels for a period of seven years. The charter back agreement
accounted for as operating leases and the gain on the sale was deferred and is being amortized to inc
over the seven-year lease period; the amortization of $ 837 and $ 2,451 is included in Amortization
deferred gain on sale and leaseback of vessels, in the accompanying 2005 and 2006 consolidated
statements of income, respectively. During the years ended December 31, 2005 and 2006, lease pay
relating to the bareboat charters of the vessels were $ 7,206 and $ 21,061, respectively and are inclu
Charter hire expense in the 2005 and 2006 accompanying consolidated statements of income. (b) In

March 2006, the Company sold the vessels Flawless, Timeless, Priceless, Stopless, Doubtless, Vang
Faithful and Spotless to two unrelated parties (buyers/lessors) for $ 292,000; of which 90% or $ 262
was paid upon closing of the sale. Simultaneous with the sale of the eight vessels, the Company ente
into bareboat charter agreements to leaseback the same eight vessels for a period of five years with
lease renewal option. Another unrelated party assumed in June 2006 the rights and obligations of on
the buyers/lessors through a novation agreement with no other changes to the terms and conditions
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 s
price is payable to the Company within three months after the expiry of the individual bareboat char
agreements or termination of the leases, if earlier. The collection of the unpaid sales price is secured
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 sel
vessels covered by the bareboat charter agreements. In respect of the agreements with one of the
buyers/lessors, in the event of sale of the vessels prior to the termination of the bareboat charter
agreements, the corresponding unpaid sales price, up to a maximum amount of $ 2,000 for each ves
shall be used to cover any shortfall between the net sales proceeds and the sum of the: (i) outstandin
amount under financing obtained by the buyer in connection with the acquisition of the vessel, and
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 a
being amortized to income over the five-year lease period. The deferred gain was calculated by dedu
from the sales price the carrying amount of the vessels, the expenses related to the sale and the unpa
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 $ 3,775 for the year ended December
2006 is included in Amortization of deferred gain on sale and leaseback of vessels in the accompany
consolidated statements of income. The total lease payments for the year ended December 31, 2006
related to the foregoing leases were $ 43,701 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,
which 90% or $ 232,200 was paid upon closing of the sale. Simultaneous with the sale of the five v
the Company entered into bareboat charter agreements to leaseback the five vessels for a period of s
years with no lease renewal option. The obligations of the Company under the respective bareboat c
agreements were secured by the unpaid sales price representing 10% of the total sales price or $ 25,
The unpaid sales price is payable to the Company within three months after the expiry of the indivic
bareboat charter agreements or upon termination of the leases, if earlier. The collection of the unpai
price is secured by a second priority mortgage on the corresponding vessels with the Company havi
recourse to the shareholders (owners) of the buyer/lessor. The bareboat charter agreements are acco
for as operating leases and the gain on the sale of $ 17,580 was deferred and is being amortized to i
over the seven-year lease period. The deferred gain was calculated by deducting from the sales price
carrying amount of the vessels, the expenses related to the sale and the unpaid sales price (which is
as a residual value guarantee and will be recognized in income upon collection). The amortization o
deferred gain amounted to $ 1,884 for the year ended December 31, 2006 and is included in Amorti
of deferred gain on sale and leaseback of vessels in the accompanying consolidated statements of in
The total lease payments for the year ended December 31, 2006 related to the foregoing leases were
31,540 and are included in Charter Hire Expense in the accompanying consolidated statements of in
The Company's future minimum lease payments required to be made after December 31, 2006, rela
the foregoing bareboat charter agreements, are as follows: Year ending December 31, Amount
----------------------- ------- 2007 118,865 2008 118,982 2009 118,865 2010 118,865 2011 and therea
142,952 ------- 618,529 ======= The sale and leaseback transactions entered into in 2006 contain
financial covenants, calculated on a consolidated basis, requiring the Company to ensure that the ne
assets value of the Company's vessels (owned and those covered by bareboat charter agreements) at
times exceed $ 125,000 and book equity at all times exceed $ 75,000. Furthermore, a minimum amo

$ 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 / $ 25,0 mentioned above. The $ 50,000 required to be maintained is presented separately as restricted cash. amount of $ 13,500 discussed in Note 8 will also be included in the $ 50,000 minimum consolidated balances. As disclosed above, a portion of the sales price (representing 10% of the gross aggregate s price) in the amount of $ 55,000 has been withheld by the buyers/lessors and will be paid to the Cor not later than three months after the end of bareboat charter period or upon the resale of the vessels, earlier. Consequently, such unpaid sales price was recorded as asset at its discounted amount. The discount will be accreted through deferred gain on sale and leaseback of vessels over the period of t bareboat charter agreements or through the date of the resale of the vessels, if earlier. As of Decemb 2006 the present value of the unpaid sales price was $29,790. Furthermore, the Company has agreed the lessors through a separate performance guarantee deeds that it irrevocably and unconditionally guarantees the due and punctual payment of all sums payable by the Company to the lessors under o pursuant to the agreements. The term of the performance guarantees covers the period of the leases. Common Stock and Additional Paid-In Capital: On May 10, May 27, 2004 and July 22, 2005 the Company's Articles of Incorporation were amended. Under the amended articles of incorporation th Company was renamed to TOP Tankers Inc. and currently, its authorized capital stock consists of 100,000,000 shares of common stock, par value $0.01 per share and 20,000,000 preferred shares wi value of $0.01. The Board of Directors shall have the authority to establish such series of preferred s and with such designations, preferences and relative, participating, optional or special rights and qualifications, limitations or restrictions as shall be stated in the resolutions providing for the issue o preferred stock. On July 23, 2004 the Company completed its initial public offering in the United St under the United States Securities Act of 1933, as amended. In this respect 12,278,570 shares of cor stock at par value of $ 0.01 were issued for $ 11.00 per share. The net proceeds to the Company tota 124,563 of which approximately $ 109,000 were used to acquire the ten vessels discussed in Note 1 through Note 1(r). On November 5, 2004 the Company completed a follow on public offering in the United States under the United States Securities Act of 1933, as amended. In this respect 9,552,420 of common stock at par value of $ 0.01 were issued for $ 15.50 per share. The net proceeds to the Company totaled $ 139,467. From April till July 2006, the Company conduced at-the market sales o shares through a "controlled equity offering". A total of 3,907,365 shares of common stock at par va $ 0.01 were issued and sold in the market. The net proceeds to the Company totaled $ 26,916. 13. S 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 v adopted in April 2005 to provide certain key persons (the "Participants"), on whose initiatives and e the successful conduct of the Company's business depends, and who are responsible for the manage growth and protection of the Company's business, with incentives to: (a) enter into and remain in th service of the Company, a Company's subsidiary, or Company's joint venture, (b) acquire a propriet interest in the success of the Company, (c) maximize their performance, and (d) enhance the long-te 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 cor 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 Board of Directors administers the Plan and, on July 1, 2005, identified 45 key persons (including th 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 nev shares were granted, out of which 190,000 shares were granted to the Company's CEO, 48,300 share officers and independent members of the Board and the remaining 11,550 shares were granted to 36 employees. On January 3, 2006, the Company's Board of Directors identified 29 key persons (incluc the Company's CEO and other 8 officers and independent members of the Board) to whom shares o restricted common stock of the Company (the "Shares") were granted. For this purpose 125,000 nev

shares were granted, out of which 80,000 shares were granted to the Company's CEO, 38,000 shares officers and independent members of the Board and the remaining 7,000 shares were granted to 20 employees. On July 6, 2006, the Company's Board of Directors identified 60 key persons (including 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 shar officers and independent members of the Board and the remaining 30,750 shares were granted to 51 employees. The "Restricted Stock Agreements" were signed between the Company and the Particip on the respective grant dates. Under these agreements, the Participants have the right to receive divi and the right to vote the Shares, subject to the following restrictions: Company's CEO ------------ T Participant 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 Participant. Th restrictions lapse on the earlier of (i) one year from the grant date or (ii) termination of the Participa employment with the Company for any reason. Other Participants ----------------- The Participants s not sell, assign, exchange, transfer, pledge, hypothecate or otherwise dispose of or encumber any of Shares. The restrictions lapse on one year from the grant date conditioned upon the Participant's co employment with the Company from the date of the agreement (i.e. July 1, 2005, January 3, 2006, o 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 wi Company terminates for any reason before the end of the restricted period, that Participant shall for rights to all Shares that have not yet vested as of such date of termination. Dividends earned during restricted period will not be returned to the Company, even if the unvested shares are ultimately for As these Shares granted to other Participants contain a time-based service vesting condition, such sh are considered non-vested shares on the grant date. A summary of the status of the Company's veste non-vested shares as of December 31, 2006 and movement during the years ended December 31, 20 and 2006, is presented below: Weighted average grant Number of date fair value per non-vested sha non-vested share -- As at January 1, 2005 -- --
-- Granted 59,850 $15.82 Forfeited (200) $15.82
-- As at December 31, 2005 59,650 $15.82
-- Granted 143,750 $8.26 Vested (58,600) $12.71 Forfeited (3,90
$10.64 -- As at December 31, 2006 140,900 $9.54
== Number of non-vested shares
---------------- As at January 1, 2005 -- ---------------- Granted 190,000 As at December 31, 2005 19
---------------- Granted 301,250 Non-vested shares granted in 2005, vested during 2006 58,600
---------------- As at December 31, 2006 549,850 ================ During 2005, the employ of one of the other Participants was terminated and 200 restricted shares that were granted to him un the Plan were forfeited. During 2006, the employment of six of the other Participants was terminate 3,900 restricted shares that were granted to them under the Plan were forfeited. Effective January 1, the Company adopted FASB Statement 123(R) for purposes of accounting for share-based payment the Company did not engage in share-based compensation arrangements prior to the date of adoptio share-based compensation provided to employees (and provided to non-employee directors for their services as directors) is recognized in accordance with the provisions of Statement 123(R) and class as Other general and administrative expenses in the consolidated income statement. The fair value o 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. T grant date fair values of the vested shares granted to the CEO amounted to $ 3,006, $ 1,017 and $ 1, respectively and were recognized in full as compensation in the third quarter of 2005, in the first qu of 2006 and in the third quarter of 2006, respectively, on the grant dates. The grant date fair values o non-vested shares granted to the remaining Participants, net of forfeitures, amounted to $ 927, $ 558 604, respectively and are being recognized ratably as compensation in the consolidated income state

over the one-year vesting period, of which $ 472 and $ 1,315 was recognized in the years ended December 31, 2005 and 2006, respectively. In total $ 3,478 and $ 3,710 of share-based compensatio expense was recognized in the accompanying 2005 and 2006 consolidated income statements, respectively, classified as Other general and administrative expenses. As of December 31, 2006, the unrecognized compensation cost related to non-vested share awards is $ 302, which is expected to b recognized by June 30, 2007. The dividends declared on shares granted under the Plan are recognize the financial statements as a charge to retained earnings, except for the dividends declared on non-v 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 compensation in the consolidated income state Due to the low historical employee turnover, the Company's management assumes no non-vested sh 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 Quarterly Special Total Dividends Share Dividend Dividend ---------------------- granted per share per share Paid in Q3 Paid in Q4 2005 2005 --- Vested 0.21 0.25 87 40 Non-vested 0.21 0.25 27 --- --- Total Dividends -------------- Type of Quarterly Special Paid in year Shares Dividend Dividend ended December granted per share per share 31, 2006 --- Vested 0 7.50 2,082 Non-vested 0.21 7.50 807 --- 14. Earnings Per Common Share: All shares issued (including non-vested shares issued under the Company's Incenti 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 as reported for purpose calculating net income available to common shareholders for the computation of basic earnings per For purposes of calculating diluted earnings per share, dividends declared during the year for non-v shares are not deducted from net income as reported since such calculation assumes non-vested shar 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 weighte the period the non-vested shares were outstanding. We have excluded the dilutive impact of all 59,6 and 140,900 non-vested shares outstanding as of December 31, 2005 and 2006, respectively, for pur of calculating diluted earnings per share for those years because the effect of the application of the treasury stock method to such securities would be antidilutive to basic earnings per share. The components of the calculation of basic and diluted earnings per share for the years ended December 2004, 2005 and 2006 are as follows: --- 2005 2006 ---- ---- ---- Net Income as reported: $32,794 $68,684 $15,141 Less: Dividends declared the year for non-vested shares -- (40) (807) =========== =========== =========== Net income available to common shareholders 32,794 68,644 14,334 =========== =========== =========== Weighted average common shares outstanding, basic 12,922,449 27,926,771 30,5 Add: Dilutive effect of non-vested shares -- 5,241 53,594 Weighted average common shares outstan diluted 12,922,449 27,932,012 30,603,868 Earnings per share, basic and diluted 2.54 2.46 0.47 === 15. Voyage and Other Vessel Operating Expenses: The amounts in the accompanying consolidated statements of income are analyzed as follows: Voyage Expenses 2004 2005 2006 -------------- ------ ------ Port charges 5,181 9,271 11,265 Bunkers 8,588 19,893 33,937 Commissions 3,129 7,725 10,1 ------ ------ ------ Total 16,898 36,889 55,351 ====== ====== ====== Other vessel operating expe 2004 2005 2006 ----------------------------- ------ ------ ------ Crew wages and related costs 7,285 18, 26,919 Insurance 2,873 6,561 7,000 Repairs and maintenance 2,842 11,449 16,330 Spares and consumable stores 3,804 10,992 15,668 Taxes (Note 18) 55 194 165 ------ ------ ------ Total 16,859 4 66,082 ====== ====== ====== 16. Leases: In January 2006, the Manager entered into an agreem lease office space in Athens, Greece, with an unrelated party. The office is located at 1, Vasilisis So

Megalou Alexandrou Street, 151 24 Maroussi, Athens, Greece. The agreement is for duration of twe years beginning May 2006 with a lessee's option for an extension of ten years. The monthly rental is 120,000 adjusted annually for inflation increase plus 1%. Other general and administrative expenses the year ended December 31, 2006, include $ 1,272 of office rentals. The minimum rentals payable non-cancelable operating leases for each of the years ending December 31, 2007 through May 1, 20 before any adjustment for inflation (approximately 3% annually) and annual increase (1%), translat using the exchange rate of $/Euro at December 31, 2006 are: Year Amount ------------------ ------ 20 1,896 2008 1,896 2009 1,896 2010 1,896 2011 and thereafter 13,903 ------ 21,487 ====== 17. Inter and Finance Costs: The amounts in the accompanying consolidated statements of income are analyz follows: 2004 2005 2006 ------- ------- ------- Interest on long-term debt (Note 8) 4,161 19,700 20,78 Less: Capitalized interest (Note 5) -- -- (34) Bank charges 285 568 1,158 Non-qualifying swaps' fai change/ reclassification gain from swap termination -- (1,498) 2,733 Amortization and write-off of financing fees 755 1,407 4,534 ------- ------- ------- Total 5,201 20,177 29,175 ======= ======= ======= In 2005 and 2006, the Company following the loan prepayments discussed in Note 8(a) terminated the related interest rate swap agreements. The termination resulted in a reclassification g $ 1,171 and $ 98, respectively, from other comprehensive income, which is included in non-qualify swaps' fair value change / reclassification gain from swap termination in the table above. 18. Incom Taxes: Marshall Islands, Cyprus and Liberia do not impose a tax on international shipping income. the laws of Marshall Islands, Cyprus and Liberia, the countries of the companies' incorporation and vessels' registration, the companies are subject to registration and tonnage taxes, which have been included in vessels' operating expenses in the accompanying consolidated statements of income. Pu to the United States Internal Revenue Code of 1986, as amended (the "Code"), U.S. source income the international operations of ships is generally exempt from U.S. tax if the company operating the meets both of the following requirements, (a) the Company is organized in a foreign country that gr an equivalent exception to corporations organized in the United States and (b) either (i) more than 5 the value of the Company's stock is owned, directly or indirectly, by individuals who are "residents' Company's country of organization or of another foreign country that grants an "equivalent exempti corporations organized in the United States (50% Ownership Test) or (ii) the Company's stock is "primarily and regularly traded on an established securities market" in its country of organization, i another country that grants an "equivalent exemption" to United States corporations, or in the Unite States (Publicly-Traded Test). Under the regulations, a Company's stock will be considered to be "regularly traded" on an established securities market if (i) one or more classes of its stock represen more than 50 percent of its outstanding shares, by voting power and value, is listed on the market a traded on the market, other than in minimal quantities, on at least 60 days during the taxable year; a the aggregate number of shares of stock traded during the taxable year is at least 10% of the averag number of shares of the stock outstanding during the taxable year. The Marshall Islands, Cyprus an Liberia, the jurisdictions where the Company and its ship-owning subsidiaries are incorporated, gra "equivalent exemption" to United States corporations. Therefore, the Company is exempt from Uni States federal income taxation with respect to U.S.-source shipping income if either the 50% Owne Test or the Publicly-Traded Test is met. The Company believes that for periods prior to its initial pu offering in July 2004, it satisfied the 50% Ownership Test. The Company also believes that for peri subsequent to its initial public offering, it satisfies the Publicly-Traded Test on the basis that more t 50% of the value of its stock is primarily and regularly traded on the Nasdaq National Market and, therefore, the Company and its subsidiaries are entitled to exemption from U.S. federal income tax, respect of their U.S. source shipping income. 19. Financial Instruments: The principal financial asse the Company consist of cash on hand and at banks, accounts receivable due from charterers and inte rate swap agreements. The principal financial liabilities of the Company consist of long-term bank l and accounts payable due to suppliers. (a) Interest rate risk: The Company's interest rates and long-t loan repayment terms are described in Note 8. (b) Concentration of Credit risk: Financial instrumen which potentially subject the Company to significant concentrations of credit risk, consist principal cash and trade accounts receivable. The Company places its temporary cash investments, consisting

mostly of deposits, with high credit qualified financial institutions. The Company performs periodic evaluations of the relative credit standing of those financial institutions with which it places its temp cash investments. The Company limits its credit risk with accounts receivable by performing ongoin credit evaluations of its customers' financial condition and generally does not require collateral for i accounts receivable. (c) Fair value: The carrying values of cash and cash equivalents, accounts recei and accounts payable are reasonable estimates of their fair value due to the short-term nature of thes financial instruments. The fair value of long-term bank loan discussed in Note 8 bearing interest at variable interest rates approximates the recorded value. The carrying value of the interest rate swap agreements approximates their fair value as the fair value estimates the amount the Company would received, had the interest rate swap agreements been terminated on the balance sheet date. 20. Subse Events: (a) Advances for vessels under construction: In January 2007, the Company paid the first installment of $ 14,169, in relation to the two remaining vessels. The construction cost will be partia financed through long-term bank financing. (b) Putative class action law suits: As of February 22, 2 the Company has not been served with any of the shareholders' actions. The Company has obtained information relating to the substance of the plaintiffs allegations based on its monitoring of publicly available docket sheets. In addition, the Company has appointed a law firm specializing in securities litigation. (c) London Office: In February 2007, Top Tankers (U.K.) Limited, entered into a new lea agreement for office space in London. The agreement is for duration of 9 months ending November The monthly lease is GBP 5,300, payable monthly in advance. (d) Sale of Vessel: Based on the Memorandum of Agreement dated March 30, 2007, the Company agreed to sell the vessel Errorless unrelated party for a consideration of $ 52,500, resulting in a gain of approximately $ 1,100, which expected to be recognised in the second quarter of 2007. Following the sale of the vessel an amount approximately $ 22,500 will be used to partly repay the outstanding indebtness. The vessel is expec be delivered to her new owners in the second quarter of 2007. ITEM 19. EXHIBITS Number Descr of Exhibits ------ ---------------------- 1.1 Amended and Restated Articles of Incorporation of TOP T Inc.(1) 1.2 Amendment to Amended and Restated Articles of Incorporation of Top Tankers Inc. 1.3 Amended and Restated By-Laws of the Company as adopted on February 28, 2007.(2) 4.1 TOP Tar Inc. 2005 Stock Option Plan.(3) 4.2 Loan Agreement between the Company and the Royal Bank of Scotland plc dated August 10, 2004 and supplemented September 30, 2004.(4) 4.3 Loan Agreement between the Company and DVB Bank dated March 10, 2005.(5) 4.4 Credit Facility between the Co and the Royal Bank of Scotland dated November 1, 2005.(6) 4.4.1 Supplement to credit facility betv the Company and the Royal Bank of Scotland dated December 21, 2006. 4.5 Credit Facility betweer Company and HSH NORDBANK, AG, dated November 7, 2005.(7) 4.6 Sales Agreement between Company and Cantor Fitzgerald & Co. dated April 13, 2006.(8) 4.7 Shareholder Rights Agreement Computershare Investor Services, LLC, as Rights Agent as of August 19, 2005.(9) 4.8 Memorandu Agreement by and between Kisavos Shipping Company Limited and Komarf Hope 27 Shipping Co dated March 9, 2006 relating to the purchase and sale of the M/T Priceless. 4.9 Charter party by and between Kisavos Shipping Company Limited and Komarf Hope 27 Shipping Company in relation t M/T Priceless, dated March 9, 2006. 4.10 Quadripartite Agreement by and among the Company, Ki Shipping Company Limited, Komarf Hope 27 Shipping Co. and Fortis Bank (Nederland) N.V. date March 15, 2006 relating to the M/T Priceless. 4.11 Guarantee given by the Company to Komarf Ho Shipping Co. dated March 15, 2006 in connection with the charter party relating to the M/T Priceles 4.12 Memorandum of Agreement by and between Taygetus Shipping Company Limited and Komar Hope 28 Shipping Co. dated March 9, 2006 relating to the purchase and sale of the M/T Timeless. 4 Charter party by and between Taygetus Shipping Company Limited and Komarf Hope 28 Shipping relation to the Timeless, dated March 9, 2006. 4.14 Quadripartite Agreement by and among the Co Taygetus Shipping Company Limited, Komarf Hope 28 Shipping Co. and Fortis Bank (Nederland) dated March 15, 2006 relating to the M/T Timeless. 4.15 Guarantee given by the Company to Koma Hope 28 Shipping Co., dated March 15, 2006 in connection with the charter party relating to the M/ Timeless. 4.16 Memorandum of Agreement by and between Pylio Shipping Company Limited and Komarf Hope 29. Shipping Co. dated March 9, 2006 relating to the purchase and sale of the M/T

Flawless. 4.17 Charter party by and between Pylio Shipping Company Limited and Komarf Hope 2
Shipping Co. in relation to the M/T Flawless, dated March 9, 2006. 4.18 Quadripartite Agreement b
among the Company, Pylio Shipping Company Limited, Komarf Hope 29 Shipping Co. and Fortis I
(Nederland) N.V. dated March 15, 2006 relating to the M/T Flawless. 4.19 Guarantee given by the
Company to Komarf Hope 29 Shipping Co., dated March 15, 2006 in connection with the charter pa
relating to the M/T Flawless. 4.20 Memorandum of Agreement by and between Vitsi Shipping Com
Limited and Komarf Hope 30 Shipping Co. dated March 9, 2006 relating to the purchase and sale o
M/T Stopless. 4.21 Charter party by and between Vitsi Shipping Company Limited and Komarf Ho
Shipping Co. in relation to the Stopless, dated March 9, 2006. 4.22 Quadripartite Agreement by and
among the Company, Vitsi Shipping Company Limited, Komarf Hope 30 Shipping Co. and Fortis B
(Nederland) N.V. dated March 15, 2006 relating to the M/T Stopless. 4.23 Guarantee given by the
Company to Komarf Hope 30 Shipping Co., dated March 15, 2006 in connection with the charter pa
relating to the M/T Stopless. 4.24 Memorandum of Agreement by and between Parnasos Shipping
Company Limited Partankers III AS, dated March 4, 2006 relating to the purchase and sale of the M
Faultless 4.25 Charter party by and between Parnasos Shipping Company Limited and Partankers II
in relation to the M/T Faultless, dated April 4, 2006 4.26 Memorandum of Agreement by and betwe
Imitos Shipping Company Limited Partankers III AS, dated March 4, 2006 relating to the purchase
sale of the M/T Noiseless. 4.27 Charter party by and between Imitos Shipping Company Limited an
Partankers III AS, in relation to the M/T Noiseless, dated April 4, 2006. 4.28 Memorandum of Agre
by and between Parnis Shipping Company Limited Partankers III AS, dated March 4, 2006 relating
purchase and sale of the M/T Stainless. 4.29 Charter party by and between Parnis Shipping Compan
Limited and Partankers III AS, in relation to the M/T Stainless, dated April 4, 2006. 4.30 Memoranc
Agreement by and between Mytikas Shipping Company Limited and Partankers III AS dated April
2006 relating to the purchase and sale of the M/T Limitless. 4.31 Charter party by and between Myt
Shipping Company Limited and Partankers III AS in relation to the M/T Limitless, dated April 4, 20
4.32 Memorandum of Agreement by and between Litochoro Shipping Company Limited and Partan
III AS dated April 4, 2006 relating to the purchase and sale of the M/T Endless. 4.33 Charter party b
between Litochoro Shipping Company Limited and Partankers III AS in relation to the M/T Endless
dated April 4, 2006. 4.34 Guarantee given by the Company to Partankers III AS in connection with
charter parties relating to the M/T Faultless, M/T Stainless, M/T Noiseless, M/V Limitless, M/V En
dated April 4, 2006. 4.35 Memorandum of Agreement by and between Idi Shipping Company Limi
and Kemp Maritime S.A. dated March 14, 2006 relating to the purchase and sale of the M/T Spotles
4.36 Charter party by and between Idi Shipping Company Limited and Kemp Maritime S.A. in relat
the M/T Spotless, dated March 14, 2006. 4.37 Quadripartite Agreement by and among the Company
Shipping Company Limited, Kemp Maritime S.A. and Fortis Bank (Nederland) N.V. dated March 1
2006 relating to the M/T Spotless. 4.38 Second Priority Quadripartite Agreement by and among the
Company, Idi Shipping Company Limited, Kemp Maritime S.A. and Mass Capital Investments B.V
dated March 15, 2006 relating to the M/T Spotless. 4.39 Guarantee given by the Company to Kemp
Maritime S.A. dated March 14, 2006 in connection with the charter party relating to the M/T Spotle
4.40 Memorandum of Agreement by and between Falarko Shipping Company Limited and Tucker
Navigation Co. dated March 14, 2006 relating to the purchase and sale of the M/T Doubtless. 4.41 C
party by and between Falarko Shipping Company Limited and Tucker Navigation Co. in relation to
M/T Doubtless, dated March 14, 2006. 4.42 Quadripartite Agreement by and among the Company,
Falarko Shipping Company Limited, Tucker Navigation Co. and Fortis Bank (Nederland) N.V. date
March 15, 2006 relating to the M/T Doubtless. 4.43 Second Priority Quadripartite Agreement by an
among the Company, Falarko Shipping Company Limited, Tucker Navigation Co. and Mass Capita
Investments B.V. dated March 15, 2006 relating to the M/T Doubtless. 4.44 Guarantee given by the
Company to Tucker Navigation Co. dated March 14, 2006 in connection with the charter party relat
the M/T Doubtless. 4.45 Memorandum of Agreement by and between Pageon Shipping Company L
and Comoros Shipping Limited dated March 14, 2006 relating to the purchase and sale of the M/T
Vanguard. 4.46 Charter party by and between Pageon Shipping Company Limited and Comoros Sh

Limited. in relation to the M/T Vanguard, dated March 14, 2006. 4.47 Quadripartite Agreement by a
among the Company, Pageaon Shipping Company Limited, Comoros Shipping Limited and Fortis B
(Nederland) N.V. dated March 15, 2006 relating to the M/T Vanguard. 4.48 Second Priority Quadri
Agreement by and among the Company, Pageon Shipping Company Limited, Comoros Shipping Li
and Mass Capital Investments B.V. dated March 15, 2006 relating to the M/V Vanguard. 4.49 Guar
given by the Company to Comoros Shipping Limited. dated March 14, 2006 in connection with the
charter party relating to the M/V Vanguard. 4.50 Memorandum of Agreement by and between Gran
Shipping Company Limited and Starcraft Marine Co. dated March 14, 2006 relating to the purchase
sale of the M/T Faithful. 4.51 Charter party by and between Gramos Shipping Company Limited an
Starcraft Marine Co. in relation to the M/T Faithful, dated March 14, 2006. 4.52 Quadripartite Agre
by and among the Company, Gramos Shipping Company Limited, Starcraft Marine Co. and Fortis B
(Nederland) N.V. dated March 15, 2006 relating to the M/T Faithful. 4.53 Second Priority Quadripa
Agreement by and among the Company, Gramos Shipping Company Limited Starcraft Marine Co. a
Mass Capital Investments B.V. dated March 15, 2006 relating to the M/T Faithful. 4.54 Guarantee g
by the Company to Starcraft Marine Co. dated March 14, 2006 in connection with the charter party
relating to the M/T Faithful. 4.55 Supplemental Agreement relating to the Memorandum of Agreem
dated March 14, 2006 relating to the M/V Spotless made by and among Idi Shipping Company Lim
Kemp Maritime S.A. and ICON Spotless LLC dated June 16, 2006. 4.56 Addendum No. 1 to charte
by and between Idi Shipping Company Limited and Kemp Maritime S.A. in relation to the M.V. Sp
dated March 14, 2006 dated June 16, 2006. 4.57 Quadripartite Agreement by and among the Compa
Idi Shipping Company ICON Spotless LLC and Fortis Bank (Nederland) N.V. dated June 16, 2006
relating to the M/T Spotless. 4.58 Guarantee given by the Company to ICON Spotless LLC dated Ju
2006 in connection with the charter party relating to the M/T Spotless. 4.59 Supplemental Agreeme
relating to the Memorandum of Agreement dated March 14, 2006 relating to the M/V Doubtless ma
and among Falarko Shipping Company Limited, Tucker Navigation Co. and ICON Spotless LLC da
June 16, 2006. 4.60 Addendum No. 1 to charter party by and between Falarko Shipping Company L
and Tucker Navigation Co. in relation to the M.V. Doubtless, dated March 14, 2006 dated June 16,
4.61 Quadripartite Agreement by and among the Company, Falarko Shipping Company ICON Doul
LLC and Fortis Bank (Nederland) N.V. dated June 16, 2006 relating to the M/T Doubtless. 4.62
Guarantee given by the Company to ICON Spotless LLC dated June 13, 2006 in connection with th
charter party relating to the M/T Doubtless. 4.63 Supplemental Agreement relating to the Memoran
of Agreement dated March 14, 2006 relating to the M/V Vanguard made by and among Pageon Shi
Company Limited, Comoros Shipping Limited and Isomar Marine Company Limited dated June 16
2006. 4.64 Addendum No. 1 to charter party by and between Pageon Shipping Company Limited an
Comoros Shipping Limited in relation to the M.V. Vanguard, dated March 14, 2006 dated June 16,
4.65 Quadripartite Agreement by and among the Company, Pageon Shipping Company Isomar Mar
Company Limited and Fortis Bank (Nederland) N.V. dated June 16, 2006 relating to the M/T Doubt
4.66 Guarantee given by the Company to Isomar Shipping Company Limited dated June 13, 2006 in
connection with the charter party relating to the M/T Vanguard 4.67 Supplemental Agreement relati
the Memorandum of Agreement dated March 14, 2006 relating to the M/V Faithful made by and am
Gramos Shipping Company Limited, Starcraft Marine Co. and ICON Faithful LLC dated June 16, 2
4.68 Addendum No. 1 to charter party by and between Gramos Shipping Company Limited and Sta
Marine Co. in relation to the M.V. Faithful, dated March 14, 2006 dated June 16, 2006. 4.69 Quadri
Agreement by and among the Company, Gramos Shipping Company ICON Faithful LLC and Fortis
(Nederland) N.V. dated June 16, 2006 relating to the M/T Faithful. 4.70 Guarantee given by the Co
to ICON Faithful LLC dated June 13, 2006 in connection with the charter party relating to the M/T
Faithful. 8.1 List of subsidiaries of the Company. 12.1 Rule 13a-14(a)/15d-14(a) Certification of the
Company's Chief Executive Officer. 12.2 Rule 13a-14(a)/15d-14(a) Certification of the Company's
Financial Officer. 13.1 Certification of the Company's Chief Executive Officer pursuant to 18 U.S.C
Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. 13.2 Certifica
the Company's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to

Section 906 of the Sarbanes-Oxley Act of 2002. 15.1 Consent of Independent Registered Public Accounting Firm. 15.2 Consent of Independent Registered Public Accounting Firm. ---------- (1) Incorporated by reference from Exhibit 3.1 to the company's Registration Statement on Form F-1, fi October 18, 2004 (File No. 333-119806). (2) Incorporated by reference from our 6-K filed on March 2007. (3) Incorporated by reference from Exhibit 4.1 to the Company's Annual Report on Form 20-F filed on April 13, 2006. (4) Incorporated by reference from Exhibit 10.1 to the Company's Registrat Statement on Form F-1, filed on November 12, 2004 (File No. 333-119806). (5) Incorporated by ref from Exhibit 4.3 to the Company's Annual Report on Form 20-F, filed on April 13, 2006 (File No. 000-50859). (6) Incorporated by reference from Exhibit 4.4 to the Company's Annual Report on For 20-F, filed on April 13, 2006 (File No. 000-50859). (7) Incorporated by reference from Exhibit 4.5 t Company's Annual Report on Form 20-F, filed on April 13, 2006 (File No. 000-50859). (8) Incorpo by reference from Exhibit 4.6 to the Company's Annual Report on Form 20-F, filed on April 13, 200 (File No. 000-50859). (9) Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form 8A (File No. 000-50859). SIGNATURES The registrant hereby certifies that it m all of the requirements for filing on Form 20-F and that it has duly caused and authorized the unders to sign this registration statement on its behalf. TOP Tankers Inc. By: /s/ Evangelos Pistiolis ---------------------------------- Name: Evangelos Pistiolis Title: Chief Executive Officer April 20, 20 SK 23116 0001 756596 v8