

Edgar Filing: TOP TANKERS INC. - Form 6-K

TOP TANKERS INC.
Form 6-K
August 10, 2006

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

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
OF THE SECURITIES EXCHANGE ACT OF 1934

For the month of August 2006

Commission File Number: 000-50859

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

109-111 Messogion Avenue
Politia Centre
Athens 115 26 GR

(Address of principal executive office)

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

Form 20-F Form 40-F

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

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

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

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

INFORMATION CONTAINED IN THIS FORM 6-K REPORT

Included in this report on Form 6-K as Exhibit 1 is the press release issued by TOP Tankers Inc. (the "Company") on August 3, 2006 announcing the Company's financial results for the second quarter and first half of 2006.

Exhibit 1

TOP TANKERS INC.

NEWS RELEASE for August 3, 2006 at 7:35 AM EDT

Contact: Michael Mason (investors)
Allen & Caron Inc

Stamatis Tsantanis, CFO
TOP Tankers Inc

Edgar Filing: TOP TANKERS INC. - Form 6-K

212 691 8087
michaelm@allencaron.com

011 30 210 697 8199
snt@toptankers.com

TOP TANKERS REPORTS SECOND QUARTER AND FIRST HALF 2006
FINANCIAL RESULTS

ATHENS, GREECE (August 3, 2006) ... TOP Tankers Inc (NasdaqGS:TOPT) today announced its operating results for the second quarter and first half of 2006.

For the three months ended June 30, 2006, the Company reported net loss of \$4,911,000, or \$0.17 per share, compared with net income of \$13,552,000, or \$0.49 per share, for the second quarter of 2005. The weighted average numbers of basic shares used in the computations were 29,586,783 and 27,830,990 for the second quarters of 2006 and 2005, respectively. The results for the second quarter of 2006 include net charges of \$359,000, or \$0.01 per share of special items(1) that affected the Company's net loss for the second quarter of 2006 that are typically excluded by securities analysts in their published estimates of the Company's financial results, which are described in Appendix A of this release. For the three months ended June 30, 2006, operating income was \$89,000, compared with \$19,200,000 for the second quarter of 2005. EBITDA(1) for the second quarter of 2006 was \$10,188,000, compared with \$33,128,000 for the second quarter of 2005. Voyage revenues for the second quarter of 2006 were \$69,857,000, compared to \$56,329,000 recorded in the second quarter of 2005.

For the six months ended June 30, 2006, the Company reported net income of \$25,493,000, or \$0.86 per share, compared with net income of \$32,673,000, or \$1.17 per share, for the first half of 2005. The weighted average numbers of basic shares used in the computations were 28,847,107 and 27,830,990 for the first half of 2006 and 2005, respectively. The results for the first half of 2006 include net charges of \$3,605,000, or \$0.13 per share of special items that affected the Company's net income for the first half of 2006 that are typically excluded by securities analysts in their published estimates of the Company's financial results, which are described in Appendix A of this release. For the six months ended June 30, 2006, operating income was \$38,302,000, compared with \$40,175,000 for the first half of 2005. EBITDA for the first half of 2006 was \$66,038,000, compared with \$62,847,000 for the same period last year. Voyage revenues for the six month period ended June 30, 2006 were \$171,603,000, compared to \$103,620,000 recorded in the first half of 2005.

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

Evangelos J. Pistiolis, President and Chief Executive Officer of TOP Tankers Inc, commented, "As we discussed on the first quarter 2006 conference call, we brought forward our dry-docking schedule into the summer months, in order to take advantage of the anticipated slower charter market. However, the freight market so far has been exceptionally strong and our drydocks have lasted longer than expected, due mostly to significant delays in the Far Eastern shipyards. While TOP TANKERS REPORTS SECOND QUARTER 2006 FINANCIAL RESULTS Page 2-2-2

there remains a degree of uncertainty regarding the exact date of completion for specific vessels, we expect to be able to enjoy the benefit of our full fleet's availability throughout the winter period, which is traditionally the strongest period of the year."

Pistiolis continued, "During the second quarter, we sold 3,053,900 shares of

Edgar Filing: TOP TANKERS INC. - Form 6-K

common stock, in 'at-the-market' offerings at an average price of \$7.30 per share. Such sales, together with continuing positive cash flows from operations, further increased our cash position to more than \$90 million. In addition, our Board of Directors has approved our sale of up to an additional 5,000,000 shares under this program, out of which 453,900 shares were sold during the second quarter. Sales under this program may or may not take place depending on our assessment of the market and other circumstances."

The Company also stated that it has cooperated fully with the U.S. Securities and Exchange Commission related to its previously announced informal inquiry.

MORE - MORE - MORE

TOP TANKERS REPORTS SECOND QUARTER 2006 FINANCIAL RESULTS

The following key indicators serve to highlight changes in the financial performance of the Company's fleet during the second quarters and six-month period ended June 30, 2005 and 2006:

(In U.S. Dollars unless otherwise stated)	Three Months Ended June 30,		Suezmax Fleet Change
	2005	2006	-----
	----	----	-----
Total available ship days	791	1,183	49.6%
Total operating days	687	892	29.8%
Utilization	86.9%	75.4%	-13.2%
TCE(2) per ship per day under spot voyage charter	40,209	40,314	0.3%
TCE per ship per day under time charter	32,195	31,727	-1.5%
Average TCE	37,223	37,031	-0.5%
Vessel operating expenses per ship per day	7,818	7,438	-4.9%

(In U.S. Dollars unless otherwise stated)	Three Months Ended June 30,		Handymax Fleet Change
	2005	2006	Change
	----	----	-----
Total available ship days	1,230	1,274	3.6%
Total operating days	1,138	1,231	8.2%
Utilization	92.5%	96.6%	4.4%
TCE per ship per day under spot voyage charter	11,500	-	-
TCE per ship per day under time charter	19,859	18,683	-5.9%
Average TCE	19,536	18,683	-4.4%
Vessel operating expenses per ship per day	5,149	5,824	13.1%

 (2) Consistent with general practice in the tanker shipping industry, time charter equivalent, or TCE, is a measure of the average daily revenue performance of a vessel on a per voyage basis. Our method of calculating TCE is consistent with industry standards and is determined by dividing net voyage revenue by voyage days for the relevant time period. Net voyage revenues are voyage revenues minus voyage expenses. Voyage expenses primarily consist of port, canal and fuel costs that are unique to a

Edgar Filing: TOP TANKERS INC. - Form 6-K

particular voyage, which would otherwise be paid by the charterer under a time charter contract, as well as commissions.

(In U.S. Dollars unless otherwise stated)	Three Months Ended June 30,		Total Fleet*
	2005	2006	Change
	----	----	-----
Total available ship days	2,112	2,457	16.3%
Total operating days	1,916	2,123	10.8%
Utilization	90.7%	86.4%	-4.8%
TCE per ship per day under spot voyage charter	37,539	40,314	7.4%
TCE per ship per day under time charter	21,176	21,513	1.6%
Average TCE	25,232	26,392	4.6%
Vessel operating expenses per ship per day	5,822	6,601	13.4%
General and administrative expenses per ship per day**	1,433	1,941	35.5%

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

** The daily General and Administrative expenses include approximately \$0 and \$146 for the three-month period and \$127 and \$871 for the 6-month period ended June 30, 2005 and 2006 respectively, of non-cash restricted stock expense and general compensation provision.

MORE - MORE - MORE

Fleet Report

As of June 30, 2006, the Company's fleet under management totaled 27 vessels, or 2.6 million dwt (including 18 vessels sold and leased back for a period of 5 to 7 years) as compared to 23 vessels, or 2.0 million dwt on June 30, 2005. The changes in the Company's fleet during the second quarter of 2006 are as follows:

On April 4, 2006, the Company sold and leased-back the Suezmax tankers M/T Limitless, M/T Endless, M/T Stainless, M/T Faultless and M/T Noiseless for a period of seven years, generating a gain of \$36 million, which is amortized over the seven year lease period.

Fleet Deployment

During the first quarter of 2006, the Company had approximately 71% of the fleet's operating days on long-term employment contracts. Nineteen of the Company's 27 tankers are on time charter contracts with an average term of over three years with all but two of the time charters including profit sharing agreements.

The Company has secured approximately 70% of the estimated operating days for 2006 under time charter contracts. At the same time, the eight Suezmaxes operating in the spot market, together with the profit sharing component of the time charter contracts, expose approximately 65% of the Company's estimated operating days for 2006 to spot rates, which may be potentially higher.

Suezmax Fleet:

During the second quarter of 2006, seven of the Company's Suezmax tankers operated in the spot market, earning on average \$40,314 per vessel per day on a time charter equivalent (TCE) basis.

Edgar Filing: TOP TANKERS INC. - Form 6-K

As of the date of this release, the Company's Suezmax fleet for the third quarter of 2006 has been fixed for employment as follows:

Spot: 58% of operating days at average daily TCE of \$41,700 Total (Spot and time charter, including profit sharing): 58% of operating days at average daily TCE of \$40,000.

Handymax Fleet:

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

During the second quarter of 2006, including the profit-sharing allocated to the Company from these profit-sharing agreements, the Handymax fleet earned on average \$18,683 per vessel per day on a TCE basis.

As of the date of this release, the Company's Handymax fleet for the third quarter of 2006 has been fixed for 40% of its operating days at average daily TCE of \$16,500.

MORE - MORE - MORE

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

	Dwt	Year Built	Charter Type	Expiry	Daily Base Rate	
13 Suezmax Tankers						
Timeless (C).....	154,970	1991	Time Charter	Q2/2007	\$28,000	100
Flawless (C).....	154,970	1991	Time Charter	Q2/2007	\$28,000	100
Stopless (C).....	154,970	1991	Time Charter	Q2/2007	\$28,000	100
Priceless (C).....	154,970	1991	Spot			
Faultless (B).....	154,970	1992	Spot			
Noiseless (B).....	149,554	1992	Time Charter	Q2/2010	\$37,000 (1)	
Stainless (B).....	149,599	1992	Spot			
Endless (B).....	135,915	1992	Time Charter	Q4/2008 A	\$36,500	
Limitless (B).....	136,055	1993	Spot			
Stormless.....	150,038	1993	Spot			
Ellen P.....	146,286	1996	Spot			
Errorless.....	147,048	1993	Spot			
Edgeless.....	147,048	1994	Spot			
14 Handymax Tankers						
Victorious (B).....	47,084	1991	Time Charter	Q3/2009	\$14,500 (2)	100
Sovereign (B).....	47,084	1992	Time Charter	Q3/2009	\$14,500 (2)	100
Invincible (B).....	47,084	1992	Time Charter	Q3/2009	\$14,500 (2)	100
Relentless (B).....	47,084	1992	Time Charter	Q3/2009	\$14,500 (2)	100
Vanguard (C).....	47,084	1992	Time Charter	Q1/2010	\$13,250 (3)	100%
Restless (B).....	47,084	1991	Time Charter	Q1/2010	\$13,250 (3)	100%
Spotless (C).....	47,094	1991	Time Charter	Q1/2010	\$13,250 (3)	100%
Doubtless (C).....	47,076	1991	Time Charter	Q1/2010	\$13,250 (3)	100%
Faithful (C).....	45,720	1992	Time Charter	Q1/2010	\$13,250 (3)	100%
Topless.....	47,262	1998	Time Charter	Q2/2010	\$16,250	100%
Taintless.....	46,217	1999	Time Charter	Q1/2010	\$16,250	100%
Dauntless.....	46,168	1999	Time Charter	Q1/2010	\$16,250	100%
Soundless.....	46,185	1999	Time Charter	Q2/2010	\$16,250	100%
Ioannis P.....	46,346	2003	Time Charter	Q4/2010	\$18,000 (4)	

Edgar Filing: TOP TANKERS INC. - Form 6-K

Total Tanker DWT 2,590,965

- A. Charterers have option to extend contract for an additional four-year period
 - B. Vessels sold and leased back for a period of 7 years.
 - C. Vessels sold and leased back for a period of 5 years.
-
- 1. Base rate will change to \$36,000 in Q2 2007 and \$35,000 in Q2 2008 until expiration.
 - 2. Base rate will change to \$14,000 from Q3 2006 until expiration.
 - 3. Base rate will change to \$14,500, plus 50% profit sharing participation thereafter, from Q1 2007 until expiration.
 - 4. From Q3 2006 until expiration, base rate will remain the same with 100% profit sharing participation in the first \$1,000 above base rate and 50% thereafter.

MORE - MORE - MORE

Credit Facility

As of June 30, 2006, TOP Tankers had total indebtedness under senior secured credit facilities of \$303 million with its lenders, the Royal Bank of Scotland ("RBS") and HSH Nordbank ("HSH"), maturing in 2015 and 2013, respectively.

As of June 30, 2006, the Company has two interest rate swap agreements with RBS and HSH for the amounts of \$36.5 million and \$45.0 million for a period of four and five years, respectively. Under these agreements the interest rate is fixed at an effective annual rate of 4.66% and 4.80%, respectively, in addition to the applicable margin. The interest rate for the unhedged balance of the loans is LIBOR, plus the margin. On June 30, 2006, the Company's ratio of indebtedness to total capital was approximately 59.9%.

Dividend and Dividend Policy

The Company paid a special dividend of \$2.50 per share on April 25, 2006 to shareholders of record as of April 17, 2006, following the completion of sale and leaseback of five vessels in April 2006.

In addition, on April 6, 2006, the Company announced that its Board of Directors had decided to change the Company's dividend policy from quarterly and special dividend payments to special dividend payments. Declaration and payment of such dividends will be subject to the discretion of the Company's Board of Directors. The timing and amount of future dividend payments will be dependent upon the Company's earnings, financial condition, cash requirements and availability.

Conference Call and Webcast

TOP Tankers' management team will host a conference call to review the results and discuss other corporate news and its outlook on Thursday, August 3, 2006, at 11:00 AM EDT, which will be broadcast live over the Internet. Those interested in listening to the live webcast may do so by going to the Company's website at www.toptankers.com, or by going to www.investorcalendar.com.

The telephonic replay of the conference call will be available by dialling 877 660 6853 (from the US and Canada) or +1 201 612 7415 (from outside the US and Canada) and by entering account number 286 and conference ID number 209180. An online archive will also be available immediately following the call at the

Edgar Filing: TOP TANKERS INC. - Form 6-K

sites noted above. Both are available for one week, through August 10, 2006.

About TOP Tankers Inc

TOP Tankers Inc is an international provider of worldwide seaborne crude oil and petroleum products transportation services. The Company operates a fleet of 27 tankers, consisting of 13 double-hull Suezmax tankers and 14 double-hull Handymax tankers, with a total carrying capacity of approximately 2.6 million dwt, of which 88.8% are sister ships. Nineteen of the Company's 27 tankers are on time charter contracts with an average term of over three years with all but two of the time charters including profit sharing agreements.

MORE - MORE - MORE

Forward-Looking Statements

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

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

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

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

TABLES FOLLOW

TOP TANKERS INC.

CONSOLIDATED STATEMENTS OF INCOME

Edgar Filing: TOP TANKERS INC. - Form 6-K

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

	Three Months Ended June 30,		
	2005	2006	
	(unaudited)	(unaudited)	
REVENUES:			
Voyage revenues	\$ 56,329	\$ 69,857	\$
EXPENSES:			
Voyage expenses	7,984	13,826	
Charter hire expense	-	28,969	
Vessel operating expenses	12,297	16,218	
Depreciation and amortization	13,904	9,944	
General and administrative expenses	3,027	4,770	
Amortization of deferred gain on sale of vessels	-	(4,161)	
Foreign currency (gains) / losses, net	(83)	202	
	19,200	89	
OTHER INCOME (EXPENSES):			
Interest and finance costs	(5,894)	(6,222)	
Interest income	222	1,067	
Other, net	24	155	
	(5,648)	(5,000)	
Net Income (loss)	\$ 13,552	\$ (4,911)	\$
Earnings / (loss) per share, basic and diluted	\$ 0.49	\$ (0.17)	\$
Weighted average common shares outstanding, basic and diluted	27,830,990	29,586,783	27

MORE - MORE - MORE

TOP TANKERS INC.

CONSOLIDATED BALANCE SHEETS

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

	December 31, 2005	June 30, 2006	
		(Unaudited)	
ASSETS			

Edgar Filing: TOP TANKERS INC. - Form 6-K

CURRENT ASSETS:		
Cash and cash equivalents	\$ 17,462	\$ 84,793
Other current assets	50,112	36,912
	-----	-----
Total current assets	67,574	121,705
FINANCIAL INSTRUMENTS	425	1,719
VESSELS, NET	886,754	431,344
OTHER NON-CURRENT ASSETS	26,144	70,977
	-----	-----
Total assets	\$ 980,897	\$ 625,745
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 45,329	\$ 16,662
Deferred income, current portion	2,451	16,864
Other current liabilities	30,814	29,393
	-----	-----
Total current liabilities	78,594	62,919
LONG-TERM DEBT, net of current portion	518,774	284,505
DEFERRED INCOME, net of current portion	13,871	76,518
STOCKHOLDERS' EQUITY	369,658	201,803
	-----	-----
Total liabilities and stockholders' equity	\$ 980,897	\$ 625,745
	=====	=====

MORE - MORE - MORE

TOP TANKERS INC.

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

	Six Months Ended June 30,	
	2005	2006
	-----	-----
	(unaudited)	(unaudited)
Cash Flows from (used in) Operating Activities:		
Net income	\$ 32,673	\$ 25,493
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	23,139	30,550
Stock-based compensation	-	1,755
Change in fair value of financial instruments	-	(709)
Long-term receivables discount adjustment	-	(198)
Amortization of deferred income	-	(5,216)
Change in operating assets and liabilities	5,553	11,779
Payments for dry-docking	(3,238)	(8,691)
	-----	-----

Edgar Filing: TOP TANKERS INC. - Form 6-K

Net Cash from Operating Activities	58,127	54,763

Cash Flows from (used in) Investing Activities:		
Acquisition of vessels	(387,231)	-
Net proceeds from sale of vessels	-	474,616
Other	(169)	(279)
	-----	-----
Net Cash from (used in) Investing Activities	(387,400)	474,337

Cash Flows from (used in) Financing Activities:		
Proceeds from long-term debt	284,294	-
Payments of long-term debt	(10,000)	(266,018)
(Increase) decrease in restricted cash	(2,000)	-
Issuance of common stock	-	21,778
Payment of financing costs	(2,866)	(63)
Dividends paid	(11,690)	(217,466)
	-----	-----
Net Cash from (used in) Financing Activities	257,738	(461,769)

Net increase (decrease) in cash and cash equivalents	(71,535)	67,331
Cash and cash equivalents at beginning of period	114,768	17,462
	-----	-----
Cash and cash equivalents at end of period	\$ 43,233	\$ 84,793
	=====	=====
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ 4,853	\$ 12,304
	=====	=====

MORE - MORE - MORE

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

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

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

Description	Three months ended		Six months ended	
	June 30, 2006		June 30, 2006	
	(Unaudited)		(Unaudited)	
	\$	Per Share	\$	Per Share
Restricted share plan to officers and personnel	359	0.01	1,755	0.06
Bonus compensation provision to officers and personnel	-	-	2,500	0.09
Gain from termination of interest rate swap	-	-	(650)	(0.02)
	-----	-----	-----	-----
Total	359	0.01	3,605	0.13
	=====	=====	=====	=====

Edgar Filing: TOP TANKERS INC. - Form 6-K

Specific items had no material effect in Company's net income for the second quarter and first half of 2005.

EBITDA RECONCILIATION(3) (Expressed in Thousands of U.S Dollars)	Three Months Ended June 30,		Six Months Ende
	2005	2006	2005
NET INCOME (LOSS)	13,552	(4,911)	32,673
DEPRECIATION AND AMORTIZATION	13,904	9,944	22,640
INTEREST AND FINANCE COSTS, NET	5,672	5,155	7,534
EBITDA	33,128	10,188	62,847

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

#

SIGNATURES

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

TOP TANKERS INC.

Dated: August 10, 2006

By /s/ Stamatis N. Tsantanis

Name: Stamatis N. Tsantanis
Title: Chief Financial Officer

SK 23116 0001 693763