

TOP SHIPS INC.
Form 6-K
April 07, 2008

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of April 2008

Commission File Number

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

1 VAS. SOFIAS & MEG.
ALEXANDROU STREET
151 24, MAROUSSI
ATHENS, GREECE
(Address of principal executive offices)

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

Attached to this report on Form 6-K as Exhibit 1 is the press release issued by Top Ships Inc. (the “Company”) on March 13, 2008, announcing the Company’s financial results for the fourth quarter and the fiscal year ended December 31, 2007. The information contained in this filing is hereby incorporated by reference in the Company’s registration statement filed on Form F-3 on August 1, 2005 (File No. 333-127086).

NEWS RELEASE for March 13, 2008

Contact: Michael Mason (investors)
Allen & Caron Inc
212 691 8087
michaelm@allencaron.com

Stamatis Tsantanis, CFO
TOP Ships Inc
011 30 210 812 8199
snt@topships.org

TOP SHIPS REPORTS FOURTH QUARTER AND FISCAL YEAR 2007 FINANCIAL RESULTS

ATHENS, GREECE (March 13, 2008) ... TOP Ships Inc. (NasdaqGS:TOPS) today announced its operating results for the fourth quarter and the fiscal year ended December 31, 2007.

For the three months ended December 31, 2007, the Company reported net loss of \$37,439,000, or \$0.89 per share, compared with net loss of \$348,000, or \$0.01 per share, for the fourth quarter of 2006. The weighted average numbers of basic shares used in the computations were 42,248,226 and 32,288,205 for the fourth quarter of 2007 and 2006, respectively. The results for the fourth quarter of 2007 and 2006 include net charges of \$15,742,000, or \$0.38 per share and \$3,841,000, or \$0.12 per share, respectively, of special items⁽¹⁾ that affected the Company's net loss for the fourth quarter of 2007 and 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 December 31, 2007, operating loss was \$25,982,000, compared with operating income of \$3,956,000 for the fourth quarter of 2006. Revenues for the fourth quarter of 2007 were \$51,789,000, compared to \$67,794,000 recorded in the fourth quarter of 2006.

For the year ended December 31, 2007, the Company reported net loss of \$49,076,000, or \$1.36 per share, compared with net loss of \$11,005,000, or \$0.39 per share, for the year ended December 31, 2006. The weighted average numbers of basic shares used in the computations were 35,960,571 and 30,550,274 for the years ended December 31, 2007 and 2006, respectively. The results for 2007 and 2006 include net charges of \$16,107,000, or \$0.45 per share and \$34,373,000, or \$1.13 per share, respectively, of special items that affected the Company's net income for 2007 and 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 year ended December 31, 2007, operating loss was \$29,118,000, compared with operating income of \$15,215,000 for the year ended December 31, 2006. Revenues for the year ended December 31, 2007 were \$252,259,000, compared to \$310,043,000 recorded in the year ended December 31, 2006.

Evangelos J. Pistiolis, President and Chief Executive Officer of TOP Ships Inc., commented:

2007 was a challenging year for the industry, one where we witnessed Suezmax charter rates plummet to their lowest level in five years. The strong first quarter performance, together with the significant increase

¹ See Appendix A to this release for information about special items.

in the last part of the fourth quarter, were not enough to raise our annual suezmax spot average to more than \$32,249 per vessel per day. Going forward in 2008, we remain confident of a healthy crude tanker rate environment, and a strong drybulk market performance, which if they do perform to our expectations, will enable us to significantly improve our operating cash-flow and restore us to profitability.

During the year, we invested the amount of \$208 million to reduce our financial expenditure by re-acquiring four previously sold and leased back suezmaxes, a deal which is accretive by approximately \$0.20 per share on a full year basis. Moreover, we unwound three additional leasing contracts, which in combination with the re-acquisition, have reduced our annual leasing obligations by approximately \$47 million.

In July and August we entered into agreements totalling \$370 million to acquire six drybulk vessels, three of which have time charters attached and three that are operating in the spot market. Despite the credit crunch, we were able to secure \$292 million of senior and junior credit facilities for the deliveries of the vessels.

We started taking delivery during the fourth quarter and at the year-end we had taken delivery of three vessels, resulting in a small revenue contribution of approximately \$3 million. To date we have taken delivery of five vessels and we expect to take delivery of the final drybulk by the end of April 2008. The values of all the drybulks have appreciated considerably and, as mentioned above, we expect significant operating cash-flow from these vessels in 2008.

In December 2007, we completed a \$69 million equity offering of 24.2 million new shares. The offering took place during a very difficult period for the equity capital markets, but we managed to complete it with what we believe is the best possible outcome for the Company considering the circumstances. This equity offering permitted us to fund a portion of the acquisition cost related to our important six dry bulk vessel acquisition.

In January 2008, we agreed to a settlement with lead plaintiffs in the securities class action lawsuit pending against us since last year for a payment of approximately \$1 million dollars to the plaintiffs, which will be funded entirely by our insurance. We believe that we have settled this dispute for a modest amount, and have eliminated the distraction to management which protracted litigation would have caused. We have always believed that the class action was meritless, and were pleased that many of the allegations were voluntarily dropped by the plaintiffs some months ago.

Today, our shareholders approved a 3:1 reverse stock split. We expect the effective date of the reverse split to be on March 20, 2008. We believe that the decrease in the number of our common shares outstanding as a consequence of the reverse split and the anticipated increase in the price per share will encourage greater interest in our shares by the financial community and the investor and possibly promote greater liquidity for our shareholders with respect of their holdings.

Finally we are entering into the 'steel cutting' phase of our Newbuildings, fully within the initial agreed schedule. We expect to start taking delivery of all six vessels within the first half of 2009, as per the original plan.

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

The following key indicators serve to highlight changes in the financial performance of the Company's vessels during the fourth quarters of 2006 and 2007 and the years ended December 31, 2006 and 2007:

Suezmax Vessels						
(In U.S. Dollars unless otherwise stated)	Three Months Ended December 31,			Year Ended December 31,		
	2006	2007	Change	2006	2007	Change
Total available ship days	1,196	1,104	-7.7%	4,745	4,500	-5.2%
Total operating days	979	845	-13.7%	3,837	3,801	-0.9%
Utilization	81.9%	76.5%	-6.5%	80.9%	84.5%	4.5%
TCE ₂ per ship per day under spot voyage charter	37,652	23,068	-38.7%	45,328	32,249	-28.9%
TCE per ship per day under time charter	34,058	35,205	3.4%	36,069	35,355	-2.0%
Average TCE	36,503	28,469	-22.0%	41,887	33,466	-20.1%
Other vessel operating expenses per ship per day	8,277	11,618	40.4%	7,748	9,388*	21.2%

Handymax Vessels						
(In U.S. Dollars unless otherwise stated)	Three Months Ended December 31,			Year Ended December 31,		
	2006	2007	Change	2006	2007	Change
Total available ship days	1,180	736	-37.6%	5,002	3,610	-27.8%
Total operating days	1,117	584	-47.7%	4,797	3,190	-33.5%
Utilization	94.7%	79.3%	-16.2%	95.9%	88.4%	-7.9%
TCE per ship per day under spot voyage charter	-	-	-	-	-	-
TCE per ship per day under time charter	17,082	16,526	-3.3%	19,590	19,589	0.0%
Average TCE	17,082	16,526	-3.3%	19,590	19,589	0.0%
Other vessel operating expenses per ship per day	5,931	7,650	29.0%	5,862	6,920	18.1%

Tanker Fleet						
(In U.S. Dollars unless otherwise stated)	Three Months Ended December 31,			Year Ended December 31,		
	2006	2007	Change	2006	2007	Change
Total available ship days	2,376	1,840	-22.6%	9,747	8,110	-16.8%
Total operating days	2,096	1,429	-31.8%	8,634	6,991	-19.0%
Utilization	88.2%	77.7%	-12.0%	88.6%	86.2%	-2.7%
TCE per ship per day under spot voyage charter	37,652	23,068	-38.7%	45,328	32,249	-28.9%
TCE per ship per day under time charter	20,798	23,842	14.6%	23,366	24,606	5.3%
Average TCE	26,153	23,588	-9.8%	29,499	27,134	-8.0%
Other vessel operating expenses per ship per day	7,112	10,030	41.0%	6,780	8,292	22.3%

Drybulk Fleet

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

(In U.S. Dollars unless otherwise stated)	Three Months Ended December 31,			Year Ended December 31,		
	2006	2007	Change	2006	2007	Change
Total available ship days	-	66	-	-	66	-
Total operating days	-	41	-	-	41	-
Utilization	-	62.1%	-	-	62.1%	-
TCE per ship per day under spot voyage charter	-	-	-	-	-	-
TCE per ship per day under time charter	-	76,902	-	-	76,902	-
Average TCE	-	76,902	-	-	76,902	-
Other vessel operating expenses per ship per day	-	10,092	-	-	10,425	-

(In U.S. Dollars unless otherwise stated)	Total Fleet					
	Three Months Ended December 31,			Year Ended December 31,		
	2006	2007	Change	2006	2007	Change
Total available ship days	2,376	1,906	-19.8%	9,747	8,176	-16.1%
Total operating days	2,096	1,470	-29.9%	8,634	7,032	-18.6%
Utilization	88.2%	77.1%	-12.6%	88.6%	86.0%	-2.9%
TCE per ship per day under spot voyage charter	37,652	23,068	-38.7%	45,328	32,249	-28.9%
TCE per ship per day under time charter	20,798	26,015	25.1%	23,366	25,060	7.3%
Average TCE	26,153	25,075	-4.1%	29,499	27,424	-7.0%
Other vessel operating expenses per ship per day	7,112	10,033	41.1%	6,780	8,307*	22.5%
General and administrative expenses per ship per day**	2,057	4,407	114.2%	2,361	3,036	28.6%

* The daily Other vessel operating expenses for the Suezmax Vessels and Total Fleet include approximately \$510 and \$281, respectively for the ballast tank cleaning process and salvage operations on the M/T Faultless.

** The daily General and Administrative expenses include approximately (\$138) and \$1,153 for the three-month period and \$597 and \$423 for the year ended December 31, 2006 and 2007, respectively, of non-cash restricted stock expense, general compensation, specific legal fees and depreciation for other fixed assets.

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 revenues are revenues minus voyage expenses. Voyage expenses primarily consist of port, canal and fuel costs that are unique to a particular voyage, which would otherwise be paid by the charterer under a time charter contract, as well as commissions.

Fleet Report:

As of December 31, 2007, the Company's fleet consisted of 23 vessels, or 2.2 million dwt (including 11 vessels sold and leased back for a period of five to seven years) as compared to 24 vessels, or 2.5 million dwt on December 31, 2006.

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

In April and July 2007, the Handymax tankers M/T Invincible, M/T Victorious and M/T Restless, which the Company was leasing under the 2005 sales and leaseback transaction, were sold by their owners to third parties. Following these sales, the Company terminated the bareboat agreements for these vessels. The termination of the bareboat charters became effective upon the vessels' delivery to their new owners, on July 11, 2007, August 27, 2007 and September 17, 2007, respectively. The unamortized deferred gain as of that date of \$8.0 million was recorded in full in the fourth quarter of 2007.

In May 2007, the Company re-acquired four Suezmax tankers previously sold under the sale and lease-back transaction and terminated their respective operating leases. The four Suezmax tankers are Limitless (136,055 dwt built 1993), Endless (135,915 dwt built 1992), Noiseless (149,554 dwt built 1992) and Stainless (149,599 dwt built 1992). The re-acquisition price was \$208.0 million and was financed by secured bank debt of \$147.5 million, the early redemption of the seller's credit of \$20.6 million and by existing cash balances. The purpose of the repurchase was to improve the daily breakeven rates of our Suezmax fleet and to increase the Company's owned fleet.

In July 2007, the Company entered into agreements to acquire three drybulk vessels from unrelated third parties as follows: (i) a 2002 built super Handymax, or Supramax, vessel of 51,200 dwt, built in China, which will be chartered back to the sellers for a period of 18 months at a daily net rate of \$25,650 on a bareboat basis; (ii) a 1995 built panamax vessel of 73,506 dwt, built in South Korea, which will be time-chartered for a period of 24-26 months at a daily net rate of \$29,700; and (iii) a 2000 built Handymax vessel of 45,526 dwt, built in Philippines, which will be time-chartered for a period of 14-16 months at a daily net rate of \$22,000. The first vessel, the M/V Voc Gallant was delivered in February 2008, while the other two, the M/V Bertram and the M/V Amalfi were delivered to the Company in the fourth quarter of 2007. The aggregate purchase price of the vessels was \$148.1 million and was financed through new loan facilities, working capital, and the proceeds from the offering effected in December 2007.

In August 2007, we entered into agreements to acquire another three drybulk vessels from unrelated third parties as follows: i) one 2001 built panamax vessel of 75,928 dwt, built in Japan, ii) one 2000 built panamax vessel of 75,933 dwt, built in Japan and iii) one 2000 built panamax vessel of 75,681 dwt, built in Japan. The first and the third vessel, the M/V Pepito and M/V Cyclades were delivered in March 2008 and December 2007, respectively, whereas the remaining vessel is expected to be delivered to the Company in March or April 2008. The aggregate purchase price of the vessels is \$222.0 million which will be financed through new loan facilities, working capital, and the proceeds from the offering effected in December 2007.

In December 2007, the Company entered into an agreement to sell the tanker vessel M/T Noiseless to an unrelated third party for a consideration of \$48.0 million, resulting in a gain of approximately \$0.5 million, which was recognized upon the delivery of the vessel to the buyer, on January 30, 2008.

In January 2008, the Company entered into an agreement to sell the tanker vessel M/T Stainless to an unrelated third party for a consideration of \$46.0 million. On January 31, 2008 the vessel entered into a bareboat charter with the

buyer until July 31, 2008 (the vessel's delivery date) at a daily bareboat hire of

\$20,000. All bareboat hire payments made up to the vessel's delivery date will be deducted from the purchase price. According to the terms of the bareboat charter the Company collected in advance an amount of \$2.5 million from the buyers as a security of their obligation to purchase the vessel.

Fleet Deployment:

During 2007, the Company had approximately 67% of the fleet's operating days on long-term employment contracts. As of December 31, 2007, fifteen of the Company's 23 vessels were on time charter contracts with an average term of over three years with all but six of the time charters including profit sharing agreements.

Suezmax Vessels:

During the fourth quarter of 2007, seven of the Company's Suezmax tankers operated in the spot market, earning on average \$23,068 per vessel per day on a time charter equivalent (TCE) basis.

During the fourth quarter of 2007, five of the Company's Suezmax tankers operated under time charter contracts, earning on average \$35,205 per vessel per day on a time charter equivalent (TCE) basis.

Handymax Vessels:

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

During the fourth quarter of 2007, including the profit-sharing allocated to the Company the Handymax fleet earned on average \$16,526 per vessel per day on a time charter equivalent (TCE) basis.

Drybulk Vessels:

During the fourth quarter of 2007, all Company's drybulk vessels operated under time charter contracts, earning on average \$76,902 per vessel per day on a time charter equivalent (TCE) basis.

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

	Dwt	Year Built	Charter Type	Expiry	Daily Base Rate	Profit Sharing Above Base Rate (2008)
10 Suezmax Tankers						
TimelessC	154,970	1991	Spot			
FlawlessC	154,970	1991	Spot			
StoplessC	154,970	1991	Time Charter	Q3/2008	\$ 35,000	50% thereafter
PricelessC	154,970	1991	Spot			
FaultlessD	154,970	1992	Spot			