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TOP TANKERS INC.  
Form 6-K  
June 01, 2006

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 June 2006

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

109-111 Messogion Avenue  
Politia Centre  
Athens 115 26 GR

(Address of principal executive offices)

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

Form 20-F  Form 40-F

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

INFORMATION CONTAINED IN THIS FORM 6-K REPORT

Included in this Report on Form 6-K as Exhibit 1 is the operating report of TOP Tankers Inc. (the "Company") for the quarter ended March 31, 2006. This Report on Form 6-K is hereby incorporated by reference into the Company's Registration Statement on Form F-3, filed August 2005 (Registration No. 333-127086).

Exhibit 1  
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TOP TANKERS INC.

FIRST QUARTER OF 2006 FINANCIAL RESULTS

For the three months ended March 31, 2006, the Company reported net income of \$30,404,000, or \$1.06 per share, compared with net income of \$19,121,000, or \$0.69 per share, for the first quarter of 2005. The weighted average numbers of

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basic shares used in the computations were 28,099,212 and 27,830,990 for the first quarters of 2006 and 2005, respectively. The results for the first quarter of 2006 include net charges of \$3,246,000, or \$0.12 per share of special items that affected the Company's net income for the first 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 March 31, 2006, operating income was \$38,213,000, compared with \$20,975,000 for the first quarter of 2005. EBITDA for the first quarter of 2006 was \$55,850,000, compared with \$29,719,000 for the first quarter of 2005. Voyage revenues for the first quarter of 2006 were \$101,746,000, compared to \$47,291,000 recorded in the first quarter of 2005. Please see Appendix A for a reconciliation of EBITDA to net income.

The following key indicators serve to highlight changes in the financial performance of the Company's fleet during the first quarters ended March 31, 2005 and 2006:

(In U.S. Dollars unless otherwise stated)	Suezmax Fleet		
	Three Months Ended March 31,		
	2005	2006	Change
Total available ship days	416	1,170	181.3%
Total operating days	412	1,112	169.9%
Utilization	99.0%	95.0%	-4.0%
TCE(1) per ship per day under spot voyage charter	49,432	61,802	25.0%
TCE per ship per day under time charter	-	39,108	-
Average TCE	49,432	52,741	6.7%
Vessel operating expenses per ship per day	6,591	7,634	15.8%

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

(In U.S. Dollars unless otherwise stated)	Handymax Fleet		
	Three Months Ended March 31,		
	2005	2006	Change
Total available ship days	917	1,260	37.4%
Total operating days	910	1,236	35.8%
Utilization	99.2%	98.1%	-1.2%
TCE per ship per day under spot voyage charter	-	-	-
TCE per ship per day under time charter	21,564	21,735	0.8%
Average TCE	21,564	21,735	0.8%
Vessel operating expenses per ship per day	4,928	5,397	9.5%

(In U.S. Dollars unless otherwise stated)	Total Fleet*		
	Three Months Ended March 31,		
	2005	2006	Change

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Total available ship days	1,423	2,430	70.8%
Total operating days	1,401	2,348	67.6%
Utilization	98.5%	96.6%	-1.9%
TCE per ship per day under spot voyage charter	43,280	61,802	42.8%
TCE per ship per day under time charter	21,532	26,326	22.3%
Average TCE	29,123	36,419	25.1%
Vessel operating expenses per ship per day	5,682	6,474	13.9%
General and administrative expenses per ship per day**	2,093	2,997	43.1%

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

\*\* The daily General and Administrative expenses include approximately \$0 and \$574 of non-cash restricted stock expense and \$316 and \$1,029 for general compensation provision for the first quarter of 2005 and 2006, respectively.

### Fleet Report

As of March 31, 2006, the Company's fleet size was 27 vessels, or 2.6 million dwt (including 13 vessels sold and leased back for a period of 5 to 7 years) as compared to 18 vessels, or 1.3 million dwt on March 31, 2005. The changes in the Company's fleet during the first quarter of 2006 are as follows:

On March 9, 2006, the Company sold and leased-back the Handymax tankers M/T Faithful, M/T Spotless, M/T Vanguard and M/T Doubtless and the Suezmax tankers M/T Flawless, M/T Timeless, M/T Priceless and M/T Stopless for a period of five years, generating a gain of \$46 million, which is amortized over the five year lease period.

### Fleet Deployment

During the first quarter of 2006, the Company had approximately 72% 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 60% of the Company's estimated operating days for 2006 to spot rates, which may be potentially higher.

### Suezmax Fleet:

During the first quarter of 2006, eight of the Company's Suezmax tankers operated in the spot market, earning on average \$61,802 per vessel per day on a time charter equivalent (TCE) basis.

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

Spot: 53% of operating days at average daily TCE of \$33,000  
 Total (Spot and time charter, including profit sharing): 64% of operating days at average daily TCE of \$33,500.

### Handymax Fleet:

All of the Company's Handymax tankers operate under long term employment

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agreements with Glencore and Vitol that provide for a base rate of charterhire and additional profit-sharing.

During the first quarter of 2006, including the profit-sharing allocated to the Company from these profit-sharing agreements, the Handymax fleet earned on average \$21,735 per vessel per day on a time charter equivalent (TCE) basis.

As of the date of this release, the Company's Handymax fleet for the second quarter of 2006 has been fixed for 63% of its operating days at average daily TCE of \$20,000.

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

	Dwt	Year Built	Charter Type	Expiry	Daily Base Rate	Profit Shar Above Base Rate
<b>13 Suezmax Tankers</b>						
Timeless (C).....	154,970	1991	Time Charter	Q2/2007	\$28,000	100% first \$
Flawless (C).....	154,970	1991	Time Charter	Q2/2007	\$28,000	100% first \$
Stopless (C).....	154,970	1991	Time Charter	Q2/2007	\$28,000	100% first \$
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			
<b>14 Handymax Tankers</b>						
Victorious (B).....	47,084	1991	Time Charter	Q3/2009	\$14,500 (2)	100% first
Sovereign (B).....	47,084	1992	Time Charter	Q3/2009	\$14,500 (2)	100% first
Invincible (B).....	47,084	1992	Time Charter	Q3/2009	\$14,500 (2)	100% first
Relentless (B).....	47,084	1992	Time Charter	Q3/2009	\$14,500 (2)	100% first
Vanguard (C).....	47,084	1992	Time Charter	Q1/2010	\$13,250 (3)	100% first \$
Restless (B).....	47,084	1991	Time Charter	Q1/2010	\$13,250 (3)	100% first \$
Spotless (C).....	47,094	1991	Time Charter	Q1/2010	\$13,250 (3)	100% first \$
Doubtless (C).....	47,076	1991	Time Charter	Q1/2010	\$13,250 (3)	100% first \$
Faithful (C).....	45,720	1992	Time Charter	Q1/2010	\$13,250 (3)	100% first \$
Topless.....	47,262	1998	Time Charter	Q2/2010	\$16,250	100% first 1
Taintless.....	46,217	1999	Time Charter	Q1/2010	\$16,250	100% first 1
Dauntless.....	46,168	1999	Time Charter	Q1/2010	\$16,250	100% first 1
Soundless.....	46,185	1999	Time Charter	Q2/2010	\$16,250	100% first 1
Ioannis P.....	46,346	2003	Time Charter	Q4/2010	\$18,000 (4)	
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 2007 until expiration.
3. Base rate will change to \$14,500, plus 50% 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.

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### Credit Facility

As of March 31, 2006, TOP Tankers had total indebtedness under senior secured credit facilities of \$428 million with its lenders, the Royal Bank of Scotland ("RBS"), DVB Bank ("DVB") and HSH Nordbank ("HSH").

Since such date, we have repaid \$121 million to RBS and DVB, in connection with the sale and leaseback of 5 Suezmax tankers effected in April 2006. As of the date of this release, the Company has total indebtedness of \$308 million, provided by the RBS and HSH. Our remaining outstanding loans with RBS and HSH mature in 2015 and 2013, respectively.

As of March 31, 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 remaining balance of the loans is LIBOR, plus the margin. On March 31, 2006, the Company's ratio of indebtedness to total capital was approximately 62.5%.

### Dividend and Dividend Policy

The Company paid a quarterly dividend of \$0.21 per share on January 23, 2006 to shareholders of record as of January 17, 2006.

The Company paid a special dividend of \$5.00 per share on March 27, 2006, to shareholders of record as of March 22, 2006, following the completion of sale and leaseback of 8 vessels in March 2006.

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 5 vessels in April 2006.

In addition, on April 6, 2006, the Company announced that its Board of Directors has decided the change of 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.

### Forward-Looking Statements

Matters discussed in this report 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 report 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

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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, which are available in the SEC's "EDGAR" database on its website, [www.sec.gov](http://www.sec.gov).

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TABLES FOLLOW  
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TOP TANKERS INC.

### CONSOLIDATED STATEMENTS OF INCOME

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

	Three Months Ended March 31,	
	2005	2006
	-----	-----
	(unaudited)	(unaudited)
REVENUES:		
Voyage revenues	\$ 47,291	\$ 101,746
EXPENSES:		
Voyage expenses	6,490	16,234
Charter hire expense	-	7,638
Vessel operating expenses	8,085	15,731
Depreciation and amortization	8,736	17,641
General and administrative expenses	2,979	7,282
Amortization of deferred gain on sale of vessels	-	(1,055)
Foreign currency losses	26	62
	-----	-----
Operating income	20,975	38,213
	-----	-----
OTHER INCOME (EXPENSES):		
Interest and finance costs	(2,510)	(8,066)
Interest income	648	261
Other, net	8	(4)
	-----	-----
Total other expenses, net	(1,854)	(7,809)
	-----	-----
Net Income	\$ 19,121	\$ 30,404
	=====	=====
Earnings per share, basic and diluted	\$ 0.69	\$ 1.06
	=====	=====
Weighted average common shares outstanding, basic and diluted	27,830,990	28,099,212

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TOP TANKERS INC.

CONSOLIDATED BALANCE SHEETS

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

	December 31, 2005	March 31, 2006
	-----	-----
		(Unaudited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 17,462	\$ 24,857
Other current assets	50,112	50,541
	-----	-----
Total current assets	67,574	75,398
FINANCIAL INSTRUMENTS	425	1,009
VESSELS, NET	886,754	643,924
OTHER NON-CURRENT ASSETS	26,144	46,497
	-----	-----
Total assets	\$ 980,897	\$ 766,828
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	45,329	136,117
Deferred income, current portion	2,451	11,701
Other current liabilities	30,814	25,585
	-----	-----
Total current liabilities	78,594	173,403
LONG-TERM DEBT, net of current portion	518,774	288,491
DEFERRED INCOME, net of current portion	13,871	50,091
STOCKHOLDERS' EQUITY	369,658	254,843
	-----	-----
Total liabilities and stockholders' equity	\$ 980,897	\$ 766,828
	=====	=====

TOP TANKERS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of U.S. Dollars)

	Three Months Ended March 31,	
	-----	-----
	2005	2006
	-----	-----
	(unaudited)	(unaudited)
Cash Flows from (used in) Operating Activities:		
Net income	\$ 19,121	\$ 30,404

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Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	8,917	19,229
Stock-based compensation	-	1,396
Change in fair value of financial instruments	-	(248)
Amortization of deferred income	-	(1,055)
Change in operating assets and liabilities	(7,652)	(5,658)
	-----	-----
Net Cash from Operating Activities	20,386	44,068
	.....	.....
Cash Flows from (used in) Investing Activities:		
Advances for vessels acquisitions	(94,060)	-
Acquisition of vessels	(127,581)	-
Net proceeds from sale of vessels	-	251,502
Other	(85)	(165)
	-----	-----
Net Cash from (used in) Investing Activities	(221,726)	251,337
	.....	.....
Cash Flows from (used in) Financing Activities:		
Proceeds from long-term debt	157,531	-
Payments of long-term debt	(10,000)	(140,996)
Payment of financing costs	(2,703)	(63)
Dividends paid	(5,845)	(146,951)
	-----	-----
Net Cash from (used in) Financing Activities	138,983	(288,010)
	.....	.....
Net increase (decrease) in cash and cash equivalents	(62,357)	7,395
Cash and cash equivalents at beginning of period	114,768	17,462
	-----	-----
Cash and cash equivalents at end of period	\$ 52,411	\$ 24,857
	=====	=====
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ 3,370	\$ 6,644
	=====	=====

### 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 first quarter 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	Q1 2006 (Unaudited)	
	\$	Per Share
Restricted share plan to officers and personnel	1,396	0.05
Bonus compensation provision to officers and personnel	2,500	0.09
Gain from termination of interest rate swap	(650)	(0.02)
	-----	-----
Total	3,246	0.12



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

EBITDA RECONCILIATION(2) (Expressed in Thousands of U.S Dollars)	Three Months Ended March 31,	
	----- 2005 -----	2006 -----
NET INCOME	19,121	30,404
DEPRECIATION AND AMORTIZATION	8,736	17,641
INTEREST AND FINANCE COSTS, NET	1,862	7,805
EBITDA	----- 29,719 =====	----- 55,850 =====

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 (2) EBITDA represents earnings before interest, taxes, depreciation and amortization. EBITDA does not represent and should not be considered as an alternative to net income, as determined by GAAP, and our calculation of EBITDA may not be comparable to that reported by other companies.

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.  
(Registrant)

Dated: June 1, 2006

By: /s/ Stamatis N. Tsantanis  
-----  
Stamatis N. Tsantanis  
Chief Financial Officer

SK 23116 0001 674838