COUSINS PROPERTIES INC
Form 4
December 11, 2008

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
STONE R DARY

(Last) (First) (Middle)

191 PEACHTREE STREET, SUITE 3600

(Street)

ATLANTA, GA 30303

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
COUSINS PROPERTIES INC [CUZ]

3. Date of Earliest Transaction (Month/Day/Year)
12/09/2008

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Vice Chairman

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	12/09/2008		F (5)		892	D	$ 12.63	142,008 (1)	D	
Common Stock	12/09/2008		M (2)		255	A	$ 0 (2)	142,263 (1)	D	
Common Stock	12/09/2008		D		255	D	$ 12.63	142,008 (1)	D	
Common Stock	12/11/2008		M (2)		1,373	A	$ 0 (2)	143,381 (1)	D	
Common Stock	12/11/2008		D		1,373	D	$ 11.17	142,008 (1)	D	

Common Stock		3,129 (3)	I	By Profit Sharing Plan

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Phantom Stock	(2)	12/09/2008		M (2)			255	12/09/2006 (4)	12/09/2009	Common Stock	255
Phantom Stock	(2)	12/11/2008		M (2)			1,373	12/11/2007 (4)	12/11/2010	Common Stock	1,373

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
STONE R DARY 191 PEACHTREE STREET SUITE 3600 ATLANTA, GA 30303			Vice Chairman	

Signatures

/s/ R. Dary Stone	12/11/2008
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Includes 4,215 shares of restricted stock awarded under the CPI 1999 Incentive Stock Plan. These shares will vest 25% per year on each anniversary date of the grant, and CPI will hold these shares until such shares become vested. While the shares are being held prior to vesting, the reporting person will have the right to receive all cash dividends and to vote the restricted shares. All unvested shares will forfeit upon termination of employment.

(2) Restricted stock units were granted under the Cousins Properties Incorporated 2005 Restricted Stock Unit Plan (the 2005 RSU Plan) and have vested as to 25% of the total units granted. As required under the 2005 RSU Plan, the vested units were settled for cash from CPI. Each restricted stock unit is the economic equivalent of one share of CPI common stock.

(3) Shares held by the reporting person as beneficiary in the Company's Profit Sharing Plan.

(4) Award of restricted stock units under the 2005 RSU Plan. Each unit represents a right to receive a payment in cash equal to the fair market value of one share of CPI's common stock as of the date payment is due under the plan. These units will vest 25% per year on each anniversary date of the grant, with units being 100% vested in year 4 of the grant term. While the shares are being held prior to vesting, the reporting person will have the right to receive all cash dividends but will not have shareholder rights. All unvested shares will forfeit upon termination of employment.

(5) Shares withheld from the vesting of restricted stock to pay the reporting person's tax liability as permitted under the 1999 Incentive Stock Plan.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

F-52

F-1

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Top Ships Inc., Majuro, Republic of the Marshall Islands

We have audited the accompanying consolidated balance sheets of Top Ships Inc. and subsidiaries (the "Company") as of December 31, 2007 and 2008, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2008. Our audits also included the financial statement schedule listed in the Index at Item 18. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Top Ships Inc. and subsidiaries as of December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects, the information set forth therein.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the consolidated financial statements, the Company's inability to comply with financial covenants under its current loan agreements as of December 31, 2008 and its negative working capital position raise substantial doubt about its ability to continue as a going concern. Management's plans concerning these matters are also discussed in Note 3 to the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2008, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated June 26, 2009 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte. Hadjipavlou, Sofianos, & Cambanis S.A.
Athens, Greece
June 26, 2009

TOP SHIPS INC.

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2007 AND 2008

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

	December 31, 2007	December 31, 2008
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 26,012	$ 46,242
Trade accounts receivable, net of provision of $801 and $3,275 as of December 31, 2007 and 2008, respectively	15,184	4,208
Insurance claims	51	173
Inventories (Note 7)	7,958	965
Advances to various creditors	1,108	776
Prepayments and other (Note 8)	5,580	4,724
Vessels held for sale (Note 10)	46,268	-
Total current assets	102,161	57,088
FIXED ASSETS:		
Advances for vessels acquisitions / under construction (Note 9)	66,026	159,971
Vessels, net (Notes 10, 11 and 12)	553,891	414,515
Other fixed assets, net (Note 5)	5,711	6,545
Total fixed assets	625,628	581,031
OTHER NON CURRENT ASSETS:		
Long-term receivables (Note 6)	22,628	7,681
Restricted cash (Notes 6 and 12)	26,500	52,575
Total assets	$ 776,917	$ 698,375
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt (Note 12)	$ 79,332	$ 342,479
Debt related to vessel held for sale (Note 12)	28,156	-

Current portion of financial instruments (Note 12)	6,105	16,438
Accounts payable	21,341	8,968
Other current liabilities (Note 13)	-	5,000
Accrued liabilities (Note 14)	11,906	7,435
Unearned revenue	6,450	6,614
Total current liabilities	153,290	386,934
FAIR VALUE OF BELOW MARKET TIME CHARTER (Note 11)	29,199	3,911
FINANCIAL INSTRUMENTS, net of current portion (Note 12)	10,683	-
LONG-TERM DEBT, net of current portion (Note 12)	331,396	-
DEFERRED GAIN ON SALE AND LEASEBACK OF VESSELS (Note 6)	40,941	15,479
COMMITMENTS AND CONTINGENCIES (Note 16)		
STOCKHOLDERS' EQUITY:		
Preferred stock, $0.01 par value; 20,000,000 shares authorized; none issued	-	-
Common stock, $0.01 par value; 100,000,000 shares authorized; 20,508,575 and 29,901,048 shares issued and outstanding at December 31, 2007 and 2008, respectively (Note 16)	205	283
Additional paid-in capital (Note 16)	216,150	271,056
Accumulated other comprehensive income (Note 17)	4	24
Retained earnings / (Accumulated deficit)	(4,951)	20,688
Total stockholders' equity	211,408	292,051
Total liabilities and stockholders' equity	$ 776,917	$ 698,375

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

F-3

TOP SHIPS INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008

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

	2006		2007		2008
REVENUES:					
Revenues (Notes 4 and 11)	310,043	$	252,259	$	257,380
EXPENSES:					
Voyage expenses (Note 19)	55,351		59,414		38,656
Charter hire expense (Note 6)	96,302		94,118		53,684
Amortization of deferred gain on sale and leaseback of vessels (Note 6)	(8,110)		(15,610)		(18,707)
Other vessel operating expenses (Note 19)	66,082		67,914		67,114
Dry-docking costs	39,333		25,094		10,036
Depreciation (Note 10)	35,266		27,408		32,664
Sub-Manager fees (Note 1)	2,755		1,828		1,159
Other general and administrative expenses	20,261		22,996		30,314
Foreign currency (gains) / losses, net	255		176		(85)
Gain on sale of vessels (Note 10)	(12,667)		(1,961)		(19,178)
Operating income (loss)	15,215		(29,118)		61,723
OTHER INCOME (EXPENSES):					
Interest and finance costs (Notes 12 and 20)	(27,030)		(19,518)		(25,764)
Gain / (loss) on financial instruments (Note 12)	(2,145)		(3,704)		(12,024)
Interest income	3,022		3,248		1,831
Other, net	(67)		16		(127)
Total other expenses, net	(26,220)		(19,958)		(36,084)
Net Income (loss)	(11,005)	$	(49,076)	$	25,639
Earnings (loss) per share, basic and diluted (Note 18)	(1.16)	$	(4.09)	$	1.01
Weighted average common shares outstanding, basic	10,183,424		11,986,857		25,445,031
Weighted average common shares outstanding, diluted	10,183,424		11,986,857		25,445,031

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

TOP SHIPS INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008

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

	Comprehensive Income	Common Stock # of Shares	Common Stock Par Value	Additional Paid-in Capital	Accumulated Other Comprehensive Income (loss)	Retained Earnings / (Accumulated Deficit)	Total
BALANCE, December 31, 2005		9,360,213	$ 94	$ 297,902	$ 98	$ 61,053	$ 359,147
Net loss	$ (11,005)	0	0	0	-	(11,005)	(11,005)
Dividends paid (US dollars 0.21 per share)	0	0	0	0	-	(5,923)	(5,923)
Dividends paid (US dollars 5.00 per share)	0	0	0	(141,028)	-	0	(141,028)
Dividends paid (US dollars 2.50 per share)	0	0	0	(70,515)	-	0	(70,515)
Issuance of restricted shares, net of forfeitures	0	147,034	1	3,709	-	0	3,710
Issuance of common stock	0	1,302,454	13	26,903	-	0	26,916
Other comprehensive income							
- Accumulated unrecognized actuarial losses	0	0	0	0	(6)	0	(6)
- Reclassification of gains to earnings due to discontinuance of cash flow hedges	(98)	0	0	0	(98)	0	(98)
Comprehensive loss	$ (11,103)						

BALANCE, December 31, 2006		10,809,701	$ 108	$ 116,971	$ (6)	$ 44,125	$ 161,198
Net loss	$ (49,076)	0	0	0	-	(49,076)	(49,076)
Issuance of restricted shares, net of forfeitures	0	213,000	2	933	-	0	935
Issuance of common stock	0	9,485,874	95	98,246	-	0	98,341
Other comprehensive income							
- Accumulated unrecognized actuarial gain	10	0	0	0	10	0	10
Comprehensive loss	$ (49,066)						
BALANCE, December 31, 2007		20,508,575	$ 205	$ 216,150	$ 4	$ (4,951)	$ 211,408
Net income	$ 25,639	-	-	-	-	25,639	25,639
Issuance of restricted shares, net of forfeitures	-	2,521,009	9	5,107	-	-	5,116
Cancellation of fractional shares	-	(279)	-	(2)	-	-	(2)
Repurchase and cancellation of common stock (396.949 shares)		(396,949)	(4)	(727)			(731)
Issuance of common stock	-	7,268,692	73	50,528	-	-	50,601
Other comprehensive income							
- Accumulated unrecognized actuarial gain	20	-	-	-	20	-	20
Comprehensive income	$ 25,659						
BALANCE, December 31, 2008		29,901,048	$ 283	$ 271,056	$ 24	$ 20,688	$ 292,051

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

TOP SHIPS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008

(Expressed in thousands of U.S. Dollars)

	2006	2007	2008
Cash Flows from (used in) Operating Activities:			
Net income (loss)	(11,005)	(49,076)	25,639
Adjustments to reconcile net income to net cash			
provided by operating activities:			
Depreciation	35,594	28,043	33,474
Amortization and write off of deferred financing costs	4,534	2,081	5,131
Stock-based compensation expense	3,710	935	5,116
Change in fair value of financial instruments	3,711	4,904	10,650
Amortization of deferred gain on sale and leaseback of vessels	(8,110)	(15,610)	(18,707)
Amortization of fair value of below market time charter		(1,413)	(21,795)
(Gain) / Loss on sale of other fixed assets	(10)	69	126
Gain on sale of vessels	(12,667)	(1,961)	(19,178)
Provision for Doubtful Accounts	508	1,302	3,142
(Increase) Decrease in:			
Trade accounts receivable	11,832	10,701	7,834
Insurance claims	11	(1,656)	(3,569)
Inventories	(152)	(1,498)	6,993
Advances to various creditors	(624)	2,599	332
Prepayments and other	(4,270)	(374)	874
Increase (Decrease) in:			
Accounts payable	2,586	6,350	(12,428)
Accrued liabilities	(1,142)	(1,460)	(4,451)
Unearned revenue	(3,436)	4,774	164
Financial instrument termination payments	-	-	(7,500)
Net Cash from (used in) Operating Activities	21,070	(11,290)	11,847
Cash Flows from (used in) Investing Activities:			
Principal payments received under capital lease			46,000
Principal payments paid under capital lease	-		(68,828)
Advances for vessels acquisition / under construction	(28,683)	(37,343)	(114,260)
Vessel acquisitions and improvements	(18)	(355,045)	(118,142)
Insurance claims recoveries	-	1,852	3,447
Increase in restricted cash	(36,500)	-	(26,075)

Decrease in restricted cash	-	23,500	-
Net proceeds from sale of vessels	599,176	51,975	338,143
Net proceeds from sale of fixed assets	255	74	58
Acquisition of other fixed assets	(2,639)	(3,295)	(1,792)
Net Cash from (used in) Investing Activities	531,591	(318,282)	58,551
Cash Flows used in (from) Financing Activities:			
Proceeds from long-term debt	20,000	316,851	271,156
Principal payments of long-term debt	(19,119)	(26,955)	(51,413)
Prepayment of long-term debt	(350,399)	(65,582)	(317,150)
Financial instrument upfront receipt		8,500	1,500
Issuance of common stock, net of issuance costs	26,916	98,341	50,601
Cancellation of fractional shares	-	-	(2)
Repurchase and cancellation of common stock			(731)
Payment of financing costs	(63)	(5,563)	(4,129)
Dividends paid	(217,466)		-
Net Cash used in (from) Financing Activities	(540,131)	325,592	(50,168)
Net increase (decrease) in cash and cash equivalents	12,530	(3,980)	20,230
Cash and cash equivalents at beginning of year	17,462	29,992	26,012
Cash and cash equivalents at end of year	29,992	26,012	46,242
SUPPLEMENTAL CASH FLOW INFORMATION			
Interest paid	22,307	13,731	19,616
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES			
Fair value of below market time charter	0	30,612	12,647
Amounts owed for capital expenditures	0	1,215	55

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

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

1. Basis of Presentation and General Information:

The accompanying consolidated financial statements include the accounts of Top Ships Inc. (formerly Top Tankers Inc. and Ocean Holdings Inc.) and its wholly owned subsidiaries (collectively the "Company"). Ocean Holdings Inc. was formed on January 10, 2000, under the laws of Marshall Islands, was renamed to Top Tankers Inc. and Top Ships Inc. in May 2004 and December 2007 respectively, and is the sole owner of all outstanding shares of the following subsidiaries:

	Shipowning Companies with vessels sold	Date of Incorporation	Country of Incorporation	Vessel
1	Olympos Shipping Company Limited	December 1999	British Cayman Islands	Med Prologue (sold to "Olympos Shipping Company Limited")
2	Vermio Shipping Company Limited ("Faithful")	December 2001	Marshall Islands	Faithful (sold to "Gramos Shipping Company Inc" - July 2003)
3	Kalidromo Shipping Company Limited ("Kalidromo")	May 2003	Marshall Islands	Tireless (sold - September 2004)
4	Olympos Shipping Company Limited ("Olympos")	May 2003	Marshall Islands	Med Prologue (sold - December 2004)
5	Rupel Shipping Company Inc. ("Rupel")	January 2003	Marshall Islands	Fearless (sold - July 2005)
6	Helidona Shipping Company Limited ("Helidona")	May 2003	Marshall Islands	Yapi (sold - September 2005)
7	Mytikas Shipping Company Ltd. ("Mytikas")	February 2004	Marshall Islands	Limitless (sold - September 2008) (Note 6, 10)
8	Litochoro Shipping Company Ltd. ("Litochoro")	March 2004	Marshall Islands	Endless (sold - September 2008) (Note 6, 10)
9	Vardousia Shipping Company Ltd. ("Vardousia")	July 2004	Cyprus	Invincible (sold by its new owners - July 2007) (Note 6)
10	Psiloritis Shipping Company Ltd. ("Psiloritis")	July 2004	Liberia	Victorious (sold by its new owners - August 2007) (Note 6)
11	Menalo Shipping Company Ltd. ("Menalo")	July 2004	Cyprus	Restless (sold by its new owners - September 2007) (Note 6)
12	Pintos Shipping Company Ltd. ("Pintos")	July 2004	Cyprus	Sovereign (sold by its new owners - August 2008) (Note 6)
13	Pylio Shipping Company Ltd. ("Pylio")	July 2004	Liberia	Flawless (sold by its new owners - September 2008) (Note 6)
14	Taygetus Shipping Company Ltd. ("Taygetus")	July 2004	Liberia	Timeless (sold by its new owners - September 2008) (Note 6)
15	Imitos Shipping Company Limited ("Imitos")	November 2004	Marshall Islands	Noiseless (sold - January 2008) (Note 6, 10)
16	Parnis Shipping Company Limited ("Parnis")	November 2004	Marshall Islands	Stainless (sold - January 2008) (Note 6)
17			Liberia	

	Parnasos Shipping Company Limited ("Parnasos")	November 2004		Faultless (sold by its new owners - March 2008) (Note 6)
18	Vitsi Shipping Company Limited ("Vitsi")	November 2004	Liberia	Stopless (sold by its new owners - September 2008) (Note 6)
19	Kisavos Shipping Company Limited ("Kisavos")	November 2004	Marshall Islands	Priceless (sold by its new owners - September 2008) (Note 6)
20	Agion Oros Shipping Company Limited ("Agion Oros")	February 2005	Marshall Islands	Topless (sold - December 2006)

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

1. Basis of Presentation and General Information (continued):

21	Giona Shipping Company Limited ("Giona")	March 2005	Marshall Islands	Taintless (sold – November 2006)
22	Agrafa Shipping Company Limited ("Agrafa")	March 2005	Marshall Islands	Soundless (sold – November 2006)
23	Ardas Shipping Company Limited ("Ardas")	April 2005	Marshall Islands	Errorless (sold – April 2007)
24	Nedas Shipping Company Limited ("Nedas")	April 2005	Marshall Islands	Stormless (sold – June 2008) (Note 10)
25	Kifisos Shipping Company Limited ("Kifisos")	April 2005	Marshall Islands	Edgeless (sold – July 2008) (Note 10)
26	Sperhios Shipping Company Limited ("Sperhios")	April 2005	Marshall Islands	Ellen P. (sold – September 2008) (Note 10)
27	Noir Shipping S.A. ("Noir")	June 2007	Marshall Islands	Bertram (sold – April 2008) (Note 10, 11)

	Shipowning Companies with sold and leased back vessels at December 31, 2008	Date of Incorporation	Country of Incorporation	Vessel
28	Gramos Shipping Company Inc. ("Gramos")	January 2003	Marshall Islands	Faithful (sold and leased back - March 2006) (Note 6)
29	Falakro Shipping Company Ltd. ("Falakro")	July 2004	Liberia	Doubtless (sold and leased back - March 2006) (Note 6)
30	Pageon Shipping Company Ltd. ("Pageon")	July 2004	Cyprus	Vanguard (sold and leased back - March 2006) (Note 6)
31	Idi Shipping Company Ltd. ("Idi")	July 2004	Liberia	Spotless (sold and leased back - March 2006) (Note 6)
32	Parnon Shipping Company Ltd. ("Parnon")	July 2004	Cyprus	Relentless (sold and leased back - September 2005) (Note 6, 23)

	Shipowning Companies with vessels in operations at December 31, 2008	Date of Incorporation	Country of Incorporation	Vessel
33	Lefka Shipping Company Limited ("Lefka")	March 2005	Marshall Islands	Dauntless (acquired – March 2005)
34	Ilisos Shipping Company Limited ("Ilisos")	April 2005	Marshall Islands	Ioannis P. (acquired in November 2005)
35	Amalfi Shipping Company Limited ("Amalfi")	July 2007	Marshall Islands	Amalfi (acquired – December 2007) (Note 11)
36	Jeke Shipping Company Limited ("Jeke")	July 2007	Liberia	Voc Gallant (acquired – February 2008) (Note 10, 11)

37	Japan I Shipping Company Limited ("Japan I")	August 2007	Liberia	Pepito (acquired – March 2008) (Note 10)
38	Japan II Shipping Company Limited ("Japan II")	August 2007	Liberia	Astrale (acquired – May 2008) (Note 6, 10)
39	Japan III Shipping Company Limited ("Japan III")	August 2007	Liberia	Cyclades (acquired – December 2007)

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

1. Basis of Presentation and General Information (continued):

	Shipowning Companies with vessels under construction at December 31, 2008	Date of Incorporation	Country of Incorporation	Vessel
40	Warhol Shipping Company Limited ("Warhol")	July 2008	Liberia	Miss Marilena (delivered - February 2009) (Note 9, 23)
41	Lichtenstein Shipping Company Limited ("Lichtenstein")	July 2008	Liberia	Lichtenstein (delivered February 2009) (Note 9, 23)
42	Banksy Shipping Company Limited ("Banksy")	July 2008	Liberia	Ionian Wave (delivered March 2009) (Note 9, 23)
43	Indiana R Shipping Company Limited ("Indiana R")	July 2008	Liberia	Tyrrhenian Wave (delivered March 2009) (Note 9, 23)
44	Britto Shipping Company Limited ("Britto")	July 2008	Liberia	Britto (delivered May 2009) (Note 9, 23)
45	Hongbo Shipping Company Limited ("Hongbo")	July 2008	Liberia	Hull No. S-1033

	Other Companies	Date of Incorporation	Country of Incorporation	Activity
46	Top Tankers (U.K.) Limited	January 2005	England and Wales	Representative office in London
47	Top Bulker Management Inc	April 2005	Marshall Islands	Inactive Management Company
48	TOP Tanker Management Inc	May 2004	Marshall Islands	Management Company
49	Ierissos Shipping Inc	November 2008	Marshall Islands	Cash Manager

The Company is an international provider of worldwide seaborne crude oil and petroleum products transportation services and of drybulk transportation services, through the ownership and operation of the vessels mentioned above.

The Company's Manager

Top Tanker Management Inc (the "Manager") is responsible for all of the chartering, operational and technical management of the Company's fleet. The Company's ship-owning subsidiaries have a management agreement with the Manager, under which management services are provided in exchange for a fixed monthly fee per vessel.

As of December 31, 2008, the Manager has subcontracted the day to day technical management of certain vessels to unaffiliated ship management companies, V. Ships Management Limited and Interorient Maritime Enterprises Inc. (collectively the "Sub-Managers"). The Sub-Managers provide day to day operational and technical services to the Company's vessels at a fixed monthly fee per vessel. Such fees for the years ended December 31, 2006, 2007 and 2008 totaled $2,755, $1,828 and $1,159 respectively and are separately reflected in the accompanying consolidated statements of operations. At December 31, 2007 and 2008 the amount due to the Sub-Managers totaled $269 and $702 respectively and is included in Accounts Payable in the accompanying consolidated balance sheets.

F-9

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

2. Significant Accounting Policies:

(a) Principles of Consolidation: The accompanying consolidated financial statements have been prepared in accordance with U.S generally accepted accounting principles ("US GAAP") and include the accounts and operating results of Top Ships Inc. and its wholly-owned subsidiaries referred to in Note 1. Intercompany balances and transactions have been eliminated in consolidation.

(b) Use of Estimates: The preparation of consolidated financial statements in conformity with U.S generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 Company follows the provisions of Statement of Financial Accounting Standards "Statement of Comprehensive Income" (SFAS 130), which requires separate presentation of certain transactions, which are recorded 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, and therefore primarily transact business in U.S. Dollars. The Company's books of accounts are maintained in U.S. Dollars. Transactions involving other currencies during the year are converted into U.S. Dollars using the exchange rates in effect at the time of the transactions. At the balance sheet dates, monetary assets and liabilities, which are denominated in other currencies, are translated to reflect the year-end exchange rates. Resulting gains or losses are reflected separately in the accompanying consolidated statements of operations.

(e) Cash and Cash Equivalents: The Company considers highly liquid investments such as time deposits and certificates of deposit with an original maturity of three months or less to be cash equivalents.

(f) Restricted Cash: The Company considers amounts that are pledged, blocked, held as cash collateral, required to be maintained with a specific bank or be maintained by the Company as an overall cash position as part of a loan agreement, as restricted (Notes 6, 12 and 13).

(g) Trade Accounts Receivable, net: The amount shown as Trade Accounts Receivable, net 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, all potentially uncollectible accounts are assessed individually, combined with the application of a historical recoverability ratio, for purposes of determining the appropriate provision for doubtful accounts. Provision for doubtful accounts at December 31, 2007 and 2008 totalled $801 and $3,275, and is summarized as follows:

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

2. Significant Accounting Policies - (continued):

	Provision for doubtful accounts
Balance, December 31, 2005	316
—Additions	508
—Reversals / write-offs	(541)
Balance, December 31, 2006	283
—Additions	1,302
—Reversals / write-offs	(784)
Balance, December 31, 2007	801
—Additions	3,866
—Reversals / write-offs	(1,392)
Balance, December 31, 2008	3,275

(h) Insurance Claims: Insurance claims, relating mainly to crew medical expenses and hull and machinery incidents are recorded upon collection or agreement with the relevant party of the collectible amount.

(i) Inventories: Inventories consist of bunkers, lubricants and consumable stores which are stated at the lower of cost or market. Cost, which consists of the purchase price, is determined by the first in, first out method.

(j) Vessel Cost: Vessels are stated at cost, which consists of the contract price, pre-delivery costs incurred during the construction of newbuildings, capitalized interest and any material expenses incurred upon acquisition (improvements and delivery costs). Subsequent expenditures for conversions and major improvements are also capitalized when they appreciably extend the life, increase the earning capacity or improve the efficiency or safety of the vessels. Repairs and maintenance are charged to expense as incurred and are included in Other vessel operating expenses in the accompanying consolidated statements of operations.

(k)

Impairment of Long-Lived Assets: Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. When the estimate of undiscounted cash flows, excluding interest charges is expected to be generated by the use of the asset is less than the asset's carrying amount, the Company performs an analysis of the anticipated undiscounted future net cash flows of the related long-lived assets. If the carrying value of the related asset exceeds its undiscounted future net cash flows, the carrying value is reduced to its fair value. Various factors including future charter rates and vessel operating costs are included in this analysis. The Company did not note for 2006 and 2007, any events or changes in circumstances indicating that the carrying amount of its vessels may not be recoverable. However, in the fourth quarter of 2008, market conditions changed significantly as a result of the credit crisis and resulting slowdown in world trade. Charter rates for both drybulk carriers and tanker vessels fell significantly and values of assets were significantly affected although there were limited transactions to confirm that. The Company considered these market developments as indicators of potential impairment of the carrying amount of its assets. The Company performed the undiscounted cash flow test as of December 31, 2008 for its vessels held for use and determined that the carrying amount of those vessels were not impaired.

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

2. Significant Accounting Policies - (continued):

(l) Assets Held for Sale: It is the Company's policy to dispose of vessels when suitable opportunities occur and not necessarily to keep them until the end of their useful life. The Company classifies vessels as being held for sale when: management has committed to a plan to sell the vessels; the vessels are available for immediate sale in their present condition; an active program to locate a buyer and other actions required to complete the plan to sell the vessels have been initiated; the sale of the vessels is probable, and transfer of the asset is expected to qualify for recognition as a completed sale within one year; the vessels are being actively marketed for sale at a price that is reasonable in relation to their current fair value and actions required to complete the plan to sell indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Long-lived assets classified as held for sale are measured at the lower of their carrying amount or fair value less cost to sell. These vessels are not depreciated once they meet the criteria to be classified as held for sale. At December 31, 2007, the tanker vessel M/T Noiseless was classified as held for sale and its carrying amount of $46,268 is separately reflected in the 2007 accompanying consolidated balance sheet. No vessels were determined to be held for sale at December 31, 2008.

(m) Vessel Depreciation: Depreciation is calculated using the straight-line method over the estimated useful life of the vessels, after deducting the estimated salvage value. Each vessel's salvage value is equal to the product of its lightweight tonnage and estimated scrap rate. Management estimates the useful life of the Company's vessels to be 25 years from the date of initial delivery from the shipyard. Second hand vessels are depreciated from the date of their acquisition through their remaining estimated useful life. When regulations place limitations over the ability of a vessel to trade on a worldwide basis, its useful life is adjusted at the date such regulations are adopted.

(n) Other 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 of the assets, while leasehold improvements are depreciated over the lease term, as presented below:

Description	Useful Life (years)
Leasehold improvements	12
Cars	6
Office equipment	5
Furniture and fittings	5
Computer equipment	3

(o) Accounting for Dry-Docking Costs: All dry-docking costs are accounted for under the direct expense method, under which they are expensed as incurred and are reflected separately in the accompanying consolidated statements of operations.

(p) Sale and Leaseback Transactions: The gains on sale of vessel sale and leaseback transactions are deferred and amortized to income over the lease period.

(q)

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

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

2. Significant Accounting Policies - (continued):

interest expense over the life of the related debt using the effective interest method. Unamortized fees relating to loans repaid or refinanced are expensed when a repayment or refinancing is made and charged to interest and finance costs.

(r) 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 nine months) and accordingly, they are not liable for any pension or post retirement benefits.

(s) Staff leaving Indemnities – Administrative personnel: The Company's employees are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to the employee's compensation, length of service and manner of termination (dismissed or retired). Employees who resign, or are dismissed with cause are not entitled to termination payments. The Company's liability on an actuarially determined basis, at December 31, 2007 and 2008 amounted to $288 and $258, respectively.

(t) 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. Profit sharing represents the excess between an agreed daily base rate and the actual rate generated by the vessel 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 which are recorded as incurred, are recognized on a proportionate performance method over the duration of the voyage. A voyage is deemed to commence upon the latest between the completion of discharge of the vessel's previous cargo and the charter party date of the current voyage and is deemed to end upon the completion of discharge of the current cargo. Demurrage income represents payments by the charterer to the Company when loading or discharging time exceeded the stipulated time in the voyage charter. Vessel operating expenses are accounted for on the accrual basis. Unearned revenue represents cash received prior to year-end related to revenue applicable to periods after December 31 of each year.

When vessels are acquired with time charters attached and the rates on such charters are below market on the acquisition date, the Company allocates the total cost between the vessel and the fair value of below market time charter based on the relative fair values of the vessel and the liability acquired. The fair value of the attached time charter is computed as the present value of the difference between the contractual amount to be received over the term of the time charter and management's estimates of the market time charter rate at the time of acquisition. The fair value of below market time charter is amortized over the remaining period of the time charter as an increase to revenues.

(u) Stock Incentive Plan: All share-based compensation related to the grant of restricted shares provided to employees and to non-employee directors, for their services as directors, is included in Other general and administrative expenses in the consolidated statements of operations. The shares that do not contain any future service vesting conditions are considered vested shares and recognized in full on the grant date. The shares that contain a time-based service vesting condition are considered non-vested shares on the grant date and recognized on a straight-line basis over the vesting period. The shares, vested and non-vested are measured at fair value, which is equal to the market value of the Company's common stock on the grant date.

F-13

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

2. Significant Accounting Policies - (continued):

(v) Earnings per Share: Basic earnings per share are computed by dividing net income by the weighted average number of common shares deemed outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue common stock were exercised.

(w) Related Parties: The Company considers as related parties the affiliates of the Company; entities for which investments are accounted for by the equity method; principal owners of the Company; its management; members of the immediate families of principal owners of the Company; and other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. Another party also is a related party if it can significantly influence the management or operating policies of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests. An Affiliate is a party that, directly or indirectly through one or more intermediaries, controls, is controlled by, or has common control with the Company. Control is the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an enterprise through ownership, by contract and otherwise. Immediate Family is family members whom a principal owner or a member of management 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 Company and who have the authority to establish policies and make decisions by which those objectives are to be pursued. Management normally includes members of the board of directors, the CEO, the CFO, Vice President in charge of principal business functions and other persons who perform similar policy making 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 Company.

(x) Derivatives: The 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 embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value, with changes in the derivatives' fair value recognized currently in earnings unless specific hedge accounting criteria are met. The Company has not applied hedge accounting for its derivative instruments during the periods presented.

The fair value of derivative liabilities was not adjusted for nonperformance risk as the Company, as one of the parties to a derivative transaction expects to be able to perform under the contractual terms of its derivative agreements, such as making cash payments at periodic net settlement dates or upon termination.

(y) Segment Reporting: In 2007, the Company diversified its fleet portfolio by adding drybulk vessels to the Company's fleet. Management, including the chief operating decision maker, reviews operating results by vessel type. As a result the Company's acquisition of drybulk vessels in the fourth quarter of 2007 has resulted in the Company determining that it operates under two reportable segments, as a provider of international seaborne transportation services, carrying petroleum products and crude oil ("Tanker Fleet") and, drybulk commodities for the steel, electric utility, construction and agri-food industries ("Drybulk Fleet"). Consequently, the Company did not present segment information for 2006. The accounting policies applied to the reportable segments are the same as those used in the preparation of the Company's consolidated financial statements. The Company's chief operating decision maker started reviewing interest expense by segment beginning in 2008

F-14

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

2. Significant Accounting Policies - (continued):

when interest expense for its dry bulk vessels became significant. The 2007 segment disclosure has also been revised to include interest expense.

The Company reports financial information and evaluates its operations by charter revenues and not by the length of ship employment for its customers (i.e., spot or time charters) or by geographical region as the charterer is free to trade the vessel worldwide and, as a result, the disclosure of geographic information is impracticable. The Company does not have discrete financial information to evaluate the operating results for each such type of charter. Although revenue can be identified for these types of charters, management cannot and does not identify expenses, profitability or other financial information for these charters.

(aa) Recent Accounting Pronouncements:

(a) FASB Statement No. 157: In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurement" ("SFAS 157"). SFAS 157 addresses standardizing the measurement of fair value for companies that are required to use a fair value measure of recognition for recognition or disclosure purposes. The FASB defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measure date". SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company has adopted SFAS 157 effective January 1, 2008 and the adoption of this statement did not have a material effect on the Company's financial position, results of operations and cash flows. In February 2008, the FASB issued FASB Staff Position ("FSP") FASB 157-2 "Effective Date of FASB Statement No. 157" ("FSP FASB 157-2"). FSP FASB 157-2, which was effective upon issuance, delays the effective date of SFAS 157 for nonfinancial assets and liabilities, except for items recognized or disclosed at fair value at least once a year, to fiscal years beginning after November 15, 2008. FSP FASB 157-2 also covers interim periods within the fiscal years for items within the scope of this FSP. The adoption of this statement in the first quarter of 2009 did not have a material effect on the Company's financial position, results of operations and cash flows. On October 10, 2008, the FASB issued the proposed FSP FAS 157-3, "Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active", ("FSP FAS 157-3"), on an expedited basis to clarify the application of FASB Statement No. 157, "Fair Value Measurements", in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. FSP FAS 157-3 was effective upon issuance including prior periods for which financial statements have not been issued. The Company has incorporated this new guidance as it relates to the Company's derivative instruments. The adoption of SFAS 157-3 did not have a material impact on the Company's financial statements.

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

2. Significant Accounting Policies - (continued):

(b) FSP EITF 03-6-1: In June 2008, the FASB issued FSP No. EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities" ("FSP EITF 03-6-1"). FSP EITF 03-6-1 concludes that unvested share-based payment awards that contain rights to receive non-forfeitable dividends or dividend equivalents are participating securities, and thus, should be included in the two-class method of computing earnings per share ("EPS"). FSP EITF 03-6-1 is effective for fiscal years beginning after December 15, 2008, and interim periods within those years. Early application of EITF 03-6-1 is prohibited. It also requires that all prior-period EPS data be adjusted retrospectively. The Company has adopted EITF 03-6-1 effective January 1, 2009 and the adoption of this statement will result in a decrease of $0.04 in the basic and diluted earnings per share for the year ended December 31, 2008 once retroactively adjusted in 2009. When EITF 03-6-1 was retrospectively applied to the years ended December 31, 2006 and 2007 EPS data was not affected due to the fact that the Company was incurring losses.

(c) FASB Statement No. 159: In February 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 and certain other items at fair value. SFAS 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. Earlier adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of FASB Statement No. 157, "Fair Value Measurements". The Company has not elected to use the Fair Value Option under SFAS 159.

(d) FASB Statement No. 141R: In December 2007, the FASB issued SFAS No. 141R, "Business Combinations" ("SFAS 141R"). SFAS 141R establishes principles and requirements on how the acquirer in a business combination recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the entity acquired. In addition, SFAS 141R provides guidance on the recognition and measurement of goodwill acquired in the business combination or a gain from a bargain purchase as well as what information to disclose to enable users of the financial statements to evaluate the nature and financial impact of the business combination. SFAS 141R is effective for fiscal years beginning after December 15, 2008 and was adopted by the Company in the first quarter of fiscal year 2009. The adoption of SFAS 141R did not have a material effect on the Company's financial position, results of operations and cash flows. .

(e) FASB Statement No. 160: In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements - an Amendment of ARB No. 51" ("SFAS 160"). SFAS 160 establishes principles and requirements on how to treat the portion of equity in a subsidiary that is not attributable directly or indirectly to a parent. This is commonly known as a minority interest. The objective of SFAS 160 is to improve relevance, comparability, and transparency concerning ownership interests in subsidiaries held by parties other than the parent by providing disclosures that clearly identify between interests of the parent and interest of the noncontrolling owners and the related impacts on the consolidated statement of operations and the consolidated statement of financial position. SFAS 160 also provides guidance on disclosures related to changes in the parent's ownership interest and deconsolidation of a subsidiary. SFAS 160 is effective for fiscal years beginning after December 15, 2008, and was adopted by the Company in the first quarter of fiscal year 2009. The adoption of SFAS 160 did not have a material effect on the Company's financial position, results of operations and cash flows.

(f) FASB Statement No. 161: In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities". The new standard is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. It is

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

2. Significant Accounting Policies - (continued):

effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The adoption of SFAS 161 did not effect the Company's financial position, results of operations and cash flows as this statement relates only to financial statement disclosures.

(g) FASB Statement No. 162: In May 2008 the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("FASB No. 162"). In June 2009 FASB issued a Statement, "The Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162". The new standards identify the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements by establishing two levels of US GAAP: authoritative and nonauthoritative. This would be accomplished by authorizing the "FASB Accounting Standards Codification". On July 1, 2009, the "FASB Accounting Standards Codification" will become the single source of authoritative nongovernmental US GAAP, superseding existing FASB, American Institute of Certified Public Accountants (AICPA), Emerging Issues Task Force (EITF), and related literature. After that date, only one level of authoritative GAAP will exist. All other literature will be considered non-authoritative. The Codification does not change US GAAP; instead, it introduces a new structure-one that is organized in an easily accessible, user-friendly online research system. We do not expect that the new FASB Accounting Standards Codification of US GAAP will have an effect on our consolidated statement of financial position, results of operations or cash flows.

(h) FASB Statement No. 165: On May 28, 2009, the FASB issued SFAS No. 165 "Subsequent Events"("SFAS 165"), which provides guidance on management's assessment of subsequent events. SFAS 165:

-Clarifies that management must evaluate, as of each reporting period (i.e. interim and annual), events or transactions that occur after the balance sheet date "through the date that the financial statements are issued or are available to be issued."

-Does not change the recognition and disclosure requirements in AICPA Professional Standards, AU Section 560, "Subsequent Events" ("AU Section 560") for Type I and Type II subsequent events; however, Statement 165 refers to them as recognized (Type I) and nonrecognized subsequent events (Type II).

-Requires management to disclose, in addition to the disclosures in AU Section 560, the date through which subsequent events have been evaluated and whether that is the date on which the financial statements were issued or were available to be issued.

-Indicates that management should consider supplementing historical financial statements with the pro forma impact of nonrecognized subsequent events if the event is so significant that disclosure of the event could be best made through the use of pro forma financial data.

SFAS 165 is effective prospectively for interim or annual financial periods ending after June 15, 2009. Therefore, it will be effective for the Company beginning with the second quarter of 2009. The Company is currently evaluating the potential impact, if any, of the adoption of this statement on its financial statements.

F-17

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

2. Significant Accounting Policies - (continued):

(bb) Reclassification of Prior Year Balances:

(i) Beginning in 2008 the Company presented all gains and losses on a derivative financial instruments as a separate item on the face of the consolidated statement of operations under the heading "Gain / (loss) on financial instruments". In order for the financials to be comparative, the Company has retrospectively reclassified all gains and losses on financial instruments from the line "interest and financing costs" to "Gain / (loss) on financial instruments" for the years ended December 31, 2006 and 2007. These reclassifications had no impact on the results of operations of the Company.

(ii) For the year ended December 31, 2008 the Company separately reported a non-cash provision for doubtful accounts previously reported in change in trade accounts receivable to separately report all major classes of reconciling items when presenting adjustments to reconcile net income to net cash provided by operating activities in a consolidated statement of cash flows. In order for financial statements to be comparative, the Company has retroactively reclassified a non-cash provision for doubtful accounts for the years ended December 31, 2006 and 2007 to conform with the presentation for the year ended December 31, 2008. These reclassifications had no impact on the net cash from (used in) operating activities in the consolidated statements of cash flows.

3. Going Concern:

As of December 31, 2008, the Company was in breach of the minimum asset cover ratio and other covenants contained in the Company's loan agreements relating to the Company's overall outstanding indebtedness of $342,479. These constitute an event of default and could result in the lenders requiring immediate repayment of the loans. As a result of these covenant breaches and cross-default provisions, the Company has classified all its debt as current as discussed in Note 12 to the consolidated financial statements. A cross-default provision means that if the Company is in default with regards to a specific loan then it is automatically in default of all its loans with cross-default provisions. For this reason, the Company is not able to breakdown its debt obligations into current and long term unless it is able to receive waivers for all covenant breaches.The amount of long term debt that has been reclassified and presented together with current liabilities amounts to $289,954. The Company has received waivers for minimum asset cover, as defined by each bank, and other covenants from two of its lenders and is in negotiations with its remaining lenders to obtain waivers and restructure the debt. Management expects that the lenders will not demand payment of the loans before their maturity, provided that the Company pays loan installments and accumulated or accrued interest as they fall due under the existing credit facilities. Management plans to settle the loan interest and scheduled loan repayments with existing cash reserves, cash generated from operations and proceeds of an equity offering or at the market sales which will be initiated during the second half of 2009. Management does not expect that existing cash reserves together with cash generated from the operations of the vessels owned or operated by the Company to be sufficient to repay the total balance of loans in default if such debt is accelerated by the lenders. Management believes that during 2009 the Company may be in breach of covenants relating to minimum liquidity, as defined by each bank. However, it is management's belief that banks will not accelerate their loan repayments as long as loan installments are paid on time. Nevertheless, during 2009, we expect to be in breach of covenants relating to the minimum liquidity and EBITDA as defined by each bank.

The consolidated financial statements have been prepared assuming that the Company will continue as a going concern. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts the amounts and classification of liabilities, or any other adjustments that might result should the Company be unable to continue as a going concern, except for the current classification of debt discussed in Note 12.

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

4. Segment Reporting:

The following tables present segment results for the years ended December 31, 2007 and 2008 respectively:

Year ended December 31, 2007	Tanker Fleet	Drybulk Fleet	Unallocated (1)	Total
REVENUES:				
Revenues	248,944	1,902	1,413	252,259
EXPENSES:				
Voyage expenses	59,253	161	-	59,414
Charter hire expense	94,118	-	-	94,118
Amortization of deferred gain on sale and leaseback of vessels	(15,610)	-	-	(15,610)
Other vessel operating expenses	67,225	689	-	67,914
Dry-docking costs	25,094	-	-	25,094
Depreciation	26,560	848	-	27,408
Sub-Manager fees	1,821	7	-	1,828
Other general and administrative expenses	22,729	267	-	22,996
Foreign currency gains (losses), net	-	-	176	176
Gain on sale of vessels	(1,961)	-	-	(1,961)
Operating income (loss)	(30,285)	(70)	1,237	(29,118)
Interest and finance costs	(17,464)	(2,054)	-	(19,518)
Segment income (loss)	(47,749)	(2,124)	1,237	(48,636)
Fair value change of financial instruments				(3,704)
Interest income				3,248
Other, net				16
Net Loss				(49,076)

(1) Unallocated amounts relate to the drybulk vessels' amortization of the fair value of below market time charter contracts acquired of $1,413 less the foreign currency losses, net of $176. These amounts are unallocated as they are not included in the financial information used by the chief operating decision maker to allocate the Company's resources.

F-19

Explanation of Responses:

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

4. Segment Reporting-(continued):

Year ended December 31, 2008	Tanker Fleet	Drybulk Fleet	Unallocated (1)	Total
REVENUES:				
Revenues	163,995	71,590	21,795	257,380
EXPENSES:				
Voyage expenses	34,215	4,441	-	38,656
Charter hire expense	53,684	-	-	53,684
Amortization of deferred gain on sale and leaseback of vessels	(18,707)	-	-	(18,707)
Other vessel operating expenses	56,272	10,842	-	67,114
Dry-docking costs	9,450	586	-	10,036
Depreciation	13,867	18,797	-	32,664
Sub-Manager fees	1,096	79	(16)	1,159
Other general and administrative expenses	22,458	7,856	-	30,314
Foreign currency gains (losses), net	-	-	(85)	(85)
Gain on sale of vessels	(21,347)	2,169	-	(19,178)
Operating income	13,007	26,820	21,896	61,723
Interest and finance costs	(11,888)	(13,876)	-	(25,764)
Segment income	1,119	12,944	21,896	35,959
Fair value change of financial instruments				(12,024)
Interest income				1,831
Other, net				(127)
Net Income				25,639

(1) Unallocated amounts relate to the drybulk vessels' amortization of the fair value of below market time charter contracts acquired of $21,795, the management fees related to the management of third party vessels of $16 less the foreign currency gains, net of $85. These amounts are unallocated as they are not included in the financial information used by the chief operating decision maker to allocate the Company's resources.

During 2008, 17% of the Company's revenues derived from time charter agreements. During 2006 and 2007 two charterers, relating only to the Tanker Fleet, individually accounted for more than 10% of the Company's revenues and during 2008 one charterer, relating only to the Tanker Fleet, individually accounted for more than 10% of the Company's revenues as follows:

Charterer	Year Ended December 31, 2006	2007	2008
A	11%	-	
B	29%	23%	17%
C	-	10%	

F-20

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

4. Segment Reporting-(continued):

A reconciliation of segment assets, liabilities and cash flows to amounts presented in the consolidated balance sheets and cash flow statements is as follows for the years ended December 31, 2007 and 2008 respectively:

Year ended December 31, 2007	Tanker Fleet	Drybulk Fleet	Unallocated (1)	Total
Trade accounts receivable, net	14,867	317		15,184
Vessel held for sale	46,268			46,268
Vessels, net	355,228	198,663		553,891
Long-term debt (2)	305,818	133,066		438,884
Total assets at December 31, 2007	504,147	223,186	49,584	776,917
Cash paid for vessels	187,360	167,685	-	355,045

(1) Unallocated mainly relates to cash and cash equivalents (including restricted cash) of $41,566 and other fixed assets of $5,711, which are not allocated to individual segments.

(2) Current and long-term portion of long term debt are $107,488 and $331,396, respectively.

Year ended December 31, 2008	Tanker Fleet	Drybulk Fleet	Unallocated (1)	Total
Trade accounts receivable, net	4,418	(210)	-	4,208
Vessels, net	79,056	335,459	-	414,515
Current portion of long-term debt	165,965	176,514	-	342,479
Total assets at December 31, 2008	275,932	351,331	71,112	698,375
Cash paid for vessels	-	118,142	-	118,142

(1) Unallocated mainly relates to cash and cash equivalents (including restricted cash) of $61,389 and other fixed assets of $6,545, which are not allocated to individual segments.

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

5. Transactions with Related Parties:

(a) Pyramis Technical Co. S.A.: In January 2006 the Company entered into an agreement to lease office space in Athens, Greece, with an unrelated party. The change in office location, due to necessary refurbishments, took place in October 2006. In April and August 2006, the Company entered into an agreement with Pyramis Technical Co. S.A., for the renovation of the new premises. As of December 31, 2007, the total contracted cost amounted to Euro 2,499 or $3,686 (based on the Dollar/Euro exchange rate as of December 31, 2007), out of which Euro 2,855, inclusive of the applicable VAT, or $3,767 (based on the Dollar/Euro exchange rate as of December 31, 2007) was paid up to December 31, 2007 and is included in the $3,872 renovation works. As of December 31, 2008, the total contracted cost amounted to Euro 2,959 or $4,112 (based on the Dollar/Euro exchange rate as of December 31, 2008), out of which Euro 3,402, inclusive of the applicable VAT, or $4,555 (based on the Dollar/Euro exchange rate as of December 31, 2008) was paid up to December 31, 2008 and is included in the $4,698 renovation works. The renovation works are included in Other fixed assets, net, which are separately presented in the accompanying December 31, 2008 consolidated balance sheet and are depreciated over the lease period, which is 12 years.

(b) Cardiff Marine Inc. ("Cardiff"): Both Cardiff and Sphinx Investment Corp. are controlled by Mr. George Economou who has been a related party since April 2008, when we privately placed 7.3 million with various investors (Note 16). As of December 31, 2008, Sphinx Investment Corp. holds approximately 13.82% of the Company's outstanding common stock. Cardiff provides the Company with chartering and sale and purchase brokerage services. During the twelve months ended December 31, 2008, Cardiff charged the Company $4,245 and $570 for commissions for vessels' acquisitions, included in Vessels, net and chartering services and in Voyage expenses, respectively. As of December 31, 2008, the amount due to Cardiff was $197, which is included in Accrued Liabilities.

6. Leases:

A. LEASE ARRANGEMENTS, UNDER WHICH THE COMPANY ACTS AS THE LESSEE

i) Sale and Leaseback of Vessels:

The Company entered into sales and leaseback transactions in 2005 and 2006 as follows:

(a) In 2005, the Company sold the vessels Restless, Sovereign, Relentless, Invincible and Victorious and realized a total gain of $17,159. The Company entered into bareboat charter agreements to leaseback the same five vessels for a period of seven years. The Company and the owner/lessor of vessels Invincible, Victorious, Restless and Sovereign mutually agreed to terminate the bareboat charters, following the sale of vessels to third parties. The termination of the bareboat charters became effective upon the vessels' delivery to their new owners, on July 11, 2007, August 27, 2007, September 17, 2007 and August 14, 2008, respectively. Following the bareboat charter termination in August 2008, $1,404, net of $480 of sale expenses is included in Amortization of deferred gain on sale of vessels in the 2008 accompanying consolidated statement of operations.

(b) In 2006, the Company sold the vessels Flawless, Timeless, Priceless, Stopless, Doubtless, Vanguard, Faithful, Spotless, Limitless, Endless, Stainless, Faultless and Noiseless to three unrelated parties (buyers/lessors) for $550,000; of which 90% or $495,000 was received upon closing of the sale. Simultaneous with the sale of the vessels, the Company entered into bareboat charter agreements to leaseback the same vessels for a period of five to seven years with no lease renewal option. Another unrelated party assumed in June 2006 the rights and obligations of one of the buyers/lessors through a novation agreement with no other changes to the terms and conditions of the agreements.

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

6. Leases-(continued):

Based on the Memorandum of Agreement dated March 6, 2008, the owner and lessor of M/T Faultless agreed to sell the vessel to a third party. The Company and the lessor mutually agreed to terminate the bareboat charter, on March 31, 2008, upon the vessel's delivery to its new owners. Following the bareboat charter termination, $62, net of $945 of sale expenses is included in Amortization of deferred gain on sale of vessels in the 2008 accompanying consolidated statement of operations.

Based on the Memoranda of Agreement dated July 31, 2008, the owners and lessors of M/T Flawless, M/T Timeless, M/T Priceless and M/T Stopless agreed to sell the vessels to a third party. The Company and the lessors mutually agreed to terminate the bareboat charters, on September 18, 2008, upon the vessels' deliveries to their new owners. Following the bareboat charters termination, $14,182, net of $12,858 and $1,491 of sale expenses and gain from the sale of vessels, respectively, is included in Amortization of deferred gain on sale of vessels in the 2008 accompanying consolidated statement of operations.

The bareboat charter agreements are accounted for as operating leases and the gain on the sale was deferred and is being amortized to income over the lease period. The deferred gain was calculated by deducting from the sales price the carrying amount of the vessels, the expenses related to the sale and the unpaid sales price (which is treated as a residual value guarantee and will be recognized in income upon collection).

The amortization of the deferred gain on sale and leaseback of vessels of $8,110, $15,610 and $18,707 for the years ended December 31, 2006, 2007 and 2008, respectively, is separately reflected in the accompanying consolidated statements of operations. During the years ended December 31, 2006, 2007 and 2008, lease payments relating to the bareboat charters of the vessels were $96,302, $94,118 and $53,684, respectively and are separately reflected as Charter hire expense in the accompanying consolidated statements of operations.

The sale and leaseback transactions entered into in 2006 contain a requirement to maintain a minimum amount of cash on deposit by the Company during the bareboat charter period. Specifically, the Company maintained consolidated cash balances of $25,000 and $20,000 as at December 31, 2007 and December 31, 2008 respectively.

In addition, the Company has agreed with the lessors through a separate performance guarantee deed that it irrevocably and unconditionally guarantees the prompt and punctual payment of all sums payable by the Company to the lessors under or pursuant to the sale and leaseback agreements. The term of the performance guarantee covers the period of the leases.

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

6. Leases-(continued):

Following the sale of M/T Faultless, the Company received part of the seller's credit, or $1,960. Following the sale of M/T Flawless, M/T Timeless, M/T Stopless and M/T Priceless, the Company received part of the seller's credit, or $11,260. Following the termination of the bareboat charters for Limitless, Endless, Stainless, Faultless, Noiseless, Flawless, Timeless, Priceless and Stopless a portion of the sales price (representing 10% of the gross aggregate sales price of the remaining vessels sold and leased back in 2006) in the amount of $10,000, has been withheld by the buyers/lessors and will be paid to the Company not later than three months after the end of bareboat charter period or upon the resale of the vessels, if earlier. Consequently, such unpaid sales price was recorded as a receivable at its discounted value. The discount will be accreted through deferred gain on sale and leaseback of vessels over the period of the bareboat charter agreements or through the date of the resale of the vessels, if earlier. As of December 31, 2008 the present value of the unpaid sales price was $7,681.

ii) Office lease:

In January 2006, the Manager entered into an agreement to lease office space in Athens, Greece, with an unrelated party. The office is 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 extension of ten years. As of December 31, 2007, the monthly rent was Euro 120 or $177 (based on the Dollar/Euro exchange rate as of December 31, 2007) adjusted annually for inflation increase plus 1%. In November 2007, the agreement was amended and the new monthly rent starting February 2008 became Euro 116 or $161 (based on the Dollar/Euro exchange rate as of December 31, 2008) with all other terms remaining unchanged. Other general and administrative expenses for the years ended December 31, 2006, 2007 and 2008 include $1,272, $2,097 and $2,405, respectively, of office rentals.

In February 2007, Top Tankers (U.K) Limited entered into a lease agreement for office space in London. The agreement was for duration of 9 months ending November 2007. The monthly lease was $11 (USD equivalent of GBP 5 as of December 31, 2007), payable monthly in advance. In May 2007, Top Tankers (U.K) Limited entered into a new lease agreement for office space in London. The previous lease agreement was early terminated and therefore the lease was payable up to August 2007. The new lease agreement is valid from June 2007 and shall continue until either party shall give to the other one calendar month written notice. The new annual lease is $29 (USD equivalent to GBP 20 as of December 31, 2008), payable quarterly in advance. Other general and administrative expenses for the years ended December 31, 2006, 2007 and 2008 include $175, $129 and $38, respectively, of office rentals.

iii) Future minimum lease payments:

The Company's future minimum lease payments required to be made after December 31, 2008, related to the existing at December 31, 2008 bareboat charter agreements and office lease are as follows:

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

6. Leases-(continued):

Year ending December 31,	Bareboat Charter	Office Lease	Total
2009	23,206	2,004	25,210
2010	23,206	2,004	25,210
2011	8,104	2,004	10,108
2012	2,967	2,004	4,971
2013	-	2,004	2,004
2014 and thereafter	-	8,680	8,680
	57,483	18,700	76,183

On April 3, 2009, the Company entered into an agreement to terminate the bareboat charter of MT Relentless, which has been in force since September 7, 2005 between Partankers II and Parnon Shipping Company Limited and would have expired in 2012. Under this agreement, during the third quarter of 2009 the Company will redeliver the M/T Relentless to its owners and pay a termination fee of $2,500. In addition to the termination fee the Company has undertaken to perform certain works on the vessel prior to its redelivery which will involve additional costs. From the date of the agreement until the date of redelivery the bareboat hire has been set at $7,000 per day and has been included in the above table.

On June 24, 2009, the Company terminated the bareboat charters and redelivered the vessels M/T Faithful, the M/T Doubtless, the M/T Spotless and the M/T Vanguard to their owners after paying $11,750 in termination fees and expenses. In addition to the termination fees and expenses, the Company has forfeited its right to receive the seller's credit of $10,000 from the initial sale of the vessels, which would have been received upon expiration of the bareboat charter, and the Company has undertaken to pay for the dry-dock of the M/T Spotless which is currently in progress. The bareboat charter would have expired in 2011. Also, the Company will remain the manager of these vessels until the expiration of their current time charters, in early 2010, and will be reimbursed by the owners for all expenses incurred. These were the last leased vessels in the Company's fleet.

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

6. Leases-(continued):

B. LEASE ARRANGEMENTS, UNDER WHICH THE COMPANY ACTS AS THE LESSOR

i) Charter agreements:

All of the Company's time charters and bareboat charters are classified as operating leases. Revenues under operating leases are recognized when a charter agreement exists, charter rate is fixed and determinable, the vessel is made available to the lessee and collection of related revenue is reasonably assured.

As of December 31, 2008, the Company operated twelve vessels, of which seven were owned and five were leased pursuant to sales and leaseback arrangements discussed above. As of December 31, 2008, eleven of the vessels were operating under long-term time charters and one under bareboat charter.

Future minimum time-charter receipts, based on vessels committed to non-cancellable time and bareboat charter contracts, as of December 31, 2008, are as follows:

Year ending December 31,	Time Charter receipts
2009	89,658
2010	53,461
2011	30,398
2012	18,630
2013 and thereafter	4,879
	197,026

7. Inventories:

The amounts shown in the accompanying consolidated balance sheets are analyzed as follows:

	December 31, 2007	December 31, 2008
Bunkers	5,723	-
Lubricants	1,839	795
Consumable stores	396	170
	7,958	965

8. Prepayments and Other:

The amounts shown in the accompanying consolidated balance sheets are analyzed as follows:

	December 31, 2007	December 31, 2008
Prepaid expenses	3,013	1,087

Other receivables	2,567	3,637
	5,580	4,724

F-26

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

9. Advances for Vessels Acquisitions / under Construction:

In October 2006, the Company entered into an agreement for the construction of six Handymax Product / Chemical tankers. The total contract price is $285,380 and is payable in five installments 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 is partially financed from long-term bank financing discussed in Note 12. The first installment for the six vessels of $42,807 was paid in December 2006 and January 2007. The second installment for all vessels, the third installment for five vessels and the fourth installment for two vessels in an aggregate amount of $109,229 was paid during 2008. The vessels are expected to be delivered during 2009.

The advances for vessels acquisitions / under construction as of December 31, 2006, 2007 and 2008 are analyzed as follows:

	Construction installments	Acquisitions	Capitalized interest	Capitalized costs	Total
Balance, December 31, 2006	28,638	-	34	11	28,683
- Additions	14,169	20,250	2,661	263	37,343
Balance, December 31, 2007	42,807	20,250	2,695	274	66,026
- Transfer to vessel cost / obligations under capital lease	-	(20,250)	-	(65)	(20,315)
- Additions	109,229		3,873	1,158	114,260
Balance, December 31, 2008	152,036	-	6,568	1,367	159,971

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

10. Vessels, net:

The amounts in the accompanying consolidated balance sheets are analyzed as follows:

	Vessel Cost	Accumulated Depreciation	Net Book Value
Balance, December 31, 2006	331,324	(24,906)	306,418
—Vessel held for sale	(48,582)	2,314	(46,268)
—Acquisitions	371,162	-	371,162
—Disposals	(55,638)	5,625	(50,013)
—Depreciation	-	(27,408)	(27,408)
Balance, December 31, 2007	598,266	(44,375)	553,891
—Acquisitions	219,934	-	219,934
—Disposals	(371,039)	44,393	(326,646)
—Depreciation	-	(32,664)	(32,664)
Balance, December 31, 2008	447,161	(32,646)	414,515

On December 6, 2007, the Company entered into an agreement to sell the vessel M/T Noiseless to an unrelated party for a consideration of $48,000. The gain from the sale of $582 was recognized upon the delivery of the vessel to the buyer, on January 30, 2008.

During July 2007, the Company entered into an agreement to acquire one 2002 built super Handymax, or Supramax, drybulk vessel of 51,200 dwt, built in China from unrelated third party, with an attached time charter contract. The vessel (M/V Voc Gallant) was delivered to the Company on February 1, 2008 and was chartered back to the sellers for a period of 18 months at a daily net rate of $25,650 on a bareboat basis. The purchase price of the vessel with the attached time charter was $54,500.

During August 2007, the Company entered into agreement to acquire one 2001 built Panamax drybulk vessel of 75,928 dwt, built in Japan from unrelated third party. The vessel (M/V Pepito) was delivered to the Company in March 2008 and entered into time charter contract. The purchase price of the vessel was $74,000.

On April 1, 2008, the Company entered into an agreement to sell the vessel M/V Bertram to an unrelated party for consideration of $46,500. The vessel was delivered to its new owners on April 16, 2008. A loss from the sale of $2,169 was recognized upon vessel's delivery.

On May 1, 2008, the Company took delivery of the drybulk vessel M/V Astrale.

On June 23, 2008, the Company entered into an agreement to sell the vessel M/T Stormless to an unrelated party for consideration of $47,000. The vessel was delivered to its new owners on June 26, 2008. A gain from the sale of $1,787 was recognized upon vessel's delivery.

In June 2008, the Company entered into agreements to sell the vessels M/T Edgeless, M/T Ellen P., M/T Limitless and M/T Endless to unrelated parties for a total consideration of $193,000. The M/T Edgeless was delivered to its new owners on July 10, 2008, while the remaining three vessels were delivered to their new owners early September 2008. A gain from these sales of $19,439 was recognized upon vessels' deliveries.

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

11. Fair Value Of Below Market Time Charter:

In November and December 2007 and February 2008, the Company acquired the drybulk vessels M/V Bertram, M/V Amalfi and M/V Voc Gallant, respectively, with attached time charter contracts. As a result, the purchase price of the vessels was allocated between vessel cost and the fair value of the time charter contracts, totaling in aggregate $43,259, which is reflected in Fair Value of Below Market Time Charter on the accompanying consolidated balance sheets. Following the sale of the M/V Bertram, on April 16, 2008, the then unamortized fair value of below market time charter of $16,140 was written-off to the loss from the sale of vessel. The liability is amortized to revenues over the remaining period of the time charter contracts on a straight-line basis. For the year ended December 31, 2007 and 2008, the amortization of the fair value of the time charter contracts totaled $1,413 and $21,795, respectively and is included in Revenues in the accompanying consolidated statement of operations. The remaining unamortized fair value of amount $3,911 relates to M/T Voc Gallant and will be amortized during the first and second quarters of 2009.

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

12. Long-term Debt:

The amounts in the accompanying consolidated balance sheets are analyzed as follows:

	Borrower(s)	December 31, 2007	December 31, 2008
(a)	The Company	194,367	60,599
(b)	Myticas	27,863	-
(c)	Litochoro	27,863	-
(d)	Imitos	27,863	-
(e)	Parnis	27,863	-
(f)	Noir	27,826	-
(g)	Amalfi	57,490	24,570
(h)	Japan III	47,749	36,816
(i)	Jeke	-	28,074
(j)	Japan I	-	46,522
(k)	Japan II	-	40,532
(l)	Lichtenstein	-	24,489
(m)	Warhol		22,697
(n)	Indiana		16,266
(o)	Britto		16,266
(p)	Banksy		16,169
(q)	Hongbo		9,479
	Total	438,884	342,479
	Less- current portion	(107,488)	(342,479)
	Long-term portion	331,396	-

(a) The Company:

At December 31, 2008, the Company had a revolving credit facility outstanding of $60,926, maturing in August 2013, excluding unamortized financing fees of $327.

(i) Revolving Credit Facility: At December 31, 2007, the Company had a revolving credit facility outstanding of $93,000, excluding unamortized financing fees of $1,553. In March 2008, the Company restructured the revolving credit facility by amending the undrawn revolver limit from $65,000 to $30,000. Accordingly, an amount of $10,000, $10,000, $5,000 and $5,000 was drawn to partially finance the construction of six vessels (Note 9), in March, May, June and September 2008, respectively. In August 2008 and October 2008, the Company made prepayments amounting to $10,000 and $50,000, respectively, due to refinancing of the first and second construction installment of the newbuildings. As of December 31, 2008, there was no undrawn amount. Commitment fees paid up to the last drawdown were $72 and are included in Interest and Finance Costs in the December 31, 2008 accompanying consolidated statement of operations. The revolving credit facility bears interest at LIBOR plus a margin (as of December 31, 2008 the margin was 1.25%). The applicable interest rate as of December 31, 2008 is 3.70%.

The facility contains various covenants, including i) security value maintenance whereby the market value of the vessels and the market value of any additional security are greater than or equal to 130% of the outstanding loan and the fair value of outstanding swaps, ii) market value adjusted net worth is greater than or equal to $250,000 and greater than or equal to 35% of total assets, and iii) EBITDA is greater than 120% of fixed charges, iv) minimum liquid funds of $10,000 or $0.5 per group vessel and v) a minimum balance of $5,000 to be maintained in the operating accounts.

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

12. Long-term Debt-(continued):

As of December 31, 2008, the Company was not in compliance with the security value maintenance covenant. The Company is currently in discussions with the bank in order to receive waivers until March 31, 2010. The outcome of these discussions remains unknown.

(ii) Loan: The outstanding loan of $102,920, as of December 31, 2007 was repaid during the twelve months ended December 31, 2008, due to the sale of vessels Stormless, Edgeless and Ellen P (Note 10).

(b), (c), (d), (e) Mytikas – Litochoro – Imitos – Parnis: The outstanding aggregate amount of loan of $112,625, excluding unamortized financing fees of $1,173, as of December 31, 2007, was repaid during the twelve months ended December 31, 2008, due to the sale of vessels Limitless, Endless, Noiseless and Stainless (Note 10).

(f) Noir: The outstanding loans of $28,109, excluding unamortized financing fees of $283 as of December 31, 2007, was repaid during the twelve months ended December 31, 2008, due to the sale of the vessel Bertram (Note 10).

(g) Amalfi: At December 31, 2008, Amalfi had a loan outstanding of $24,808, maturing in December 2014, excluding unamortized financing fees of $238.

(i) Loan: A loan of $24,808, (which is part of the $95,000 loan that was concluded to partially finance the acquisition cost of the drybulk vessels Bertram, Amalfi and Voc Gallant – the "Bulker Financing"), was drawn down on December 27, 2007 (originally amounted to $30,250), to partially finance the acquisition cost of the drybulk vessel Amalfi. Commitment fees paid up to the last drawdown were $10 and are included in Interest and Finance Costs in the December 31, 2008 accompanying consolidated statement of operations. The credit facility bears interest at LIBOR plus a margin (as of December 31, 2008 the margin was 1.35%). The applicable interest rate as of December 31, 2008 is 2.82%.

The facility contains various covenants, including i) asset maintenance whereby the fair market value of the vessel and the fair value of swaps are greater than or equal to a required percentage. As per the initial loan agreement the minimum required percentage had been set at 130% for the first four years and 135% from then on until maturity. During 2008 these figures were adjusted to 140% and 145% respectively as a result of waiver received for a breach of the EBITDA covenant, ii) market value adjusted net worth greater than or equal to $250,000 and greater than or equal to 35% of total assets, and iii) EBITDA greater than 120% of fixed charges, iv) minimum liquid funds of $25,000 or $500 per group vessel. During 2008 minimum liquid funds were adjusted to $30,000 as a result of waiver received for a breach of the EBITDA covenant. No dividend payout in excess of 70% of net income per year and full dividend restriction in case of breach of covenant.

As of December 31, 2008, the Company was not in compliance with the asset maintenance and the adjusted net worth covenants. The Company has received waivers for both breaches, as well as for EBITDA to fixed charges until March 31, 2010, according to loan agreement amendment dated May 2009. In the case of adjusted net worth, the minimum of $250,000 has been replaced by $125,000. Following discussions with regards to a further decrease of minimum adjusted net worth to $75,000, the bank has not agreed to further reduce the minimum from $125,000 but they have reassured the Company that they will be accommodating in providing waivers for any breaches until March 31, 2010.

F-31

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

12. Long-term Debt-(continued):

The loan agreement amendment provides for the following: (1) the Company should maintain a pledged amount of $6,580 which will be applied against future installments of the bulker financing starting from August 2009; 50% pro rata against the 12 installments starting from August 2009, and 50% pro rata against all remaining installments of the facility including the balloon, starting from August 2009 (2) a restructuring fee of $150, (3) increase in margin of bulker financing from 1.35% to 2.50% until March 31, 2010, (4) in the case of sale of vessels financed by the same lender 100% of the sale proceeds following debt repayment to be applied towards full covenant compliance, (5) in the case of sale of vessels not financed by the same lender, following debt repayment the lender to be allocated an amount of the remaining sale proceeds equal to the proportion of total outstanding loans due to the lender over the Company's total indebtedness, (6) In the case of a successful offering, the lender is to be allocated an amount (on the basis of 50% of offering proceeds) equal to the proportion of total outstanding loans due to the lender over the Company's our total indebtedness (7) Company cash deposits, in addition to the pledged amounts, shall be at least equal to $1,500 (i.e. $750 per vessel) (8) Minimum liquidity has been redefined as $25,000 inclusive of all pledged deposits with all banks (9) cross collateralization with facilities (i), (m), (n) and (o).

(ii) Loan: In May and September 2008, the Company repaid the then outstanding loan of $31,000 that was used to partially finance the acquisition cost of the drybulk vessels Cyclades and Amalfi.

In April 2008, the Company agreed to extend the maturity of this loan until September, for which the Company paid a fee of $450.

(h) Japan III: At December 31, 2008, Japan III had a loan outstanding of $37,000, maturing in December 2015, excluding unamortized financing fees of $184.

Loan: The loan of $37,000 (originally amounted to $48,000) was drawn down on December 17, 2007 to partially finance the acquisition cost of the drybulk vessel Cyclades. The loan was subject to a fee of 0.50% on the loan amount, half of the fee was paid in November 2007 and the other half was paid in January 2008. The credit facility bears interest at LIBOR plus a margin (as of December 31, 2008 the margin was 1.30%). The applicable interest rate as of December 31, 2008 is 2.6%.

The facility contains various covenants, including i) asset maintenance whereby the fair market value of the vessel is greater than or equal to 130% of the outstanding loan, ii) market value adjusted net worth greater than or equal to $250,000 iii) book equity (total assets less consolidated debt) to be greater than $100,000, and iv) minimum cash balances of $25,000.

As of December 31, 2008, the Company was not in compliance with the asset maintenance and the adjusted net worth covenants. The Company has received waivers for both breaches until March 31, 2010, according to a supplemental agreement dated April 2009.

F-32

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

12. Long-term Debt-(continued):

The supplemental agreement signed provides for the following: (1) a cash pledge of $ 4,000 to be maintained with the lender; this amount will be applied towards the financing in case of renegotiation or cancellation of the existing time charter agreement of M/V Cyclades. $2,000 of the pledged cash will be released on December 31, 2009 subject to the above and no other event of default. The remaining $2,000 will be released on March 30, 2010 given that: a) no renegotiation or cancellation of the existing time charter agreement will be effected until then, b) no event of default has occurred in the respective loan facility. (2) increase in margin from 1.30% to 2.50%, (3) Minimum liquidity is reduced to $15,000 from $25,000 until March 31, 2010, (4) cross collateralization of the this facility with the facility under (l).

(i) Jeke: At December 31, 2008, Jeke had a loan outstanding of $28,432, maturing in February 2015, excluding unamortized financing fees of $358.

Loan: A loan of $28,432, (which is part of the $95,000 loan that was concluded to partially finance the acquisition cost of the drybulk vessels Bertram, Amalfi and Voc Gallant) was drawn down in February, 2008 (originally amounted to $35,078), to partially finance the acquisition cost of the drybulk vessel Voc Gallant. The credit facility bears interest at LIBOR plus a margin (as of December 31, 2008 the margin was 1.35%). The applicable interest rate as of December 31, 2008 is 4.54%.

The facility contains various covenants, including i) asset maintenance whereby the fair market value of the vessel and the fair value of swaps are greater than or equal to a required percentage. As per the initial loan agreement the minimum required percentage had been set at 130% for the first four years and 135% from then on until maturity. During 2008 these figures were adjusted to 140% and 145% respectively as a result of waiver received for a breach of the EBITDA covenant, ii) market value adjusted net worth greater than or equal to $250,000 and greater than or equal to 35% of total assets, and iii) EBITDA greater than 120% of fixed charges, iv) minimum liquid funds of $25,000 or $500 per group vessel. During 2008 minimum liquid funds were adjusted to $30,000 as a result of waiver received for a breach of the EBITDA covenant v) No dividend payout in excess of 70% of net income per year and full dividend restriction in case of breach of covenant.

As of December 31, 2008, the Company was not in compliance with the asset maintenance and the adjusted net worth covenants. The Company has received waivers for both breaches according to loan agreement amendment dated May 2009 discussed under (g) above.

(j) Japan I: At December 31, 2008, Japan I had a loan outstanding of $46,663, maturing in March 2015, excluding unamortized financing fees of $141.

Loan: The loan of $46,663 (originally amounted to $50,000) was drawn down in March, 2008 to partially finance the acquisition cost of the drybulk vessel Pepito. Commitment fees paid up to the last drawdown were $32 and are included in Interest and Finance Costs in the December 31, 2008 accompanying consolidated statement of operations. The loan was subject to a fee of $175, paid on drawdown. The credit facility bears interest at LIBOR plus a margin (as of December 31, 2008 the margin was 1.10%). The applicable interest rate as of December 31, 2008 is 3.88%.

The facility contains various covenants, including i) asset maintenance whereby the fair market value of the vessel is greater than or equal to 125% of the outstanding loan, ii) leverage ratio (total liabilities divided by total assets adjusted for fair market values of vessels) is less than 75% iii) Interest cover ratio of no less than 2.5 times (defined as EBITDA divided by interest expense), iv) minimum cash balances of no less than the aggregate of next 6 months of senior debt principal payments and v) Ensure that throughout the security period, the borrower shall maintain in the earnings account average monthly balances of $1,000.

As of December 31, 2008, the Company was not in compliance with the asset maintenance and the leverage ratio covenants. The Company is currently in the process of receiving waivers for these breaches until March 31, 2010.

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

12. Long-term Debt-(continued):

(k) Japan II: At December 31, 2008, Japan II had a loan outstanding of $41,000, maturing in April 2013, excluding unamortized financing fees of $468.

Loan: The loan of $41,000 (originally amounted to $48,000) was drawn down in April, 2008 to partially finance the acquisition cost of the drybulk vessel Astrale. The loan was subject to a fee of $600, paid on drawdown. The credit facility bears interest at LIBOR plus a margin (as of December 31, 2008 the margin was 1.75%). The applicable interest rate as of December 31, 2008 is 6.25%.

The facility contains various covenants, including i) asset maintenance whereby the fair market value of the vessel is greater than or equal to 140% of the outstanding loan for the first two years and 130% thereafter, ii) a Net Asset Value that is greater than $125,000, iii) Stockholder's equity to be greater than $100,000, and iv) minimum cash balances of $25,000.

As of December 31, 2008, the Company was not in compliance with the asset maintenance and the net asset value covenants. The Company is currently in the process of receiving waivers for asset maintenance clause and minimum net asset value, until March 31, 2010. In the case of the asset maintenance clause, the Company has agreed the following minimum required value to loan ratios: 100% until March 31, 2010, 105% until March 31, 2011, 110% until March 31, 2012 and 120% thereafter.

(l) Lichtenstein: At December 31, 2008, Lichtenstein had a loan outstanding of $24,796, excluding unamortized financing fees of $307.

Loan: The loan of $24,796 (which is part of a $39,000 loan) was drawn down in August ($10,626), September 2008 ($7,085) and November 2008 ($7,085) to refinance a portion of the revolving credit facility under (i) above and to partially finance the third and fourth construction installments of the newbuilding S-1026, respectively. The loan was subject to a fee of $293, paid on drawdown. Commitment fees paid up to the last drawdown were $54 and are included in Interest and Finance Costs in the December 31, 2008 accompanying consolidated statement of operations. The credit facility bears interest at LIBOR plus a margin (as of December 31, 2008 the margin was 1.65%). The applicable interest rate as of December 31, 2008 is 2.51%.

The facility contains various covenants, including i) asset maintenance whereby the fair market value of the vessel is greater than or equal to 130% of the outstanding loan, ii) market value adjusted net worth greater than or equal to $250,000 iii) book equity (total assets less consolidated debt) to be greater than $100,000, and iv) minimum cash balances of $25,000.

As of December 31, 2008, the Company was not in compliance with the market value adjusted net worth covenant. The Company has received a waiver for this breach, as well as for the asset maintenance clause until March 31, 2010, according to a supplemental agreement dated April 2009.

The supplemental agreement signed provides for the following: (1) increase in margin from 1.65% to 2.25%, (2) Minimum liquidity is reduced to $15,000 from $25,000 until March 31, 2010, (3) cross collateralization of this facility with the facility under (h).

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

12. Long-term Debt-(continued):

(m) Warhol: At December 31, 2008, Warhol had a loan outstanding of $23,143, excluding unamortized financing fees of $446.

Loan: The loan of $23,143 (which is part of a $121,286 loan that was concluded to partially finance the construction of newbuildings S-1025, S-1029 and S-1031, the Product Tanker Financing), out of which $16,531 was drawn down in October 2008 and $6,612 was drawn down in November 2008 to refinance a portion of the revolving credit facility under (i) above and to partially finance the third and fourth construction installments of the newbuilding S-1025, respectively. Commitment fees paid up to the last drawdown were $51 and are included in Interest and Finance Costs in the December 31, 2008 accompanying consolidated statement of operations. The loan was subject to a fee of $404, half of it paid in September 2008 and the remaining paid on drawdown. The credit facility bears interest at LIBOR plus a margin (as of December 31, 2008 the margin was 1.75%). The applicable interest rate as of December 31, 2008 is 5.41%.

The facility contains various covenants, including i) asset maintenance whereby the fair market value of the vessel and the fair value of swaps are greater than or equal to a required percentage. As per the initial loan agreement the minimum required percentage had been set at 120% for the first four years and 125% from then on until maturity. During 2008, these initial required percentage was adjusted to 125% as a result of waiver received for a breach of the EBITDA covenant, ii) market value adjusted net worth greater than or equal to $250,000 and greater than or equal to 35% of total assets, and iii) EBITDA greater than 120% of fixed charges, iv) minimum liquid funds of $25,000 or $500 per group vessel. During 2008 minimum liquid funds were adjusted to $30,000 as a result of waiver received for a breach of the EBITDA covenant v) No dividend payout in excess of 70% of net income per year and full dividend restriction in case of breach of covenant.

As of December 31, 2008, the Company was not in compliance with the adjusted net worth covenant. The Company has received a waiver for this breach, as well as for EBITDA to fixed charges until March 31, 2010, according to loan agreement amendment dated May 2009. In the case of adjusted net worth, the minimum of $250,000 has been replaced by $125,000. Following discussions with regards to a further decrease of minimum adjusted net worth to $75,000, the bank has not agreed to further reduce the minimum from $125,000 but they have reassured the Company that they will be accommodating in providing waivers for any breaches until March 31, 2010. In the case of asset cover ratio, the required percentage has been increased from 120% to 125% until March 31, 2010.

The loan agreement amendment provides for the following: (1) increase in margin of Product Tanker Financing from 1.75% to 2.0% until 31 March 31, 2010, thereafter the margin will be reduced to 1.75% until maturity of the loan while each of the vessels is employed under time charter party agreements acceptable to the lender for periods of at least twelve (12) months and 1.125% per annum at all other times. Amendments discussed under (g) also apply.

(n) Indiana: At December 31, 2008, Indiana had a loan outstanding of $16,706, excluding unamortized financing fees of $440.

Loan: The loan of $16,706 (which is part of a $121,286 loan that was concluded to partially finance the construction of newbuildings S-1025, S-1029 and S-1031), out of which $16,706 was drawn down in October 2008 to refinance a portion of the revolving credit facility under (i) above and to partially finance the third construction installment of the newbuilding S-1029, respectively. The loan was subject to a fee of $404, half of it paid in September 2008 and the remaining paid on drawdown. Commitment fees paid up to the last drawdown were $51 and are included in Interest and Finance Costs in the December 31, 2008 accompanying consolidated statement of operations. The credit facility bears interest at LIBOR plus a margin (as of December 31, 2008 the margin was 1.75%). The applicable interest rate as of December 31, 2008 is 6.17%.

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

12. Long-term Debt-(continued):

The facility contains various covenants, including i) asset maintenance whereby the fair market value of the vessel and the fair value of swaps are greater than or equal to a required percentage. As per the initial loan agreement the minimum required percentage had been set at 120% for the first four years and 125% from then on until maturity. During 2008, these initial required percentage was adjusted to 125% as a result of waiver received for a breach of the EBITDA covenant as of September 30, 2008, ii) market value adjusted net worth greater than or equal to $250,000 and greater than or equal to 35% of total assets, and iii) EBITDA greater than 120% of fixed charges, iv) minimum liquid funds of $25,000 or $500 per group vessel. During 2008 minimum liquid funds were adjusted to $30,000 as a result of waiver received for a breach of the EBITDA covenant v) No dividend payout in excess of 70% of net income per year and full dividend restriction in case of breach of covenant.

As of December 31, 2008, the Company was not in compliance with the adjusted net worth covenant. The Company has received a waiver for this breach as discussed under (m) above.

(o) Britto: At December 31, 2008, Britto had a loan outstanding of $16,706, excluding unamortized financing fees of $440.

Loan: The loan of $16,706 (which is part of a $121,286 loan that was concluded to partially finance the construction of newbuildings S-1025, S-1029 and S-1031), out of which $10,023 was drawn down in October 2008 and $6,682 was drawn down in November 2008 to refinance a portion of the revolving credit facility under (i) above and to partially finance the third construction installment of the newbuilding S-1031, respectively. Commitment fees paid up to the last drawdown were $51 and are included in Interest and Finance Costs in the December 31, 2008 accompanying consolidated statement of operations. The loan was subject to a fee of $404, half of it paid in September 2008 and the remaining paid on drawdown. The credit facility bears interest at LIBOR plus a margin (as of December 31, 2008 the margin was 1.75%). The applicable interest rate as of December 31, 2008 is 4.93%.

The facility contains various covenants, including i) asset maintenance whereby the fair market value of the vessel and the fair value of swaps are greater than or equal to a required percentage.
As per the initial loan agreement the minimum required percentage had been set at 120% for the first four years and 125% from then on until maturity. During 2008, these initial required percentage was adjusted to 125% as a result of waiver received for a breach of the EBITDA covenant, ii) market value adjusted net worth greater than or equal to $250,000 and greater than or equal to 35% of total assets, and iii) EBITDA greater than 120% of fixed charges, iv) minimum liquid funds of $25,000 or $500 per group vessel. During 2008 minimum liquid funds were adjusted to $30,000 as a result of waiver received for a breach of the EBITDA covenant v) No dividend payout in excess of 70% of net income per year and full dividend restriction in case of breach of covenant.

As of December 31, 2008, the Company was not in compliance with the adjusted net worth covenant. The Company has received a waiver for this breach as discussed under (m) above.

F-36

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

12. Long-term Debt-(continued):

(p) Banksy: At December 31, 2008, Banksy had a loan outstanding of $16,706, excluding unamortized financing fees of $537.

Loan: The loan of $16,706 (which is part of a $80,000 loan that was concluded to partially finance the construction of newbuildings S-1027 and S-1033) was drawn down in October 2008 to refinance a portion of the revolving credit facility under (i) above and to partially finance the third construction installment of the newbuilding S-1027, respectively. The loan was subject to a fee of $500, out of which $150 was paid in July 2008 and the remaining paid on drawdown. Commitment fees paid up to the last drawdown were $33 and are included in Interest and Finance Costs in the December 31, 2008 accompanying consolidated statement of operations. The credit facility bears interest at LIBOR plus a margin (as of December 31, 2008 the margin was 1.55%). The applicable interest rate as of December 31, 2008 is 7.33%.

The facility contains various covenants, including i) asset maintenance whereby the fair market value of the vessel is greater than or equal to 110% of the outstanding loan for the predelivery period, 115% for the first five years and 125% thereafter, ii) a Net Asset Value that is greater than $225,000, iii) Stockholder's equity to be greater than $180,000, iv) minimum cash balances of the higher of $25,000 or $500 per group vessel, and (v) Interest cover ratio of no less than 1.2 times (defined as EBITDA divided by interest expense) pre delivery and 1.5 times post delivery.

As of December 31, 2008, the Company was not in compliance with the net asset value covenant. The Company is currently in the process of receiving a waiver for this breach until March 31, 2010.

(q) Hongbo: At December 31, 2008, Hongbo had a loan outstanding of $10,023, excluding unamortized financing fees of $544.

Loan: The loan of $10,023 (which is part of a $80,000 loan that was concluded to partially finance the construction of newbuildings S-1027 and S-1033) was drawn down in October 2008 to refinance a portion of the revolving credit facility under (i) above of the newbuilding S-1033 respectively. The loan was subject to a fee of $500, out of which $150 was paid in July 2008 and the remaining paid on drawdown. Commitment fees paid up to the last drawdown were $33 and are included in Interest and Finance Costs in the December 31, 2008 accompanying consolidated statement of operations. The credit facility bears interest at LIBOR plus a margin (as of December 31, 2008 the margin was 1.55%). The applicable interest rate as of December 31, 2008 is 7.6%.

The facility contains various covenants, including i) asset maintenance whereby the fair market value of the vessel is greater than or equal to 110% of the outstanding loan for the predelivery period, 115% for the first five years and 125% thereafter, ii) a Net Asset Value that is greater than $225,000, iii) Stockholder's equity to be greater than $180,000, iv) minimum cash balances of the higher of $25,000 or $500 per group vessel, and (v) Interest cover ratio of no less than 1.2 times (defined as EBITDA divided by interest expense) pre delivery and 1.5 times post delivery.

As of December 31, 2008, the Company was not in compliance with the net asset value covenant. The Company is currently in the process of receiving a waiver for this breach until March 31, 2010.

F-37

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

12. Long-term Debt-(continued):

As of December 31, 2008 our total undrawn amount under our newbuildings' financing facilities was $132,208.

Loans Securities: The loans are secured as follows:

· Mortgages over the Company's vessels;
· Assignments of insurance and earnings of the mortgaged vessels;
· Corporate guarantee of TOP Ships Inc;
· Pledge over the earnings accounts of the vessels.

Debt Covenants:

As of December 31, 2008, the Company was not in compliance with certain covenants as discussed above. In accordance with FASB Statement No. 78, "Classification of Obligations that are Callable by the Creditor", the Company has classified all its debt obligations as current at December 31, 2008 as a result of cross default provisions included in guarantees provided by the Company to financing institutions in favor of its subsidiaries. A cross default provision means that if the Company defaults on one loan it immediately defaults on all loans that contain such a provision.

During 2009, the Company may also be in breach of liquidity and minimum cash covenants as a result of using its restricted cash.

Interest Expense: Interest expense for the years ended December 31, 2006, 2007 and 2008, amounted to $$20,750, $15,362 and $19,644 respectively and is included in interest and finance costs in the accompanying consolidated statements of operations (Note 20).

The weighted average interest rates, as of December 31 2008, excluding all swaps, for 2006, 2007 and 2008 were 5.32%, 6.12% and 4.41%, respectively.

Scheduled Principal Repayments: The annual principal payments required to be made after December 31, 2008, are as follows:

Year ending December 31,	Amount
2009	346,907
Excluding unamortized financing fees	(4,428)
	342,479

F-38

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

12. Long-term Debt-(continued):

Interest Rate Swaps: The fair value of the interest rate swaps in the accompanying consolidated balance sheets are analyzed as follows:

SWAP	Notional Amount	Period	Effective Date	Interest Rate Payable	Fair Value - Asset (Liability) December 31, 2007	December 31, 2008
(i)	$25,357	4 years	June 30, 2005	4.66%	($240)	($270)
	$11,193	2 years	December 12, 2008	4.80%		($701)
(ii)	$11,193	2 years	December 12, 2008	4.80%	($779)	($701)
	$11,193	2 years	December 12, 2008	4.80%		($701)
(iii)	$10,000	7 years	September 30, 2006	4.23%	($514)	($1,852)
(iv)	$10,000	7 years	September 30, 2006	4.11%	($461)	($1,812)
(v)	$50,000	6 years	September 28, 2007	-	($3,530)	-
(vi)	$10,000	7 years	July 3, 2006	4.76%	($588)	($1,650)
(vii)	$15,072	5 years	March 27, 2008	3.03%	-	($732)
(viii)	$7,443	5 years	March 27, 2008	4.60%	-	($468)
(ix)	$20,000	7 years	May 15, 2008	5.50%	-	($3,944)
(x)	$13,359	7 years	July 15, 2008	5.44%	-	($2,344)
(xi)	$15,108	4 years	June 28, 2010	-	-	($1,263)
					($6,112)	($16,438)

In March 2008, the Company entered into two interest rate swap agreements for an initial aggregate notional amortizing amount of $26,239 (swaps (vii) and (viii)), for a five year period. Based on this agreement, the Company will pay a fixed rate of the three-month U.S. Dollar Libor multiplied with the factor 0.95 per annum if the three month U.S. Dollar Libor is between 1.50% and 4.84%. In case the U.S. Dollar Libor is lower than 1.50% or higher 4.84%, the Company will pay a fixed rate of 4.60% per annum for that period.

In April 2008, the Company mutually agreed with the bank for the termination of the swap (v).

The then outstanding liability of $7,500 was repaid up to September 30, 2008, in varying installments plus 10% of interest.

In May 2008, the Company entered into an interest rate swap agreement for a notional amount of $20,000 for a seven year period, in order to hedge the exposure of interest rate fluctuations associated with the cash flows on a portion of the Company's variable rate loan, discussed under Note 12(j). Based on this agreement, the Company received an upfront amount of $1,500. During the first year the Company will receive a fixed rate of 5.25% and pay a fixed rate of 5.50%. From the second year, the Company will receive a fixed rate of 5.25% and will pay a rate of 5.10%, if two conditions are met: i) the difference between the 10 year Euro swap rate and the 2 year Euro swap rate is greater or equal than -0.15% and ii) the 6 month USD Libor is between 1.00% and 6.00%. Otherwise, the Company will pay the 10.85% less 5.75% multiplied by the number of days that the above two conditions are not met, divided by the total number of days of the period.

In July 2008, the Company entered into two interest rate swap agreements (swaps (x) and (xi)), described as follows: i) for an initial notional amortizing amount of $14,654 for a seven year period starting in July 2008, in order to hedge the exposure of interest rate fluctuations associated with the cash flows on a portion of the Company's variable rate loan, discussed under Note 12(i). Based on this agreement, the Company will receive the 3 months LIBOR and pay 5.55% less 2.5% multiplied by the quotient of the number of days the 3 months LIBOR and the 10 year swap rate is set in fixed ranges, ii) for an initial notional amortizing amount of $15,108 for a four year period starting in June 2010, in order to hedge the exposure of interest rate fluctuations associated with the cash flows on a portion of the Company's variable rate loan, discussed under Note 12(g). Based on this agreement, the Company will pay a fixed rate of 4.73% and receive the 3 months LIBOR.

F-39

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

12. Long-term Debt-(continued):

With value December 12, 2008, the Company divided up in three equal interest rate swaps (division of notional amounts) (swap (ii)) the interest rate swap agreement with declining notional balances that it had entered into in order to hedge its variable interest rate exposure, with effective date January 30, 2006, for an initial notional amount of $ 45,000 and for a period of five years, with a fixed interest rate of 4.8% plus the applicable bank margin, in connection with the loan discussed under Note 12 (a) (ii).

As of December 31, 2007 and 2008, the financial instruments' fair values (including the interest rate derivative product fair value discussed in Note 13) are liabilities of $16,788 and $21,438. As of December 31, 2007 $6,105 and $10,683 represent their current and long-term portion. As of December 31, 2008 the total liability of $21,438 is current.. As of December 31, 2007 and 2008, the financial instruments' fair values of $16,788 and $21,438 included $10,676 and $5,000, respectively, representing the fair value of the derivative instrument discussed in Note 13. The fair value change for the year ended December 31, 2008 on these agreements is separately reflected in the accompanying consolidated statements of operations.

13. Other current Liabilities:

Interest Rate Derivative Product: In November 2007, the Company entered into an interest rate derivative product. Under this agreement, the Company received an upfront payment of $8,500 and would have to pay five annual interest payments on a notional amount of $85,000. Based on the cumulative performance of a portfolio of systematic foreign exchange trading strategies, the interest payments would have a minimum floor at 0.00% and a cap at 7.50%.

On September 15, 2008, the parent company of the counterparty in this derivative product, announced its intention to file a petition under Chapter 11 of the U.S. Bankruptcy Code with the United States Bankruptcy Court for the Southern District of New York. Soon after this announcement, the Company initiated discussions with the counterparty in order to examine the potential effect of this bankruptcy on the Company's liability.

On December 30, 2008 the Company signed an agreement with the counterparty terminating the interest rate derivative product against a one-off termination payment of $5,000 by the Company. As of December 31, 2008 the Company classified the $5,000 termination payment within its current liabilities representing the fair value of the interest rate derivative product as of that date. This payment was made on January 5, 2009.

The termination of the interest rate derivative product resulted in a gain of $10,215 recorded under the fair value change of financial instruments (discussed in Note 12), which is separately reflected in the accompanying consolidated statements of operations.

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

14. Accrued Liabilities:

The account consisted of:

	December 31, 2007	December 31, 2008
Interest on long-term debt	2,261	2,289
Vessel operating and voyage expenses	6,935	3,255
General and administrative expenses	2,710	1,891
Total	11,906	7,435

15. Commitments and Contingencies:

As at December 31, 2008 the Company had under construction six Handymax product / chemical tankers scheduled for delivery between February and June 2009, at a total cost of $285,380. The remaining expected payments as of December 31, 2008 are $133,330 in 2009.

In March and April 2006, the Company entered into Sale and Leaseback agreements for 13 vessels for a period of five to seven years. According to the terms of the transactions, 10% of the gross aggregate sales price ("seller's credit"), $55,000, has been withheld by the purchaser to serve as security for the due and punctual performance and observance of all the terms and conditions of the Company under the agreements. Following the re-acquisition of the four vessels in May 2007, 10% of the unpaid sales price of $20,640, was used to partially finance the re-acquisition. On March 31, 2008, the owner and lessor of M/T Faultless agreed to sell the vessel to a third party. The Company and the lessor mutually agreed to terminate the bareboat charter. The Company had sold the vessel in 2006 in a sale and lease-back transaction. Following the sale of M/T Faultless, the Company received part of the seller's credit, or $1,960. Following the sale of M/T Flawless, M/T Timeless, M/T Stopless and M/T Priceless, the Company received part of the seller's credit, or $11,260. Consequently the amount that is currently withheld by the purchaser is $10,000. Not later than three months after the end of the bareboat charter period or upon the resale of the vessels by the purchaser, if earlier, $10,000 will become payable to the Company.

In December 2006, the Company and certain of its executive officers and directors were named as defendants in various class action securities complaints brought in the United States District Court-for the Southern District of New York, alleging violations of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, which were subsequently consolidated under the caption "In re: Top Tankers, Inc. Securities Litigation," Case no. 06-cv-13761 (CM), which we refer to as the Putative Class Action. On December 18, 2007, the Court denied the motion to dismiss brought by the Company and other defendants in connection with the Putative Class Action. On or about January 18, 2008, the parties reached a settlement agreement in principle whereby the plaintiff, on behalf of members of the Class who do not opt out, would dismiss all claims against the Company with prejudice in exchange for a settlement payment of $1.2 million. On April 28, 2008, the Court entered an order preliminarily approving the proposed settlement and directing that notice be given to all potential members of the Class of the proposed settlement. The Court ordered a hearing on July 31, 2008 to determine whether the settlement should be approved. The settlement hearing took place as scheduled, and Judge McMahon approved the settlement and award of attorney's fees to class counsel. The clerk of the court terminated the case on July 31, 2008. The settlement was funded by the Company's directors and officers' insurance carriers.

F-41

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

15. Commitments and Contingencies-(continued):

Various claims, suits, and complaints, including those involving government regulations and product liability, arise in the ordinary course of the shipping business. In addition, losses may arise from disputes with charterers, agents, insurance and other claims with suppliers relating to the operations of the 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 when management becomes aware that a liability is probable and is able to reasonably estimate the probable exposure. 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. A minimum of up to $1 billion of the liabilities associated with the individual vessels actions, mainly for sea pollution, are covered by the Protection and Indemnity (P&I) Club insurance.

16. Common Stock and Additional Paid-In Capital:

Reverse Stock Split: On March 20, 2008, the Company effected a 1-for-3 reverse stock split of its common stock. There was no change in the number of authorized common shares of the Company.

Private placement: In April 2008, the Company privately placed 7,268,692 common unregistered shares for aggregate net proceeds of $50,601 with various investors. The shares were sold for $7.00 per share, which represents a discount of 15.5 percent based on the closing share price of $8.28 on April 23, 2008. On July 3, 2008 the Company filed a registration statement on form F-3 to register those shares, which was declared effective on July 15, 2008.

Share Repurchase Program: During the fourth quarter of 2008, the Board of Directors authorized a share repurchase program up to $20 million for a share price of not more than $2.50 per share for the duration of one year.

Share repurchases started during the fourth quarter of 2008 and the transactions were open market based through the NASDAQ under Rule 10b-18 of the Exchange Act.

As at December 31, 2008 the Company, has repurchased and cancelled an amount of 396,949 shares from the open market at an average price of $1.82. As a result, the Company's common stock and additional paid-in capital were reduced by $4 and $727 respectively.

The Company continued its repurchase program until February 3, 2009. During the first two months of 2009 the Company repurchased an amount of 358,601 shares from the open market at an average price of $2.02.

All the outstanding shares that have been repurchased under this program are held initially as Treasury Stock and are subsequently cancelled. Consequently, the outstanding amount of 358,601 shares was cancelled effective as of February 25, 2009.

F-42

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

17. Stock 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 was adopted in April 2005 to provide certain key persons (the "Participants"), on whose initiatives and efforts the successful conduct of the Company's business depends, and who are responsible for the management, growth and protection of the 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 of the Company, (c) maximize their performance, and (d) enhance the long-term performance of the Company (whether directly or indirectly) through enhancing the long-term performance of a Company subsidiary or Company joint venture. The granted shares have no exercise price and constitute a bonus in nature.

On January 3, 2006, the Company's Board of Directors identified 29 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 were granted. For this purpose 41,666 new shares were granted, out of which 26,666 shares were granted to the Company's CEO, 12,666 shares to 8 officers and independent members of the Board and the remaining 2,334 shares were granted to 20 employees. From the total of 15,000 shares granted to officers, independent members of the Board and employees, 366 shares were forfeited prior to the vesting date.

On July 6, 2006, the Company's Board of Directors identified 60 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 were granted. For this purpose 106,666 new shares were granted, out of which 73,750 shares were granted to the Company's CEO, 22,666 shares to 8 officers and independent members of the Board and the remaining 10,250 shares were granted to 51 employees. From the total of 32,916 shares granted to officers, independent members of the Board and employees, 916 shares were forfeited prior to the vesting date.

The "Restricted Stock Agreements" were signed between the Company and the Participants on the respective grant dates. Under these agreements, the Participants have the right to receive dividends and the right to vote the Shares, subject to the following restrictions:

i. Grants to Company's CEO. The Company's CEO 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 Company's CEO. The restrictions lapse on the earlier of (i) one year from the grant date or (ii) termination of the Company's CEO employment with the Company for any reason.

ii. Grants to Other Participants. The Participants (officers, independent members of the Board and Company's employees) 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 the Participant's continued employment with the Company from the date of the agreement (i.e. July 1, 2005, 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 shares 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, that Participant shall forfeit all rights to all Shares that have not yet vested as of such date of termination. Dividends earned during the restricted period will not be returned to the Company, even if the unvested shares are ultimately forfeited. As these Shares granted to other Participants contain a time-based service vesting condition, such shares are considered non-vested shares on the grant date.

On July 11, 2007, the Company granted 213,333 restricted shares pursuant to the Plan. Of the 213,333 new shares granted, 113,333 shares were granted to 6 Directors and the remaining 100,000 shares were granted to 2 officers and employees. From the total of 213,333 shares granted to officers, independent members of the Board and employees, 13,432 shares were forfeited during the year ended December 31, 2008.

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

17. Stock Incentive Plan-(continued):

The shares will vest proportionally over a period of 4 years in equal installments. The following provisions apply for the following categories: i) Executive Directors: In case of change of control or termination of employment contract shares will immediately vest, with the exception of voluntary resignation or termination of employment for cause, in which event the shares will be forfeited; ii) Non-executive Directors: In case of change of control or a director, ceasing to be a director, shares will vest, with the exception of voluntary resignation or dismissal for cause, in which event the shares will be forfeited; iii) Officers and employees: In case of change of control or termination of employment, shares will vest, with the exception of voluntary resignation or termination of employment for cause, in which event the shares will be forfeited.

The fair value of each share on the grant date was $23.97. The initial fair value of the non-vested shares granted amounted to $5,114 and will be recognized as compensation expense in the Other general and administrative expenses of the consolidated statements of operations over the four-year vesting period quarterly in sixteen equal installments.

On January 22, 2008, the Company granted 197,560 restricted shares pursuant to the Plan. These Shares were granted to two officers and employees and proportionally vest over a period of four years in equal annual installments. From the total of 197,560 shares, 25,890 shares were forfeited during the year ended December 31, 2008. In the event of change of control or termination of employment, shares will vest, with the exception of voluntary resignation or termination of employment for cause, in which event the shares will be forfeited. The fair value of each share on the grant date was $6.69. The initial fair value, of the non-vested shares granted amounted to $1,322 and will be recognized as compensation expense in the "Other general and administrative expenses" in the consolidated statements of operations over the four-year vesting period.

On July 1, 2008, the Board of Directors of the Company approved the increase of the number of shares available for issuance under the Plan, by 1,000,000 shares. Of the new 1,000,000 shares made available by the Board of directors, 500,000 restricted shares were granted to the Company's CEO. The restrictions on the shares granted to the CEO schedule 125,000 shares to be vested on the grant date and the remainder of the shares to be vested over a period of three years in equal annual installments beginning one year from the grant date. However, 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. The fair value of each share on the grant date was $6.20 totaling an aggregate of $3,100 and was recognized as compensation expense in "Other general and administrative expenses" in the condensed consolidated statement of operations in the third quarter of 2008. In addition, the Board of Directors of the Company approved the granting of cash compensation of Euro 500 or $794 to be distributed to the Company's Executive Directors, excluding the Company's CEO, which has been included in "Other general and administrative expenses" of the consolidated statements of operations for the year ended December 31, 2008.

On July 10, 2008, the Company granted to an officer 2,666 restricted shares pursuant to the Plan. The shares will vest over a period of 6 months. The fair value of each share on the grant date was $5.15. The initial fair value, before any forfeiture, of the non-vested shares granted amounted to $14 and was recognized as compensation expense in the "Other general and administrative expenses" in the consolidated statements of operations over the six-month vesting period.

On September 2, 2008, the Company granted to an officer 2,666 restricted shares pursuant to the Plan. The shares will vest over a period of 6 months. The fair value of each share on the grant date was $5.08. The initial fair value, before any forfeiture, of the non-vested shares granted amounted to $13 and will be recognized as compensation expense in the "Other general and administrative expenses" in the consolidated statements of operations over the six-month vesting period.

On September 2, 2008, the Company granted to an employee 10,000 restricted shares pursuant to the Plan. The shares will vest over a period of 3 years. The fair value of each share on the grant date was $5.08. The initial fair value of the non-vested shares granted amounted to $51 and will be recognized as compensation expense in the "Other general and administrative expenses" in the consolidated statements of operations over the three-year vesting period.

On September 2, 2008, the Company granted to the non-executive directors 375,000 restricted shares pursuant to the Plan. The shares will vest over a period of 5 years. The fair value of each share on the grant date was $5.08.The initial fair value of the non-vested shares granted amounted to $1,905 and will be recognized as compensation expense in the "Other general and administrative expenses" in the consolidated statements of operations over the five-year vesting period.

On September 4, 2008, the Company's CEO waived his right to receive pursuant to his employment contract with the Company three years' annual base salary in the event of a change in control of the Company in exchange for receiving 1,472,438 shares, which are restricted shares and which will vest in the event of such change of control. Consequently, the compensation expense for these shares will not be recognized until the vesting becomes probable. In addition, the dividends that might be declared in the future on those shares will be recognized in the consolidated financial statements as additional compensation expense in the consolidated statement of operations, since the vesting period of those shares is indefinite. The fair value of each Share on the grant date was $5.23.

All share amounts have been adjusted for the 1:3 reverse stock split effected on March 20, 2008.

A summary of the status of the Company's vested and non-vested shares as of December 31, 2008 and movement during the years ended December 31, 2006, 2007 and 2008, is presented below:

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

17. Stock Incentive Plan-(continued):

	Number of non-vested shares	Weighted average grant date fair value per non-vested share
As of December 31, 2007	213,333	$23.97
Granted in 2008	2,060,331	$5.34
Vested in 2008	(157,078)	$14.56
Forfeited in 2008	(39,322)	$12.59
As of December 31, 2008	2,077,264	$6.42

	Number of vested shares
As of December 31, 2007	229,917
Granted in 2008	500,000
Non-vested shares granted in 2007 and 2008, vested during 2008	157,078
As of December 31, 2008	886,995

The compensation expense recognized in the in the years ended December 31, 2006, 2007 and 2008 was $1,315, $935 and $5,116 and is included in the Other general and administrative expenses in the consolidated statements of operations. As of December 31, 2008, the total unrecognized compensation cost related to non-vested share awards is $5,268, which is expected to be recognized by September 30, 2013.

The total fair value of shares vested during the years ended December 31, 2006, 2007 and 2008 was $2,764, $978, $3,770 respectively.

The dividends declared on shares granted under the Plan are recognized in the consolidated financial statements as a charge to retained earnings.

The Company estimates the future forfeitures of non vested shares to be immaterial. The Company will, however, re-evaluate the reasonableness of its assumption at each reporting period.

The amount of dividends on the granted shares, recognized as a charge to retained earnings, is presented in the following table:

Type of Shares granted	Quarterly Dividend per share	Special Dividend per share	Total Dividends Paid in year ended December 31, 2006
Vested	0.63	22.50	2,082

Non-vested	0.63	22.50	807

No dividends were paid in the years ended December 31, 2007 and 2008.

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

18. Earnings (loss) Per Common Share:

All shares issued (including non-vested shares issued under the Company's 2005 Stock Incentive 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 restrictions have lapsed.

For purposes of calculating diluted earnings per share the denominator of the diluted earnings per share calculation includes the incremental shares assumed issued under the treasury stock method weighted for the period the non-vested shares were outstanding, with the exception of the 1,472,438 shares, granted to the Company's CEO, which will vest in the event of change of control. Consequently, those shares are excluded from the diluted EPS calculation.

The components of the calculation of basic and diluted earnings per share for the years ended December 31, 2006, 2007 and 2008 are as follows:

	Year Ended December 31,					
	2006		2007		2008	
Net Income (loss) as reported:	$	(11,005)	$	(49,076)	$	25,639
Less: Dividends declared during the year for non-vested shares		(807)		-		-
Net income (loss) available to common shareholders	$	(11,812)	$	(49,076)	$	25,639
Weighted average common shares outstanding, basic		10,183,424		11,986,857		25,445,031
Add: Dilutive effect of non-vested shares		-		-		-
Weighted average common shares outstanding, diluted		10,183,424		11,986,857		25,445,031
Earnings (loss) per share, basic and diluted	$	(1.16)	$	(4.09)	$	1.01

For the years ended December 31 2006, 2007 and 2008, 46,966, 213,333 and 2,077,264, shares respectively, which constitute the number of non-vested shares as at each of the year end as presented in the table under Note 17 above, were not included in the computation of diluted earnings per share because to do so would have been antidilutive for the periods presented.

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

19. Voyage and Other Vessel Operating Expenses:

The amounts in the accompanying consolidated statements of operations are as follows:

Voyage Expenses

	Year Ended December 31,		
	2006	2007	2008
Port charges	11,265	15,473	5,377
Bunkers	33,937	36,867	23,877
Commissions	10,149	7,074	9,402
Total	55,351	59,414	38,656

Other Vessel Operating Expenses

	Year Ended December 31,		
	2006	2007	2008
Crew wages and related costs	26,919	27,721	26,673
Insurance	7,000	6,191	7,210
Repairs and maintenance	16,330	18,758	19,791
Spares and consumable stores	15,668	15,177	13,294
Taxes (Note 21)	165	67	146
Total	66,082	67,914	67,114

20. Interest and Finance Costs:

The amounts in the accompanying consolidated statements of operations are analyzed as follows:

	Year Ended December 31,		
	2006	2007	2008
Interest on long-term debt (Note 12)	21,372	19,223	22,143
Less: Capitalized interest (Note 9)	(34)	(2,661)	(3,873)
Interest on capital leases (Note 6)	-	-	1,219
Commitment fees			392
Bank charges	1,158	875	752
Amortization and write-off of financing fees	4,534	2,081	5,131
Total	27,030	19,518	25,764

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

21. Income Taxes:

Marshall Islands, Cyprus and Liberia do not impose a tax on international shipping income. Under 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 operations.

Pursuant to the United States Internal Revenue Code of 1986, as amended (the "Code"), U.S. source income from the international operations of ships is generally exempt from U.S. tax if the company operating the ships meets both of the following requirements, (a) the Company is organized in a foreign country that grants an equivalent exception to corporations organized in the United States and (b) either (i) more than 50% of the value of the Company's stock is owned, directly or indirectly, by individuals who are "residents" of the Company's country of organization or of another foreign country that grants an "equivalent exemption" to 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, in another country that grants an "equivalent exemption" to United States corporations, or in the United 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 representing more than 50 percent of its outstanding shares, by voting power and value, is listed on the market and is traded on the market, other than in minimal quantities, on at least 60 days during the taxable year; and (ii) the aggregate number of shares of stock traded during the taxable year is at least 10% of the average number of shares of the stock outstanding during the taxable year.

The Marshall Islands, Cyprus and Liberia, the jurisdictions where the Company and its ship-owning subsidiaries are incorporated, grant an "equivalent exemption" to United States corporations. Therefore, the Company is exempt from United States federal income taxation with respect to U.S.-source shipping income if either the 50% Ownership Test or the Publicly-Traded Test is met. The Company believes that for periods prior to its initial public offering in July 2004, it satisfied the 50% Ownership Test. The Company also believes that for periods subsequent to its initial public offering, it satisfies the Publicly-Traded Test on the basis that more than 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, in respect of their U.S. source shipping income.

22. Financial Instruments:

The principal financial assets of the Company consist of cash on hand and at banks and accounts receivable due from charterers. The principal financial liabilities of the Company consist of long-term bank loans, accounts payable due to suppliers, interest rate swap agreements and an interest rate derivative product.

(a) Interest rate risk: The Company's interest rates and long-term loan repayment terms are described in Note 12.

Concentration of Credit risk: Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist principally of 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 temporary cash investments. The Company limits its credit risk with accounts receivable by performing ongoing credit evaluations of its customers' financial condition and generally does not require collateral for its accounts receivable.

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

22. Financial Instruments-(continued):

(c) Fair value: The carrying values of cash and cash equivalents, accounts receivable and accounts payable are reasonable estimates of their fair value due to the short-term nature of these financial instruments. The fair value of long-term bank loans discussed in Note 12 bearing interest at variable interest rates approximates the recorded value. The carrying value of the interest rate swap agreements and the interest rate derivative product represents their fair value as the fair value estimates the amount the Company would have paid, had the interest rate swap agreements and the interest rate derivative product been terminated on the balance sheet date.

The estimated fair values of the Company's financial instruments, seen below, equal carrying values.

SWAP	Notional Amount	Period	Effective Date	Interest Rate Payable	Fair Value - Asset (Liability) December 31, 2007	December 31, 2008
(i)	$25,357	4 years	June 30, 2005	4.66%	($240)	($270)
	$11,193	2 years	December 12, 2008	4.80%		($701)
(ii)	$11,193	2 years	December 12, 2008	4.80%	($779)	($701)
	$11,193	2 years	December 12, 2008	4.80%		($701)
(iii)	$10,000	7 years	September 30, 2006	4.23%	($514)	($1,852)
(iv)	$10,000	7 years	September 30, 2006	4.11%	($461)	($1,812)
(v)	$50,000	6 years	September 28, 2007	-	($3,530)	-
(vi)	$10,000	7 years	July 3, 2006	4.76%	($588)	($1,650)
(vii)	$15,072	5 years	March 27, 2008	3.03%	-	($732)
(viii)	$7,443	5 years	March 27, 2008	4.60%	-	($468)
(ix)	$20,000	7 years	May 15, 2008	5.50%	-	($3,944)
(x)	$13,359	7 years	July 15, 2008	5.44%	-	($2,344)
(xi)	$15,108	4 years	June 28, 2010	-	-	($1,263)
					($6,112)	($16,438)

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

22. Financial Instruments-(continued):

The fair value of the Company's credit facilities (as further discussed in Note 12) is estimated based on current rates offered to the Company for similar debt of the same remaining maturities. The carrying value approximates the fair market value for the variable rate loans. The fair value of the Company's financial instruments, is the estimated amount the Company would pay to terminate the related agreements at the reporting date, taking into account current interest rates and the current credit-worthiness of the Company and its counter-parties.

The Company follows SFAS No. 157, which became effective on January 1, 2008, applies to financial assets and liabilities and also non-financial assets and liabilities that are being measured and reported on a fair value basis on recurring basis. SFAS No. 157 requires disclosure that establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosure about fair value measurements. This statement enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The statement requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities;

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data;

Level 3: Unobservable inputs that are not corroborated by market data.

The Company's interest rate swaps are pay-fixed, receive-variable based on the LIBOR swap rates. LIBOR swap rates are observable at commonly quoted intervals for the full terms of the swaps and therefore are considered level 2 items. For the interest rate derivative product the Company would pay interest based on the cumulative performance of a portfolio of systematic foreign exchange trading strategies, an index which was publicly available. The fair values of those financial instruments determined through Level 2 of the fair value hierarchy as defined in SFAS 157 as such fair values are derived principally from or corroborated by observable market data. Inputs include quoted prices for similar assets, liabilities (risk adjusted) and market-corroborated inputs, such as market comparables, interest rates, yield curves and other items that allow value to be determined.

As of December 31, 2008, no fair value measurements for assets or liabilities under Level 1 or level 3 were recognized in the Company's consolidated financial statements.

23. Subsequent Events:

(a) Payment of termination fee for interest rate derivative: On January 5, 2009, the Company made a payment of $5,000 as a one-off termination fee in relation to an interest rate derivative product (Note 13).

(b) Loan drawdown for newbuildings: During 2009, an amount of $17,003 and $14,204 were drawn down to finance the delivery installments of Hull S-1025 and Hull S-1026, respectively. Furthermore, an amount of $17,044, $12,549 and $18,494 were drawn down to finance the fourth and the delivery installments of Hull S-1027, Hull S-1029 and Hull S-1031, respectively. Finally, an amount of $13,364 was drawn down to finance the third and fourth installment of Hull S-1033 (Note 12).

TOP SHIPS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2008
(Expressed in thousands of United States Dollars – except share and per share data, unless otherwise stated)

23. Subsequent Events-(continued):

(c) Restricted cash change: On January 9, 2009, the Company entered into a supplemental agreement relevant to the sale and leaseback transactions' financial covenants. Specifically, it was agreed that a minimum cash of $5,000 shall be maintained on deposit by the Company during the bareboat charter period. As at December 31, 2008, the Company was required to maintain consolidated cash balances of $20,000 in connection with these financial covenants (Note 6).

(d) Share buyback: During 2009, the Company repurchased an amount of 358,601 shares from the open market at an average price of $ 2.02. The shares repurchased under the buyback program of 358,601 were cancelled effective on February 25, 2009.

(e) Delivery of newbuildings: During 2009, the Company took delivery of five out of six 50,000dwt product / chemical tankers from SPP Plant & Shipbuilding Co., Ltd of the Republic of Korea, as follows: On February 19, 2009, the Company took delivery of the M/T "Miss Marilena", which is employed on a bareboat time-charter for a period of 10 years at a daily rate of $14,400. On February 23, 2009, the Company took delivery of the M/T "Lichtenstein", which is employed on a bareboat time-charter for a period of 10 years at a daily rate of $14,550. On March 19, 2009 and March 26, 2009, the Company took delivery of the M/T "Ionian Wave" and the M/T "Tyrrhenian Wave", which are employed on a bareboat time-charter for a period of 7 years at a daily rate of $14,300, with three successive one-year options at a higher daily rate. Finally, on May 22, 2009, the Company took delivery of the M/T "Britto", which is employed on a bareboat time-charter for a period of 10 years at a daily rate of $14,550.

(f) Renegotiation with charterer: On February 25, 2009, the Company agreed with the charterer of M/V Astrale, Armada Singapore, to lower the daily hire from $72 to $40. In exchange, the charterer prepaid the full hire under the new rate though the earliest date of expiry of the time charter, April 18, 2009.

(g) Amendment and Termination of Lease Agreements: On April 3, 2009, the Company entered into an agreement to terminate the bareboat charter of MT Relentless, which has been in force since 2005 and would have expired in 2012 (Note 6). Under this agreement, during the third quarter of 2009 the Company will redeliver the M/T Relentless to its owners and pay a termination fee of $2,500. In addition to the termination fee the Company has undertaken to perform certain works on the vessel prior to its redelivery which will involve additional costs. From the date of the agreement until the date of redelivery the bareboat hire has been set at $7,000 per day and has been included in the above table. On June 24, 2009, the Company terminated the bareboat charters and redelivered the vessels M/T Faithful, the M/T Doubtless, the M/T Spotless and the M/T Vanguard to their owners after paying $11,750 in termination fees and expenses. In addition to the termination fee and expenses, the Company has forfeited its right to receive the Seller's credit of $10,000 from the initial sale of the vessels, which would have been received upon expiration of the bareboat charter, and the Company has undertaken to pay for the dry-dock of the M/T Spotless which is currently in progress. The bareboat charter would have expired in 2011. Also, the Company will remain the manager of these vessels until the expiration of their current time charters, in early 2010, and will be reimbursed by the owners for all expenses incurred. These were the last leased vessels in the Company's fleet.

(h) New Time Charter: In June 2009, the Company's vessel M/V Astrale entered into a time charter agreement for two years, starting in July 2009, at a gross daily rate of $18,000.

Schedule I- Condensed Financial Information of Top Ships Inc. (Parent Company Only)
Balance Sheets
December 31, 2007 and 2008
(Expressed in thousands of U.S. Dollars – except for share and per share data)

	December 31, 2007	2008
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	22,548	49,154
Due from subsidiaries	394,481	301,543
Other current assets	314	686
Total current assets	417,343	351,383
NON CURRENT ASSETS		
Investments in subsidiaries	518,646	311,178
Restricted cash	15,081	5,081
Other non-current assets	8	118
Total non-current assets	533,735	316,377
Total assets	951,078	667,760
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long term debt	10,440	60,599
Due to subsidiaries	524,856	302,862
Current portion of financial instruments	6,105	5,584
Other current liabilities	3,621	6,623
Total current liabilities	545,022	375,668
NON CURRENT LIABILITIES		
Long term debt, net of current portion	183,927	0
Financial instruments	10,683	0
Other non-current liabilities	38	41
Total non-current liabilities	194,648	41
STOCKHOLDERS' EQUITY		
Preferred stock, $0.01 par value; 20,000,000 shares authorized; none issued	0	0
Common stock $0.01 par value; 100,000,000 shares authorized		
20,508,575 and 29,901,048 shares issued and outstanding at December 31, 2007 and 2008	205	283
Additional paid-in capital	216,150	271,056
Accumulated other comprehensive loss	4	24
Retained earnings / Accumulated deficit	(4,951)	20,688
Total stockholders' equity	211,408	292,051
Total liabilities and stockholders' equity	951,078	667,760

F-52

Explanation of Responses:

Schedule I- Condensed Financial Information of Top Ships Inc. (Parent Company Only)
Statements of Operations
For the years ended December 31, 2006, 2007 and 2008
(Expressed in thousands of U.S. Dollars – except for share and per share data)

	December 31,		
	2006	2007	2008
EXPENSES			
General and administrative expenses	10,647	9,493	14,365
Foreign currency (gains) / losses, net	66	49	(96)
Operating loss	(10,713)	(9,542)	(14,269)
OTHER INCOME / (EXPENSES)			
Interest and finance costs	(25,420)	(11,264)	(6,896)
Gain / (loss) on financial instruments	(2,124)	(3,704)	(3,701)
Interest income	2,266	2,142	1,252
Total Other (expenses), net	(25,278)	(12,826)	(9,345)
Equity in earnings / (loss) of subsidiaries	24,986	(26,708)	49,253
Net Income (Loss)	(11,005)	(49,076)	25,639
Earnings / (loss) per share, basic and diluted	(1.16)	(4.09)	1.01
Weighted average number of shares, basic and diluted	10,183,424	11,986,857	25,445,031

F-53

Schedule I- Condensed Financial Information of Top Ships Inc. (Parent Company Only)
Statements of Cash Flows
For the years ended December 31, 2006, 2007 and 2008
(Expressed in thousands of U.S. Dollars)

	December 31,		
	2006	2007	2008
Net cash (used in) / provided by Operating Activities	163,241	(45,569)	(77,474)
Cash flows from Investing Activities			
Return of investment from subsidiaries	398,860	75,954	243,531
Investment in subsidiaries	(28,683)	(129,272)	(64,213)
Decrease (Increase) in Restricted cash	(6,876)	0	10,000
Acquisition of fixed assets	0	0	(112)
Net cash (used in) / provided by Investing Activities	363,301	(53,318)	189,206
Cash flows from Financing Activities			
Proceeds from long-term debt	0	10,000	30,000
Principal payments of long-term debt	(297,255)	(34,080)	(164,994)
Issuance of common stock, net of issuance costs	26,916	98,341	50,601
Repurchase and cancellation of common stock			(733)
Dividends paid	(217,466)	0	0
Financial instrument upfront receipt	0	8,500	0
Payment of financing costs	(63)	0	0
Net cash (used in) / provided by Financing Activities	(487,868)	82,761	(85,126)
Net (decrease) / increase in cash and cash equivalents	38,674	(16,126)	26,606
Cash and cash equivalents at beginning of year	0	38,674	22,548
Cash and cash equivalents at end of year	38,674	22,548	49,154

Schedule I- Condensed Financial Information of Top Ships Inc. (Parent Company Only)
(Figures in thousands of U.S. Dollars)

In the condensed financial information of the Parent Company, the Parent Company's investment in subsidiaries is stated at cost plus equity in undistributed earnings of subsidiaries less equity in undistributed loss of subsidiaries, distributions from subsidiaries as return on investment and return of investment.

The Parent Company's subsidiaries made the following distributions to the Parent Company during the years ended December 31, 2006, 2007 and 2008:

	2006	2007	2008
Return on Investment	98,606	19,456	96,774
Return of Investment	398,860	75,954	243,531
Total Cash from subsidiaries	497,466	95,410	340,305

The Parent Company is a borrower under the RBS facility and guarantor under the remaining loans outstanding at December 31, 2008. Refer to Note 12 "Long-term Debt" to the consolidated financial statements information.

The principal payments required to be made after December 31, 2008 for these are as follows:

Year ending December 31, 2009	346,907
Less financing fees	(4,428)
	342,479

The vessel-owning subsidiary companies with outstanding loans had restricted net assets amounting to $100,175 as of December 31, 2008.

Item 19. EXHIBITS

(Note: Current name "TOP SHIPS INC." is used below although documents may refer to prior name "TOP TANKERS INC.")

Number	Description of Exhibits
1.1	Amended and Restated Articles of Incorporation of TOP SHIPS INC. (1)
1.2	Amendment to Amended and Restated Articles of Incorporation of TOP SHIPS INC. (2)
1.3	Amendment to Amended and Restated Articles of Incorporation of TOP SHIPS INC
1.4	Amendment to Amended and Restated Articles of Incorporation of TOP SHIPS INC
1.5	Amended and Restated By-Laws of the Company, as adopted on February 28, 2007 (3)
2.1	Form of Share Certificate
4.1	TOP SHIPS INC. 2005 Stock Option Plan (4)
4.2	Loan Agreement between the Company and the Royal Bank of Scotland plc dated August 10, 2004 and supplemented September 30, 2004 (5)
4.3	Loan Agreement between the Company and DVB Bank dated March 10, 2005(6).
4.4	Credit Facility between the Company and the Royal Bank of Scotland dated November 1, 2005 (7)
4.4.1	Supplement to credit facility between the Company and the Royal Bank of Scotland dated December 21, 2006 (8)
4.5	Credit Facility between the Company and HSH NORDBANK, AG, dated November 7, 2005(9)
4.6	Sales Agreement between the Company and Cantor Fitzgerald & Co. dated April 13, 2006(10)
4.7	Shareholder Rights Agreement with Computershare Investor Services, LLC, as Rights Agent as of August 19, 2005 (11)
4.8	Memorandum of Agreement by and between Kisavos Shipping Company Limited and Komarf Hope 27 Shipping Company dated March 9, 2006 relating to the purchase and sale of the M/T Priceless (12)

4.9	Charter party by and between Kisavos Shipping Company Limited and Komarf Hope 27 Shipping Company in relation to the M/T Priceless, dated March 9, 2006 (13)
4.10	Quadripartite Agreement by and among the Company, Kisavos Shipping Company Limited, Komarf Hope 27 Shipping Co. and Fortis Bank (Nederland) N.V. dated March 15, 2006 relating to the M/T Priceless (14)
4.11	Guarantee given by the Company to Komarf Hope 27 Shipping Co. dated March 15, 2006 in connection with the charter party relating to the M/T Priceless (15)

4.12	Memorandum of Agreement by and between Taygetus Shipping Company Limited and Komarf Hope 28 Shipping Co. dated March 9, 2006 relating to the purchase and sale of the M/T Timeless (16)
4.13	Charter party by and between Taygetus Shipping Company Limited and Komarf Hope 28 Shipping Co. in relation to the Timeless, dated March 9, 2006 (17)
4.14	Quadripartite Agreement by and among the Company, Taygetus Shipping Company Limited, Komarf Hope 28 Shipping Co. and Fortis Bank (Nederland) N.V. dated March 15, 2006 relating to the M/T Timeless (18)
4.15	Guarantee given by the Company to Komarf Hope 28 Shipping Co., dated March 15, 2006 in connection with the charter party relating to the M/T Timeless (19)
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 (20)
4.17	Charter party by and between Pylio Shipping Company Limited and Komarf Hope 29 Shipping Co. in relation to the M/T Flawless, dated March 9, 2006 (21)
4.18	Quadripartite Agreement by and among the Company, Pylio Shipping Company Limited, Komarf Hope 29 Shipping Co. and Fortis Bank (Nederland) N.V. dated March 15, 2006 relating to the M/T Flawless (22)
4.19	Guarantee given by the Company to Komarf Hope 29 Shipping Co., dated March 15, 2006 in connection with the charter party relating to the M/T Flawless (23)
4.20	Memorandum of Agreement by and between Vitsi Shipping Company Limited and Komarf Hope 30 Shipping Co. dated March 9, 2006 relating to the purchase and sale of the M/T Stopless (24)
4.21	Charter party by and between Vitsi Shipping Company Limited and Komarf Hope 30 Shipping Co. in relation to the Stopless, dated March 9, 2006 (25)
4.22	Quadripartite Agreement by and among the Company, Vitsi Shipping Company Limited, Komarf Hope 30 Shipping Co. and Fortis Bank (Nederland) N.V. dated March 15, 2006 relating to the M/T Stopless (26)
4.23	Guarantee given by the Company to Komarf Hope 30 Shipping Co., dated March 15, 2006 in connection with the charter party relating to the M/T Stopless (27)
4.24	Memorandum of Agreement by and between Parnasos Shipping Company Limited Partankers III AS, dated April 4, 2006 relating to the purchase and sale of the M/T Faultless (28)
4.25	

Charter party by and between Parnasos Shipping Company Limited and Partankers III AS, in relation to the M/T Faultless, dated April 4, 2006 (29)

4.26 Memorandum of Agreement by and between Imitos Shipping Company Limited Partankers III AS, dated April 4, 2006 relating to the purchase and sale of the M/T Noiseless (30)

4.27 Charter party by and between Imitos Shipping Company Limited and Partankers III AS, in relation to the M/T Noiseless, dated April 4, 2006 (31)

4.28 Memorandum of Agreement by and between Parnis Shipping Company Limited Partankers III AS, dated April 4, 2006 relating to the purchase and sale of the M/T Stainless (32)

4.29 Charter party by and between Parnis Shipping Company Limited and Partankers III AS, in relation to the M/T Stainless, dated April 4, 2006 (33)

4.30 Memorandum of Agreement by and between Mytikas Shipping Company Limited and Partankers III AS dated April 4, 2006 relating to the purchase and sale of the M/T Limitless (34)

4.31 Charter party by and between Mytikas Shipping Company Limited and Partankers III AS in relation to the M/T Limitless, dated April 4, 2006 (35)

4.32 Memorandum of Agreement by and between Litochoro Shipping Company Limited and Partankers III AS dated April 4, 2006 relating to the purchase and sale of the M/T Endless (36)

4.33 Charter party by and between Litochoro Shipping Company Limited and Partankers III AS in relation to the M/T Endless, dated April 4, 2006 (37)

4.34 Guarantee given by the Company to Partankers III AS in connection with the charter parties relating to the M/T Faultless, M/T Stainless, M/T Noiseless, M/V Limitless, M/V Endless dated April 4, 2006 (38)

4.35 Memorandum of Agreement by and between Idi Shipping Company Limited and Kemp Maritime S.A. dated March 14, 2006 relating to the purchase and sale of the M/T Spotless (39)

4.36 Charter party by and between Idi Shipping Company Limited and Kemp Maritime S.A. in relation to the M/T Spotless, dated March 14, 2006 (40)

4.37 Quadripartite Agreement by and among the Company, Idi Shipping Company Limited, Kemp Maritime S.A. and Fortis Bank (Nederland) N.V. dated March 15, 2006 relating to the M/T Spotless (41)

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 (42)

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 Spotless (43)

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 (44)

4.41 Charter party by and between Falarko Shipping Company Limited and Tucker Navigation Co. in relation to the M/T Doubtless, dated March 14, 2006 (45)

4.42 Quadripartite Agreement by and among the Company, Falarko Shipping Company Limited, Tucker Navigation Co. and Fortis Bank (Nederland) N.V. dated March 15, 2006 relating to the M/T Doubtless (46)

4.43 Second Priority Quadripartite Agreement by and among the Company, Falarko Shipping Company Limited, Tucker Navigation Co. and Mass Capital Investments B.V. dated March 15, 2006 relating to the M/T Doubtless (47)

4.44 Guarantee given by the Company to Tucker Navigation Co. dated March 14, 2006 in connection with the charter party relating to the M/T Doubtless (48)

4.45 Memorandum of Agreement by and between Pageon Shipping Company Limited and Comoros Shipping Limited dated March 14, 2006 relating to the purchase and sale of the M/T Vanguard (49)

4.46 Charter party by and between Pageon Shipping Company Limited and Comoros Shipping Limited. in relation to the M/T Vanguard, dated March 14, 2006 (50)

4.47 Quadripartite Agreement by and among the Company, Pageaon Shipping Company Limited, Comoros Shipping Limited and Fortis Bank (Nederland) N.V. dated March 15, 2006 relating to the M/T Vanguard (51)

4.48 Second Priority Quadripartite Agreement by and among the Company, Pageon Shipping Company Limited, Comoros Shipping Limited and Mass Capital Investments B.V. dated March 15, 2006 relating to the M/V Vanguard (52)

4.49 Guarantee given by the Company to Comoros Shipping Limited dated March 14, 2006 in connection with the charter party relating to the M/V Vanguard (53)

4.50 Memorandum of Agreement by and between Gramos Shipping Company Inc. and Starcraft Marine Co. dated March 14, 2006 relating to the purchase and sale of the M/T Faithful (54)

4.51 Charter party by and between Gramos Shipping Company Inc. and Starcraft Marine Co. in relation to the M/T Faithful, dated March 14, 2006 (55)

4.52 Quadripartite Agreement by and among the Company, Gramos Shipping Company Inc., Starcraft Marine Co. and Fortis Bank (Nederland) N.V. dated March 15, 2006 relating to the M/T Faithful (56)

4.53 Second Priority Quadripartite Agreement by and among the Company, Gramos Shipping Company Inc., Starcraft Marine Co. and Mass Capital Investments B.V. dated March 15, 2006 relating to the M/T Faithful (57)

4.54 Guarantee given by the Company to Starcraft Marine Co. dated March 14, 2006 in connection with the charter party relating to the M/T Faithful (58)

4.55 Supplemental Agreement relating to the Memorandum of Agreement dated March 14, 2006 relating to the M/V Spotless made by and among Idi Shipping Company Limited, Kemp Maritime S.A. and ICON Spotless, LLC dated June 16, 2006 (59)

4.56 Addendum No. 1 to charter party by and between Idi Shipping Company Limited and Kemp Maritime S.A. in relation to the M.V. Spotless, dated March 14, 2006 dated June 16, 2006 (60)

4.57 Quadripartite Agreement by and among the Company, Idi Shipping Company Limited, ICON Spotless, LLC and Fortis Bank (Nederland) N.V. dated June 16, 2006 relating to the M/T Spotless (61)

4.58 Guarantee given by the Company to ICON Spotless, LLC dated June 13, 2006 in connection with the charter party relating to the M/T Spotless (62)

4.59 Supplemental Agreement relating to the Memorandum of Agreement dated March 14, 2006 relating to the M/V Doubtless made by and among Falarko

Shipping Company Limited, Tucker Navigation Co. and ICON Doubtless, LLC dated June 16, 2006 (63)

4.60 Addendum No. 1 to charter party by and between Falarko Shipping Company Limited and Tucker Navigation Co. in relation to the M.V. Doubtless, dated March 14, 2006 dated June 16, 2006 (64)

4.61 Quadripartite Agreement by and among the Company, Falarko Shipping Company Limited, ICON Doubtless, LLC and Fortis Bank (Nederland) N.V. dated June 16, 2006 relating to the M/T Doubtless (65)

4.62 Guarantee given by the Company to ICON Doubtless, LLC dated June 13, 2006 in connection with the charter party relating to the M/T Doubtless (66)

4.63 Supplemental Agreement relating to the Memorandum of Agreement dated March 14, 2006 relating to the M/V Vanguard made by and among Pageon Shipping Company Limited, Comoros Shipping Limited and Isomar Marine Company Limited dated June 16, 2006 (67)

4.64 Addendum No. 1 to charter party by and between Pageon Shipping Company Limited and Comoros Shipping Limited in relation to the M.V. Vanguard, dated March 14, 2006 dated June 16, 2006 (68)

4.65 Quadripartite Agreement by and among the Company, Pageon Shipping Company Limited, Isomar Marine Company Limited and Fortis Bank (Nederland) N.V. dated June 16, 2006 relating to the M/T Vanguard (69)

4.66 Guarantee given by the Company to Isomar Marine Company Limited dated June 13, 2006 in connection with the charter party relating to the M/T Vanguard (70)

4.67 Supplemental Agreement relating to the Memorandum of Agreement dated March 14, 2006 relating to the M/V Faithful made by and among Gramos Shipping Company Inc., Starcraft Marine Co. and ICON Faithful LLC dated June 16, 2006 (71)

4.68 Addendum No. 1 to charter party by and between Gramos Shipping Company Inc. and Starcraft Marine Co. in relation to the M.V. Faithful, dated March 14, 2006 dated June 16, 2006 (72)

4.69 Quadripartite Agreement by and among the Company, Gramos Shipping Company Inc., ICON Faithful, LLC and Fortis Bank (Nederland) N.V. dated June 16, 2006 relating to the M/T Faithful (73)

4.70 Guarantee given by the Company to ICON Faithful, LLC dated June 13, 2006 in connection with the charter party relating to the M/T Faithful (74)

4.71 Sales Agreement with Deutsche Bank Securities relating to issuing and selling an agreed upon number of shares of common stock through Deutsch Bank Securities. (75)

4.72 Credit Facility between Jeke Shipping Company Limited, Noir R Shipping S.A., Amalfi Shipping Company Limited and HSH Nordbank AG, dated November 8, 2007

4.73 Secured Loan Agreement between Japan III Shipping Company Limited and Alpha Bank A.E, dated December 17, 2007

4.74 Supplemental Agreement between Japan III Shipping Company Limited, Lichtenstein Shipping Company Limited and Alpha Bank A.E., dated April 3, 2009,to Secured Loan Facility Agreement dated December 17, 2007

4.75	Loan Agreement No. 185/2008 between Emporiki Bank of Greece S.A. and Japan I Shipping Company Limited, dated March 5, 2008
4.76	Supplemental Agreement, dated March 26, 2008 to Facilities Agreement between Top Ships Inc. and the Royal Bank of Scotland plc, dated November 1, 2005
4.77	Loan Agreement between Japan II Shipping Company Limited, Top Ships Inc., DVB Bank AG and DVB Bank America N.V., dated April 24, 2008
4.78	Secured Loan Agreement between Lichtenstein Shipping Company Limited and Alpha Bank A.E., dated August 18, 2008

4.79	First Supplemental Agreement between Lichtenstein Shipping Company Limited and Alpha Bank A.E, dated February 23, 2009, to Secured Loan Agreement dated August 18, 2008
4.80	Second Supplemental Agreement between Lichtenstein Shipping Company, Japan III Shipping Company Limited and Alpha Bank A.E., dated April 3, 2009, to Secured Loan Agreement dated August 18, 2008
4.81	Credit Facility between Warhol Shipping Company Limited, Indiana R Shipping Company Limited, Britto Shipping Company Limited and HSH Nordbank AG, dated October 1, 2008
4.82	Loan Agreement between Banksy Shipping Company Limited, Hongbo Shipping Company Limited and DVB Bank America N.V., dated October 6, 2008
8.1	List of subsidiaries of the Company
12.1	Rule 13a-14(a)/15d-14(a) Certification of the Company's Principal Executive Officer
12.2	Rule 13a-14(a)/15d-14(a) Certification of the Company's Principal Financial Officer
13.1	Certification of the Company's Principal 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	Certification of the Company's Principal 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

---

(1) Incorporated by reference from Exhibit 3.1 to the company's Registration Statement on Form F-1, filed on October 18, 2004 (File No. 333-119806).

(2) Incorporated by reference from Exhibit 1.2 to the company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(3) Incorporated by reference from our 6-K filed on March 9, 2007

(4) Incorporated by reference from Exhibit 4.1 to the Company's Annual Report on Form 20-F, filed on April 13, 2006 (File No. 000-50859)

(5) Incorporated by reference from Exhibit 10.1 to the Company's Registration Statement on Form F-1, filed on November 12, 2004 (File No. 333-119806).

(6) Incorporated by reference from Exhibit 4.3 to the Company's Annual Report on Form 20-F, filed on April 13, 2006 (File No. 000-50859)

(7) Incorporated by reference from Exhibit 4.4 to the Company's Annual Report on Form 20-F, filed on April 13, 2006 (File No. 000-50859)

(8) Incorporated by reference from Exhibit 4.4.1 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(9) Incorporated by reference from Exhibit 4.5 to the Company's Annual Report on Form 20-F, filed on April 13, 2006 (File No. 000-50859)

(10) Incorporated by reference from Exhibit 4.6 to the Company's Annual Report on Form 20-F, filed on April 13, 2006 (File No. 000-50859)

(11) Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form 8A (File No. 000-50859).

(12) Incorporated by reference from Exhibit 4.8 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(13) Incorporated by reference from Exhibit 4.9 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(14) Incorporated by reference from Exhibit 4.10 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(15) Incorporated by reference from Exhibit 4.11 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(16) Incorporated by reference from Exhibit 4.12 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(17) Incorporated by reference from Exhibit 4.13 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(18) Incorporated by reference from Exhibit 4.14 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(19) Incorporated by reference from Exhibit 4.15 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(20) Incorporated by reference from Exhibit 4.16 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(21) Incorporated by reference from Exhibit 4.17 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(22) Incorporated by reference from Exhibit 4.18 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(23) Incorporated by reference from Exhibit 4.19 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(24) Incorporated by reference from Exhibit 4.20 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(25) Incorporated by reference from Exhibit 4.21 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(26) Incorporated by reference from Exhibit 4.22 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(27) Incorporated by reference from Exhibit 4.23 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(28) Incorporated by reference from Exhibit 4.24 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(29) Incorporated by reference from Exhibit 4.25 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(30) Incorporated by reference from Exhibit 4.26 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(31) Incorporated by reference from Exhibit 4.27 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(32) Incorporated by reference from Exhibit 4.28 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(33) Incorporated by reference from Exhibit 4.29 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(34) Incorporated by reference from Exhibit 4.30 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(35) Incorporated by reference from Exhibit 4.31 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(36) Incorporated by reference from Exhibit 4.32 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(37) Incorporated by reference from Exhibit 4.33 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(38) Incorporated by reference from Exhibit 4.34 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(39) Incorporated by reference from Exhibit 4.35 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(40) Incorporated by reference from Exhibit 4.36 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(41) Incorporated by reference from Exhibit 4.37 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(42) Incorporated by reference from Exhibit 4.38 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

Explanation of Responses:

(43) Incorporated by reference from Exhibit 4.39 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(44) Incorporated by reference from Exhibit 4.40 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(45) Incorporated by reference from Exhibit 4.41 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(46) Incorporated by reference from Exhibit 4.42 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(47) Incorporated by reference from Exhibit 4.43 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(48) Incorporated by reference from Exhibit 4.44 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(49) Incorporated by reference from Exhibit 4.45 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(50) Incorporated by reference from Exhibit 4.46 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(51) Incorporated by reference from Exhibit 4.47 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(52) Incorporated by reference from Exhibit 4.48 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(53) Incorporated by reference from Exhibit 4.49 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(54) Incorporated by reference from Exhibit 4.50 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(55) Incorporated by reference from Exhibit 4.51 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(56) Incorporated by reference from Exhibit 4.52 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(57) Incorporated by reference from Exhibit 4.53 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(58) Incorporated by reference from Exhibit 4.54 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(59) Incorporated by reference from Exhibit 4.55 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(60) Incorporated by reference from Exhibit 4.56 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(61) Incorporated by reference from Exhibit 4.57 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(62) Incorporated by reference from Exhibit 4.58 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(63) Incorporated by reference from Exhibit 4.59 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(64) Incorporated by reference from Exhibit 4.60 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(65) Incorporated by reference from Exhibit 4.61 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(66) Incorporated by reference from Exhibit 4.62 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(67) Incorporated by reference from Exhibit 4.63 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(68) Incorporated by reference from Exhibit 4.64 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(69) Incorporated by reference from Exhibit 4.65 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(70) Incorporated by reference from Exhibit 4.66 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(71) Incorporated by reference from Exhibit 4.67 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(72) Incorporated by reference from Exhibit 4.68 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(73) Incorporated by reference from Exhibit 4.69 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(74) Incorporated by reference from Exhibit 4.70 to the Company's Annual Report on Form 20-F, filed on April 20, 2007 (File No. 000-50859)

(75) Incorporated by reference from our 6-K filed on June 13, 2007

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

TOP SHIPS INC.
(Registrant)

Date: June 29, 2009	By:	/s/ Evangelos Pistiolis Evangelos Pistiolis President, Chief Executive Officer, and Director

SK 23116 0005 1008663 v5