



NEWS RELEASE for June 12, 2008

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TOP SHIPS REPORTS FIRST QUARTER 2008 FINANCIAL RESULTS

- **Net loss of \$0.93 per share, including special items of \$0.83 per share**
- **New time charter agreements for three dry-bulk vessels**
- **New employment agreements for all newbuilding vessels**

ATHENS, GREECE (June 12, 2008) ... TOP Ships Inc. (NasdaqGS:TOPS) today announced its operating results for the first quarter ended March 31, 2008.

For the three months ended March 31, 2008, the Company reported net loss of \$18,841,000, or \$0.93 per share, compared with net income of \$2,999,000, or \$0.28 per share, for the first quarter of 2007. The weighted average numbers of basic shares used in the computations were 20,295,240 and 10,777,043 for the first quarter of 2008 and 2007, respectively. The results for the first quarter of 2008 and 2007 include net charges of \$16,737,000, or \$0.83 per share and net revenues of \$980,000, or \$0.09 per share, respectively, of special items¹ that affected the Company's net results for the first quarter of 2008 and 2007 that are typically excluded by securities analysts in their published estimates of the Company's financial results, which are described in Appendix A of this release. For the three months ended March 31, 2008, operating loss was \$2,434,000, compared with operating income of \$3,448,000 for the first quarter of 2007. Revenues for the first quarter of 2008 were \$72,637,000, compared to \$73,988,000 recorded in the first quarter of 2007.

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

“In the first quarter of 2008 we had a net loss of \$0.93 per share, including special items of \$0.83 per share, consisting of cash and non-cash charges. The special cash charges we incurred were mainly a result of unplanned repairs on some of our vessels. Three of these vessels (Faultless, Noiseless and Bertram), which caused the majority of these unplanned cash expenses, were sold and delivered to new owners during the first and early second quarters.

We expect to recover approximately \$6,500,000 from our insurance underwriters during the second, third and fourth quarters of 2008 with respect to these and previous unexpected repairs, that will significantly offset these charges.

The special non-cash charges we incurred relate mostly to the change of fair value of swaps that was caused by the significant decrease of the interest rates in the first quarter. All special items are described in the Appendix of this earnings release.

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

Consistent with our strategy to operate a fleet with a balanced employment profile, and in order to further reduce our spot market exposure, we concluded a number of significant time charter arrangements for our dry-bulk and tanker vessels.

Regarding our dry-bulk fleet, we have previously announced the time charter arrangements for the Cyclades and Astrale at \$50,860 net per day for three years and \$67,500 net per day for one year respectively. In addition, we have recently agreed to charter the Pepito for a period of five years at a net daily rate of \$38,950. Finally we have agreed to extend the bareboat charter of the Voc Gallant after its current expiration in May 2009. The extended agreement will have an additional period of three years at a net daily bareboat rate of \$23,580.

Regarding our tanker fleet, we have recently concluded chartering agreements for all six of our newbuilding product tankers with three major charterers. The new charter periods range between seven and ten years at daily rates between \$14,300 and \$14,550 on a bareboat basis. Since in bareboat agreements the charterers are responsible for the operating, maintenance and other administrative expenses, we estimate that the daily rates for these bareboat charters to be in excess of \$21,500 for the period, on a time charter equivalent basis.

Finally we are continuing our efforts to unwind additional charter-in contracts in order to further reduce our leasing expenditure.”

The following key indicators serve to highlight changes in the financial performance of the Company's vessels during the first quarters of 2007 and 2008:

Suezmax Vessels

Three Months Ended March 31,

| (In U.S. Dollars unless otherwise stated) | <u>2007</u> | <u>2008</u> | <u>Change</u> |
|---|-------------|-------------|---------------|
| Total available ship days | 1,170 | 970 | -17.1% |
| Total operating days | 1,084 | 724 | -33.2% |
| Utilization | 92.6% | 74.6% | -19.4% |
| TCE ² per ship per day under spot voyage charter | 38,565 | 47,548 | 23.3% |
| TCE per ship per day under time charter | 35,123 | 38,574 | 9.8% |
| Average TCE | 37,428 | 43,123 | 15.2% |
| Other vessel operating expenses per ship per day | 8,231* | 15,391* | 87.0% |

Handymax Vessels

Three Months Ended March 31,

| (In U.S. Dollars unless otherwise stated) | <u>2007</u> | <u>2008</u> | <u>Change</u> |
|--|-------------|-------------|---------------|
| Total available ship days | 990 | 728 | -26.5% |
| Total operating days | 911 | 621 | -31.8% |
| Utilization | 92.0% | 85.3% | -7.3% |
| TCE per ship per day under spot voyage charter | - | 16,000 | - |
| TCE per ship per day under time charter | 20,279 | 18,360 | -9.5% |
| Average TCE | 20,279 | 18,356 | -9.5% |
| Other vessel operating expenses per ship per day | 6,576 | 10,789* | 64.1% |

Tanker Fleet

Three Months Ended March 31,

| (In U.S. Dollars unless otherwise stated) | <u>2007</u> | <u>2008</u> | <u>Change</u> |
|--|-------------|-------------|---------------|
| Total available ship days | 2,160 | 1,698 | -21.4% |
| Total operating days | 1,995 | 1,345 | -32.6% |
| Utilization | 92.4% | 79.2% | -14.2% |
| TCE per ship per day under spot voyage charter | 38,565 | 47,462 | 23.1% |
| TCE per ship per day under time charter | 24,467 | 25,746 | 5.2% |
| Average TCE | 29,597 | 31,688 | 7.1% |
| Other vessel operating expenses per ship per day | 7,473 | 13,418 | 79.6% |

Drybulk Fleet

Three Months Ended March 31,

| (In U.S. Dollars unless otherwise stated) | <u>2007</u> | <u>2008</u> | <u>Change</u> |
|--|-------------|-------------|---------------|
| Total available ship days | - | 390 | - |
| Total operating days | - | 385 | - |
| Utilization | - | 98.7% | - |
| TCE per ship per day under spot voyage charter | - | - | - |
| TCE per ship per day under time charter | - | 51,151 | - |

² Time charter equivalent rate, or TCE rate, is a measure of the average daily revenue performance of a vessel on a per voyage basis. Our method of calculating TCE rate is consistent with industry standards and is determined by dividing time charter equivalent revenues or TCE revenues by voyage days for the relevant time period. TCE revenues are revenues minus voyage expenses. Voyage expenses primarily consist of port, canal and fuel costs that are unique to a particular voyage, which would otherwise be paid by the charterer under a time charter contract, as well as commissions. TCE revenues and TCE rate non-GAAP measures, provide additional meaningful information in conjunction with shipping revenues, the most directly comparable GAAP measure, because it assists Company's management in making decisions regarding the deployment and use of its vessels and in evaluating their financial performance.

| | | | |
|--|---|--------|---|
| Average TCE | - | 51,151 | - |
| Other vessel operating expenses per ship per day | - | 7,842* | - |

Total Fleet

Three Months Ended March 31,

| (In U.S. Dollars unless otherwise stated) | <u>2007</u> | <u>2008</u> | <u>Change</u> |
|--|-------------|-------------|---------------|
| Total available ship days | 2,160 | 2,088 | -3.3% |
| Total operating days | 1,995 | 1,730 | -13.3% |
| Utilization | 92.4% | 82.9% | -10.3% |
| TCE per ship per day under spot voyage charter | 38,565 | 47,462 | 23.1% |
| TCE per ship per day under time charter | 24,467 | 32,927 | 34.6% |
| Average TCE | 29,597 | 36,019 | 21.7% |
| Other vessel operating expenses per ship per day | 7,473 | 12,376 | 65.6% |
| General and administrative expenses per ship per day** | 2,406 | 3,690 | 53.3% |

* The daily Other vessel operating expenses for the Suezmax, Handymax and Drybulk Vessels for the first quarter of 2007 include approximately \$332, \$0 and \$0, respectively, and for the first quarter of 2008 include approximately \$5,269, \$1,621 and \$890, respectively, for specific unexpected repairs.

** The daily General and Administrative expenses include approximately \$218 and \$322 for the first quarter of 2007 and 2008, respectively, of non-cash restricted stock expense, specific legal fees and depreciation for other fixed assets.

Fleet Report:

As of March 31, 2008, the Company's fleet consisted of 23 vessels, or 2.1 million dwt (including 12 owned, one under capital lease and 10 vessels sold and leased back for a period of five to seven years) as compared to 24 vessels, or 2.5 million dwt on March 31, 2007 (including 18 vessels sold and leased back for a period of 5 to 7 years).

In December 2007, the Company entered into an agreement to sell the vessel M/T Noiseless to an unrelated party. The gain from the sale of \$0.6 million was recognized upon the delivery of the vessel to the buyer on January 30, 2008.

In January 2008, the Company agreed to sell the vessel M/T Stainless to an unrelated party and entered into a bareboat charter with the buyer until July 31, 2008 (the vessel's delivery date). According to the terms of the bareboat charter, all bareboat hire payments made up to the end of the charter period will be deducted from the purchase price and ownership of the vessel will be transferred to the buyer at the end of the charter period. As ownership of the vessel will be transferred to the buyer at the end of the bareboat charter, the Company classified the charter and vessel's sale as a capital lease.

In August 2007, the Company entered into an agreement to acquire the M/V Astrale, a panamax drybulk vessel of 75,933 dwt built in Japan in 2000, from an unrelated third party with an expected delivery date between January and March 2008. In February 2008, the Company agreed with the owners of the M/V Astrale to charter the vessel up to April 27, 2008, for a daily hire. On May 1, 2008, the Company took ownership of the M/V Astrale, which was entered into a time charter contract for a period of 1 year at a net daily rate of \$67,500. As the ownership of the vessel was transferred to the Company at the end of the charter the Company accounted for the purchase and related charter as a capital lease.

In February 2008, the Company took delivery of the M/V Voc Gallant, a super handymax, or supramax, drybulk vessel of 51,200 dwt built in China in 2002, from an unrelated third party. The vessel was chartered back to the sellers for a period of 18 months at a daily net rate of \$25,650 on a bareboat basis. This employment agreement was later extended for an additional period of three years at a daily net rate of \$23,580.

In March 2008, the Company took delivery of the M/V Pepito, a panamax drybulk vessel of 75,928 dwt built in Japan in 2001 and entered into a time charter contract for a period of 5 years at a net daily rate of \$38,950.

In March 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. The termination of the bareboat charter became effective upon the vessel's delivery to its new owners, on March 31, 2008.

In April 2008, the Company entered into an agreement to sell the vessel M/V Bertram with an attached time charter contract to a third party and the vessel was delivered to its new owners later in the month. Until its delivery, an amount of \$4.2 million, relating to the fair value of the time charter contract, had been amortized to the Company's revenues. Consequently, on the delivery to its new owners, the Company wrote-off the unamortized amount, which resulted in a loss of approximately \$2.0 million that will be recognized in the second quarter of 2008.

***Fleet Deployment:***

During the first quarter of 2008, the Company had approximately 79% of the fleet's operating days on long-term employment contracts. As of March 31, 2008, seventeen of the Company's 23 vessels were on

time charter contracts with an average term of over two years with all but nine of the time charters including profit sharing agreements.

Tanker Vessels:

During the first quarter of 2008, seven of the Company's Suezmax tankers operated in the spot market, earning on average \$47,548 per vessel per day on a time charter equivalent (TCE) basis.

During the first quarter of 2008, five of the Company's Suezmax tankers operated under time charter contracts, earning on average \$38,574 per vessel per day on a time charter equivalent (TCE) basis.

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

During the first quarter of 2008, seven of the Company's Handymax tankers earned on average \$18,360 per vessel per day on a time charter equivalent (TCE) basis, including the profit-sharing allocated to the Company.

During the first quarter of 2008, one of the Company's Handymax tankers operated in the spot market, earning on average \$16,000 per vessel per day on a time charter equivalent (TCE) basis.

Drybulk Vessels:

During the first quarter of 2008, all Company's drybulk vessels operated under time charter contracts, earning on average \$51,151 per vessel per day on a time charter equivalent (TCE) basis, including the amortization of the fair value of time charter contracts of \$15,842 per vessel per day.

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

| | <u>Dwt</u> | <u>Year Built</u> | <u>Charter Type</u> | <u>Expiry</u> ^E | <u>Daily Base Rate</u> | <u>Profit Sharing Above Base Rate (2008)</u> |
|--|------------------|-----------------------|---------------------|----------------------------|----------------------------|--|
| 9 Suezmax Tankers | | | | | | |
| Timeless ^B | 154,970 | 1991 | Spot | | | |
| Flawless ^B | 154,970 | 1991 | Spot | | | |
| Stopless ^B | 154,970 | 1991 | Time Charter | Q3/2008 | \$35,000 | 50% thereafter |
| Priceless ^B | 154,970 | 1991 | Spot | | | |
| Endless ^D | 135,915 | 1992 | Time Charter | Q3/2008 ^C | \$36,500 | None |
| Limitless ^D | 136,055 | 1993 | Spot | | | |
| Stormless ^D | 150,038 | 1993 | Time Charter | Q2/2010 | \$35,000 | None |
| Ellen P ^D | 146,286 | 1996 | Time Charter | Q2/2009 | \$44,500 | None |
| Edgeless ^D | 147,048 | 1994 | Spot | | | |
| 8 Handymax Tankers | | | | | | |
| Sovereign ^A | 47,084 | 1992 | Spot | | | |
| Relentless ^A | 47,084 | 1992 | Time Charter | Q3/2009 | \$14,000 | 50% thereafter |
| Vanguard ^B | 47,084 | 1992 | Time Charter | Q1/2010 | \$15,250 | 50% thereafter |
| Spotless ^B | 47,094 | 1991 | Time Charter | Q1/2010 | \$15,250 | 50% thereafter |
| Doubtless ^B | 47,076 | 1991 | Time Charter | Q1/2010 | \$15,250 | 50% thereafter |
| Faithful ^B | 45,720 | 1992 | Time Charter | Q2/2010 | \$14,500 | 100% first \$500 + 50% thereafter |
| Dauntless ^D | 46,168 | 1999 | Time Charter | Q1/2010 | \$16,250 | 100% first \$1,000 + 50% thereafter |
| Ioannis P ^D | 46,346 | 2003 | Time Charter | Q4/2010 | \$18,000 | 100% first \$1,000 + 50% thereafter |
| 6 Newbuilding Product Tankers | | | | | | |
| Hull S-1025..... | 50,000 | 2009 | Bareboat Charter | Q1-2/2019 | \$14,400 | None |
| Hull S-1026..... | 50,000 | 2009 | Bareboat Charter | Q1-2/2019 | \$14,550 | None |
| Hull S-1027..... | 50,000 | 2009 | Bareboat Charter | Q1-2/2016 | \$14,300 | None |
| Hull S-1029..... | 50,000 | 2009 | Bareboat Charter | Q1-2/2016 | \$14,300 | None |
| Hull S-1031..... | 50,000 | 2009 | Bareboat Charter | Q1-2/2019 | \$14,550 | None |
| Hull S-1033..... | 50,000 | 2009 | Bareboat Charter | Q1-2/2019 | \$14,550 | None |
| Total Tanker dwt | 2,008,878 | | | | | |
| 5 Drybulk Vessels | | | | | | |
| Cyclades ^D | 75,681 | 2000 | Time Charter | Q2/2011 | \$50,860 | None |
| Amalfi ^D | 45,526 | 2000 | Time Charter | Q1/2009 | \$22,000 | None |
| Voc Gallant ^D | 51,200 | 2002 | Bareboat Charter | Q2/2012 | \$25,650 ^F | None |
| Pepito ^D | 75,928 | 2001 | Time Charter | Q2/2013 | \$38,950 | None |
| Astrale ^D | 75,933 | 2000 | Time Charter | Q2/2009 | \$67,500 | None |
| Total Drybulk dwt | 324,268 | | | | | |
| TOTAL DWT | 2,333,146 | | | | | |

A. Vessels sold and leased back in August and September 2005 for a period of 7 years

B. Vessels sold and leased back in March 2006 for a period of 5 years

C. Charterers have option to extend contract for an additional four-year period

D. Owned vessels

E. For the newbuilding product tankers we refer to the initial charter period excluding extension options

F. From May/June 2009 until May/June 2012 the net daily base rate will be \$23,580

Liquidity and Capital Resources

As of March 31, 2008, Top Ships had total indebtedness under senior secured credit facilities of \$502.4 million with its lenders, the Royal Bank of Scotland (“RBS”), HSH Nordbank (“HSH”), DVB Bank, ALPHA BANK and EMPORIKI BANK maturing from 2008 through 2015.

Since the Company’s formation, the sources of funds have been cash from operations, long-term borrowings and equity provided by the shareholders. The Company’s principal use of funds has been capital expenditures to establish and grow its fleet, maintain the quality of its vessels, comply with international shipping standards and environmental laws and regulations, fund working capital requirements and make principal repayments on outstanding served loan facilities. The Company expects to rely upon operating cash flows, long-term borrowings and equity financings to implement its future growth plan.

In December 2007 and in April 2008, the Company raised \$120.0 million of equity capital to fund its diversification in the dry bulk sector and its newbuilding program. All drybulk vessels of the Company have been chartered in long-term employment agreements that are expected to provide a secured stream of drybulk revenues. Moreover, the long-term employment agreements for the majority of the tanker fleet, in combination with the significantly improved spot market rates are expected to increase tanker revenues.

Therefore, the Company expects that its working capital generation, in combination with the existing cash balances and its recent equity offerings will be sufficient to cover its liquidity requirements for the next year, other than the financing of the newbuildings. The Company is currently in the process of obtaining debt financing for the newbuildings.

As of March 31, 2008, the Company has three interest rate swap agreements with RBS for the amounts of \$28.5 million, \$10.0 million and \$10.0 million for a remaining period of one, five and five years, respectively. Under these agreements the interest rate is fixed at an effective annual rate of 4.66% (in addition to the applicable margin), 4.23% and 4.11%, respectively. The Company also has one interest rate swap agreement with HSH for the amount of \$36.4 million for a remaining period of three years, at a fixed interest rate of 4.80% in addition to the applicable margin. The Company also has one interest rate swap agreement with Egnatia Bank for the amount of \$10.0 million for a remaining period of five years, respectively. Under this agreement the interest rate is fixed at an effective annual rate of 4.76%. In addition, the Company has two interest rate swap agreements with HSH for the amounts of \$17.9 million and \$8.3 million for a remaining period of five years. The above swaps of \$10.0 million, \$10.0 million and \$10.0 million, include steepening terms based on the two and 10 year U.S. Dollar swap difference, which is calculated quarterly in arrears. The interest rate for the remaining balance of the loans is LIBOR, plus the margin.

In November 2007, the Company entered into an interest rate derivative product. Under this agreement, the Company will pay five annual interest payments on a notional amount of \$85.0 million. Based on the cumulative performance of a portfolio of systematic foreign exchange trading strategies, the interest payments will have a minimum floor at 0.00% and a cap at 7.50%.

In April 2008, the Company mutually agreed with Deutsche Bank for the termination of the \$50.0 million swap. The Company is in the process of restructuring all or part of the then outstanding amount.

In May 2008, the Company entered into an interest rate swap agreement for a notional amount of \$20.0 million for a seven year period. This swap includes steepening terms based on the two and 10 year Euro swap difference, which is calculated quarterly in arrears.

On March 31, 2008, the Company’s ratio of indebtedness to total capital was approximately 72.1%.

In April 2008, the Company privately placed 7.3 million common unregistered shares for aggregate proceeds of approximately \$51.0 million with various investors. The 7.3 million 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.

In April 2008, following the sale of M/V Bertram, the then outstanding loan amount was fully repaid. In May 2008, the Company took delivery of the drybulk vessel M/V Astrale. The acquisition cost was partially financed through a long-term bank loan, maturing in April 2013.

In addition, in May 2008, the Company paid the second installment for the construction of two vessels, which was partly financed from the revolving credit facility with RBS. Finally, in May 2008, following the private placement, the Company prepaid a portion from the bridge loan with DVB Bank.

Conference Call and Webcast

Top Ships' management team will host a conference call to review the results and discuss other corporate news and its outlook on Thursday, June 12, 2008, at 11:00 AM EDT.

Those interested in listening to the live webcast may do so by going to the Company's website at <http://www.topships.org>, or by going to <http://www.investorcalendar.com>.

The telephonic replay of the conference call will be available by dialling 1-877 660-6853 (from the US and Canada) or +1 201 612 7415 (from outside the US and Canada) and by entering account number 286 and conference ID number 286450. An online archive will also be available immediately following the call at the sites noted above. Both are available for one week, through June 19, 2008.

About TOP Ships Inc.

TOP Ships Inc., formerly known as TOP Tankers Inc., is an international provider of worldwide seaborne crude oil and petroleum products and of drybulk transportation services. The Company operates a combined tanker and drybulk fleet as follows:

- a fleet of 17 tankers, consisting of 9 double-hull Suezmax tankers and 8 double-hull Handymax tankers, with a total carrying capacity of approximately 1.7 million dwt, of which 83% are sister ships. Eleven of the Company's 17 tankers are on time charter contracts with an average term of two years with all but three of the time charters including profit sharing agreements above their base rates. In addition, the Company has ordered six newbuilding product tankers, which are expected to be delivered in the first half of 2009.
- a fleet of five drybulk vessels. Four of the Company's five drybulk vessels have time charter contracts for an average period of 30 months.

Forward-Looking Statements

Matters discussed in this press release may constitute forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts.

The Company desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this safe harbor legislation. The words "believe," "anticipate," "intends," "estimate," "forecast," "project," "plan," "potential," "will," "may," "should," "expect" "pending" and similar expressions identify forward-looking statements. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, our management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections.

In addition to these important factors, other important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the strength of world economies and currencies, general market conditions, including fluctuations in charter rates and vessel values, failure of a seller to deliver one or more vessels or of a buyer to accept delivery of one or more vessels, inability to procure acquisition financing, default by one or more charterers of our ships, changes in the demand for crude oil and petroleum products, changes in demand for dry bulk shipping capacity, changes in our operating expenses, including bunker prices, drydocking and insurance costs, the market for our vessels, availability of financing and refinancing, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, vessels breakdowns and instances of off-hires and other factors. Please see our filings with the Securities and Exchange Commission for a more complete discussion of these and other risks and uncertainties.

TABLES FOLLOW

TOP SHIPS INC.

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

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

| | Three Months Ended | | |
|--|--|---|--------------------|
| | March 31, | | |
| | 2007 | 2007 | 2008 |
| | As originally reported under the deferral method (Unaudited) | As computed under the direct expense method (Unaudited) | (Unaudited) |
| REVENUES: | | | |
| Revenues | \$ 73,988 | \$ 73,988 | \$ 72,637 |
| EXPENSES: | | | |
| Voyage expenses | 14,942 | 14,942 | 10,324 |
| Charter hire expense | 29,498 | 29,498 | 17,988 |
| Amortization of deferred gain on sale and leaseback of vessels | (2,433) | (2,433) | (1,297) |
| Other vessel operating expenses | 16,141 | 16,141 | 25,842 |
| Dry-docking costs | - | 1,984 | 4,049 |
| Depreciation | 5,239 | 5,239 | 10,510 |
| Amortization of dry-docking costs | 4,036 | - | - |
| General and administrative expenses | 5,198 | 5,198 | 7,705 |
| Foreign currency (gains) / losses, net | (29) | (29) | 532 |
| Gain on sale of vessel | - | - | (582) |
| Operating income (loss) | 1,396 | 3,448 | (2,434) |
| OTHER INCOME (EXPENSES): | | | |
| Interest and finance costs | (2,973) | (2,973) | (7,946) |
| Fair value change of financial instruments | 1,711 | 1,711 | (8,859) |
| Interest income | 825 | 825 | 430 |
| Other, net | (12) | (12) | (32) |
| Total other expenses, net | (449) | (449) | (16,407) |
| Net Income (loss) | \$ 947 | \$ 2,999 | \$ (18,841) |
| Earnings (loss) per share, basic and diluted | \$ 0.09 | \$ 0.28 | \$ (0.93) |
| Weighted average common shares outstanding, basic | 10,777,043 | 10,777,043 | 20,295,240 |
| Weighted average common shares outstanding, diluted | 10,785,688 | 10,785,688 | 20,295,240 |

TOP SHIPS INC.

CONSOLIDATED CONDENSED BALANCE SHEETS

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

| | December 31, | March 31, |
|--|---------------------|-------------------|
| | 2007 | 2008 |
| | (Unaudited) | (Unaudited) |
| <u>ASSETS</u> | | |
| CASH AND CASH EQUIVALENTS | \$ 26,012 | \$ 8,375 |
| OTHER CURRENT ASSETS | 29,881 | 31,026 |
| NET INVESTMENT IN CAPITAL LEASE | - | 42,300 |
| VESSEL HELD FOR SALE | 46,268 | - |
| ADVANCES FOR VESSELS ACQUISITIONS / UNDER CONSTRUCTION | 66,026 | 60,504 |
| VESSEL UNDER CAPITAL LEASE | - | 76,532 |
| VESSELS, NET | 553,891 | 641,422 |
| OTHER NON-CURRENT ASSETS | 28,339 | 26,536 |
| RESTRICTED CASH | 26,500 | 30,000 |
| | <hr/> | <hr/> |
| Total assets | \$ 776,917 | \$ 916,695 |
| <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u> | | |
| CURRENT PORTION OF LONG-TERM DEBT | \$ 107,488 | \$ 124,459 |
| OBLIGATIONS UNDER CAPITAL LEASE | - | 68,571 |
| OTHER CURRENT LIABILITIES | 45,802 | 69,229 |
| | 10,68 | 13,65 |
| FINANCIAL INSTRUMENTS, NET OF CURRENT PORTION | 3 | 8 |
| | 29,19 | 35,74 |
| FAIR VALUE OF BELOW MARKET TIME CHARTER | 9 | 8 |
| LONG-TERM DEBT, NET OF CURRENT PORTION | 331,396 | 373,630 |
| DEFERRED GAIN ON SALE AND LEASEBACK OF VESSELS | 40,941 | 38,352 |
| | <hr/> | <hr/> |
| Total liabilities | 9 | 7 |
| COMMITMENTS AND CONTINGENCIES | | |
| | <hr/> | <hr/> |
| STOCKHOLDERS' EQUITY | | |
| | <hr/> | <hr/> |
| Total liabilities and stockholders' equity | \$ 776,917 | \$ 916,695 |

TOP SHIPS INC.

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

| | Three Months Ended | | |
|---|--|---|------------------|
| | March 31, | | |
| | 2007 | 2007 | 2008 |
| | As originally reported under the deferral method (Unaudited) | As computed under the direct expense method (Unaudited) | (Unaudited) |
| Cash Flows from (used in) Operating Activities: | | | |
| Net income (loss) | \$ 947 | \$ 2,999 | \$ (18,841) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 9,483 | 5,447 | 12,087 |
| Stock-based compensation expense | 151 | 151 | 483 |
| Change in fair value of financial instruments | (1,711) | (1,711) | 8,859 |
| Amortization of deferred gain on sale and leaseback of vessels | (2,433) | (2,433) | (1,297) |
| Amortization of fair value below market time charter | - | - | (6,099) |
| Loss on sale of other fixed assets | 61 | 61 | 25 |
| Gain on sale of vessels | - | - | (582) |
| Payments for dry-docking | (6,791) | - | - |
| Change in operating assets and liabilities | 5,165 | 358 | 13,634 |
| Net Cash from Operating Activities | <u>4,872</u> | <u>4,872</u> | <u>8,269</u> |
| Cash Flows from (used in) Investing Activities: | | | |
| Principal payments received under capital lease | - | - | 3,700 |
| Principal payments paid under capital lease | - | - | (928) |
| Advances for vessels acquisitions / under construction | (14,778) | (14,778) | (14,768) |
| Vessel acquisitions and improvements | - | - | (115,747) |
| Insurance claims recoveries | - | - | 125 |
| Increase in restricted cash | - | - | (3,500) |
| Net proceeds from sale of vessels | - | - | 47,867 |
| Net proceeds from sale of other fixed assets | 28 | 28 | 49 |
| Acquisition of other fixed assets | (1,247) | (1,247) | (520) |
| Net Cash used in Investing Activities | <u>(15,997)</u> | <u>(15,997)</u> | <u>(83,722)</u> |
| Cash Flows from (used in) Financing Activities: | | | |
| Proceeds from long-term debt | 10,000 | 10,000 | 100,180 |
| Payments of long-term debt | (4,250) | (4,250) | (42,085) |
| Cancellation of fractional shares | - | - | (2) |
| Payment of financing costs | - | - | (277) |
| Net Cash from Financing Activities | <u>5,750</u> | <u>5,750</u> | <u>57,816</u> |
| Net decrease in cash and cash equivalents | <u>(5,375)</u> | <u>(5,375)</u> | <u>(17,637)</u> |
| Cash and cash equivalents at beginning of period | <u>29,992</u> | <u>29,992</u> | <u>26,012</u> |
| Cash and cash equivalents at end of period | <u>\$ 24,617</u> | <u>\$ 24,617</u> | <u>\$ 8,375</u> |
| SUPPLEMENTAL CASH FLOW INFORMATION | | | |
| Interest paid | <u>\$ 1,443</u> | <u>\$ 1,443</u> | <u>\$ 5,477</u> |
| NON-CASH TRANSACTIONS | | | |
| Fair value below market time charter | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 12,647</u> |
| Amounts owed for capital expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,469</u> |

APPENDIX A – SPECIFIC ITEMS AFFECTING NET INCOME (LOSS)

Set forth below are some of the significant items of income and expense that affected the Company's net results for the first quarter of 2007 and 2008, all of which items are typically excluded by securities analysts in their published estimates of the Company's financial results:

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

| <u>Description</u> | <u>Three Months Ended</u> | | | | | |
|---|-------------------------------|--------------------|------------------------------|-----------------------|------------------|---------------|
| | <u>March 31, 2007</u> | | | <u>March 31, 2008</u> | | |
| | <u>As originally reported</u> | | <u>As computed under the</u> | | | |
| | <u>under the deferral</u> | | <u>direct expense method</u> | | | |
| | | <u>(unaudited)</u> | | <u>(unaudited)</u> | | |
| <u>\$</u> | <u>Per Share</u> | <u>\$</u> | <u>Per Share</u> | <u>\$</u> | <u>Per Share</u> | |
| Reported net income (loss) | 947 | 0.09 | 2,999 | 0.28 | (18,841) | (0.93) |
| Restricted share plan to officers and personnel (1) | 151 | 0.01 | 151 | 0.01 | 483 | 0.02 |
| Change of fair value of financial instruments | (1,711) | (0.16) | (1,711) | (0.16) | 8,859 | 0.44 |
| Specific legal fees (2) | 192 | 0.02 | 192 | 0.02 | - | - |
| Amortization of financing fees (3) | - | - | - | - | 758 | 0.04 |
| Specific repairs (4) | 388 | 0.04 | 388 | 0.04 | 6,637 | 0.33 |
| Total | (980) | (0.09) | (980) | (0.09) | 16,737 | 0.83 |
| Net income (loss) after specific items | (33) | 0.00 | 2,019 | 0.19 | (2,104) | (0.10) |

(1) Relates to stock-based compensation expense

(2) Relates to legal fees incurred due to the class action lawsuit

(3) Amortization of financing fees relating to bridge loan with DVB

(4) Special unexpected repairs