FORM 6-K

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 under

the Securities Exchange Act of 1934

For the month of January, 2008

COMMISSION FILE NUMBER: 1-7239

KOMATSU LTD.

Translation of registrant s name into English

3-6 Akasaka 2-chome, Minato-ku, Tokyo, Japan

Address of principal executive office

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

Form 20-F __X__ Form 40-F ______

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

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

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ______ No __X__

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-______

INFORMATION TO BE INCLUDED IN REPORT

1. A company announcement made on January 30, 2008.

Table of Contents

SIGNATURES

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

	KOMATSU LTD. (Registrant)
Date: January 31, 2008	By: /s/ Kenji Kinoshita Kenji Kinoshita Director and Senior Executive Officer

Table of Contents

Komatsu Ltd.
Corporate Communications Dept.
Tel: +81-(0)3-5561-2616
Date: January 30, 2008
URL: http://www.komatsu.com/

Consolidated Business Results for Nine Months

of the Fiscal Year Ending March 31, 2008 (U.S. GAAP)

1. Results for Nine Months of the Fiscal Year Ending March 31, 2008

(Amounts are rounded to the nearest million yen)

(1) Consolidated Financial Results

Millions of yen except per share amounts

	Nine months ended December 31, 2007	Nine months ended December 31, 2006	Changes Increase		FY ended March 31, 2007
Net sales	**1,629,026**	1,339,510	289,516	21.6%	1,893,343
Operating income	**241,442**	169,009	72,433	42.9%	244,741
Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies	**234,766**	163,260	71,506	43.8%	236,491
Net income	**151,546**	109,561	41,985	38.3%	164,638
Net income per share (Yen)					
Basic	¥ **152.34**	¥ 110.27	¥ 42.07		¥ 165.70
Diluted	¥ **152.13**	¥ 110.08	¥ 42.05		¥ 165.40

Notes: 1) Percentages shown in net sales, operating income, income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies and net income represent the rates of change compared with the corresponding nine months a year ago.

2) In accordance with Statement of Financial Accounting Standards No.144, Accounting for the Impairment or Disposal of Long-Lived Assets, the consolidated statements of income for nine months ended December 31, 2006 have been retrospectively reclassified as for the discontinued operations.

(2) Consolidated Financial Position

Millions of yen except per share amounts

	As of December 31, 2007	As of December 31, 2006	As of March 31, 2007
Total assets	**1,992,035**	1,768,506	1,843,982

Shareholders equity	**892,828**	728,814	776,717
Shareholders equity ratio	**44.8%**	41.2%	42.1%
Shareholders equity per share (Yen)	**¥ 897.24**	¥ 733.38	¥ 781.57

1

Table of Contents

2. Projections for the Fiscal Year Ending March 31, 2008

(From April 1, 2007 to March 31, 2008)

As of the date of this news release, no changes have been made to the projection of October 30, 2007

Millions of yen except per share amounts

	The entire fiscal year	
Net sales	2,210,000	up 16.7%
Operating income	325,000	up 32.8%
Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies	316,000	up 33.6%
Net income	205,000	up 24.5%
Net income per share (Yen)	¥ 206.02	

Note: Percentages shown above represent the rates of change compared with the corresponding period a year ago.

3. Others

(1) Changes in Group of Entities

Consolidated subsidiaries

Added:	12 companies
Added: (From affiliated companies)	1 company
Removed: (Merger etc.)	8 companies

Affiliated companies accounted for by the equity method

Added:	2 companies
Removed: (To consolidated subsidiaries)	1 company
Removed: (Exclusion)	1 company

(2) Simplified accounting procedures: Adopted in part to calculate tax expenses.

(3) Changes in accounting procedures since the last consolidated fiscal year: None.

Note: See 4.Others of Qualitative Information, Financial Statements and Others on page 5 for more details.

Table of Contents

[Qualitative Information, Financial Statements and Others]

1. Management Performance (Consolidated)

Notes: 1) In accordance with Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets , certain business results of the operations, which were discontinued during the fiscal year ended March 31, 2007, are reclassified retrospectively for nine months ended December 31, 2006.

2) From the fiscal year ending March 31, 2008, Komatsu changes its business segment into two, i.e., Construction and Mining Equipment, and Industrial Machinery, Vehicles and Others. The figures for the corresponding nine months period last year are reclassified accordingly.

Consolidated net sales for nine months of the fiscal year, ending March 31, 2008, increased 21.6% over the corresponding nine-month period a year ago, to ¥1,629.0 billion (US$14,290 million, at US$1=¥114). Operating income for nine months reached ¥241.4 billion (US$2,118 million), advancing 42.9% over the previous nine-month period. Both sales and operating income renewed record highs for all nine-month periods. The operating income ratio for nine months improved by 2.2 percentage points to 14.8%. Construction and Mining Equipment and Industrial Machinery, Vehicles and Others businesses continued to expand earnings.

We at the Komatsu Group anticipate that demand for our products will continue to expand against the backdrop of resource and infrastructure developments around the world. We are going to build another new plant to produce super-large hydraulic excavators near the Port of Kanazawa in Ishikawa Prefecture in Japan, a new plant to make crawlers for construction equipment in Shandong, China, and a new plant to manufacture medium-sized hydraulic excavators, forklift trucks and other equipment, in Yaroslavl, Russia.

Results by operation are summarized below.

Note: Segment profits mentioned in the review of operations below are obtained by subtracting cost of sales and selling, general and administrative expenses from net sales.

Construction and Mining Equipment

Consolidated net sales of construction and mining equipment for nine months under review advanced 23.1% over the corresponding nine-month period a year ago, to ¥1,377.6 billion (US$12,085 million). As demand for our equipment continued to expand, we increased our production capacity in collaboration with our suppliers, and we also began our efforts to establish a cross-sourcing operation designed to meet changes in regional demand. We also worked to expand sales of DANTOTSU products, realize our prices and reinforce our product support capability.

In Europe & CIS, China, Asia & Oceania, and the Middle East & Africa, we boosted sales by capitalizing on thriving demand for our equipment in infrastructure development and mining sectors. In the Americas, while North American demand dropped, that in Latin America remained strong, and we sustained sales at about the same level as those for the corresponding nine-month period a year ago. In Japan, sales increased slightly due mainly to intensified competition and the withdrawal from unprofitable businesses.

Segment profit of the construction and mining equipment business advanced 42.3% over the corresponding nine-month period a year ago, to ¥217.3 billion (US$1,906 million).

Table of Contents

Sales of Construction and Mining Equipment by Region

	Nine months ended December 31, 2007 (A) 1USD=¥117 1EUR=¥164	Nine months ended December 31, 2006 (B) 1USD=¥116 1EUR=¥149	Millions of yen Changes Increase (Decrease) (A)-(B)	
Japan	**211,566**	208,332	3,234	1.6%
The Americas	**353,256**	357,152	(3,896)	(1.1)%
Europe & CIS	**308,091**	211,428	96,663	45.7%
China	**115,724**	69,555	46,169	66.4%
Asia & Oceania	**235,792**	165,576	70,216	42.4%
Middle East & Africa	**153,224**	106,772	46,452	43.5%
Total	**1,377,653**	1,118,815	258,838	23.1%

Industrial Machinery, Vehicles and Others

Consolidated net sales of industrial machinery, vehicles and other operations reached ¥251.3 billion (US$2,205 million), registering an increase of 13.9% over the corresponding nine-month period a year ago. In addition to expanding sales of forklift trucks in Greater Asia markets, such as Asia, CIS and the Middle East, we accelerated sales of industrial machinery, such as large presses and machine tools, especially in India where sales of automobiles was expanding sharply in volume.

Segment profit of the industrial machinery, vehicles and others business improved 19.3% over the corresponding nine-month period a year ago, to ¥25.4 billion (US$223 million).

The ARION Hybrid, an electric hybrid forklift truck made by Komatsu Utility Co., Ltd., received The Minister of Economy, Trade and Industry Award, the highest award in the FY2006 Awards for Energy-Conserving Machinery sponsored by The Japan Machinery Federation.

2. Financial Conditions (Consolidated)

Total assets at December 31, 2007 amounted to ¥1,992.0 billion (US$17,474 million), an increase of ¥148.0 billion from March 31, 2007. This particularly reflects increased inventories resulting from expanded production in response to thriving demand for construction and mining equipment. Interest-bearing debt increased by ¥34.2 billion from March 31, 2007, to ¥383.3 billion (US$3,363 million). Shareholders equity reached ¥892.8 billion (US$7,832 million), an increase of ¥116.1 billion. As a result, shareholders equity ratio increased by 2.7 percentage points, to 44.8%. Net debt-to-equity ratio * translated into 0.30, compared to 0.33 at March 31, 2007.

* Net debt-to-equity ratio = (Interest-bearing debt Cash and cash equivalents Time deposits)/Shareholders equity

4

Table of Contents

3. Projections for the Fiscal Year Ending March 31, 2008 (Consolidated)

(From April 1, 2007 to March 31, 2008)

As of the date of this news release, no changes have been made to the projection of October 30, 2007. While the U.S. dollar is depreciating against the Japanese yen in light of the exchange rate which we anticipated, we are projecting more-than-anticipated sales, especially in emerging economies.

With respect to foreign exchange rates, which are preconditions for our projection of business results, we are assuming ¥106 per US$1 and ¥156 per EUR1 on average for the fourth quarter (January through March 2008). For the full fiscal year, we have changed the earlier assumptions of ¥117 per US$1 and ¥159 per EUR1 to ¥114 and ¥162, respectively.

<Reference: Projections for the Fiscal Year Ending March 31, 2008 announced on October 30, 2007>

Millions of yen except per share amounts

	The entire fiscal year	
Net sales	2,210,000	up 16.7%
Operating income	325,000	up 32.8%
Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies	316,000	up 33.6%
Net income	205,000	up 24.5%
Net income per share	¥ 206.02	

4. Others

(1) Changes in Group of Entities

Consolidated subsidiaries

Added:	12 companies Komatsu CIS, LLC and other 11 companies
Added: (From affiliated companies)	1 company
Removed: (Merger etc.)	8 companies Komatsu Zenoah Co. and other 7 companies

Affiliated companies accounted for by the equity method

Added:	2 companies
Removed: (To consolidated subsidiaries)	1 company
Removed: (Exclusion)	1 company

(2) Simplified accounting procedures: Adopted in part to calculate tax expenses.

(3) Changes in accounting procedures since the last consolidated fiscal year: None.

Table of Contents

Cautionary Statement

The announcement set forth herein contains forward-looking statements which reflect management s current views with respect to certain future events, including expected financial position, operating results, and business strategies. These statements can be identified by the use of terms such as will, believes, should, projects and similar terms and expressions that identify future events or expectations. Actual results may differ materially from those projected, and the events and results of such forward-looking assumptions cannot be assured.

Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, unanticipated changes in demand for the Company s principal products, owing to changes in the economic conditions in the Company s principal markets; changes in exchange rates or the impact of increased competition; unanticipated cost or delays encountered in achieving the Company s objectives with respect to globalized product sourcing and new Information Technology tools; uncertainties as to the results of the Company s research and development efforts and its ability to access and protect certain intellectual property rights; and, the impact of regulatory changes and accounting principles and practices.

Table of Contents

Condensed Consolidated Balance Sheets

Millions of yen

	As of December 31, 2007 (A)	As of March 31, 2007 (B)	Changes Increase (Decrease) (A)-(B)
Assets			
Current assets:			
Cash and cash equivalents	¥ **117,173**	¥ 92,199	¥ 24,974
Time deposits	**197**	54	143
Trade notes and accounts receivable	**488,182**	478,063	10,119
Inventories	**515,312**	437,894	77,418
Assets held for sale		16,321	(16,321)
Other current assets	**118,248**	119,214	(966)
Total current assets	**1,239,112**	1,143,745	95,367
Long-term trade receivables	**89,766**	73,669	16,097
Investments	**144,437**	155,146	(10,709)
Property, plant and equipment Less accumulated depreciation	**432,391**	388,393	43,998
Other assets	**86,329**	83,029	3,300
Total	**1,992,035**	1,843,982	148,053
Liabilities and Shareholders Equity			
Current liabilities:			
Short-term debt (including current maturities of long-term debt)	**184,755**	174,734	10,021
Trade notes and accounts payable	**381,366**	365,065	16,301
Income taxes payable	**28,150**	54,933	(26,783)
Liabilities held for sale		7,919	(7,919)
Other current liabilities	**196,794**	182,529	14,265
Total current liabilities	**791,065**	785,180	5,885
Long-term liabilities	**279,112**	262,311	16,801
Minority interests	**29,030**	19,774	9,256
Shareholders equity:			
Common stock	**67,870**	67,870	
Capital surplus	**138,169**	137,155	1,014
Retained earnings	**655,453**	541,717	113,736
Accumulated other comprehensive income *	**34,154**	33,501	653
Treasury stock	**(2,818)**	(3,526)	708
Total shareholders equity	**892,828**	776,717	116,111
Total	¥ **1,992,035**	¥ 1,843,982	¥ 148,053

	As of December 31, 2007	As of March 31, 2007	Changes Increase (Decrease)
***Accumulated other comprehensive income:**			
Foreign currency translation adjustments	**¥ 15,053**	¥ 9,204	¥ 5,849
Net unrealized holding gains on securities available for sale	**35,006**	39,807	(4,801)
Pension liability adjustments-After application of SFAS No.158	**(14,881)**	(15,300)	419
Net unrealized holding gains (losses) on derivative instruments	**(1,024)**	(210)	(814)
Short & long-term debt	**¥ 383,346**	¥ 349,074	¥ 34,272

Note: -FAMILY: Times New Roman, serif;">Our tanker business strategy is focused on building and maintaining enduring relationships with participants in the international tanker industry, including leading charterers, oil companies, oil traders, brokers, suppliers, classification societies, insurers and others. We seek to continue to create long-term value principally by acquiring and operating high quality double-hull, refined petroleum products and crude oil tankers. In addition, we will diversify by acquiring drybulk vessels as described herein, beginning with the acquisition of the Identified Vessels. We intend to continue to review the market for drybulk vessels to continue our program of acquiring suitable vessel for on terms we deem advantageous.

We believe we have established a reputation in the international ocean transport industry for operating and maintaining our fleet with high standards of performance, reliability and safety. We have assembled a management team comprised of executives who have extensive experience operating large and diversified fleets of tankers and who have strong ties to a number of national, regional and international oil companies, charterers and traders.

We believe we can optimize return on our investments and maximize shareholder value through our strategy.

- ***Diversified Sector Profile***. We intend to maintain a diversified fleet profile, operating vessels in sectors and size segments within those sectors that provide seaborne transportation services to a number of industries and trades. Our fleet of double-hull tankers enable us to serve customers in both the crude oil and refined petroleum products sectors of the oil and refining industries and our drybulk carriers, beginning with the Identified Vessels, are expected to serve customers in the steel, electric utility, construction, steel and agri-food industries. This reduces our reliance on any one industry and provides us with diversified sources and greater stability of revenue.

- ***Return Driven Acquisitions and Selected Fleet Expansion***. We intend to grow our fleet through timely and selective acquisitions of high quality, double-hull crude oil and refined petroleum products tankers, drybulk carriers and other types of vessels. We monitor acquisition opportunities in the shipping industry among a number of sectors based on certain criteria for financial returns. Cargo shipping sectors such as tankers, drybulk carriers, container vessels and LNG carriers share similar operating characteristics. At times, a certain shipping sector may offer unique investment opportunities that exceed those of other sectors based on our financial criteria. We seek to identify, analyze and invest when these opportunities arise.

  - ***Across Size Segments***. We seek to reduce revenue volatility and dependence on any one cargo or trade route by owning vessels across size segments within the shipping sectors we operate. Upon our acquisition of the Identified Vessels partially with proceeds from this offering, in addition to our smaller Handymax tankers we will own drybulk carriers which would enable us to minor bulk commodities, in addition to refined petroleum products, while our larger Suezmax tankers would continue to carry crude oil and major bulk commodities. We believe that smaller vessels provide greater degree of revenue stability while larger vessels allow us to benefit from greater market fluctuations.

- ***Combined Fleet Deployment***. We seek to further reduce revenue volatility and enhance our potential for participation in rising charter markets by utilizing various employment contracts for our vessels. We actively and strategically deploy our fleet between time charters, which can last up to several years, and spot charters, which generally last from several weeks to six months. Vessels operating under spot charters may generate increased or decreased profit margins during periods of improvement or deterioration in charter rates, while vessels operating on period charters generally provide more predictable cash flows.

- ***Significant Market Presence.*** Our growth strategy of operating a relatively significant fleet in selected sectors will provide us with the ability to develop a strong presence in multiple sectors of the shipping industry and to build and maintain enduring relationships with charterers. By operating a significant fleet in selected shipping sectors and size segments within those sectors, we will enhance our attractiveness to charterers by offering a variety of vessels, including sister ships, to meet their diverse scheduling needs and provide flexibility to deploy our vessels in period and spot charter contracts.

CAPITALIZATION

The following table sets forth our consolidated capitalization at March 31, 2007:

- on an actual basis; and
- on an adjusted basis to give effect of the following:

Ø the increase in total debt by $145.95 million, $147.50 million net of $1.55 million involving capitalized financing costs, to partly finance the repurchase of the Repurchased Vessels. Total consideration for the Repurchased Vessels was $208.00 million.

Ø the decrease in total debt by $24.61 million analyzed as follows: repayment of $22.00 million as a result of the sale of Errorless and scheduled loan repayment of $2.61 million.

Ø the issuance and sale of 4,307,621 shares of our common stock in "at-the-market" and privately negotiated offerings pursuant to sales agreement with Deutsche Bank for total net proceeds of $29.41 million.

Ø the issuance of 640,000 new restricted common shares and the forfeiture of 1,000 restricted common shares.

Ø the increase in additional paid in capital by $0.15 million resulting from the vesting of previously restricted shares.

	As of March 31, 2007 (in thousands of US dollars)	
	Actual	As Adjusted(1)
Debt:		
Current portion of long term debt	$ 32,440	$ 37,580
Total long term debt, net of current portion	191,444	307,640
Total debt	223,884	345,220
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; 32,429,105 shares issued and outstanding at March 31, 2007, 37,375,726 shares issued and outstanding as adjusted	324	367
Additional paid-in capital	116,906	146,417
Other comprehensive income	(6)	(6)
Retained earnings (Accumulated deficit)	81,729	81,729
Total stockholders' equity	198,953	228,507
Total capitalization	$ 422,837	$ 573,727

(1) There have been no significant changes to our capitalization since March 31, 2007, as so adjusted.

RISK FACTORS

The following risks relate principally to the industry in which we operate and our business in general. Any of the risk factors could materially and adversely affect our business, financial condition or operating results and the trading price of our common stock.

Risks Related to Our Industry

The international tanker and drybulk industries are both cyclical and volatile and this may lead to reductions and volatility in our charter rates when we re-charter our vessels, vessel values and our results of operation

The international tanker and drybulk industries are cyclical with attendant volatility in charter hire rates and industry profitability. For both tankers and drybulk carriers, the degree of charter rate volatility among different types of vessels has varied widely. If we enter into a charter when charter rates are low, our revenues and earnings will be adversely affected. In addition, a decline in charter hire rates likely will cause the value of our vessels to decline. Although our fleet deployment strategy may limit our exposure, we are nonetheless exposed to changes in spot rates for tankers and, after the acquisition of drybulk carriers without charters, drybulk carriers and such changes may affect our earnings and the value of our vessels at any given time.

The factors affecting the supply and demand for our vessels are outside our control and are unpredictable. The nature, timing, direction and degree of changes in tanker and drybulk industry conditions are also unpredictable. Factors that influence demand for tanker and drybulk carriers capacity include:

- demand for refined petroleum products and crude oil for tankers and drybulk commodities for drybulk carriers;
- changes in crude oil production and refining capacity;
- the location of regional and global crude oil refining facilities and commodities markets that affect the distance that refined petroleum products and crude oil or drybulk commodities are to be moved by sea;
- global and regional economic and political conditions;
- the globalization of manufacturing and other developments in international trade;
- changes in seaborne and other transportation patterns, including changes in the distances over which cargoes are transported and, with regard to drybulk, the supply of and rates for alternate means of transportation;
- environmental and other regulatory developments;
- currency exchange rates; and
- weather.

The factors that influence the supply of oceangoing vessel capacity include:

- the number of newbuilding deliveries;
- the scrapping rate of older vessels;
- the price of steel;
- changes in environmental and other regulations that may limit the useful lives of vessels;
- port or canal congestion;
- the number of vessels that are out of service at a given time; and
- changes in global crude oil production.

The international tanker and drybulk shipping industries have experienced historically high charter rates and vessel values in the recent past and there can be no assurance that these historically high charter rates and vessel values will be sustained

Charter rates in the tanker and drybulk shipping industries recently have been near historically high levels. Future demand for our vessels, and in turn our future charter rates, will be dependent upon continued economic growth in the world's economy as well as seasonal and regional changes in demand and changes in the capacity of the world's fleet. There can be no assurance that economic growth will not stagnate or decline leading to a decrease in vessel values and charter rates. A decline in charter rates could have a material adverse effect on our revenues, results of operation and ability to pay dividends.

Compliance with environmental laws or regulations may adversely affect our operations

The shipping industry in general, our business and the operation of our tankers in particular, are affected by a variety of governmental regulations in the form of numerous international conventions, national, state and local laws and national and international regulations in force in the jurisdictions in which such tankers operate, as well as in the country or countries in which such tankers are registered. These regulations include:

- the United States Oil Pollution Act of 1990, or OPA, which imposes strict liability for the discharge of oil into the 200-mile United States exclusive economic zone, the obligation to obtain certificates of financial responsibility for vessels trading in United States waters and the requirement that newly constructed tankers that trade in United States waters be constructed with double-hulls;

- the International Convention on Civil Liability for Oil Pollution Damage of 1969 entered into by many countries (other than the United States) relating to strict liability for pollution damage caused by the discharge of oil;

- the International Maritime Organization, or IMO, International Convention for the Prevention of Pollution from Ships with respect to strict technical and operational requirements for tankers;
- the IMO International Convention for the Safety of Life at Sea of 1974, or SOLAS, with respect to crew and passenger safety;
- the International Convention on Load Lines of 1966 with respect to the safeguarding of life and property through limitations on load capability for vessels on international voyages; and
- the United States Marine Transportation Security Act of 2002.

More stringent maritime safety rules are being imposed worldwide as a result of the oil spill in November 2002 relating to the loss of the m.t. *Prestige*, a 26-year old single-hull tanker owned by a company not affiliated with us. Additional laws and regulations may also be adopted that could limit our ability to do business or increase the cost of our doing business and that could have a material adverse effect on our operations. In addition, we are required by various governmental and quasi-governmental agencies to obtain certain permits, licenses and certificates with respect to our operations. In the event of war or national emergency, our tankers and drybulk carriers may be subject to requisition by the government of the flag flown by each vessel without any guarantee of compensation for lost profits. Government regulation of tankers and drybulk carriers, particularly in the areas of safety and environmental impact may change in the future and require us to incur significant capital expenditures on our ships to keep them in compliance.

Because the market value of our vessels may fluctuate significantly, we may incur losses when we sell vessels or we may be required to write down their carrying value, which will adversely affect our earnings

The fair market value of our vessels may increase and decrease depending on the following factors:

- general economic and market conditions affecting the international tanker and drybulk shipping industries;
- competition from other shipping companies;
- types and sizes of vessels;
- other modes of transportation;
- cost of newbuildings;
- governmental or other regulations;
- prevailing level of charter rates; and
- technological advances.

If we sell vessels at a time when vessel prices have fallen and before an impairment is identified the sale may be at less than the vessel's carrying amount in our financial statements or if vessel prices have fallen below the carrying amount in our financial statements we may be required to write down the carrying amount, with the result that we shall incur a loss and a reduction in earnings.

An increase in the supply of vessel capacity without an increase in demand for vessel capacity would likely cause charter rates and vessel values to decline, which could have a material adverse effect on our revenues and profitability

The supply of vessels generally increases with deliveries of new vessels and decreases with the scrapping of older vessels, conversion of vessels to other uses, such as floating production and storage facilities, and loss of tonnage as a result of casualties. Currently there is significant new building activity with respect to virtually all sizes and classes of vessels. If the amount of tonnage delivered exceeds the number of vessels being scrapped, vessel capacity will increase. If the supply of vessel capacity increases and the demand for vessel capacity does not, the charter rates paid for our vessels as well as the value of our vessels could materially decline. Such a decline in charter rates and vessel values would likely have a material adverse effect on our revenues and profitability.

Our operating results from our tankers are subject to seasonal fluctuations, which may adversely affect our operating results and ability to pay dividends

After the acquisition of the Identified Vessels, 22 of the vessels in our Combined Fleet will be tankers, representing approximately 88% of our Combined Fleet and approximately 92% of our total deadweight capacity. We operate our tankers in markets that have historically exhibited seasonal variations in demand and, therefore, charter rates. This seasonality may result in quarter-to-quarter volatility in our operating results. The tanker sector is typically stronger in the fall and winter months in anticipation of increased oil consumption of oil and petroleum in the northern hemisphere during the winter months. Our Handymax tankers carry, in part, refined petroleum products such as gasoline, jet fuel, kerosene, naphtha and heating oil. As a result, our revenues from our tankers may be weaker during the fiscal quarters ended June 30 and September 30, and, conversely, revenues may be stronger in fiscal quarters ended December 31 and March 31. This seasonality could materially affect our operating results and cash available for dividends in the future.

Compliance with safety and other vessel requirements imposed by classification societies may be very costly and may adversely affect our business

The hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and the Safety of Life at Sea Convention. Our vessels are currently enrolled with the American Bureau of Shipping, Lloyd's Register of Shipping or Det Norske Veritas, each of which is a member of the International Association of Classification Societies.

A vessel must undergo annual surveys, intermediate surveys and special surveys. In lieu of a special survey, a vessel's machinery may be placed on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. Our vessels are on special survey cycles for hull inspection and continuous survey cycles for machinery inspection. Every vessel is also required to be dry docked every two to three years for inspection of the underwater parts of such vessel.

If any vessel does not maintain its class and/or fails any annual survey, intermediate survey or special survey, the vessel will be unable to trade between ports and will be unemployable, which would negatively impact our revenues.

World events could adversely affect our results of operations and financial condition

Terrorist attacks such as the attacks on the United States on September 11, 2001, the bombings in Spain on March 11, 2004 and in London on July 7, 2005 and the continuing response of the United States to these attacks, as well as the threat of future terrorist attacks in the United States or elsewhere, continue to cause uncertainty in the world financial markets and may affect our business, operating results and financial condition. The continuing conflict in Iraq may lead to additional acts of terrorism and armed conflict around the world, which may contribute to further economic instability in the global financial markets. These uncertainties could also adversely affect our ability to obtain any additional financing or, if we are able to obtain additional financing, to do so on terms favorable to us. In the past, political conflicts have also resulted in attacks on vessels, mining of waterways and other efforts to disrupt international shipping, particularly in the Arabian Gulf region. Acts of terrorism and piracy have also affected vessels trading in regions such as the South China Sea. Any of these occurrences could have a material adverse impact on the demand for tankers or drybulk carriers which could lead to lower charter rates. Lower charter rates would have a negative impact on our revenues.

Increased inspection procedures and tighter import and export controls could increase costs and disrupt our business

International shipping is subject to various security and customs inspection and related procedures in countries of origin and destination. Inspection procedures can result in the seizure of contents of our vessels, delays in the loading, offloading or delivery and the levying of customs duties, fines or other penalties against us.

It is possible that changes to inspection procedures could impose additional financial and legal obligations on us. Furthermore, changes to inspection procedures could also impose additional costs and obligations on our customers and may, in certain cases, render the shipment of certain types of cargo uneconomical or impractical.

Risks Related to Our Business

If we fail to manage our planned growth properly, we may not be able to successfully expand our market share

We intend to continue to grow our fleet after the acquisition of the Identified Vessels. Our growth will depend on:

- locating and acquiring suitable vessels;
- identifying and consummating acquisitions or joint ventures;
- integrating any acquired business successfully with our existing operations;
- enhancing our customer base;
- managing expansion; and
- obtaining required financing.

Growing any business by acquisition presents numerous risks such as undisclosed liabilities and obligations, difficulty in obtaining additional qualified personnel, managing relationships with customers and suppliers and integrating newly acquired operations into existing infrastructures. We cannot give any assurance that we will be successful in executing our growth plans or that we will not incur significant expenses and losses in connection therewith.

A decline in the market value of our vessels could lead to a default under our loan agreements and the loss of our vessels

The loan agreements under our credit facilities contain a covenant that requires the aggregate market value of the mortgaged vessels to at all times exceed 130% of the aggregate outstanding principal amount of the loan. If the market value of our fleet declines, we may be in default of this loan covenant and we may not be able to refinance our debt or obtain additional financing. Also, declining vessel values could cause us to breach some of the covenants under the financing agreements relating to our indebtedness. If we are unable to pledge additional collateral, our lenders could accelerate our debt and foreclose on our fleet. In addition, a sale of a vessel at a time when its market value has declined below its carrying value on our books would adversely affect our results.

Servicing future debt would limit funds available for other purposes such as the payment of dividends

To finance our fleet expansion program, we incurred secured indebtedness. We must dedicate a portion of our cash flow from operations to pay the principal and interest on our indebtedness. These payments limit funds otherwise available for working capital, capital expenditures and other purposes. As of March 31, 2007, we had total indebtedness of $223.9 million (net of unamortized deferred financing fees of $1.9 million, and a ratio of indebtedness to total capital of approximately 53%. We will need to take on additional indebtedness as we expand our fleet, which could increase our ratio of debt to equity. The need to service our debt may limit funds available for other purposes, including the payment of dividends, and our inability to service debt could lead to acceleration of our debt and foreclosure on our fleet.

Our loan agreements contain restrictive covenants that may limit our liquidity and corporate activities

Our loan agreements impose operating and financial restrictions on us. These restrictions may limit our ability to:

- incur additional indebtedness;
- create liens on our assets;
- sell capital stock of our subsidiaries;
- make investments;
- engage in mergers or acquisitions;
- pay dividends;
- make capital expenditures;
- change the management of our vessels or terminate or materially amend the management agreement relating to each vessel; and
- sell our vessels.

Therefore, we may need to seek permission from our lenders in order to engage in some corporate actions. Our lenders' interests may be different from ours, and we cannot guarantee that we will be able to obtain our lenders' permission when needed. This may prevent us from taking actions that are in our best interest.

We depend on third party managers to manage our fleet. If these managers fail to perform their duties we might face disturbances in our operations, higher running and maintenance costs and even loss of customers.

As of December 31, 2006, we have subcontracted the day to day technical management, crewing and certain purchasing functions of all vessels in our fleet to third party managers, with the exception of three vessels for which only the crewing has been assigned to third party managers. Further, we may subcontract the technical management of vessels acquired in the future to other third party technical management companies. While our wholly-owned subsidiary, TOP Tanker Management, has direct oversight responsibility for these third party managers, the loss of their services or their failure to perform their obligations could materially and adversely affect the results of our operations. Although we may have rights against these managers if they default on their obligations, we will have no recourse against these parties. Further, we expect that we will need to seek approval from our lenders to change these third party managers.

Our ability to obtain additional debt financing may be dependent on the performance of our then existing charters and the creditworthiness of our charterers

The actual or perceived credit quality of our charterers, and any defaults by them, may materially affect our ability to obtain the additional capital resources that we will require to purchase additional vessels or may significantly increase our costs of obtaining such capital. Our inability to obtain additional financing at all or at a higher than anticipated cost may materially affect our results of operation and our ability to implement our business strategy.

As we expand our business, we will need to improve our operations and financial systems and staff; if we cannot improve these systems or recruit suitable employees, our performance may be adversely affected

Our current operating and financial systems may not be adequate as we implement our plan to expand the size of our fleet, and our attempts to improve those systems may be ineffective. If we are unable to operate our financial and operations systems effectively or to recruit suitable employees as we expand our fleet, our performance may be adversely affected.

Our earnings may be adversely affected if we do not successfully employ our vessels

We seek to deploy our vessels both on time charters and in the spot market in a manner that will optimize our earnings. As of December 31, 2006, 15 of our vessels were contractually committed to time charters. Although these time charters provide relatively steady streams of revenue as well as a portion of the revenues generated by the charterer's deployment of the vessels in the spot market or otherwise, our tankers committed to time charters may not be available for spot voyages during an upturn in the tanker industry cycle, when spot voyages might be more profitable. The spot market is highly competitive, and spot market charter rates may fluctuate dramatically based on the supply and demand for the major commodities internationally carried by water and other factors. We cannot assure you that future spot market voyage charters will be available at rates that will allow us to operate our vessels profitably. As of December 31, 2006, 8 vessels were trading in the spot market and 1 vessel was undergoing her special survey. If we cannot continue to employ these vessels on time charters or trade them in the spot market profitably, our results of operations and operating cash flow may suffer.

In the highly competitive international tanker and drybulk shipping markets, we may not be able to compete for charters with new entrants or established companies with greater resources

We employ our vessels in a highly competitive market that is capital intensive and highly fragmented. The operation of tanker and drybulk vessels and the transportation of cargoes shipped in these vessels, as well as the shipping industry in general, is extremely competitive. Competition arises primarily from other vessel owners, including major oil companies as well as independent tanker and drybulk shipping companies, some of whom have substantially greater resources than we do. Competition for the transportation of oil and refined petroleum products and drybulk cargoes can be intense and depends on price, location, size, age, condition and the acceptability of the vessel and its operators to the charterers. Due in part to the highly fragmented market, competitors with greater resources could enter and operate larger fleets through consolidations or acquisitions that may be able to offer better prices and fleets.

We depend upon a few significant customers for a large part of our revenues. The loss of one or more of these customers could adversely affect our financial performance

We have historically derived a significant part of our revenue from a small number of charterers. In 2006, approximately 40% of our revenue was derived from 2 charterers; in 2005, approximately 52% of our revenue was derived from 2 charterers; and in 2004, approximately 44% of our revenue was derived from 2 charterers. During 2006, under time charter contracts, Glencore and Vitol provided 29% and 11% of our revenues, respectively. The occurrence of any problems with these charterers may adversely affect our revenues.

We may be unable to attract and retain key management personnel and other employees in the international tanker and drybulk shipping industries, which may negatively affect the effectiveness of our management and our results of operations

Our success depends to a significant extent upon the abilities and efforts of our management team. We have entered into employment contracts with our President, Chief Executive Officer and Director, Evangelos Pistiolis, our Chief Financial Officer and Director, Stamatios Tsantanis and our Executive Vice President and Director, Vangelis Ikonomou. Our success will depend upon our ability to hire and retain key members of our management team. The loss of any of these individuals could adversely affect our business prospects and financial condition. Difficulty in hiring and retaining personnel could adversely affect our results of operations. We do not intend to maintain ‘‘key man’’ life insurance on any of our officers.

Risks involved with operating oceangoing vessels could affect our business and reputation, which would adversely affect our revenues and stock price

The operation of an oceangoing vessel carries inherent risks. These risks include the possibility of:

- marine disaster;
- piracy;
- environmental accidents;
- cargo and property losses or damage; and
- mechanical failure, human error, war, terrorism, political action in various countries, labor strikes or adverse weather conditions.

Any of these circumstances or events could result in death or injury to persons, loss of revenues or property, environmental damage, higher insurance rates, damage to our customer relationships, delay or rerouting, and could increase our costs or lower our revenues. The involvement of our vessels in an oil spill or other environmental disaster may harm our reputation as a safe and reliable vessel operator. If one of our vessels were involved in an accident with the potential risk of environmental contamination, the resulting media coverage could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

Delays in deliveries of our vessels could harm our operating results

We are scheduled to take delivery of the Identified Vessels in connection with this offering between September 2007 and January 2008. The delivery of these vessels, or any secondhand vessels we may purchase, could be delayed, which would delay our receipt of revenues in the spot market or under period charters for the vessels. If delivery of a vessel is materially delayed, it could adversely affect our results of operations and financial condition and our ability to pay dividends.

Rising fuel prices may adversely affect our profits

Fuel is a significant, if not the largest, operating expense for many of our shipping operations when our vessels are not under period charter. The price and supply of fuel is unpredictable and fluctuates based on events outside our control, including geopolitical developments, supply and demand for oil and gas, actions by OPEC and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns. As a result, an increase in the price of fuel may adversely affect our profitability. Further, fuel may become much more expensive in future, which may reduce the profitability and competitiveness of our business versus other forms of transportation, such as truck or rail.

Our vessels may suffer damage and we may face unexpected drydocking costs, which could affect our cash flow and financial condition

If our vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydock repairs are unpredictable and can be substantial. We may have to pay drydocking costs that our insurance does not cover. The inactivity of these vessels while they are being repaired and repositioned, as well as the actual cost of these repairs, would decrease our earnings. In addition, space at drydocking facilities is sometimes limited and not all drydocking facilities are conveniently located. We may be unable to find space at a suitable drydocking facility or we may be forced to move to a drydocking facility that is not conveniently located to our vessels' positions. The loss of earnings while our vessels are forced to wait for space or to relocate to drydocking facilities that are farther away from the routes on which our vessels trade would decrease our earnings.

Purchasing and operating previously owned, or secondhand, vessels may result in increased operating costs and vessels off-hire, which could adversely affect our earnings

While we inspect previously owned, or secondhand, vessels prior to purchase, this does not normally provide us with the same knowledge about their condition and cost of any required (or anticipated) repairs that we would have had if these vessels had been built for and operated exclusively by us. Also, we do not receive the benefit of warranties from the builders if the vessels we buy are older than one year.

In general, the costs to maintain a vessel in good operating condition increase with the age of the vessel. As of July 20, 2007, 21 of the vessels in our fleet were more than 10 years of age. One of the Identified Vessels is more than 10 years of age. Older vessels are typically less fuel efficient and more costly to maintain than more recently constructed vessels due to improvements in engine technology. Cargo insurance rates increase with the age of a vessel, making older vessels less desirable to charterers.

Governmental regulations, safety or other equipment standards related to the age of vessels may require expenditures for alterations, or the addition of new equipment, to our vessels and may restrict the type of activities in which the vessels may engage. We cannot assure you that, as our vessels age, market conditions will justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives. If we sell vessels, we are not certain that the price for which we sell them will equal at least their carrying amount at that time.

We may not have adequate insurance to compensate us if we lose our vessels

The types of risks commonly insured against by vessel owners and operators include hull and machinery insurance, protection and indemnity insurance, which includes environmental damage and pollution insurance coverage, war risk insurance and insurance against loss of hire, which covers business interruptions that result in the loss of use of a vessel. We may not purchase loss of hire insurance to cover newly acquired vessels. We can give no assurance that we are adequately insured against all risks. We may not be able to obtain adequate insurance coverage at reasonable rates for our fleet in the future. The insurers may not pay particular claims. Our insurance policies contain deductibles for which we will be responsible, limitations and exclusions which may nevertheless increase our costs or lower our revenue.

Maritime claimants could arrest our vessels, which could interrupt our cash flow

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against that vessel for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lienholder may enforce its lien by arresting a vessel through foreclosure proceedings. The arrest or attachment of one or more of our vessels could interrupt our cash flow and require us to pay large sums of money to have the arrest lifted.

In addition, in some jurisdictions, such as South Africa, under the ‘‘sister ship’’ theory of liability, a claimant may arrest both the vessel which is subject to the claimant’s maritime lien and any ‘‘associated’’ vessel, which is any vessel owned or controlled by the same owner. Claimants could try to assert ‘‘sister ship’’ liability against one vessel in our fleet for claims relating to another of our ships.

Governments could requisition our vessels during a period of war or emergency, resulting in loss of earnings

A government could requisition for title or seize our vessels. Requisition for title occurs when a government takes control of a vessel and becomes her owner. Also, a government could requisition our vessels for hire. Requisition for hire occurs when a government takes control of a vessel and effectively becomes her charterer at dictated charter rates. Generally, requisitions occur during a period of war or emergency. Government requisition of one or more of our vessels would negatively impact our revenues.

Certain existing stockholders, who hold approximately 21.20% of our common stock, may have the power to exert control over us, which may limit your ability to influence our actions

Sovereign Holdings Inc., or Sovereign Holdings, a company that is wholly owned by our President, Chief Executive Officer and Director, Evangelos J. Pistiolis, and Kingdom Holdings Inc., or Kingdom Holdings, a company owned primarily by adult relatives of our President, Chief Executive Officer and Director, Evangelos J. Pistiolis, own, directly or indirectly, approximately 11.13% of the outstanding shares of our common stock. In addition, Sphinx Investment Corp., a corporation owned and controlled by unaffiliated third parties, owns 10.07% of our stock. Together, these existing shareholders own 21.20% of our common stock. While these shareholders have no agreement, arrangement or understanding relating to the voting of their shares of common stock, due to the number of shares of our common stock they own, they have the power to exert considerable influence over our actions.

Investor confidence and the market price of our common stock may be adversely impacted if we are unable to comply with Section 404 of the Sarbanes-Oxley Act of 2002.

We are subject to Section 404 of the Sarbanes-Oxley Act of 2002, which requires us to include in our annual report on Form 20-F our management's report on, and assessment of the effectiveness of, our internal controls over financial reporting. These requirements have been applied to our annual report for the fiscal year ending December 31, 2006. In addition, beginning with the annual report for the fiscal year ending December 31, 2007, our independent registered public accounting firm will be required to attest to and report on management's assessment of the effectiveness of our internal controls over financial reporting. If we fail to achieve and maintain the adequacy of our internal controls over financial reporting, we will not be in compliance with all of the requirements imposed by Section 404. Any failure to comply with Section 404 could result in an adverse reaction in the financial marketplace due to a loss of investor confidence in the reliability of our financial statements, which ultimately could harm our business and could negatively impact the market price of our common stock.

We may have to pay tax on United States source income, which would reduce our earnings

Under the United States Internal Revenue Code of 1986, or the Code, 50% of the gross shipping income of a vessel owning or chartering corporation, such as ourselves and our subsidiaries, that is attributable to transportation that begins or ends, but that does not begin and end, in the United States is characterized as United States source shipping income and such income is subject to a 4% United States federal income tax without allowance for deduction, unless that corporation qualifies for exemption from tax under Section 883 of the Code.

We expect that we and each of our subsidiaries will qualify for this statutory tax exemption and we have taken this position for United States federal income tax return reporting purposes. However, there are factual circumstances beyond our control that could cause us to lose the benefit of this tax exemption and thereby become subject to United States federal income tax on our United States source income. Therefore, we can give no assurances on our tax-exempt status or that of any of our subsidiaries.

If we or our subsidiaries are not entitled to this exemption under Section 883 for any taxable year, we or our subsidiaries would be subject for those years to a 4% United States federal income tax on our U.S. source shipping income. The imposition of this taxation could have a negative effect on our business.

U.S. tax authorities could treat us as a ''passive foreign investment company,'' which could have adverse U.S. federal income tax consequences to U.S. holders

A foreign corporation will be treated as a ''passive foreign investment company,'' or PFIC, for U.S. federal income tax purposes if either (1) at least 75% of its gross income for any taxable year consists of certain types of ''passive income'' or (2) at least 50% of the average value of the corporation's assets produce or are held for the production of those types of ''passive income.'' For purposes of these tests, ''passive income'' includes dividends, interest, and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute ''passive income.'' U.S. shareholders of a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC.

Based on our proposed method of operation, we do not believe that we will be a PFIC with respect to any taxable year. In this regard, we intend to treat the gross income we derive or are deemed to derive from our time chartering activities as services income, rather than rental income. Accordingly, we believe that our income from our time chartering activities does not constitute ''passive income,'' and the assets that we own and operate in connection with the production of that income do not constitute passive assets.

There is, however, no direct legal authority under the PFIC rules addressing our proposed method of operation. Accordingly, no assurance can be given that the U.S. Internal Revenue Service, or IRS, or a court of law will accept our position, and there is a risk that the IRS or a court of law could determine that we are a PFIC. Moreover, no assurance can be given that we would not constitute a PFIC for any future taxable year if there were to be changes in the nature and extent of our operations.

If the IRS were to find that we are or have been a PFIC for any taxable year, our U.S. shareholders will face adverse U.S. tax consequences. Under the PFIC rules, unless those shareholders make an election available under the Code (which election could itself have adverse consequences for such shareholders, as discussed below under ''Tax Considerations—U.S. Federal Income Taxation of U.S. Holders''), such shareholders would be liable to pay U.S. federal income tax at the then prevailing income tax rates on ordinary income plus interest upon excess distributions and upon any gain from the disposition of our common stock, as if the excess distribution or gain had been recognized ratably over the shareholder's holding period of our common stock. See ''Tax Considerations—U.S. Federal Income Taxation of U.S. Holders'' for a more comprehensive discussion of the U.S. federal income tax consequences to U.S. shareholders if we are treated as a PFIC.

Because we generate all of our revenues in U.S. dollars but incur a portion of our expenses in other currencies, exchange rate fluctuations could hurt our results of operations

We generate all of our revenues in U.S. dollars but incur approximately 6% of our expenses in currencies other than U.S. dollars, mainly Euros. This difference could lead to fluctuations in net income due to changes in the value of the U.S. dollar relative to the other currencies, in particular the Euro. Should the Euro appreciate relatively to the U.S. Dollar, then our expenses will increase in U.S Dollar terms, thereby decreasing our net income. Specifically, in the 12 months ended December 31, 2006, the value of the U.S. dollar decreased by 12.53% as compared to the Euro. Our operating results could suffer as a result of these flactuations.

We are incorporated in the Republic of the Marshall Islands, which does not have a well-developed body of corporate law

Our corporate affairs are governed by our Articles of Incorporation and Bylaws and by the Marshall Islands Business Corporations Act, or BCA. The provisions of the BCA resemble provisions of the corporation laws of a number of states in the United States. However, there have been few judicial cases in the Republic of the Marshall Islands interpreting the BCA. The rights and fiduciary responsibilities of directors under the law of the Republic of the Marshall Islands are not as clearly established as the rights and fiduciary responsibilities of directors under statutes or judicial precedent in existence in certain United States jurisdictions. Security holder rights may differ as well. While the BCA does specifically incorporate the non-statutory law, or judicial case law, of the State of Delaware and other states with substantially similar legislative provisions, our security holders may have more difficulty in protecting their interests in the face of actions by the management, directors or controlling shareholders than would security holders of a corporation incorporated in a United States jurisdiction.

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