Seanergy Maritime Holdings Corp.
Form F-1
September 17, 2009

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**As filed with the Securities and Exchange Commission on September 17, 2009**

**Registration No.**

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

**Form F-1**

**REGISTRATION STATEMENT**
**UNDER**
**THE SECURITIES ACT OF 1933**

**SEANERGY MARITIME HOLDINGS CORP.**
*(Exact name of Registrant as specified in its charter)*

| | | |
|---|---|---|
| **Republic of the Marshall Islands** | **4412** | **Not Applicable** |
| *(State or other jurisdiction of incorporation or organization)* | *(Primary Standard Industrial Classification Code Number)* | *(I.R.S. Employer Identification Number)* |

**1-3 Patriarchou Grigoriou**
**166 74 Glyfada**
**Athens, Greece**
**Tel: +30 210 9638461**
*(Address, including zip code, and telephone number, including area code, of Registrant s principal executive offices)*

**Georgios Koutsolioutsos, Chairman of the Board of Directors**
**Seanergy Maritime Holdings Corp.**
**1-3 Patriarchou Grigoriou**
**166 74 Glyfada**
**Athens, Greece**
**Tel: +30 210 9638461**
*(Address, including zip code, and telephone number, including area code, of agent for service)*

***With a copy to:***

**A. Jeffry Robinson, Esq.**
**Broad and Cassel**
**2 South Biscayne Blvd., 21st Floor**
**Miami, Florida 33131**
**Office: (305) 373-9400**
**Fax: (305) 373-9443**

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

**CALCULATION OF REGISTRATION FEE**

| Title of Each Class of Securities to be Registered | Amount to be Registered(1) | Proposed Maximum Offering Price per Security(2) | Proposed Maximum Aggregate Offering Price(2) | Amount of Registration Fee |
|---|---|---|---|---|
| Common Stock, par value US $0.0001 per share | 30,000,000 shares | $4.4999 | $149,970,000.00 | $8,368.33 |

(1) Includes shares of common stock, if any that may be sold to cover the exercise of an over-allotment option granted to the underwriters.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457 under the Securities Act of 1933, based on the average of the high and low prices for our common stock as reported on the NASDAQ Capital Market on September 10, 2009.

**The Registrant hereby amends this to Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

**SUBJECT TO COMPLETION, SEPTEMBER 17, 2009**

**PRELIMINARY PROSPECTUS**

**Seanergy Maritime Holdings Corp.**

**30,000,000 Shares of Common Stock**

We are offering 30,000,000 shares of common stock. Our common stock is currently quoted on the NASDAQ Global Market under the symbol SHIP. On September 14, 2009, the closing price of our common stock was $4.11 per share.

**Investing in our common stock involves a high degree of risk. See Risk Factors beginning on page 11 to read about the risks you should consider before buying shares of our common stock.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

| | Per Share | Total |
|---|---|---|
| Public offering price | $ | $ |
| Underwriting discounts and commissions | $ | $ |
| Proceeds to us, before expenses | $ | $ |

The underwriters have a 30-day option to purchase up to additional shares of our common stock from us to cover any over-allotments, if any, at the offering price, less underwriting discounts and commissions.

The underwriters expect to deliver the shares to purchasers on or about , 2009.

The date of this prospectus is , 2009

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You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any jurisdiction where the offer is not permitted.

We obtained statistical data, market data and other industry data and forecasts used throughout this prospectus from publicly available information. While we believe that the statistical data, industry data, forecasts and market research are reliable, we have not independently verified the data, and we do not make any representation as to the accuracy of the information.

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## ENFORCEABILITY OF CIVIL LIABILITIES

Seanergy Maritime Holdings Corp. is a Marshall Islands company and our executive offices are located outside of the United States in Athens, Greece. All of our directors, officers and some of the experts named in this prospectus reside outside the United States. In addition, a substantial portion of our assets and the assets of our directors, officers and experts are located outside of the United States. As a result, you may have difficulty serving legal process within the United States upon us or any of these persons. You may also have difficulty enforcing, both in and outside the United States, judgments you may obtain in U.S. courts against us or these persons in any action, including actions based upon the civil liability provisions of U.S. federal or state securities laws. Furthermore, there is substantial doubt that the courts of the Marshall Islands or Greece would enter judgments in original actions brought in those courts predicated on U.S. federal or state securities laws.

## PROSPECTUS SUMMARY

*This summary highlights certain information appearing elsewhere in this prospectus. For a more complete understanding of this offering, you should read the entire prospectus carefully, including the risk factors and the financial statements.*

*We use the term deadweight tons, or dwt, in describing the capacity of our dry bulk carriers. Dwt, expressed in metric tons, each of which is equivalent to 1,000 kilograms, refers to the maximum weight of cargo and supplies that a vessel can carry. Dry bulk carriers are categorized as Handysize, Handymax/Supramax, Panamax and Capesize. The carrying capacity of a Handysize dry bulk carrier generally ranges from 10,000 to 30,000 dwt and that of a Handymax dry bulk carrier generally ranges from 30,000 to 60,000 dwt. Supramax is a sub-category of the Handymax category and typically has a cargo capacity of between 50,000 and 60,000 dwt. By comparison, the carrying capacity of a Panamax dry bulk carrier generally ranges from 60,000 to 100,000 dwt and the carrying capacity of a Capesize dry bulk carrier is generally 100,000 dwt and above.*

*References in this prospectus to Seanergy, we, us or our company refer to Seanergy Maritime Holdings Corp. and subsidiaries, but, if the context otherwise requires, may refer only to Seanergy Maritime Holdings Corp. References in this prospectus to Seanergy Maritime refer to our predecessor, Seanergy Maritime Corp. References in this prospectus to BET refer to Bulk Energy Transport (Holdings) Limited and its wholly owned subsidiaries. We acquired a 50% controlling interest in BET in August 2009 through our right to appoint a majority of the BET board of directors as provided in the shareholders agreement.*

### The Company

We are an international company providing worldwide transportation of dry bulk commodities through our vessel-owning subsidiaries and Bulk Energy Transport (Holdings) Limited, or BET. Our existing fleet consists of one Handysize vessel, one Handymax vessel, two Supramax vessels, three Panamax vessels and four Capesize vessels. Our fleet carries a variety of dry bulk commodities, including coal, iron ore, and grains, as well as bauxite, phosphate, fertilizer and steel products.

We acquired our initial fleet of six dry bulk carriers on August 28, 2008 from the Restis family, one of our major shareholders. Less than one year later, we expanded our fleet by acquiring a controlling interest in BET. We entered into a shareholders agreement with Mineral Transport Holdings, Inc., or Mineral Transport, that allows us, among other things to appoint a majority of the members of the board of directors of BET. As a result, we control BET. BET s fleet consists of four Capesize vessels and one Panamax vessel. See Our Business BET.

In order to expand our fleet, we have an option to purchase additional vessels from unaffiliated parties. Our exercise of the option is contingent upon the successful completion of this offering. We expect to acquire additional vessels with the proceeds of this offering.

Our acquisitions demonstrate both our ability to successfully grow through acquisition and our strategy to grow quickly and achieve critical mass. By acquiring dry bulk carriers of various sizes, we are also able to serve a variety of needs of a variety of charterers. Finally, by capitalizing on our relationship with the Restis family and its affiliates, which have a long and proven track record in dry bulk shipping, we are able to take advantage of economies of scale. Furthermore, our management team s experience results in innovative and accretive solutions being achieved thus enhancing shareholder value.

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**Our Fleet**

We control and operate, through our vessel-owning subsidiaries and BET, 11 dry bulk carriers, including two newly built vessels, that transport a variety of dry bulk commodities. The following table provides summary information about our fleet and its current employment:

| Vessel/Flag | Type | Dwt | Year Built | Terms of Time Charter Party | Daily Time Charter Hire Rate |
|---|---|---|---|---|---|
| African Oryx/Bahamas | Handysize | 24,110 | 1997 | Expiring August 2011 | $7,000 plus a 50% profit share calculated on the average spot Time Charter Routes derived from the Baltic Supramax Index |
| African Zebra/Bahamas | Handymax | 38,623 | 1985 | Expiring August 2011 | $7,500 plus a 50% profit share calculated on the average spot Time Charter Routes derived from the Baltic Supramax Index |
| Bremen Max/Isle of Man | Panamax | 73,503 | 1993 | Expiring August 2010 | $15,500 |
| Hamburg Max/Isle of Man | Panamax | 72,338 | 1994 | Expiring September 2010 | $15,500 |
| Davakis G./Bahamas | Supramax | 54,051 | 2008 | Expiring in September 2009(1) | $60,000 |
| Delos Ranger/Bahamas | Supramax | 54,051 | 2008 | Expiring in September 2009(1) | $60,000 |
| BET Commander/Isle of Man(2) | Capesize | 149,507 | 1991 | Expiring in October 2009(3) | $22,000 |
| BET Fighter/St. Vincent and the Grenadines(2) | Capesize | 173,149 | 1992 | Expiring in September 2011 | $25,000 |
| BET Prince/Isle of Man(2) | Capesize | 163,554 | 1995 | Expiring in November 2009(3) | $19,000 |
| BET Scouter/Isle of Man(2) | Capesize | 171,175 | 1995 | Expiring in October 2011 | $26,000 |
| BET Intruder/Isle of Man(2) | Panamax | 69,235 | 1993 | Expiring in September 2011 | $15,500 |
| Total | | 1,043,296 | | | |

(1) Following expiration of its current charter party agreements, the vessels will be employed in the spot market.

(2) Vessels owned by BET.

(3) We have secured new time charters for each of the BET Commander and BET Prince commencing upon the expiration of the existing time charters at daily charter rates of $24,000 and $25,000, respectively, through December 2011 and January 2012, respectively.

The global dry bulk carrier fleet is divided into four categories based on a vessel s carrying capacity. These categories are:

*Capesize.* Capesize vessels have a carrying capacity of 100,000-199,999 dwt. Only the largest ports around the world possess the infrastructure to accommodate vessels of this size. Capesize vessels are primarily used to transport iron ore or coal and, to a much lesser extent, grains, primarily on long-haul routes.

*Panamax.* Panamax vessels have a carrying capacity of between 60,000 and 100,000 dwt. These vessels are designed to meet the physical restrictions of the Panama Canal locks (hence their name

Panamax the largest vessels able to transit the Panama Canal, making them more versatile than larger vessels). These vessels carry coal, grains, and, to a lesser extent, minerals such as bauxite/alumina and phosphate rock. As the availability of Capesize vessels has dwindled, Panamaxes have also been used to haul iron ore cargoes.

*Handymax/Supramax.* Handymax vessels have a carrying capacity of between 30,000 and 60,000 dwt. These vessels operate on a large number of geographically dispersed global trade routes, carrying primarily grains and minor bulks. The standard vessels are usually built with 25-30 ton cargo gear, enabling them to discharge cargo where grabs are required (particularly industrial minerals), and to conduct cargo operations in countries and ports with limited infrastructure. This type of vessel offers good trading flexibility and can therefore be used in a wide variety of bulk and neobulk trades, such as steel products. Supramax are a sub-category of this category typically having a cargo carrying capacity of between 50,000 and 60,000 dwt.

*Handysize.* Handysize vessels have a carrying capacity of up to 30,000 dwt. These vessels are almost exclusively carrying minor bulk cargo. Increasingly, vessels of this type operate on regional trading routes, and may serve as trans-shipment feeders for larger vessels. Handysize vessels are well suited for small ports with length and draft restrictions. Their cargo gear enables them to service ports lacking the infrastructure for cargo loading and unloading.

## Management of our Fleet

We currently have two executive officers, Mr. Dale Ploughman, our chief executive officer, and Ms. Christina Anagnostara, our chief financial officer. In addition, we employ Ms. Theodora Mitropetrou, our general counsel, and a support staff of seven employees. In the future, we intend to employ such number of additional shore-based executives and employees as may be necessary to ensure the efficient performance of our activities.

We outsource the commercial brokerage and management of our fleet to companies that are affiliated with members of the Restis family. The commercial brokerage of our initial fleet of six vessels has been contracted out to Safbulk Pty Ltd., or Safbulk Pty, and the commercial brokerage of the BET fleet has been contracted to Safbulk Maritime S.A., or Safbulk Maritime. Safbulk Pty and Safbulk Maritime are sometimes collectively referred to throughout this prospectus as Safbulk. The management of our fleet and the BET fleet has been contracted out to Enterprises Shipping and Trading, S.A., or EST. All three of these entities are controlled by members of the Restis family.

### *Restis Industry History and Relationship*

Safbulk, EST, South African Marine Corporation, S.A., or SAMC, Waterfront, S.A., or Waterfront, the sub-lessor of our executive offices, the sellers of the six initial vessels that Seanergy acquired and certain of our shareholders are affiliates of members of the Restis family. As of September 9, 2009, the total beneficial ownership of the Restis family in us, including shares actually owned, shares issuable upon exercise of warrants exercisable within 60 days and shares governed by the voting agreement described elsewhere in the prospectus, was 81.40%.

The Restis family has been engaged in the international shipping industry for more than 40 years, including the ownership and operation of more than 60 vessels in various segments of the shipping industry, cargo and chartering interests. We believe we will benefit from the extensive industry experience and established relationships of our vessel manager and broker, which are separate businesses controlled by members of the Restis family. We believe that Safbulk has achieved a strong reputation in the International shipping industry for efficiency and reliability that should create new employment opportunities for us with a variety of well known charterers.

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## Our Corporate History

### *Incorporation of Seanergy and Seanergy Maritime*

We were incorporated under the laws of the Republic of the Marshall Islands pursuant to the Marshall Islands Business Corporation Act, or the BCA, on January 4, 2008, originally under the name Seanergy Merger Corp., as a wholly owned subsidiary of Seanergy Maritime Corp., a Marshall Islands corporation, or Seanergy Maritime. We changed our name to Seanergy Maritime Holdings Corp. on July 11, 2008.

Seanergy Maritime was incorporated in the Marshall Islands on August 15, 2006 as a blank check company formed to acquire, through a merger, capital stock exchange, asset acquisition or other similar business combination, one or more businesses in the maritime shipping industry or related industries. Seanergy Maritime, up to the date of the business combination, had not commenced any business operations and was considered a development stage enterprise. Seanergy Maritime is our predecessor. See Dissolution and Liquidation.

### *Initial Public Offering of Seanergy Maritime*

On September 28, 2007, Seanergy Maritime consummated its initial public offering of 23,100,000 units, including 1,100,000 units issued upon the partial exercise of the underwriters over-allotment option, with each unit consisting of one share of its common stock and one warrant. Each warrant entitled the holder to purchase one share of Seanergy Maritime common stock at an exercise price of $6.50 per share. The units sold in Seanergy Maritime s initial public offering were sold at an offering price of $10.00 per unit, generating gross proceeds of $231,000,000. This resulted in a total of $227,071,000 in net proceeds, after deducting certain deferred offering costs that were held in a trust account maintained by Continental Stock Transfer & Trust Company, which we refer to as the Seanergy Maritime Trust Account.

### *Business Combination*

We acquired our initial fleet of six dry bulk carriers from the Restis family for an aggregate purchase price of (i) $367,030,750 in cash, (ii) $28,250,000 (face value) in the form of a convertible promissory note, or the Note, and (iii) up to an aggregate of 4,308,075 shares of our common stock, subject to us meeting an Earnings Before Interest, Taxes, Depreciation and Amortization, or EBITDA, target of $72 million to be earned between October 1, 2008 and September 30, 2009. We believe the earn-out will be achieved. This acquisition was made pursuant to the terms and conditions of a Master Agreement dated May 20, 2008 by and among us, Seanergy Maritime, our former parent, the several sellers parties thereto who are affiliated with members of the Restis family, and the several investors parties thereto who are affiliated with members of the Restis family, and six separate memoranda of agreement, which we collectively refer to as the MOAs, between our vessel-owning subsidiaries and each seller, each dated as of May 20, 2008. The acquisition was completed with funds from the Seanergy Maritime Trust Account and with financing provided by Marfin Egnatia Bank S.A. of Greece, or Marfin.

On August 28, 2008, we completed our business combination and took delivery, through our designated nominees (which are wholly owned subsidiaries) of three of the six dry bulk vessels, which included two 2008-built Supramax vessels and one 1997-built Handysize vessel. On that date, we took delivery of the M/V Davakis G, the M/V Delos Ranger and the M/V African Oryx. On September 11, 2008, we took delivery, through our designated nominee, of the fourth vessel, the M/V Bremen Max, a 1993-built Panamax vessel. On September 25, 2008, we took delivery, through our designated nominees, of the final two vessels, the M/V Hamburg Max, a 1994-built Panamax vessel, and the M/V African Zebra, a 1985-built Handymax vessel. The purchase price paid does not include any amounts that would result from the earn-out of the 4,308,075 shares of our common stock.

***Dissolution and Liquidation***

On August 26, 2008, shareholders of Seanergy Maritime also approved a proposal for the dissolution and liquidation of Seanergy Maritime (the dissolution and liquidation, which was originally filed with the SEC

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on June 17, 2008, subsequently amended on July 31, 2008 and supplemented on August 22, 2008). Seanergy Maritime proposed the dissolution and liquidation because following the vessel acquisition, Seanergy Maritime was no longer needed and its elimination is expected to save substantial accounting, legal and compliance costs related to the U.S. federal income tax filings necessary because of Seanergy Maritime s status as a partnership for U.S. federal income tax purposes.

In connection with the dissolution and liquidation of Seanergy Maritime, on January 27, 2009, Seanergy Maritime filed Articles of Dissolution with the Registrar of Corporations of the Marshall Islands in accordance with Marshall Islands law and distributed to each holder of shares of common stock of Seanergy Maritime one share of our common stock for each share of Seanergy Maritime common stock owned by such shareholders. All outstanding warrants and the underwriter s unit purchase option of Seanergy Maritime concurrently become our obligations and became exercisable to purchase our common stock. Following the dissolution and liquidation of Seanergy Maritime, our common stock and warrants began trading on the Nasdaq Stock Market on January 28, 2009. For purposes of this prospectus all share data and financial information for the period prior to January 27, 2009 is that of Seanergy Maritime.

***Purchase of Controlling Interest in BET***

We recently expanded the size of our fleet through the acquisition of a 50% controlling interest in BET from Constellation Bulk Energy Holdings, Inc. BET s other equity owner is Mineral Transport, which is an affiliate of members of the Restis family, one of our major shareholders. We entered into a shareholders agreement with Mineral Transport that allows us, among other things, to appoint a majority of the members of the board of directors of BET. BET s fleet consists of four Capesize vessels and one Panamax vessel. See Our Business BET.

***Executive Offices***

Our executive offices are located at 1-3 Patriarchou Grigoriou, 16674 Glyfada, Athens, Greece and our telephone number is +30-210-963-8461.

**Distinguishing Factors and Business Strategy**

The international dry bulk shipping industry is highly fragmented and is comprised of approximately 6,300 ocean-going vessels of tonnage size greater than 10,000 dwt which are owned by approximately 1,500 companies. Seanergy competes with other owners of dry bulk carriers, some of which may have a different mix of vessel sizes in their fleet. It has, however, identified the following factors that distinguish it in the dry bulk shipping industry.

*Extensive Industry Visibility.* Our management and directors have extensive shipping and public company experience as well as relationships in the shipping industry and with charterers in the coal, steel and iron ore industries. We capitalize on these relationships and contacts to gain market intelligence, source sale and purchase opportunities and identify chartering opportunities with leading charterers in these core commodities industries, many of whom consider the reputation of a vessel owner and operator when entering into time charters.

*Established Customer Relationships.* We believe that our directors and management team have established relationships with leading charterers and a number of chartering, sales and purchase brokerage houses around the world. We believe that our directors and management team have maintained relationships with, and have achieved acceptance by, major national and private industrial users, commodity producers and traders.

*Experienced and Dedicated Management Team.* We believe that the members of our management team have developed strong industry relationships with leading charterers, shipbuilders, insurance underwriters, protection and indemnity associations and financial institutions. Additionally, our management team comes equipped with extensive shipping experience and with a successful track record of

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creating shareholder value. All of our officers dedicate the necessary amount of time and effort to fulfill their obligations to Seanergy and its shareholders.

*Highly efficient operations.* We believe that our directors and executive officers long experience in third-party technical management of dry bulk carriers enable us to maintain cost-efficient operations. We actively monitor and control vessel operating expenses while maintaining the high quality of our fleet through regular inspections, comprehensive planned maintenance systems and preventive maintenance programs and by retaining and training qualified crew members.

*Balanced Chartering Strategies.* Nine of our vessels are under medium-term charters with terms of 11 to 13 and 22 to 25 months and provide for fixed payments in advance. We believe that these charters will provide us with high fleet utilization and stable revenues. Two of our vessels operate in the spot market. We may in the future pursue other market opportunities for its vessels to capitalize on favorable market conditions, including entering into short-term time and voyage charters, pool arrangements or bareboat charters.

*Broad Fleet Profile.* We focus on the dry bulk sector including Capesize, Panamax, Handymax/Supramax and Handysize dry bulk carriers. Our board fleet profile enables us to serve our customers in both major and minor bulk trades. Our vessels are able to trade worldwide in a multitude of trade routes carrying a wide range of cargoes for a number of industries. Our dry bulk carriers can carry coal and iron ore for energy and steel production as well as grain and steel products, fertilizers, minerals, forest products, ores, bauxite, alumina, cement and other cargoes. Our fleet includes sister ships. Operating sister and similar ships provides us with operational and scheduling flexibility, efficiencies in employee training and lower inventory and maintenance expenses. We believe that operating sister ships allows us to maintain lower operating costs and streamline its operations.

*High Quality Fleet.* We believe that our ability to maintain and increase our customer base depends largely on the quality and performance of our fleet. We believe that owning a high quality fleet reduces operating costs, improves safety and provides us with a competitive advantage in obtaining employment for our vessels. We carry out regular inspections and maintenance of our fleet in order to maintain its high quality.

*Fleet Growth Potential.* We have options to purchase additional vessels from unaffiliated third parties. Furthermore, we intend to acquire additional dry bulk carriers or enter into new contracts through timely and selective acquisitions of vessels in a manner that we determine will be accretive to cash flow. We expect to fund the acquisition of the additional vessels primarily from the proceeds of this offering and any future acquisition of additional vessels using amounts borrowed under our credit facility, future borrowings under other agreements as well as with proceeds from the exercise of the Warrants, if any, or through other sources of debt and equity. However, there can be no assurance that we will be successful in obtaining future funding or that any or all of the Warrants will be exercised.

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## The Offering

| | |
|---|---|
| Common stock offered by us | 30,000,000 shares. |
| Underwriters over-allotment option | Up to shares. |
| Common stock outstanding after this offering(1) | shares. |
| Use of proceeds | We estimate that we will receive net proceeds of approximately $ from this offering assuming an offering price of $ per share of common stock, which is the last reported closing price of our common stock on , 2009, after deducting underwriting discounts and commissions, and offering expenses, and assuming the underwriters over-allotment option is not exercised.<br><br>We intend to use the proceeds of this offering for the purchase of additional vessels and for general working capital purposes. Each $1.00 increase (decrease) in the assumed public offering public of $ per share would increase (decrease) the net proceeds to us from this offering by $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and the estimated expenses payable by us. See Use of Proceeds. |
| NASDAQ Global Market symbols | Common stock SHIP<br>Warrants SHIP.W |
| Risk factors | Investing in our common stock involves substantial risk. You should carefully consider all the information in this prospectus prior to investing in our common stock. In particular, we urge you to consider carefully the factors set forth in the section of this prospectus entitled Risk Factors beginning on page 11. |

(1) The number of shares of common stock outstanding after this offering is based on 28,947,095 shares of our common stock outstanding on September 9, 2009 and excludes the following:

A. 38,984,667 shares of common stock reserved for issuance upon the exercise of outstanding warrants, which warrants have an exercise price of $6.50 per share and expire on September 24, 2011;

B. 2,000,000 shares of common stock reserved for issuance upon the exercise of the unit purchase option sold to the lead underwriter in the initial public offering of our predecessor, which unit purchase option expires September 24, 2012 as follows:

1,000,000 shares of common stock included in the 1,000,000 units issuable upon exercise of the option at an exercise price of $12.50 per unit;

1,000,000 shares of common stock issuable for $6.50 per share upon exercise of the warrants underlying the units issuable upon exercise of the option;

C. 4,308,075 shares issuable to certain Restis affiliate shareholders if we achieve certain EBITDA targets (which targets we do expect to achieve); and

D. shares that may be issued pursuant to the underwriters over-allotment option.

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## Summary Historical Financial Information and Other Data

The following selected historical statement of operations and balance sheet data were derived from the audited financial statements and accompanying notes for the years ended December 31, 2008 and 2007 and for the period from August 15, 2006 (Inception) to December 31, 2006 and the unaudited financial statements and accompanying notes for the three and six months ended June 30, 2009 and 2008, included elsewhere in this prospectus. The information is only a summary and should be read in conjunction with the financial statements and related notes included elsewhere in this prospectus and the sections entitled, Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations for Seanergy Maritime and Seanergy. The historical data included below and elsewhere in this prospectus is not necessarily indicative of our future performance.

Since our vessel operations began upon the consummation of our business combination on August 28, 2008, we cannot provide a meaningful comparison of our results of operations for the year ended December 31, 2008 to December 31, 2007 or for the three and six months ended June 30, 2009 and June 30, 2008. During the period from our inception to the date of our business combination, we were a development stage enterprise.

All amounts in the tables below are in thousands of U.S. dollars, except for share data, fleet data and average daily results.

| | **Three Months Ended June 30,** | | **Six Months Ended June 30,** | | **Years Ended December 31,** | | **From Inception (August 15, 2006) to December 31,** |
|---|---|---|---|---|---|---|---|
| | **2009** | **2008** | **2009** | **2008** | **2008** | **2007** | **2006** |
| **Statement of Operations Data:** | | | | | | | |
| Vessel revenue related party, net | 22,067 | | 48,309 | | 34,453 | | |
| Direct voyage expenses | (292) | | (438) | | (151) | | |
| Vessel operating expense | (3,010) | | (5,821) | | (3,180) | | |
| Voyage expenses related Party | (283) | | (619) | | (440) | | |
| Management fees related party | (315) | | (617) | | (388) | | |
| General and administration expenses | (1,285) | (137) | (2,141) | (597) | (1,840) | (445) | (5) |
| General and administration expenses related party | (482) | | (1,021) | | (430) | | |
| Depreciation | (7,758) | | (15,430) | | (9,929) | | |
| Goodwill impairment loss | | | | | (44,795) | | |
| Vessels impairment loss | | | | | (4,530) | | |
| Interest income money market fund | 116 | 1,057 | 256 | 2,612 | 3,361 | 1,948 | 1 |
| Interest and finance costs | (1,354) | | (2,819) | | (4,077) | (58) | |
| | (56) | | (55) | | (39) | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Foreign currency exchange (losses), net | | | | | | | |
| Net income (loss) | 7,167 | 920 | 19,283 | 2,015 | (31,985) | 1,445 | (4) |

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| | June 30, 2009 | December 31, 2008 | 2007 | 2006 |
|---|---|---|---|---|
| **Balance Sheet Data:** | | | | |
| Total current assets | 48,198 | 29,814 | 235,213 | 376 |
| Vessels, net | 330,202 | 345,622 | | |
| Total assets | 383,025 | 378,202 | 235,213 | 632 |
| Total current liabilities, including current portion of long-term debt | 28,389 | 32,999 | 5,995 | 611 |
| Long-term debt, net of current portion | 203,788 | 213,638 | | |
| Total shareholders equity | 150,848 | 131,565 | 148,369 | 20 |

**Performance Indicators**

The figures shown below are non-GAAP statistical ratios used by management to measure performance of our vessels and are not included in financial statements prepared under United States generally accepted accounting principles, or GAAP.

| | Three Months Ended June 30, 2009 | Six Months Ended June 30, 2009 | Year Ended December 31, 2008 |
|---|---|---|---|
| **Fleet Data:** | | | |
| Average number of vessels(1) | 6.0 | 6.0 | 5.5 |
| Ownership days(2) | 546 | 1,086 | 686 |
| Available days(3) | 417 | 916 | 686 |
| Operating days(4) | 411 | 909 | 678 |
| Fleet utilization(5) | 75.3% | 83.7% | 98.9% |
| **Average Daily Results:** | | | |
| Vessel TCE rate(6) | 52,292 | 51,982 | 49,362 |
| Vessel operating expenses(7) | 5,513 | 5,360 | 4,636 |
| Management fees(8) | 577 | 568 | 566 |
| Total vessel operating expenses(9) | 6,090 | 5,928 | 5,202 |

(1) Average number of vessels is the number of vessels that constituted our fleet for the relevant period, as measured by the sum of the number of days each vessel was a part of our fleet during the relevant period divided by the number of calendar days in the relevant period.

(2) Ownership days are the total number of days in a period during which the vessels in a fleet have been owned. Ownership days are an indicator of the size of our fleet over a period and affect both the amount of revenues and the amount of expenses that we recorded during a period.

(3) Available days are the number of ownership days less the aggregate number of days that vessels are off-hire due to major repairs, dry-dockings or special or intermediate surveys. The shipping industry uses available days to measure the number of ownership days in a period during which vessels should be capable of generating revenues. During the three months ended June 30, 2009, we incurred 129 off-hire days for vessel scheduled dry-docking. During the six months ended June 30, 2009, we incurred 170 off-hire days for vessel scheduled

dry-docking.

(4) Operating days are the number of available days in a period less the aggregate number of days that vessels are off-hire due to any reason, including unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues.

(5) Fleet utilization is the percentage of time that our vessels were generating revenue, and is determined by dividing operating days by ownership days for the relevant period.

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(6) Time charter equivalent, or TCE, rates are defined as our time charter revenues less voyage expenses during a period divided by the number of our operating days during the period, which is consistent with industry standards. Voyage expenses include port charges, bunker (fuel oil and diesel oil) expenses, canal charges and commissions.

| | Three Months Ended June 30, 2009 | Six Months Ended June 30, 2009 | Year Ended December 31, 2008 |
|---|---|---|---|
| | (In thousands of US dollars, except operating days) | | |
| Net revenues from vessels | 22,067 | 48,309 | 34,453 |
| Voyage expenses | (292) | (438) | (151) |
| Voyage expenses related party | (283) | (619) | (440) |
| Net operating revenues | 21,492 | 47,252 | 33,862 |
| Operating days | 411 | 909 | 686 |
| Time charter equivalent rate | 52,292 | 51,982 | 49,362 |

(7) Average daily vessel operating expenses, which includes crew costs, provisions, deck and engine stores, lubricating oil, insurance, maintenance and repairs, are calculated by dividing vessel operating expenses by ownership days for the relevant time periods:

| | Three Months Ended June 30, 2009 | Six Months Ended June 30, 2009 | Year Ended December 31, 2008 |
|---|---|---|---|
| | (In thousands of US dollars, except ownership days) | | |
| Operating expenses | 3,010 | 5,821 | 3,180 |
| Ownership days | 546 | 1,086 | 686 |
| Daily vessel operating expenses | 5,513 | 5,360 | 4,636 |

(8) Daily management fees are calculated by dividing total management fees by ownership days for the relevant time period.

(9) Total vessel operating expenses, or TVOE, is a measurement of total expenses associated with operating the vessels. TVOE is the sum of vessel operating expenses and management fees. Daily TVOE is calculated by dividing TVOE by fleet ownership days for the relevant time period.

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# RISK FACTORS

*An investment in our common stock involves a high degree of risk. You should consider carefully all of the material risks described below, together with the other information contained in this prospectus before making a decision to invest in our common stock. References in this prospectus to Seanergy, we, us, or our company refer to Seanergy Maritime Holdings Corp. and our subsidiaries, but, if the context otherwise requires, may refer only to Seanergy Maritime Holdings Corp. References in this prospectus to BET refer to Bulk Energy Transport (Holdings) Limited and its wholly owned subsidiaries. We acquired a controlling interest in BET in August 2009 through our right to appoint a majority of the BET board of directors as provided in the shareholders agreement.*

## Risk Factors Relating to Seanergy

***We are currently in compliance with the terms of our loan with Marfin only because we have received waivers and/or amendments to the Marfin loan agreement waiving our compliance with a certain covenant for certain periods of time. The waivers and/or amendments impose additional operating and financial restrictions on us and modify the application of the terms of our existing loan agreement. Any extensions of these waivers, if needed, could contain additional restrictions and might not be granted at all.***

Our loan agreement with Marfin requires that we maintain certain financial and other covenants. The current low dry bulk charter rates and dry bulk vessel values have affected our ability to comply with one covenant. A violation of this covenant constitutes an event of default under our credit facility and would provide Marfin with various remedies. In exercising these remedies Marfin may require us to post additional collateral, enhance our equity and liquidity, continue to withhold payment of dividends, increase our interest payments, pay down our indebtedness to a level where we are in compliance with this loan covenant, or sell vessels in our fleet.,. Marfin could also accelerate our indebtedness and foreclose its liens on our vessels. The exercise of any of these remedies could materially adversely impair our ability to continue to conduct our business. Moreover, Marfin may require the payment of additional fees, require prepayment of a portion of our indebtedness to it, accelerate the amortization schedule for our indebtedness and increase the interest rates they charge us on our outstanding indebtedness.

As of December 31, 2008, we would not have been in compliance with the loan covenant related to the value of our vessels compared to the amounts of our loans, had we not later obtained a certain retroactive waiver from Marfin. During the first quarter of 2009, we obtained a waiver from Marfin of our compliance with this covenant, which waiver was effective as of December 31, 2008. This waiver expired in July 2009, when the first of our original charters was replaced. On September 9, 2009, we executed an addendum no. 1 to the loan agreement with Marfin and obtained a waiver of this loan covenant through July 1, 2010. In connection with the amendment and waiver, Marfin made certain changes to our loan agreement including increasing the interest payable during the waiver period from LIBOR plus 1.5% to LIBOR plus 2.75%, accelerating the due dates of certain principal installments and limiting our ability to pay dividends without their prior consent. As a result of this waiver, we are not currently in default under our Marfin loan agreement. For more information, see Management s Discussion and Analysis of Financial Condition and Results of Operations Recent Developments. If conditions in the dry bulk charter market remain depressed or worsen, we may need to request additional extensions of this waiver. There can be no assurance that Marfin will provide such extensions. If we require extensions to the waivers and are unable to obtain them, as described above, we would be in default under our Marfin loan agreement and your investment in our shares could lose most or all of its value.

As a result of these waivers, Marfin imposed operating and financial restrictions on us. These restrictions limit our ability to pay dividends without Marfin s prior consent. If we need to extend this covenant waiver, Marfin may impose additional restrictions. In addition to the above restrictions, Marfin may require the payment of additional fees, require prepayment of a portion of our indebtedness to it, accelerate the amortization schedule for our indebtedness, and increase the interest rates it charges us on our outstanding indebtedness. We might also be required to use a significant portion of the net proceeds from this offering to

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repay a portion of our outstanding indebtedness. These potential restrictions and requirements may limit our ability to pay dividends to you, finance our future operations, make acquisitions or pursue business opportunities.

***Our debt financing contains restrictive covenants that may limit our liquidity and corporate activities.***

The Marfin loan agreement, the BET loan agreement, and any future loan agreements we or our subsidiaries may execute may impose, operating and financial restrictions on us or our subsidiaries. These restrictions may, subject to certain exceptions, limit our or our subsidiaries ability to:

- incur additional indebtedness;
- create liens on our or our subsidiaries assets;
- sell capital stock of our subsidiaries;
- engage in any business other than the operation of the vessels;
- pay dividends;
- change or terminate the management of the vessels or terminate or materially amend the management agreement relating to each vessel; and
- sell the vessels.

The restrictions included in the Marfin loan agreement include minimum financial standards we must comply with including:

- The ratio of total liabilities to total assets;
- The ratio of total net debt owed to LTM (last twelve months) EBITDA;
- The ratio of LTM EBITDA to net interest expense;
- The ratio of cash deposits held to total debt; and
- A security margin, or the Security Margin Clause, whereby the aggregate market value of the vessels and the value of any additional security is required to be at least 135% of the aggregate of the debt financing and any amount available for drawing under the revolving facility, less the aggregate amount of all deposits maintained. A waiver from Marfin has been received with respect to this clause.

The financial ratios are required to be tested by us on a quarterly basis on a last-twelve-months basis.

Under the BET loan agreement, the BET subsidiaries are subject to operating and financial covenants that may affect BET s business. These restrictions may, subject to certain exceptions, limit the BET subsidiaries ability to engage in many of the activities listed above. Furthermore, the BET subsidiaries must assure the lenders that the aggregate market value of the BET vessels is not less than 125% of the outstanding amount of the BET loan. If the market value of the vessels is less than this amount, the BET subsidiaries must prepay an amount that will result in the market value of the vessels meeting this requirement or offer additional security to the lenders and a portion of the debt may be required to be classified as current.

Therefore, we may need to seek permission from our lenders in order to engage in some important corporate actions. Also, any further decline in vessel values may cause BET to fail to meet the market value covenants in its loan agreement and entitle the lenders to assort certain rights. Our current and any future lenders interests may be different from our interests, and we cannot guarantee that we will be able to obtain such lenders permission when needed. This may prevent us from taking actions that are in our best interest.

Finally, the BET lenders have indicated their willingness to provide their consent to our purchase of shares in BET, including waiver of compliance with the vessels market value covenant. We are currently in active negotiations to finalize these arrangements following which we expect BET to be in full compliance with its covenants. If BET s lenders decline to approve this transaction, they could declare an event of default under BET s loan agreement and a portion of the debt may be required to be classified as current.

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***The value of our vessels has fluctuated, and may continue to fluctuate significantly, due in large part to the sharp decline in the world economy and the charter market. A significant decline in vessel values could result in losses when we sell our vessels or could result in a requirement that we write down their carrying value, which would adversely affect our earnings. In addition, a decline in vessel values could adversely impact our ability to raise additional capital and would likely cause us to violate certain covenants in our loan agreements that relate to vessel value.***

The market value of our vessels can and have fluctuated significantly based on general economic and market conditions affecting the shipping industry and prevailing charter hire rates. Since the end of 2008, the market value of our vessels has dropped significantly due to, among other things, the substantial decline in charter rates. During the year ended December 31, 2008, we recorded an impairment charge of $4,530,000 on our vessels. There can be no assurance as to how long charter rates and vessel values will remain at the current low levels or whether they will improve to any significant degree. Consequently we may have to record further impairments of our vessels.

The market value of our vessels may increase or decrease in the future depending on the following factors:

- economic and market conditions affecting the shipping industry in general;
- supply of dry bulk vessels, including newbuildings;
- demand for dry bulk vessels;
- types and sizes of vessels;
- other modes of transportation;
- cost of newbuildings;
- new regulatory requirements from governments or self-regulated organizations; and
- prevailing level of charter rates.

Because the market value of our vessels may fluctuate significantly, we may incur losses when we sell vessels, which may adversely affect our earnings. In addition, on a quarterly basis, we test the carrying value of our vessels in our financial statements, based upon their earning capacity and remaining useful lives. Earning capacity is measured by the vessels expected earnings under their charters. If we determine that our vessels carrying values should be reduced, we would recognize an impairment charge on our financial statements that would result in a potentially significant charge against our earnings and a reduction in our shareholders equity. Such impairment adjustment could also hinder our ability to raise capital. If for any reason we sell our vessels at a time when prices have fallen, the sale proceeds may be less than that vessel s carrying amount on our financial statements, and we would incur a loss and a reduction in earnings. Finally, a decline in vessel values would likely cause us to violate certain covenants in our loan agreement that require vessel values to equal or exceed a stated percentage of the amount of our loans. Such violations could result in our default under our loan agreements.

***If we fail to manage our growth properly, we may not be able to manage our recently expanded fleet successfully, and we may not be able to expand our fleet further if we desire to do so, adversely affecting our overall financial position.***

On August 12, 2009, we completed our acquisition of a 50% controlling ownership interest in BET, pursuant to which we acquired an additional five vessels. Concurrently with the closing of the acquisition, BET entered into a technical management agreement with EST and a commercial brokerage agreement with Safbulk at terms similar to those that our existing fleet has with these entities. Each of EST and Safbulk are affiliated with members of the Restis family and are the technical manager and commercial broker of our current fleet.

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We may continue to expand our fleet in the future if desirable opportunities arise. Our further growth will depend on:

- locating and acquiring suitable vessels at competitive prices;
- identifying and consummating acquisitions or joint ventures;
- integrating any acquired vessels successfully with our existing operations;
- enhancing our customer base;
- managing our expansion; and
- obtaining required financing, which could include debt, equity or combinations thereof.

Growing any business by acquisition presents numerous risks such as undisclosed liabilities and obligations, difficulty experienced in obtaining additional qualified personnel, managing relationships with customers and suppliers, integrating newly acquired operations into existing infrastructures, identifying new and profitable charter opportunities for vessels, and complying with new loan covenants. We have not identified further expansion opportunities at this time, and the nature and timing of any such expansion is uncertain. We may not be successful in growing further and may incur significant expenses and losses.

***Our charterers may terminate or default on their charters, which could adversely affect our results of operations and cash flow.***

The ability and the willingness of each of our charterers to perform its obligations under a charter will depend on a number of factors that are beyond our control. These factors may include general economic conditions, the condition of the dry bulk shipping industry, the charter rates received for specific types of vessels, hedging arrangements, the ability of charterers to obtain letters of credit from their customers, cash reserves, cash flow considerations and various operating expenses. Many of these factors impact the financial viability of our charterers. Given the downturn in world markets and the factors described above, it is possible that some of our charterers could declare bankruptcy or otherwise seek to evade their obligations to us under the charters, and as a consequence, default on their obligations to us. The costs and delays associated with the termination of a charter or the default by a charterer of a vessel may be considerable and may adversely affect our business, results of operations, cash flows and financial condition.

***Servicing debt will limit funds available for other purposes, including capital expenditures and payment of dividends.***

Marfin has extended to us a term loan of $165,000,000 and a revolving facility in an amount equal to the lesser of $72,000,000 and an amount in dollars which when aggregated with the amount already drawn down under the term loan does not exceed 70% of the aggregate market value of our vessels. We have currently drawn down the full amount of the term loan and $54,845,000 of the revolving facility. The term loan is repayable by twenty-eight consecutive quarterly principal installments out of which the first four principal installments will be equal to $7,500,000 each, the next four principal installments will be equal to $5,250,000 each and the final twenty principal installments equal to $3,200,000 each, with a balloon payment equal to $50,000,000 due concurrently with the twenty-eighth principal installment.

The revolving facility is payable at maturity of the term loan.

BET financed the acquisition of its vessels with the proceeds of a loan from Citibank International PLC, as agent for a syndicate of banks and financial institutions. The outstanding principal amount as of December 31, 2008 was $150,725,000. The amount of the loan for each vessel was less than or equal to 70% of the contractual purchase price for the applicable vessel. The loan is repayable in semi-annual installments of principal in the amount of $8,286,500 followed by a balloon payment due on maturity in the amount of $51,289,000 as these installment amounts were revised after the BET Performer sale. Interest is due and payable quarterly based on interest periods selected by BET.

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We are required to dedicate a substantial portion of our cash flow from operations to pay the principal and interest on the Marfin and BET debt. These payments limit funds otherwise available for capital expenditures and other purposes, including payment of dividends. We have not yet determined whether we will incur debt in the near future in connection with any additional vessel acquisitions. If we are unable to service our respective debt, it could have a material adverse effect on our financial condition and results of operations.

***Credit market volatility may affect our ability to refinance our existing debt, borrow funds under our revolving credit facility or incur additional debt.***

The credit markets have recently experienced extreme volatility and disruption, which has limited credit capacity for certain issuers, and lenders have requested shorter terms and lower loan to value ratios. The market for new debt financing is extremely limited and in some cases not available at all. If current levels of market disruption and volatility continue or worsen, we may not be able to refinance our existing debt, draw upon our revolving credit facility or incur additional debt, which may require us to seek other funding sources to meet our liquidity needs or to fund planned expansion. For example, our existing term loan and revolving credit facility from Marfin are tied to the market value of the vessels whereby the aggregate market values of the vessels and the value of any additional security should be at least 135% of the aggregate of the debt financing and any amount available for drawing under the revolving facility less the aggregate amount of all deposits maintained. If the percentage is below 135%, then a prepayment of the loans may be required or additional security may be requested. On September 9, 2009, we executed an addendum no. 1 to the loan agreement with Marfin and received a waiver with respect to this clause through July 1, 2010. In connection with the amendment and waiver, Marfin made certain changes to our loan agreement including increasing the interest payable during the waiver period from LIBOR plus 1.5% to LIBOR plus 2.75%, accelerating the due dates of certain principal installments and limiting our ability to pay dividends without their prior consent. The BET loan agreement contains a similar covenant. If the market value of the BET vessels is less than 125% of the outstanding amount of the BET loan, the BET subsidiaries must prepay an amount that will result in the market value of the vessels meeting this requirement or offer additional security to the lenders. Hence, we may need to seek permission from our lenders in order to make further use of our Marfin revolving credit facility or avoid prepayment obligations under either the Marfin or BET loans, depending on the aggregate market value of our vessels. We cannot assure you that we will be able to obtain debt or other financing on reasonable terms, or at all.

***Increases in interest rates could increase interest payable under our variable rate indebtedness.***

We are subject to interest rate risk in connection with our Marfin and BET loans. Changes in interest rates could increase the amount of our interest payments and thus negatively impact our future earnings and cash flows. Fluctuations in interest rates could be exacerbated in future periods as a result of the current worldwide instability in the banking and credit markets. Although neither party currently has hedging arrangements for our variable rate indebtedness, we both expect to hedge interest rate exposure at the appropriate time. However, these arrangements may prove inadequate or ineffective.

***In the highly competitive international dry bulk shipping industry, we may not be able to compete for charters with new entrants or established companies with greater resources, which may adversely affect our results of operations.***

We employ our fleet in a highly competitive market that is capital intensive and highly fragmented. Competition arises primarily from other vessel owners, some of whom have substantially greater resources than ours. Competition for the transportation of dry bulk cargoes can be intense and depends on price, location, size, age, condition and the acceptability of the vessel and its managers to the charterers. Due in part to the highly fragmented market, competitors with greater resources could operate larger fleets through consolidations or acquisitions that may be able to offer better prices and fleets.

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***Because SAMC is the sole counterparty on the time charters for seven of our vessels, the failure of this counterparty to meet its obligations could cause us to suffer losses, thereby decreasing our revenues, operating results and cash flows.***

Two of our six initial vessels and all five BET vessels are chartered to SAMC, a company affiliated with members of the Restis family. Therefore we are dependent on performance by our charterer. Our charters may terminate earlier than the dates indicated in this prospectus. Under our charter agreements, the events or occurrences that will cause a charter to terminate or give the charterer the option to terminate the charter generally include a total or constructive total loss of the related vessel, the requisition for hire of the related vessel or the failure of the related vessel to meet specified performance criteria. In addition, the ability of our charterer to perform its obligations under a charter will depend on a number of factors that are beyond our control. These factors may include general economic conditions, the condition of the dry bulk shipping industry, the charter rates received for specific types of vessels, the ability of the charterer to obtain letters of credit from its customers and various operating expenses. It is our understanding that SAMC operates some of the vessels on period charters and some of the vessels in the spot market. The spot market is highly competitive and spot rates fluctuate significantly. Vessels operating in the spot market generate revenues that are less predictable than those on period time charters. Therefore, SAMC may be exposed to the risk of fluctuating spot dry bulk charter rates, which may have an adverse impact on its financial performance and its obligations. The cost and delays associated with the default by a charterer of a vessel may be considerable and may adversely affect our business, results of operations, cash flows, financial condition and our ability to pay dividends.

***We may not be able to take advantage of favorable opportunities in the current spot market, if any, with respect to the majority of our vessels, nine of which are employed on 11 to 13 and 22 to 25 month time charters.***

Nine vessels in our fleet are employed under medium-term time charters, with expiration dates ranging from 11 to 13 months and 22 to 25 months from the time of delivery, expiring between October 2009 and September 2011. Although medium-term time charters provide relatively steady streams of revenue, vessels committed to medium-term charters may not be available for spot voyages during periods of increasing charter hire rates, when spot voyages might be more profitable.

***When our charters expire, we may not be able to replace such charters promptly or with profitable charters, which may adversely affect our earnings.***

We will generally attempt to recharter our vessels at favorable rates with reputable charterers as our existing charters expire. If the dry bulk shipping market is in a period of depression when our vessels charters expire, it is likely that we may be forced to re-charter them at substantially reduced rates, if at all. If rates are significantly lower or if we are unable to recharter our vessels, our earnings may be adversely affected.

***We may not be able to attract and retain key management personnel and other employees in the shipping industry, which may negatively affect the effectiveness of our management and our results of operations.***

Our success will depend to a significant extent upon the abilities and efforts of our management team. We currently have two executive officers, our chief executive officer and our chief financial officer, and one general counsel and a support staff. Our success will depend upon our ability to retain key members of our management team and the ability of our management to recruit and hire suitable employees. 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 are dependent on each of EST and Safbulk for the management and commercial brokerage of our fleet.***

We subcontract the management and commercial brokerage of our fleet, including crewing, maintenance and repair, to each of EST and Safbulk, both affiliates of members of the Restis family, the loss of services of, or the failure to perform by, either of these entities could materially and adversely affect our results of operations. Although we may have rights against either of these entities if they default on their obligations to us, you will have no recourse directly against them. Further, we expect that we will need to seek approval from our lenders to change our manager.

***EST and Safbulk are privately held companies and there is little or no publicly available information about them.***

The ability of EST and Safbulk to continue providing services for our benefit will depend in part on their respective financial strength. Circumstances beyond our control could impair their financial strength, and because they are privately held, it is unlikely that information about their financial strength would become public unless any of these entities began to default on their respective obligations. As a result, our shareholders might have little advance warning of problems affecting EST or Safbulk, even though these problems could have a material adverse effect on us.

***We outsource, and expect to outsource, the management and commercial brokerage of our fleet to companies that are affiliated with members of the Restis family, which may create conflicts of interest.***

We outsource, and expect to outsource, the management and commercial brokerage of our fleet to EST and Safbulk, companies that are affiliated with members of the Restis family. Companies affiliated with members of the Restis family own and may acquire vessels that compete with our fleet. Both EST and Safbulk have responsibilities and relationships to owners other than us which could create conflicts of interest between us, on the one hand, and EST or Safbulk, on the other hand. These conflicts may arise in connection with the chartering of the vessels in our fleet versus dry bulk carriers managed by other companies affiliated with members of the Restis family. There can be no assurance that they will resolve conflicts in our favor.

***Purchasing and operating second hand vessels may result in increased operating costs and vessel off-hire, which could adversely affect our earnings.***

We have inspected the second hand vessels that we acquired from the Restis sellers and in the acquisition of BET and considered the age and condition of the vessels in budgeting for operating, insurance and maintenance costs. If we acquire additional second hand vessels in the future, we may encounter higher operating and maintenance costs due to the age and condition of those additional vessels.

However, our inspection of second hand vessels prior to purchase does not 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. We will have the benefit of warranties on newly constructed vessels, we will not receive the benefit of warranties on second hand vessels.

In general, the costs to maintain a dry bulk carrier in good operating condition increase with the age of the vessel. The average age of our fleet, including the BET vessels, is approximately 13 years, out of the expected useful life of 25 years. Older vessels, however, are typically less fuel-efficient and more costly to maintain than more recently constructed dry bulk carriers 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. As our vessels age, market conditions may not justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives.

***We may not have adequate insurance to compensate us if we lose our vessels, which may have a material adverse effect on our financial condition and results of operation.***

We have procured hull and machinery insurance and protection and indemnity insurance, which includes environmental damage and pollution insurance coverage and war risk insurance for our fleet. We do not expect to maintain for all of our vessels insurance against loss of hire, which covers business interruptions that result from the loss of use of a vessel. We may not be adequately insured against all risks. We may not be able to obtain adequate insurance coverage for our fleet in the future. The insurers may not pay particular claims. Our insurance policies may contain deductibles for which we will be responsible and limitations and exclusions which may increase our costs or lower our revenue. Moreover, insurers may default on claims they are required to pay. If our insurance is not enough to cover claims that may arise, the deficiency may have a material adverse effect on our financial condition and results of operations.

***The majority of the members of our shipping committee and our nominees to the BET board of directors are appointees nominated by affiliates of members of the Restis family, which could create conflicts of interest detrimental to us.***

Our board of directors has created a shipping committee, which has been delegated exclusive authority to consider and vote upon all matters involving shipping and vessel finance, subject to certain limitations. The same people serve as our appointees to the BET board of directors. Affiliates of members of the Restis family have the right to appoint two of the three members of the shipping committee and as a result such affiliates will effectively control all decisions with respect to our shipping operations that do not involve a transaction with a Restis affiliate. Messrs. Dale Ploughman, Kostas Koutsoubelis and Elias Culucundis currently serve on our shipping committee and as our BET director appointees. Each of Messrs. Ploughman and Koutsoubelis also will continue to serve as officers and/or directors of other entities affiliated with members of the Restis family that operate in the dry bulk sector of the shipping industry. The dual responsibilities of members of the shipping committee in exercising their fiduciary duties to us and other entities in the shipping industry could create conflicts of interest. Although Messrs. Ploughman and Koutsoubelis intend to maintain as confidential all information they learn from one company and not disclose it to the other entities for whom they serve; in certain instances this could be impossible given their respective roles with various companies. There can be no assurance that Messrs. Ploughman and Koutsoubelis would resolve any conflicts of interest in a manner beneficial to us.

**Industry Risk Factors Relating to Seanergy**

***Investment in a company in the dry bulk shipping industry involves a high degree of risk.***

The abrupt and dramatic downturn in the dry bulk charter market, from which we have derived substantially all of our revenues, has severely affected the dry bulk shipping industry and has harmed our business. The Baltic Dry Index, or BDI, fell 94% from a peak of 11,793 in May 2008 to a low of 663 in December 2008. It has since risen to 2,491 as of September 9, 2009. The decline in charter rates is due to various factors, including the decrease in available trade financing for purchases of commodities carried by sea, which has resulted in a significant decline in cargo shipments. There is no certainty that the dry bulk charter market will experience any further recovery over the next several months and the market could decline from its current level. These circumstances, which result from the economic dislocation worldwide and the disruption of the credit markets, have had a number of adverse consequences for dry bulk shipping, including, among other things:

- a decrease in available financing for vessels;
- no active secondhand market for the sale of vessels;
- a sharp decline in charter rates, particularly for vessels employed in the spot market;
- charterers seeking to renegotiate the rates for existing time charters;

widespread loan covenant defaults in the dry bulk shipping industry due to the substantial decrease in vessel values; and

declaration of bankruptcy by some operators, charterers and shipowners.

***The dry bulk shipping industry is cyclical and volatile, and this may lead to reductions and volatility of charter rates, vessel values and results of operations.***

The degree of charter hire rate volatility among different types of dry bulk carriers has varied widely. If we enter into a charter when charter hire 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 the vessels that we own, to decline and we may not be able to successfully charter our vessels in the future at rates sufficient to allow us to operate our business profitably or meet our obligations. The factors affecting the supply and demand for dry bulk carriers are outside of our control and are unpredictable. The nature, timing, direction and degree of changes in dry bulk shipping market conditions are also unpredictable.

Factors that influence demand for seaborne transportation of cargo include:

- demand for and production of dry bulk products;
- the distance cargo is to be moved by sea;
- global and regional economic and political conditions;
- environmental and other regulatory developments; and
- changes in seaborne and other transportation patterns, including changes in the distances over which cargo is transported due to geographic changes in where commodities are produced and cargoes are used.

The factors that influence the supply of vessel capacity include:

- the number of new vessel deliveries;
- the scrapping rate of older vessels;
- vessel casualties;
- the price of steel;
- the number of vessels that are out of service;
- changes in environmental and other regulations that may limit the useful life of vessels; and
- port or canal congestion.

We anticipate that the future demand for our vessels will be dependent upon continued economic growth in the world s economies, including China and India, seasonal and regional changes in demand, changes in the capacity of the world s dry bulk carrier fleet and the sources and supply of cargo to be transported by sea. If the global vessel capacity increases in the dry bulk shipping market, but the demand for vessel capacity in this market does not increase or increases at a slower rate, the charter rates could materially decline. Adverse economic, political, social or other developments could have a material adverse effect on our business, financial condition, results of operations and ability to pay dividends.

***Future growth in dry bulk shipping will depend on a return to economic growth in the world economy that exceeds growth in vessel capacity. A further decline in charter rates would adversely affect our revenue stream and could have an adverse effect on our financial condition and results of operations.***

Our vessels are engaged in global seaborne transportation of commodities, involving the loading or discharging of raw materials and semi-finished goods around the world. As a result, significant volatility in the world economy and negative changes in global economic conditions, may have an adverse effect on our business, financial position and results of operations, as well as future prospects. In particular, in recent years China has been one of the fastest growing economies in terms of gross domestic product. Given the current global conditions, the Chinese economy has experienced slowdown and stagnation and there is no assurance that continuous growth will be sustained or that the Chinese economy will not experience further contraction or stagnation in the future. Moreover, any further slowdown in the U.S. economy, the European Union or certain other Asian countries may continue to adversely affect world economic growth. Negative world economic conditions may result in global production cuts, changes in the supply and demand for the seaborne transportation of dry bulk goods, downward adjusted pricings for goods and freights and cancellation of transactions/orders placed.

Charter rates for dry bulk carriers have been at extremely low rates recently mainly due to the current global financial crisis, which is also affecting this industry. We anticipate that future demand for our vessels, and in turn future charter rates, will be dependent upon a return to economic growth in the world s economy, particularly in China and India, as well as seasonal and regional changes in demand and changes in the capacity of the world s fleet. The world s dry bulk carrier fleet increased in 2009 as a result of scheduled deliveries of newly constructed vessels but it is expected to be leveled off by higher forecasts for scrapping of existing vessels as compared to 2008. However, this will vary depending on vessel size, as the oldest segment of the worldwide dry bulk fleet is the Handysize segment. A return to economic growth in the world economy that exceeds growth in vessel capacity will be necessary to sustain current charter rates. There can be no assurance that economic growth will not continue to decline or that vessel scrapping will occur at an even lower rate than forecasted.

Due to the current volatility in the dry bulk sector, which is primarily caused by, among other things, a decrease in letters of credit being provided, a significant drop in demand for goods being shipped, a reduction in volumes of goods and cancellation of orders, there is a possibility that one or more of our charterers could seek to renegotiate the time charter rates either currently or at the time the charter expires. A decline in charter rates would adversely affect our revenue stream and could have a material adverse effect on our business, financial condition and results of operations.

***An oversupply of dry bulk carrier capacity may lead to reductions in charter rates and our profitability.***

Orders for dry bulk carriers, primarily Capesize and Panamax vessels, are high. Newly constructed vessels were delivered and are expected to continue in significant numbers starting through 2009. As of August 2009, newly constructed vessels orders had been placed for an aggregate of approximately 65.2% of the current global dry bulk fleet, with deliveries expected during the next 36 months. However, we have noticed order cancellations by both shipowners and yards. An oversupply of dry bulk carrier capacity may result in a reduction of our charter rates. If such a reduction occurs, when our vessels current charters expire or terminate, we may only be able to re-charter our vessels at reduced or unprofitable rates or we may not be able to charter these vessels at all. In turn, this may result in the need to take impairment charges on one or more of our vessels.

***Changes in the economic and political environment in China and policies adopted by the government to regulate its economy may have a material adverse effect on our business, financial condition and results of operations.***

The Chinese economy differs from the economies of most countries belonging to the Organization for Economic Cooperation and Development, or OECD, in such respects as structure, government involvement, level of development, growth rate, capital reinvestment, allocation of resources, rate of inflation and balance of payments position. Prior to 1978, the Chinese economy was a planned economy. Since 1978, increasing emphasis has been placed on the utilization of market forces in the development of the Chinese economy. There is an increasing level of freedom and autonomy in areas such as allocation of resources, production, pricing and management and a gradual shift in emphasis to a market economy and enterprise reform. Although limited price reforms were undertaken, with the result that prices for certain commodities are principally determined by market forces, many of the reforms are experimental and may be subject to change or abolition. We cannot assure you that the Chinese government will continue to pursue a policy of economic reform. The level of imports to and exports from China could be adversely affected by changes to these economic reforms, as well as by changes in political, economic and social conditions or other relevant policies of the Chinese government, such as changes in laws, regulations or export and import restrictions, all of which could, adversely affect our business, financial condition and operating results.

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***The economic slowdown in the Asia Pacific region could have a material adverse effect on our business, financial position and results of operations.***

A significant number of the port calls made by our vessels may involve the loading or discharging of raw materials and semi-finished products in ports in the Asia Pacific region. As a result, a negative change in economic conditions in any Asia Pacific country, but particularly in China or India, may have an adverse effect on our future business, financial position and results of operations, as well as our future prospects. In recent years, China has been one of the world s fastest growing economies in terms of gross domestic product. We cannot assure you that such growth will be sustained or that the Chinese economy will not experience contraction in the future. In particular, during the past year, the demand for dry bulk goods from emerging markets, such as China and India, has significantly declined as growth projections for these nations economies have been adjusted downwards. Moreover, the slowdown in the economies of the United States, the European Union or certain Asian countries may adversely effect economic growth in China and elsewhere. Our ability to re-charter our ships at favorable rates will likely be materially and adversely affected by an ongoing economic downturn in any of these countries.

***Risks involved with operating ocean-going vessels could affect our business and reputation, which would adversely affect our revenues.***

The operation of an ocean-going vessel carries inherent risks. These risks include the possibility of:

- crew strikes and/or boycotts;
- marine disaster;
- piracy;
- environmental accidents;
- cargo and property losses or damage; and
- business interruptions caused by mechanical failure, human error, war, terrorism, political action in various countries or adverse weather conditions.

Any of these circumstances or events could increase our costs or lower our revenues.

***Our vessels may suffer damage and we may face unexpected dry-docking costs, which could adversely affect our cash flow and financial condition.***

If our vessels suffer damage, they may need to be repaired at a dry-docking facility. The costs of dry-dock repairs are unpredictable and can be substantial, and may be higher than expected as a result of circumstances beyond our control, such as delays experienced at the repair yard, including those due to strikes. We may have to pay dry-docking costs that our insurance does not cover. The loss of earnings while these vessels are being repaired and reconditioned may not be covered by insurance in full and thus these losses, as well as the actual cost of these repairs, would decrease our earnings.

***Turbulence in the financial services markets and the tightening of credit may affect the ability of purchasers of dry bulk cargo to obtain letters of credit to purchase dry bulk goods, resulting in declines in the demand for vessels.***

Turbulence in the financial markets has led many lenders to reduce, and in some cases cease to provide, credit, including letters of credit to borrowers. Purchasers of dry bulk cargo typically pay for cargo with letters of credit. The tightening of the credit markets has reduced the issuance of letters of credit and as a result decreased the amount of cargo being shipped as sellers determine not to sell cargo without a letter of credit. Reductions in cargo result in less business for charterers and declines in the demand for vessels. Any material decrease in the demand for vessels may decrease charter rates and make it more difficult for Seanergy to charter its vessels in the future at competitive rates. Reduced charter rates would reduce Seanergy s revenues.

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***Rising fuel prices may adversely affect our profits.***

The cost of fuel is a significant factor in negotiating charter rates. As a result, an increase in the price of fuel beyond our expectations may adversely affect our profitability. The price and supply of fuel is unpredictable and fluctuates based on events outside our control, including geo-political developments, supply and demand for oil, actions by members of the Organization of the Petroleum Exporting Countries and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns and regulations.

***We may become dependent on spot charters in the volatile shipping markets which may have an adverse impact on stable cash flows and revenues.***

We may employ one or more of our vessels on spot charters, including when time charters on one or more of our vessels expires. The spot charter market is highly competitive and rates within this market are subject to volatile fluctuations, while longer-term period time charters provide income at predetermined rates over more extended periods of time. If we decide to spot charter our vessels, there can be no assurance that we will be successful in keeping all our vessels fully employed in these short-term markets or that future spot rates will be sufficient to enable our vessels to be operated profitably. A significant decrease in charter rates could affect the value of our fleet and could adversely affect our profitability and cash flows with the result that our ability to pay debt service to our lenders could be impaired.

***Our operations are subject to seasonal fluctuations, which could affect our operating results.***

We operate our vessels in markets that have historically exhibited seasonal variations in demand and, as a result, in charter hire rates. This seasonality may result in volatility in our operating results. The dry bulk carrier market is typically stronger in the fall and winter months in anticipation of increased consumption of coal and other raw materials in the northern hemisphere during the winter months. In addition, unpredictable weather patterns in these months tend to disrupt vessel scheduling and supplies of certain commodities. As a result, revenues of dry bulk carrier operators in general have historically been weaker during the fiscal quarters ended June 30 and September 30, and, conversely, been stronger in fiscal quarters ended December 31 and March 31. This seasonality may materially affect our operating results.

***We are subject to regulation and liability under environmental laws that could require significant expenditures and affect our cash flows and net income.***

Our business and the operation of our vessels are materially affected by government regulation in the form of international conventions, national, state and local laws and regulations in force in the jurisdictions in which our vessels operate, as well as in the country or countries of their registration. Because such conventions, laws, and regulations are often revised, we cannot predict the ultimate cost of complying with such conventions, laws and regulations or the impact thereof on the resale prices or useful lives of our vessels. Additional conventions, laws and regulations may be adopted which could limit our ability to do business or increase the cost of our doing business and which may materially and adversely affect our operations. We are required by various governmental and quasi-governmental agencies to obtain certain permits, licenses and certificates with respect to our operations.

The operation of our vessels is affected by the requirements set forth in the United Nations International Maritime Organization s International Management Code for the Safe Operation of Ships and Pollution Prevention, or ISM Code. The ISM Code requires vessel owners, vessel managers and bareboat charterers to develop and maintain an extensive Safety Management System that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation and describing procedures for dealing with emergencies. The failure of a vessel owner or bareboat charterer to comply with the ISM Code may subject it to increased liability, may invalidate existing insurance or decrease available insurance coverage for the affected vessels and may result in a denial of access to, or detention in, certain ports. Each of our vessels is ISM code-certified but we cannot assure that such certificate will be maintained indefinitely.

We maintain, for each of our vessels, pollution liability coverage insurance in the amount of $1 billion per incident. If the damages from a catastrophic incident exceeded our insurance coverage, it could have a material adverse effect on our financial condition and results of operations.

***Acts of piracy on ocean-going vessels have recently increased in frequency, which could adversely affect our business.***

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the South China Sea and in the Gulf of Aden off the coast of Somalia. Throughout 2008 the frequency of piracy incidents increased significantly, particularly in the Gulf of Aden off the coast of Somalia, with dry bulk vessels and tankers particularly vulnerable to such attacks. For example, in November 2008, the Sirius Star, a tanker vessel not affiliated with us, was captured by pirates in the Indian Ocean while carrying crude oil estimated to be worth $100.0 million. If these piracy attacks result in regions in which our vessels are deployed being characterized as war risk zones by insurers, as the Gulf of Aden temporarily was in May 2008, or as war and strikes listed areas by the Joint War Committee, premiums payable for such coverage could increase significantly and such insurance coverage may be more difficult to obtain. In addition, crew costs, including due to employing onboard security guards, could increase in such circumstances. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on us. In addition, detention of any of our vessels, hijacking as a result of an act of piracy against our vessels, or an increase in cost, or unavailability, of insurance for our vessels, could have a material adverse impact on our business, financial condition, results of operations and ability to pay dividends in the future.

***Terrorism and other events outside our control may negatively affect our operations and financial condition.***

Because we operate our vessels worldwide, 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, continue to cause uncertainty in the world financial markets and may affect our business, results of operations 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 have a material adverse effect on our ability to obtain additional financing on terms acceptable to us or at all. 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. Any of these occurrences could have a material adverse impact on our operating results, revenues and costs.

Terrorist attacks and armed conflicts may also negatively affect our operations and financial condition and directly impact our vessels or our customers. Future terrorist attacks could result in increased volatility of the financial markets in the United States and globally and could result in an economic recession in the United States or the world. Any of these occurrences could have a material adverse impact on our financial condition.

***The operation of dry bulk carriers has particular operational risks which could affect our earnings and cash flow.***

The operation of certain vessel types, such as dry bulk carriers, has certain particular risks. With a dry bulk carrier, the cargo itself and its interaction with the vessel can be an operational risk. By their nature, dry bulk cargoes are often heavy, dense, easily shifted, and react badly to water exposure. In addition, dry bulk carriers are often subjected to battering treatment during unloading operations with grabs, jackhammers (to pry encrusted cargoes out of the hold) and small bulldozers. This treatment may cause damage to the vessel. Vessels damaged due to treatment during unloading procedures may be more susceptible to breach while at sea. Hull breaches in dry bulk carriers may lead to the flooding of the vessels holds. If a dry bulk carrier suffers flooding in its forward holds, the bulk cargo may become so dense and waterlogged that its pressure may buckle the vessel s bulkheads leading to the loss of a vessel. If we are unable to adequately maintain our vessels, we may be unable to prevent these events. Any of these circumstances or events could result in loss of life, vessel and/or cargo and negatively impact our business, financial condition, results of operations and

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ability to pay dividends. In addition, the loss of any of our vessels could harm our reputation as a safe and reliable vessel owner and operator.

***If any of our vessels fails to maintain its class certification and/or fails any annual survey, intermediate survey, or special survey, or if any scheduled dry-docks take longer or are more expensive than anticipated, this could have a material adverse impact on our financial condition and results of operations.***

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 International Convention for the Safety of Life at Sea, or SOLAS. Our vessels are classed with one or more classification societies that are members of the International Association of Classification Societies.

A vessel must undergo annual surveys, intermediate surveys, dry-dockings and special surveys. In lieu of a special survey, a vessel s machinery may be 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 vessels. These surveys and dry-dockings can be costly and can result in delays in returning a vessel to operation, as occurred with the dry-docking of the African Zebra, which entered its scheduled dry-dock on February 24, 2009 and was returned to service on July 20, 2009 as a result of delays at the repair yard. The cost of our dry-docks in 2009 is expected to total $4,300,000. The African Onyx is scheduled to be dry-docked in October 2010 at an estimated cost of $900,000.

If any vessel does not maintain its class and/or fails any annual survey, intermediate survey, dry-docking or special survey, the vessel will be unable to carry cargo between ports and will be unemployable and uninsurable. Any such inability to carry cargo or be employed, or any such violation of covenants, could have a material adverse impact on our financial condition and results of operations.

***Because our seafaring employees are covered by industry-wide collective bargaining agreements, failure of industry groups to renew those agreements may disrupt our operations and adversely affect our earnings.***

Our vessel-owning subsidiaries employ a large number of seafarers. All of the seafarers employed on the vessels in our fleet are covered by industry-wide collective bargaining agreements that set basic standards. We cannot assure you that these agreements will prevent labor interruptions. Any labor interruptions could disrupt our operations and harm our financial performance.

***Maritime claimants could arrest our vessels, which could interrupt its 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 lien holder may enforce its lien by arresting a vessel through foreclosure proceedings. The arresting or attachment of one or more of our vessels could interrupt our cash flow and require us to pay large sums of funds to have the arrest lifted which would have a material adverse effect on our financial condition and results of operations.

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 of our vessels for claims relating to another of our vessels.

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***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 the 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 the charterer at dictated charter rates. Generally, requisitions occur during a period of war or emergency. Government requisition of one or more of our vessels could have a material adverse effect on our financial condition and results of operations.

**Risk Factors Relating to this Offering**

***The market price of our common stock has been and may in the future be subject to significant fluctuations.***

The market price of our common stock has been and may in the future be subject to significant fluctuations as a result of many factors, some of which are beyond our control. Among the factors that have in the past and could in the future affect our stock price are:

- quarterly variations in our results of operations;
- our lenders willingness to extend our loan covenant waivers, if necessary;
- changes in market valuations of similar companies and stock market price and volume fluctuations generally;
- changes in earnings estimates or publication of research reports by analysts;
- speculation in the press or investment community about our business or the shipping industry generally;
- strategic actions by us or our competitors such as acquisitions or restructurings;
- the thin trading market for our common stock, which makes it somewhat illiquid;
- the current ineligibility of our common stock to be the subject of margin loans because of its low current market price;
- regulatory developments;
- additions or departures of key personnel;
- general market conditions; and
- domestic and international economic, market and currency factors unrelated to our performance.

The stock markets in general, and the markets for dry bulk shipping and shipping stocks in particular, have experienced extreme volatility that has sometimes been unrelated to the operating performance of individual companies. These broad market fluctuations may adversely affect the trading price of our common stock.

***Investors may experience significant dilution as a result of possible future offerings.***

We will have 58,947,095 shares of common stock outstanding (           shares if the underwriters exercise their over-allotment option in full), which represents in the aggregate an increase of 50.8% (     % if the underwriters exercise their over-allotment option in full) in our issued and outstanding shares of common stock. We may sell additional shares of common stock following the conclusion of this offering in order to fully implement our business plans. Such sales could be made at prices below the price at which we sell the shares offered by this prospectus, in which case, investors who purchase shares in this offering could experience some dilution of their investment, which could be significant.

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***Our board of directors has suspended the payment of cash dividends as a result of certain restrictions in waivers we received from Marfin relating to our loan covenants and prevailing market conditions in the international shipping industry. Until such market conditions improve, it is unlikely that we will reinstate the payment of dividends.***

In light of a lower freight environment and a highly challenging financing environment that has resulted in a substantial decline in the international shipping industry, our board of directors, beginning in February 4, 2009, suspended the cash dividend on our common stock. Our dividend policy will be assessed by our board of directors from time to time; however, it is unlikely that we will reinstate the payment of dividends until market conditions improve. Further, the waiver we have received from Marfin relating to our loan covenant restricts our ability to pay dividends. See Management s Discussion and Analysis of Financial Condition and Results of Operations for Seanergy Maritime and Seanergy Recent Developments. Therefore, there can be no assurances that, if we were to determine to resume paying cash dividends, Marfin would provide any required consent.

***We are incorporated in the Republic of the Marshall Islands, which does not have a well-developed body of corporate law, which may negatively affect the ability of shareholders to protect their interests.***

Our corporate affairs are governed by our amended and restated articles of incorporation and amended and restated by-laws and by the 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 laws 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 U.S. jurisdictions. Shareholder 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, shareholders may have more difficulty in protecting their interests in the face of actions by the management, directors or controlling shareholders than would shareholders of a corporation incorporated in a U.S. jurisdiction.

***We are incorporated under the laws of the Republic of the Marshall Islands and our directors and officers are non-U.S. residents. Although you may bring an original action in the courts of the Marshall Islands or obtain a judgment against us or our directors or management based on U.S. laws in the event you believe your rights as a shareholder have been infringed, it may be difficult to enforce judgments against us or our directors or management.***

We are incorporated under the laws of the Republic of the Marshall Islands, and all of our assets are, and will be, located outside of the United States. Our business is operated primarily from our offices in Athens, Greece. In addition, our directors and officers, are non-residents of the United States, and all or a substantial portion of the assets of these non-residents are located outside the United States. As a result, it may be difficult or impossible for you to bring an action against us, or against these individuals in the United States if you believe that your rights have been infringed under securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Marshall Islands and of other jurisdictions may prevent or restrict you from enforcing a judgment against our assets or the assets of our directors and officers. Although you may bring an original action against us or our affiliates in the courts of the Marshall Islands based on U.S. laws, and the courts of the Marshall Islands may impose civil liability, including monetary damages, against us, or our affiliates for a cause of action arising under Marshall Islands laws, it may impracticable for you to do so given the geographic location of the Marshall Islands. For more information regarding the relevant laws of the Marshall Islands, please read Enforceability of Civil Liabilities.

Anti-takeover provisions in our amended and restated articles of incorporation and by-laws, as well as the terms and conditions of a Voting Agreement, could make it difficult for shareholders to replace or remove our current board of directors or could have the effect of discouraging, delaying or preventing a merger or acquisition, which could adversely affect the market price of our common shares.

Several provisions of our amended and restated articles of incorporation and by-laws, as well as the terms and conditions of the Voting Agreement could make it difficult for shareholders to change the composition of

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our board of directors in any one year, preventing them from changing the composition of our management. In addition, the same provisions may discourage, delay or prevent a merger or acquisition that shareholders may consider favorable.

These provisions include those that:

- authorize our board of directors to issue blank check preferred stock without shareholder approval;
- provide for a classified board of directors with staggered, three-year terms;
- require a super-majority vote in order to amend the provisions regarding our classified board of directors with staggered, three-year terms;
- permit the removal of any director from office at any time, with or without cause, at the request of the shareholder group entitled to designate such director;
- allow vacancies on the board of directors to be filled by the shareholder group entitled to name the director whose resignation or removal led to the occurrence of the vacancy;
- require that our board of directors fill any vacancies on the shipping committee with the nominees selected by the party that nominated the person whose resignation or removal has caused such vacancies; and
- prevent our board of directors from dissolving the shipping committee or altering the duties or composition of the shipping committee without an affirmative vote of not less than 80% of the board of directors.

These anti-takeover provisions could substantially impede the ability of shareholders to benefit from a change in control and, as a result, may adversely affect the market price of our common stock and your ability to realize any potential change of control premium.

***We may be classified as a passive foreign investment company, or PFIC, which could result in adverse U.S. federal income tax consequences to U.S. holders of our common stock.***

We generally will be treated as a PFIC for any taxable year in which either (1) at least 75% of our gross income (looking through certain corporate subsidiaries) is passive income or (2) at least 50% of the average value of our assets (looking through certain corporate subsidiaries) produce, or are held for the production of, passive income. Passive income generally includes dividends, interest, rents, royalties, and gains from the disposition of passive assets. If we were a PFIC for any taxable year during which a U.S. Holder (as such term is defined in the section entitled Taxation U.S. Federal Income Taxation General ) held our common stock, the U.S. Holder may be subject to increased U.S. federal income tax liability and may be subject to additional reporting requirements. Based on the current and expected composition of our and our subsidiaries assets and income, it is not anticipated that we will be treated as a PFIC. Our actual PFIC status for any taxable year, however, will not be determinable until after the end of such taxable year. Accordingly there can be no assurances regarding our status as a PFIC for the current taxable year or any future taxable year. See the discussion in the section entitled Taxation U.S. Federal Income Taxation U.S. Holders Passive Foreign Investment Company Rules. We urge U.S. Holders to consult with their own tax advisors regarding the possible application of the PFIC rules.

***We may have to pay tax on U.S. source income, which would reduce our earnings.***

Under the United States Internal Revenue Code of 1986 as amended, or the Code, 50% of the gross shipping income of a vessel owning or chartering corporation, such as our subsidiaries and us, that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States, exclusive of certain U.S. territories and possessions may be subject to a 4% U.S. federal income tax without allowance for deduction, unless that corporation qualifies for exemption from tax under Section 883 of the Code and the applicable Treasury Regulations recently promulgated thereunder.

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For the 2008 tax year, we claimed the benefits of the Section 883 tax exemption for our ship-owning subsidiaries. We expect that our ship-owning subsidiaries will again claim the benefits of Section 883 for the 2009 tax year. However, there are factual circumstances beyond our control that could cause us or any one of our ship-operating companies to fail to qualify for this tax exemption and thereby subject us to U.S. federal income tax on our U.S. source income. For example, we would fail to qualify for exemption under Section 883 of the Code for a particular tax year if shareholders, each of whom owned, actually or under applicable constructive ownership rules, a 5% or greater interest in the vote and value of the outstanding shares of our stock, owned in the aggregate 50% or more of the vote and value of the outstanding shares of our stock, and qualified shareholders as defined by the regulations to Section 883 did not own, directly or under applicable constructive ownership rules, sufficient shares in our closely-held block of stock to preclude the shares in the closely-held block that are not so owned from representing 50% or more of the value of our stock for more than half of the number of days during the taxable year. Establishing such ownership by qualified shareholders will depend upon the status of certain of our direct or indirect shareholders as residents of qualifying jurisdictions and whether those shareholders own their shares through bearer share arrangements and will also require these shareholders compliance with ownership certification procedures attesting that they are residents of qualifying jurisdictions, and each intermediary s or other person s similar compliance in the chain of ownership between us and such shareholders.

On August 12, 2009, we closed on the acquisition of a 50% controlling interest in BET, as further described in the section Our Business BET, which owns a fleet of five vessels. Qualification of the BET fleet for U.S. tax exemption for the 2008 and 2009 tax years has not yet been achieved and depends on approval from the IRS for BET to make an election with the IRS to be treated as a disregarded entity for those tax years. If the IRS does not approve of this election, then the vessels in the BET fleet will be subject to US taxation on their US source income for the 2008 and 2009 tax years. We have entered into an agreement with the parent company of the former 50% owner of BET to indemnify us for any adverse tax consequences to us should the IRS decide not to approve of the election. Further, if the IRS does not approve of this election, we will not qualify under Section 883 of the Code for a US tax exemption on any US source income we receive from the BET vessels for the 2010 tax year onward unless the other 50% owner of the BET vessels also qualifies for a US tax exemption under Section 883.

Due to the factual nature of the issues involved, we can give no assurances on the tax-exempt status of the vessel owning subsidiaries of the BET fleet, that of any of our other subsidiaries, or us. If we or our subsidiaries are not entitled to exemption under Section 883 for any taxable year, we or our subsidiaries could be subject for those years to an effective 4% U.S. federal income tax on the shipping income these companies derive during the year that are attributable to the transport of cargoes to or from the U.S. The imposition of this taxation would have a negative effect on our business and would result in decreased earnings available for distribution to our shareholders.

***We, as a non-U.S. company, have elected to comply with the less stringent reporting requirements of the Exchange Act, as a foreign private issuer.***

We are a Marshall Islands company, and our corporate affairs are governed by our amended and restated articles of incorporation, the BCA and the common law of the Republic of the Marshall Islands. We provide reports under the Exchange Act as a non-U.S. company with foreign private issuer status. Some of the differences between the reporting obligations of a foreign private issuer and those of a U.S. domestic company are as follows: Foreign private issuers are not required to file their annual report on Form 20-F until six months after the end of each fiscal year while U.S. domestic issuers that are accelerated filers are required to file their annual report of Form 10-K within 75 days after the end of each fiscal year. However, in August 2008, the SEC adopted changes in the content and timing of disclosure requirements for foreign private issuers, including requiring foreign private issuers to file their annual report on Form 20-F no later than four months after the end of each fiscal year, after a three-year transition period. Additionally, other new disclosure requirements that will be added to Form 20-F include disclosure of disagreements with or changes in certifying accountants, and significant differences in corporate governance practices as compared to United

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States issuers. In addition, foreign private issuers are not required to file regular quarterly reports on Form 10-Q that contain unaudited financial and other specified information.

However, if a foreign private issuer makes interim reports available to shareholders, the foreign private issuer is required to submit copies of such reports to the SEC on a Form 6-K. Foreign private issuers are also not required to file current reports on Form 8-K upon the occurrence of specified significant events. However, foreign private issuers are required to file reports on Form 6-K disclosing whatever information the foreign private issuer has made or is required to make public pursuant to its home country s laws or distributes to its shareholders and that is material to the issuer and its subsidiaries. Foreign private issuers are also exempt from the requirements under the U.S. proxy rules prescribing the content of proxy statements and annual reports to shareholders. Although the Nasdaq Stock Market does require that a listed company prepare and deliver to shareholders annual reports and proxy statements in connection with all meeting of shareholders, these documents will not be required to comply with the detailed content requirements of the SEC s proxy regulations. Officers, directors and 10% or more shareholders of foreign private issuers are exempt from requirements to file Forms 3, 4 and 5 to report their beneficial ownership of the issuer s common stock under Section 16(a) of the Exchange Act and are also exempt from the related short-swing profit recapture rules under Section 16(b) of the Exchange Act. Foreign private issuers are also not required to comply with the provisions of Regulation FD aimed at preventing issuers from making selective disclosures of material information.

In addition, as a foreign private issuer, we are exempt from, and you may not be provided with the benefits of, some of the Nasdaq Stock Market corporate governance requirements, including that:

- a majority of our board of directors must be independent directors;
- the compensation of our chief executive officer must be determined or recommended by a majority of the independent directors or a compensation committee comprised solely of independent directors;
- our director nominees must be selected or recommended by a majority of the independent directors or a nomination committee comprised solely of independent directors; and
- certain issuances of 20% or more of our common stock must be subject to shareholder approval.

As a result, our independent directors may not have as much influence over our corporate policy as they would if we were not a foreign private issuer.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as shareholders of a U.S. company.

***We are a holding company and will depend on the ability of our subsidiaries to distribute funds to us in order to satisfy financial obligations or to make dividend payments.***

We are a holding company and our subsidiaries, all of which are, or upon their formation will be, wholly owned by us either directly or indirectly, conduct all of our operations and own all of our operating assets. We have no significant assets other than the equity interests in our wholly owned subsidiaries. As a result, our ability to make dividend payments depends on our subsidiaries and their ability to distribute funds to us. If we are unable to obtain funds from our subsidiaries, our board of directors may exercise its discretion not to pay dividends.

***You may experience dilution as a result of the exercise of our Warrants and issuance of our common stock upon meeting certain EBITDA thresholds.***

We have 38,984,667 warrants to purchase shares of our common stock issued and outstanding at an exercise price of $6.50 per share. In addition, we have assumed Seanergy Maritime s obligation to issue 1,000,000 shares of common stock and warrants to purchase 1,000,000 shares of our common stock under the unit purchase option it granted the underwriter in its initial public offering at an exercise price of $12.50 per unit. We are also required to issue up to 4,308,075 shares of our common stock contingent upon meeting certain EBITDA thresholds as of September 30, 2009. As a result, you may experience dilution if our outstanding warrants, the underwriter s unit purchase option or the warrants underlying the underwriter s unit purchase option are exercised, or the EBITDA threshold is met.

***The Restis affiliate shareholders hold approximately 80.16% of our outstanding common stock and the founding shareholders of Seanergy Maritime hold approximately 11.40% of our outstanding common stock. If we achieve certain earnings targets, the Restis affiliate shareholders may receive an additional 4,308,075 shares of our common stock within the next month. This may limit your ability to influence our actions.***

As of September 10, 2009, the total ownership of the Restis family, not including shares issuable upon exercise of warrants exercisable within 60 days or shares that may be issued upon meeting certain EBITDA targets, in Seanergy was 80.16% (or 39.36% after giving effect to the issuance of shares in the offering but assuming the underwriter does not exercise it overallotment option).

The Restis affiliate shareholders own approximately 80.16% (or 39.36% after giving effect to the issuance of shares in the offering but assuming the underwriter does not exercise it overallotment option) of our outstanding common stock (including 70,000 shares of common stock owned by Argonaut SPC, a fund whose investment manager is an affiliate of members of the Restis family), or approximately 45.92% (or 36.45% after giving effect to the issuance of shares in the offering but assuming the underwriter does not exercise it overallotment option) of our outstanding capital stock on a fully diluted basis, assuming exercise of all outstanding Warrants. Assuming issuance of the earn-out shares, which we expect will occur, the Restis affiliate shareholders will own approximately 82.73% (or 43.49% after giving effect to the issuance of shares in the offering but assuming the underwriter does not exercise it overallotment option) of our outstanding common stock, or approximately 49.06% (or 34.94% after giving effect to the issuance of shares in the offering but assuming the underwriter does not exercise it overallotment option) of our outstanding common stock on a fully diluted basis, assuming exercise of all outstanding Warrants. The founding shareholders of Seanergy Maritime own approximately 11.40% (or 5.60% after giving effect to the issuance of shares in the offering but assuming the underwriter does not exercise it overallotment option) of our outstanding common stock, or 15.23% (or 10.85% after giving effect to the issuance of shares in the offering but assuming the underwriter does not exercise it overallotment option) of our outstanding capital stock on a fully diluted basis, assuming exercise of all outstanding warrants and issuance of the earn-out shares. In addition, we have entered into the Voting Agreement with the Restis affiliate shareholders and the founding shareholders of Seanergy Maritime whereby the Restis affiliate shareholders and founding shareholders jointly nominate our board of directors. Collectively, the parties to the Voting Agreement own 91.56% (or 44.96% after giving effect to the issuance of shares in the offering but assuming the underwriter does not exercise it overallotment option) of our outstanding common stock, or approximately 64.29% (or 45.79% after giving effect to the issuance of shares in the offering but assuming the underwriter does not exercise it overallotment option) on a fully diluted basis, assuming exercise of all outstanding warrants and issuance of the earn-out shares. Our major shareholders have the power to exert considerable influence over our actions and matters which require shareholder approval, which limits your ability to influence our actions.

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains certain forward-looking statements. Our forward-looking statements include, but are not limited to, statements regarding our or our management s expectations, hopes, beliefs, intentions or strategies regarding the future and other statements other than statements of historical fact. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words anticipates, believe, continue, could, estimate, expect intends, may, might, plan, possible, potential, predicts, project, should, would and similar express forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this prospectus may include, for example, statements about our:

- our future operating or financial results;
- our financial condition and liquidity, including our ability to obtain additional financing in the future to fund capital expenditures, acquisitions and other general corporate activities;
- our ability to pay dividends in the future;
- dry bulk shipping industry trends, including charter rates and factors affecting vessel supply and demand;
- future, pending or recent acquisitions, business strategy, areas of possible expansion, and expected capital spending or operating expenses;
- the useful lives and changes in the value of our vessels and their impact on our compliance with loan covenants;
- availability of crew, number of off-hire days, dry-docking requirements and insurance costs;
- global and regional economic and political conditions;
- our ability to leverage Safbulk s and EST s relationships and reputation in the dry bulk shipping industry;
- changes in seaborne and other transportation patterns;
- changes in governmental rules and regulations or actions taken by regulatory authorities;
- potential liability from future litigation and incidents involving our vessels;
- acts of terrorism and other hostilities; and
- other factors discussed in the section titled Risk Factors.

The forward-looking statements contained in this prospectus are based on our current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading Risk Factors. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws and/or if and when management knows or has a reasonable basis on which to conclude that previously disclosed projections are no longer reasonably attainable.

## PER MARKET SHARE INFORMATION

The table below sets forth, for the calendar periods indicated, the high and low sales prices on the American Stock Exchange or the Nasdaq Stock Market for our common stock, warrants and units, as applicable:

| | Common Stock | | Warrants | | Units* | |
|---|---|---|---|---|---|---|
| | **High** | **Low** | **High** | **Low** | **High** | **Low** |
| **Annual highs and lows** | | | | | | |
| **2007** | $ 9.67 | $ 9.26 | $ 1.66 | $ 1.13 | $ 10.94 | $ 9.83 |
| **2008** | $ 10.00 | $ 3.15 | $ 2.62 | $ 0.11 | $ 11.90 | $ 6.50 |
| **Quarterly highs and lows** | | | | | | |
| **2007** | | | | | | |
| Quarter ended 12/31/2007 | $ 9.48 | $ 9.08 | $ 1.66 | $ 1.13 | $ 10.94 | $ 10.17 |
| **2008** | | | | | | |
| Quarter ended 03/31/2008 | $ 9.48 | $ 9.01 | $ 1.35 | $ 0.37 | $ 10.61 | $ 9.45 |
| Quarter ended 06/30/2008 | $ 10.00 | $ 9.15 | $ 2.62 | $ 0.42 | $ 12.31 | $ 9.47 |
| Quarter ended 09/30/02008 | $ 10.00 | $ 7.21 | $ 2.50 | $ 0.75 | $ 11.90 | $ 8.70 |
| Quarter ended 12/31/2008 | $ 8.55 | $ 3.15 | $ 0.92 | $ 0.11 | $ 9.10 | $ 6.50 |
| **2009** | | | | | | |
| Quarter ended 3/31/2009** | $ 5.35 | $ 3.68 | $ 0.22 | $ 0.06 | N/A | N/A |
| Quarter ended 6/30/2009** | $ 4.50 | $ 3.25 | $ 0.28 | $ 0.08 | N/A | N/A |
| **Monthly highs and lows** | | | | | | |
| **2009** | | | | | | |
| March 2009** | $ 4.20 | $ 3.68 | $ 0.10 | $ 0.06 | N/A | N/A |
| April 2009** | $ 3.89 | $ 3.25 | $ 0.14 | $ 0.08 | N/A | N/A |
| May 2009** | $ 4.25 | $ 3.49 | $ 0.20 | $ 0.14 | N/A | N/A |
| June 2009** | $ 4.50 | $ 3.41 | $ 0.28 | $ 0.18 | N/A | N/A |
| July 2009** | $ 4.39 | $ 3.56 | $ 0.28 | $ 0.25 | N/A | N/A |
| August 2009** | $ 4.94 | $ 3.98 | $ 0.24 | $ 0.20 | N/A | N/A |

* Seanergy Maritime s common stock, warrants and units were previously listed on the American Stock Exchange. On October 15, 2008, Seanergy Maritime s common stock and warrants commenced trading on the Nasdaq Stock Market. Seanergy Maritime s units were separated prior to being listed on the Nasdaq Stock Market and, therefore, were not listed on the Nasdaq Stock Market. Seanergy Maritime s units stopped trading on the American Stock Exchange on October 14, 2008 and were not listed on the Nasdaq Stock Market.

** Following the dissolution of Seanergy Maritime, our common stock started trading on the Nasdaq Stock Market on January 28, 2009.

### Dividend Policy

Prior to the consummation of our business combination, we paid quarterly dividends equal to each shareholder s pro rata share of the interest income earned on the Seanergy Maritime Trust Account. Following the business combination, in light of a lower freight environment and a highly challenging financing environment that has resulted in a substantial decline in the international shipping industry, our board of directors, beginning in February 4, 2009, suspended the cash dividend on our common stock. Our dividend policy will be assessed by our board of directors from time to time; however, it is unlikely that we will reinstate the payment of dividends until market conditions improve. Further, the waiver we have received from Marfin relating to our loan covenant restricts our ability to pay dividends. See Management s Discussion and Analysis of Financial Condition and Results of Operations for Seanergy Maritime and Seanergy Recent Developments. Therefore, there can be

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no assurance that, if we were to determine to resume paying cash dividends, Marfin would provide any required consent.

## USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately $ from this offering, assuming that the underwriters over-allotment option is not exercised and after deducting underwriting discounts and commissions and offering expenses, based on $ per share, which was the closing price of our common stock on , 2009.

We intend to use the net proceeds of this offering to purchase additional vessels and for general working capital purposes.

## CAPITALIZATION

The following table sets forth our capitalization as of June 30, 2009:

on a historical basis without any adjustment to reflect subsequent events;

as adjusted to reflect the conversion of the convertible promissory note in the principal amount of $28,250,000 into 6,585,868 shares of our common stock; and

on an as further adjusted basis for the sale of 30,000,000 shares at an assumed offering price of $ per share, which is the last reported closing price of our common stock on , 2009, net of underwriters discounts and commissions, offering expenses, and after receipt and application of net proceeds.

Other than as set forth in the As Adjusted column, there have been no material changes in our capitalization since June 30, 2009.

| | Historical | As Adjusted (In thousands) | As Further Adjusted |
|---|---|---|---|
| **Debt:** | | | |
| Convertible promissory note payable to Restis family | $ 28,710 | $ | $ |
| Long-term revolving credit financing (secured) | 54,845 | | |
| Long-term term facility financing (secured), including current portion of $23,250 | 142,500 | | |
| Total debt | $ 226,055 | $ | $ |
| **Shareholders equity:** | | | |
| Preferred stock, $0.0001 par value; 1,000,000 shares authorized, none issued | $ | $ | $ |
| Common stock, $0.0001 par value, authorized 200,000,000 shares; issued and outstanding 22,361,227 shares actual, 28,947,095 shares as adjusted and shares as further adjusted | 2 | | |
| Additional paid-in capital | 166,361 | | |
| Accumulated deficit | (15,515) | | |
| Total shareholders equity | $ 150,848 | $ | $ |
| Total capitalization | $ 376,903 | $ | $ |

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## DILUTION

If you invest in our common stock, your interest will be diluted to the extent of the difference between the public offering price per share of our common stock and the pro forma net tangible book value per share of our common stock after this offering. Dilution results from the fact that the per-share offering price of the common stock is greater than the net tangible book value per share for the common stock outstanding before this offering.

At June 30, 2009, we had net tangible book value of $ , or $ per share. As of August 12, 2009, we acquired a controlling interest in BET and on August 19, 2009, the holders of the Note converted all principal, accrued but unpaid interest and fees due on the Note into 6,585,868 shares of our common stock. As a result of such acquisition, and such conversion and the satisfaction of the obligations under the Note but without giving effect to any other changes in our total tangible assets and total liabilities, as of June 30, 2009, we had as adjusted net tangible book value of $ or $ per share. After giving effect to the issuance of shares of common stock in this offering at an offering price of $ per share, the pro forma net tangible book value and proforma as adjusted net tangible book value at June 30, 2009 would have been $ or $ , respectively, or $ per share or $ per share, respectively. This represents an immediate appreciation in net tangible book value at June 30, 2009 of $ per share or $ , respectively, to existing shareholders and an immediate dilution of the net tangible book value and adjusted net tangible value of $ per share or $ , respectively, to new investors. The following table illustrates the pro forma per share dilution and appreciation at June 30, 2009.

| | June 30, 2009 | Adjusted as of June 30, 2009(2) |
|---|---|---|
| Assumed offering price per share in this offering | | |
| Net tangible book value per share | | |
| Increase in net tangible book value per share attributable to new investors in this offering | | |
| Pro forma net tangible book value per share after giving effect to this Offering | | |
| Dilution per share to the new investors(1) | | |

(1) Each $1.00 increase (decrease) in the assumed public offering price of $ per share would increase (decrease) our as adjusted net tangible book value by $ million, or $ per share, and increase (decrease) dilution in net tangible book value per share to investors in this offering by $ per share, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions, and offering expenses. The information in the table above is illustrative only, and following the completion of this offering, our capitalization will be adjusted based on the actual public offering price and other terms of this offering determined at pricing.

(2) Represents the dilution and appreciation as of June 30, 2009 after giving effect to the acquisition of a controlling interest in BET, and conversion of the Note and issuance of shares of our common stock.

Net tangible book value per share of our common stock is determined by dividing our tangible net worth, which consists of tangible assets less liabilities, by the number of shares of our common stock outstanding. Dilution is determined by subtracting the net tangible book value per share of common stock after this offering from the public offering price per share. Dilution per share to new investors would be $ if the underwriters exercise in full their over-allotment option.

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The following table summarizes, on a pro forma basis and on a proforma as adjusted basis as of June 30, 2009, the differences between the number of shares of common stock acquired from us, the total amount paid and the average price per share paid by the existing holders of shares of common stock and by the investors in this offering based upon the price of $ per share, which was the closing price of our common stock on , 2009.

| | Pro Forma Shares Outstanding | | Total Consideration | | Average Price per Share |
|---|---|---|---|---|---|
| | Number | Percentage | Amount | Percentage | |
| Existing shareholders | | | | | |
| Shareholders of shares issued upon conversion of Note | | | | | |
| New investors | | | | | |
| Total | | | | | |

Each $1.00 increase (decrease) in the assumed public offering price of $ per share would increase (decrease) total consideration paid by new investors and total consideration paid by all shareholders by $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same. The information in the table above is illustrative only, and following the completion of this offering, will be adjusted based on the actual public offering price and other terms of this offering determined at pricing.

If the underwriters exercise their over-allotment option in full, the following will occur:

- the pro forma percentage of shares of our common stock held by existing shareholders will decrease to approximately % of the total number of pro forma shares of our common stock outstanding after this offering; and
- the number of shares of our common stock held by new investors will increase to , or approximately % of the total number of shares of our common stock outstanding after this offering.

The information in the table above excludes (as of September 9, 2009):

A. 38,984, 667 shares of common stock reserved for issuance upon the exercise of outstanding warrants.

B. 2,000,000 shares of common stock reserved for issuance upon the exercise of the unit purchase option sold to the lead underwriter in the initial public offering of our predecessor, which unit purchase option expires September 24, 2012, as follows:

- 1,000,000 shares of common stock included in the units issuable upon exercise of the option at an exercise price of $12.50 per unit;
- 1,000,000 shares of common stock issuable for $6.50 per share upon exercise of the warrants underlying the units issuable upon exercise of the option;

C. 4,308,075 shares issuable to certain Restis affiliate shareholders if we achieve certain EBITDA targets; and

D. shares that may be issued pursuant to the underwriters over-allotment option.

## SELECTED FINANCIAL DATA

The following selected historical statement of operations and balance sheet data were derived from the audited financial statements and accompanying notes for the years ended December 31, 2008 and 2007 and for the period from August 15, 2006 (Inception) to December 31, 2006 and the unaudited financial statements and accompanying notes for the three and six months ended June 30, 2009 and 2008, included elsewhere in this prospectus. The information is only a summary and should be read in conjunction with the financial statements and related notes included elsewhere in this prospectus and the sections entitled, Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations For Seanergy Maritime and Seanergy. The historical data included below and elsewhere in this prospectus is not necessarily indicative of our future performance.

Since our vessel operations began upon the consummation of our business combination we cannot provide a meaningful comparison of our results of operations for the three and six months ended June 30, 2009 and June 30, 2008 or for the year ended December 31, 2008 to December 31, 2007. During the period from our inception to the date of our business combination, we were a development stage enterprise.

All amounts in the tables below are in thousands of U.S. dollars, except for share data, fleet data and average daily results.

| | Three Months Ended June 30, | | Six Months Ended June 30, | | Years Ended December 31, | | From Inception (August 15, 2006) to December 31, |
|---|---|---|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 | 2008 | 2007 | 2006 |
| **Statement of Operations Data:** | | | | | | | |
| Vessel revenue related party, net | 22,067 | | 48,309 | | 34,453 | | |
| Direct voyage expenses | (292) | | (438) | | (151) | | |
| Vessel operating expense | (3,010) | | (5,821) | | (3,180) | | |
| Voyage expenses related party | (283) | | (619) | | (440) | | |
| Management fees related party | (315) | | (617) | | (388) | | |
| General and administration expenses | (1,285) | (137) | (2,141) | (597) | (1,840) | (445) | (5) |
| General and administration expenses related party | (482) | | (1,021) | | (430) | | |
| Depreciation | (7,758) | | (15,430) | | (9,929) | | |
| Goodwill impairment loss | | | | | (44,795) | | |
| Vessels impairment loss | | | | | (4,530) | | |
| Interest income money market fund | 116 | 1,057 | 256 | 2,612 | 3,361 | 1,948 | 1 |
| Interest and finance costs | (1,354) | | (2,819) | | (4,077) | (58) | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Foreign currency exchange (losses), net | (56) | | (55) | | (39) | | |
| Net income (loss) | 7,167 | 920 | 19,283 | 2,015 | (31,985) | 1,445 | (4) |

| | June 30, | December 31, | | |
|---|---|---|---|---|
| | **2009** | **2008** | **2007** | **2006** |
| **Balance Sheet Data:** | | | | |
| Total current assets | 48,198 | 29,814 | 235,213 | 376 |
| Vessels, net | 330,202 | 345,622 | | |
| Total assets | 383,025 | 378,202 | 235,213 | 632 |
| Total current liabilities, including current portion of long-term debt | 28,389 | 32,999 | 5,995 | 611 |
| Long-term debt, net of current portion | 203,788 | 213,638 | | |
| Total shareholders equity | 150,848 | 131,565 | 148,369 | 20 |

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## MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR SEANERGY MARITIME AND SEANERGY

*You should read the following discussion and analysis of our consolidated financial condition and results of operations together with our consolidated financial statements and notes thereto that appear elsewhere in this prospectus. Seanergy s consolidated financial statements have been prepared in conformity with US GAAP. This discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. Actual results may differ materially from those anticipated in these forward-looking statements.*

The historical consolidated financial results of Seanergy described below are presented in United States dollars.

### Overview

We are an international provider of dry bulk marine transportation services that was incorporated in the Marshall Islands on January 4, 2008. We were initially formed as a wholly owned subsidiary of Seanergy Maritime Corp., or Seanergy Maritime, which was incorporated in the Marshall Islands on August 15, 2006, as a blank check company created to acquire, through a merger, capital stock exchange, asset acquisition or other similar business combination, one or more businesses in the maritime shipping industry or related industries. Seanergy Maritime began operations on August 28, 2008 after the closing of our business combination.

The business combination was accounted for under the purchase method of accounting and accordingly the assets (vessels) acquired have been recorded at their fair values. No liabilities were assumed nor were other tangible assets acquired. The results of the vessel operations are included in our consolidated statement of operations from August 28, 2008.

The aggregate acquisition cost, including direct acquisition costs, amounted to $404,876,000. The fair value of our tangible assets acquired as of August 28, 2008 amounted to $360,081,000. The premium (non tax deductible goodwill) over the fair value of our vessels acquired amounting to $44,795,000 arose resulting from the decline in the market value of the vessels between the date of entering into the agreements to purchase the business (May 20, 2008) and the actual business combination date (August 28, 2008). There were no other identifiable assets or liabilities.

We performed our annual impairment testing of goodwill as at December 31, 2008. The current economic and market conditions, including the significant disruptions in the global credit markets, are having broad effects on participants in a wide variety of industries. Since September 2008, the charter rates in the dry bulk charter market have declined significantly, and dry bulk vessel values have also declined. A charge of $44,795,000 was recognized in 2008, as a result of the impairment tests performed on goodwill at December 31, 2008.

On January 27, 2009, our parent company was liquidated and dissolved and we became its successor. We distributed to each holder of common stock of Seanergy Maritime one share of our common stock for each share of Seanergy Maritime common stock owned by the holder and all outstanding warrants of Seanergy Maritime concurrently become our obligation.

Since our vessel operations began upon the consummation of our business combination in August 2008, we cannot provide a meaningful comparison of our results of operations for the year ended December 31, 2008 to December 31, 2007. During the period from our inception to the date of our business combination we were a development stage enterprise.

As of June 30, 2009, we operated a total fleet of six vessels, consisting of two Panamax vessels, one Handymax vessel, one Handysize vessel and two Supramax vessels. Of these six vessels, three were delivered on August 28, 2008 and the remaining three in September 2008. As of June 30, 2009, our operating fleet had a combined carrying capacity of 316,676 dwt and an average age of approximately 11 years. As a result of the BET acquisition, we now control and operate 11 dry bulk carriers, including four Capesize vessels and one

Panamax vessel owned by BET. These ships have a combined carrying capacity of 1,043,296 dwt and an average age of approximately 13 years, out of an expected useful life of 25 years.

We generate revenues by charging customers for the transportation of dry bulk cargo using our vessels. Nine of our vessels are currently employed under time charters. Seven of our charters are with SAMC, a company affiliated with members of the Restis family. A time charter is a contract for the use of a vessel for a specific period of time during which the charterer pays substantially all of the voyage expenses, but the vessel owner pays the vessel operating expenses.

**Recent Developments**

***Vessel employment and charter rates:***

The Baltic Dry Index, a daily average of charter rates in 26 shipping routes measured on a time charter and voyage basis and covering dry bulk carriers, fell 94.4% from a peak of 11,793 in May 2008 to a low of 663 in December 2008. It has since risen to 2,429 as of August 8, 2009. The Baltic Handymax Index fell 92.1% from a peak of 3,407 in May 2008 to a low of 268 in December 2008. It has since risen 88% as of September 7, 2009. The Baltic Capesize Index fell 95% from a peak of 19,687 in June 2008 to a low of 830 in December 2008. It has since risen to 3,595 as of September 7, 2009. The steep decline in charter rates is due to various factors, including the lack of trade financing for purchases of commodities carried by sea, which has resulted in a significant decline in cargo shipments, and the excess supply of iron ore in China, which has resulted in falling iron ore prices and increased stockpiles in Chinese ports. While we expect that charter rates will gradually recover as economic activity improves during the course of the year, those vessels that are redelivered to us earlier in the year are expected to receive lower charter rates.

A prolonged period of extremely low charter rates may lead owners to face difficulties in meeting their cash flow obligations, and they may seek to find mutual accommodations with charterers in which charterers may pay lower charter rates over a longer period of time. Depending on their overall financial condition, some weaker owners may not be able to service their debt obligations, which may cause them to cease operations or seek protection from creditors.

Pursuant to addenda dated July 24, 2009 to the individual charter party agreements dated May 26, 2008 between SAMC and each of Martinique Intl. Corp. (vessel Bremen Max) and Harbour Business Intl. Corp. (vessel Hamburg Max), SAMC agreed to extend the existing charter parties for the Bremen Max and the Hamburg Max. Pursuant to the terms of the addendum, each vessel will be chartered for a period of between 11-13 months, at the charterer s option. The charters commenced on July 27, 2009 and August 12, 2009, respectively. The daily gross charter rates paid by SAMC is $15,500 for each of the Bremen Max and the Hamburg Max, which will generate revenues of approximately $12.7 million. All charter rates are inclusive of a commission of 1.25% payable to Safbulk as commercial broker and 2.5% to SAMC as charterer. SAMC sub-charters these vessels in the market and takes the risk that the rate it receives is better than the period rate it is paying Seanergy.

On July 14, 2009, the African Oryx and the African Zebra were chartered for a period of 22 to 25 months at charter rates equal to $7,000 per day and $7,500 per day, respectively. Seanergy is also entitled to receive a 50% adjusted profit share calculated on the average spot Time Charter Routes derived from the Baltic Supramax.

Following expiration of its current charter party agreements in September 2009, the Davakis G and the Delos Ranger will be chartered in the spot market until such time as we find suitable time charters for these vessels.

Pursuant to charter party agreements dated August 31, 2006, each of the BET Commander and the BET Prince were chartered for daily charter rates of $22,000 and $19,000, respectively, for charters expiring in October 2009 and

November 2009, respectively. Upon expiration of these charters, pursuant to charter party agreements dated as of July 7, 2009, the BET Commander and the BET Prince will be chartered to SAMC at daily charter rates of $24,000 and $25,000, respectively, for charters expiring in December 2011 and January 2012, respectively.

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Pursuant to charter party agreements dated as of July 7, 2009, each of the BET Fighter, BET Scouter and the BET Intruder were chartered to SAMC at daily charter rates of $25,000, $26,000 and $15,500, respectively, for charters expiring in September 2011, October 2011 and September 2011, respectively.

All charter rates for the BET fleet are inclusive of a commission of 1.25% payable to Safbulk as commercial broker and 2.5% to SAMC as charterer. SAMC sub-charters these vessels in the market and takes the risk that the rates it receives are better than the period rates it is paying BET.

We cannot predict whether our charterers will, upon the expiration of their charters, re-charter our vessels on favorable terms or at all. This decision is likely to depend upon prevailing charter rates in the months prior to charter expiration. If our charterers decide not to re-charter our vessels, we may not be able to re-charter them on similar terms. In the future, we may employ vessels in the spot market, which is subject to greater rate fluctuation than the time charter market. If we receive lower charter rates under replacement charters or are unable to re-charter all of our vessels, our net revenue will decrease.

Despite the recent economic crisis, we are currently able to meet our working capital needs and debt obligations. The current decline in charter rates should not affect our revenue as we have charters locked in for 11 to 13 and 22 to 25 month periods including BET vessels (expiring between October 2009 and September 2011) and, therefore, absent a default by one or more of our charterers, we have contractually secured approximately $107 million of revenues, net of commissions payable to Safbulk and its charterers (as mentioned above), for the period August 1, 2009 to September 22, 2011. Therefore, we have contractually secured 65% of our projected fleet revenue for the period up to December 31, 2011. We will have to make use of our cash flows not committed to the repayment of the term loan, revolving facility and BET loan to meet our financial obligations and put our expansion plans on hold unless new capital is raised from the capital markets, including this offering, or the warrants are exercised in which case we will use capital generated from the capital markets and the warrants for expansion purposes. We make no assurances that funds will be raised through the capital markets or that the warrants will be exercised, or if exercised, the quantity which will be exercised or the period in which they will be exercised. Exercise of the warrants is currently not likely considering current market prices.

***BET acquisition:***

On August 12, 2009, we closed on the acquisition of a 50% interest in BET from Constellation Bulk Energy Holdings, Inc., which we refer to as the BET acquisition. We control BET through our right to appoint a majority of the BET board of directors. The purchase price was $1.00. The stock purchase was accounted for under the purchase method of accounting and accordingly the assets (vessels) owned by BET have been recorded at their fair values. In addition to the vessels, the other assets acquired include $37.75 million in cash and $3.57 million in current receivables. The consolidated financial statements for BET for 2006, 2007 and 2008 appear elsewhere in this prospectus. The fair value of the vessels as of the closing of the acquisition was $126 million and BET owed $143.099 million under its credit facility as of such date. The results of operations of BET will be included in our consolidated statement of operations commencing on August 12, 2009. The financial impact of BET on our results of operations is reflected in the pro forma financial information included in this prospectus. See Seanergy and BET Unaudited Pro Forma Financial Statements. The tax considerations related to the BET acquisition are reflected in the Tax Considerations section in this prospectus. Our acquisition of an interest in BET remains subject to the approval of BET s lenders, who have indicated a willingness to provide their consent. We are currently in active negotiations to obtain their formal approval.

***Amendment and conversion of Note:***

On August 19, 2009, we amended the Note in the principal amount of $28,250,000 issued to certain Restis affiliate shareholders as nominees for the sellers of the vessels we acquired in our business combination in August 2008. The convertible note was amended to reduce the conversion price of such note to a price equal to the average closing price of our common stock for the five-day period commencing on the date of the amendment, which amounted to $4.45598. As a condition to such amendment, the holders agreed to convert

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the convertible note immediately. As a result of such conversion, we issued an aggregate of 5,585,868 shares of common stock to the holders and the convertible note was extinguished.

***Increase in authorized stock:***

On July 16, 2009, our shareholders approved an amendment to our amended and restated articles of incorporation to increase our authorized common stock to 200,000,000 shares, par value $0.0001 per share. This should provide us additional flexibility to raise equity capital to achieve our business plan.

***Loan covenant waivers:***

Seanergy s revolving credit facility is tied to the market value of the vessels and not to the prevailing (spot) market rates. For example, our existing term and revolving credit facilities require that the aggregate market value of the vessels and the value of any additional security must be at least 135% of the aggregate of the outstanding debt financing and any amount available for drawing under the revolving facility less the aggregate amount of all deposits maintained. If the percentage is below 135% then a prepayment of the loans may be required or additional security may be requested. A waiver from Marfin has been received with respect to this clause through July 1, 2010.

Upon lenders request, BET must assure its lenders that the aggregate market value of the BET vessels is not less than 125% of the outstanding amount of the BET loan. If the market value of the vessels is less than this amount, the BET subsidiaries may be requested to prepay an amount that will result in the market value of the vessels meeting this requirement or offer additional security to the lenders. The BET lenders have indicated their willingness to provide their consent to our purchase of shares in BET, including waiver of compliance with the vessels market value covenant. We are currently in active negotiations to finalize these arrangements following which we expect BET to be in full compliance with its covenants. If BET s lenders decline to approve this transaction, they could declare an event of default under BET s loan agreement and a portion of the debt may be required to be classified to current.

***Dry-dock of vessels:***

On February 24, 2009, the African Zebra commenced its scheduled dry-docking, which was completed on July 20, 2009 at a cost of $3.2 million. The delay was due to labor strikes in the repairing yard and other unforeseen events. The Hamburg Max commenced its scheduled dry-docking on May 17, 2009, which was completed on June 23, 2009 at a cost of $1.1 million. The cost of our dry-docks in 2009 are expected to total $4.3 million. The African Oryx is scheduled to be dry-docked in October 2010 at an estimated cost of $900,000.

**Recent Accounting Pronouncements**

In December 2007, the Financial Accounting Standards Board, or FASB, issued FASB Statement No. 141(R), Business Combinations, and FASB Statement No. 160, Non-controlling Interests in Consolidated Financial Statements an amendment to ARB No. 51. FASB Statements No. 141(R) and No. 160 require most identifiable assets, liabilities, non-controlling interests, and goodwill acquired in a business combination to be recorded at full fair value and require non-controlling interests (previously referred to as minority interests) to be reported as a component of equity, which changes the accounting for transactions with non-controlling interest holders. Both Statements are effective for periods beginning on or after December 15, 2008, and earlier adoption is prohibited. FASB Statement No. 141(R) will be applied to business combinations occurring after the effective date. FASB Statement No. 160 will be applied prospectively to all non-controlling interests, including any that arose before the effective date. The adoption of FASB Statement No. 160 did not impact our financial position and results of operations. These Statements affect our acquisitions consummated after January 1, 2009.

In March 2008, the FASB issued FASB Statement No. 161, Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133. FASB Statement No. 161 amends and expands the disclosure requirements of FASB Statement No. 133, Accounting for Derivative Instruments and

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Hedging Activities. The objective of FASB Statement No. 161 is to provide users of financial statements with an enhanced understanding of how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for under FASB Statement No. 133 and its related interpretations, and how derivative instruments and related hedged items affect an entity s financial position, financial performance, and cash flows. FASB Statement No. 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. FASB Statement No. 161 applies to all derivative financial instruments, including bifurcated derivative instruments (and non derivative instruments that are designed and qualify as hedging instruments pursuant to paragraphs 37 and 42 of FASB Statement No. 133) and related hedged items accounted for under FASB Statement No. 133 and its related interpretations. FASB Statement No. 161 also amends certain provisions of FASB Statement No. 131. FASB Statement No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. FASB Statement No. 161 encourages, but does not require, comparative disclosures for earlier periods at initial adoption. The adoption of FASB Statement No. 161 did not have any impact on our financial statement presentation or disclosures.

In May 2009, the FASB issued FASB Statement No. 165, Subsequent Events. FASB Statement No. 165 requires entities to disclose the date through which they have evaluated subsequent events and whether the date corresponds with the release of their financial statements. This statement is effective for interim and annual periods ending after June 15, 2009. FASB Statement No. 165 did not have any effect in our financial statements.

In June 2009, the FASB issued FASB Statement No. 167, Amendments to FASB Interpretation No. 46(R), amending the consolidation guidance for variable-interest entities under FIN 46(R). The amendments include: (1) the elimination of the exemption for qualifying special purpose entities, (2) a new approach for determining who should consolidate a variable-interest entity, and (3) changes to when it is necessary to reassess who should consolidate a variable-interest entity. Calendar year-end companies will have to apply FASB Statement No. 167 as of January 1, 2010. We are in the process of evaluating the effect of this standard in our financial statements.

In June 2009, the FASB issued FASB Statement No. 168, the FASB accounting standards codification and the hierarchy of Generally Accepted Accounting Principles. FASB Statement No. 168 will become the single source of authoritative nongovernmental GAAP, superseding existing FASB, American Institute of Certified Public Accountants ( AICPA ), Emerging Issues Task Force ( EITF ), and related accounting literature. FASB Statement No. 168 reorganizes hundreds of GAAP pronouncements into roughly 90 accounting topics and displays them using a consistent structure. Also included is relevant Securities and Exchange Commission guidance organized using the same topical structure in separate sections. FASB Statement No. 168 will be effective for financial statements issued for reporting periods that end after September 15, 2009. This will have an impact on our financial statements since all future references to authoritative accounting literature will be references in accordance with FASB Statement No. 168.

In June 2008, the FASB ratified EITF 07-5, Determining Whether an Instrument (or Embedded Feature) is Indexed to an Entity s Own Stock ( EITF 07-5 ). EITF 07-5 addresses the determination of whether a financial instrument (or an embedded feature) is indexed to an entity s own stock. EITF 07-5 is effective for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. We have determined that our warrants are indexed to our own stock and equity classified and therefore the adoption of this standard did not have an effect on our financial statements.

FSP APB 14-1, Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement). FSP APB 14-1 requires issuers of convertible debt that may be settled wholly or partly in cash upon conversion to account for the debt and equity components separately. The FSP is effective for financial statements issued for fiscal years beginning after December 15, 2008 and interim periods within those years and must be applied retrospectively to all periods presented. Early adoption is prohibited. The application of FSP APB 14-1 did not have any effect on our financial statements.

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In April 2009, the FASB issued three related FSPs to clarify the application of FASB Statement No. 157 to fair-value measurements in the current economic environment, modify the recognition of other-than-temporary impairments of debt securities, and require companies to disclose the fair values of financial instruments in interim periods. The final Staff Positions are effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009, if all three Staff Positions or both the fair-value measurements and other-than-temporary impairment Staff Positions are adopted simultaneously. These are FSP No. FAS 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability has Significantly Decreased and Identifying Transactions That Are Not Orderly, FSP No. 115-2 and FAS 124-2, Recognition and Presentation of Other-Than-Temporary Impairments and FSP No. 107-1 and APB 28-1, Interim Disclosures about Fair Value of Financial Instruments. The application of these FSPs did not have a material effect on our financial statements.

FASB Staff Position No. FAS 157-4 provides guidance on how to determine the fair value of assets and liabilities under FASB Statement No. 157 in the current economic environment and re-emphasizes that the objective of a fair-value measurement remains an exit price. It does not change the requirements on the use of Level 1 inputs, which are defined in that Statement as quoted prices for an identical asset or liability in an active market. It provides guidance to determine whether there has been a significant decrease in the volume and level of activity of the market when compared with normal market activity, the objective of which is to determine the point within the range of fair value estimates that is most representative of fair value under current market conditions FASB Staff Position FAS No. 115-2 and FAS 124-2 modify the requirements for recognizing other-than-temporarily impaired debt securities and significantly changes the existing impairment model for such securities. It also modifies the presentation of other-than-temporary impairment losses and increases the frequency of and expands already required disclosures about other-than-temporary impairment for debt and equity securities. The requirements on recognition apply to debt securities that are classified as available for-sale and held-to-maturity that are subject to existing other-than-temporary impairment guidance. Equity securities are not subject to the Staff Position s requirements on recognition.

FASB Staff Position FAS 107-1 and APB 28-1 requires public companies to disclose the fair value of financial instruments within the scope of FASB Statement 107 in interim financial statements, adding to the current annual disclosure requirements, except with respect to concentration of credit risks of all financial instruments. It also adds a requirement for discussion of changes, if any, in the method used and significant assumptions made during the period.

## Critical Accounting Policies and Estimates

Critical accounting policies are those that reflect significant judgments or uncertainties and potentially result in materially different results under different assumptions and conditions. We have described below what we believe are our most critical accounting policies, because they generally involve a comparatively higher degree of judgment in their application.

***Business combination allocation of the purchase price in a business combination***

On August 28, 2008, we completed our business combination. The acquisition was accounted for under the purchase method of accounting and accordingly, the assets acquired have been recorded at their fair values. No liabilities were assumed or other tangible assets acquired. The results of operations are included in the consolidated statement of operations from August 28, 2008. The consideration paid for the business combination has been recorded at fair value at the date of acquisition and forms part of the cost of the acquisition. Total consideration for the business combination was $404,876,000, including direct transaction costs of $8,802,000, and excluding the contingent earn-out component.

The allocation of the purchase price to the assets acquired on the date of the business combination is a critical area due to the subjectivity involved in identifying and allocating the purchase price to intangible assets acquired. As at the date of the business combination, the fair value of the vessels was determined to be $360,081,000. No additional identifiable intangibles were identified and the difference of $44,795,000 was assigned to goodwill. Areas of subjectivity included whether there were any values associated with intangible assets such as customer relationships, right of first refusal agreements and charter agreements.

On August 12, 2009, we completed our business acquisition of 50% of BET. The acquisition was accounted for under the purchase method of accounting and accordingly, the assets and liabilities acquired have been recorded at their fair values. The results of operations are included in the proforma consolidated statement of operations as if the acquisition had occurred at January 1, 2008. The consideration paid for the business acquisition has been recorded at fair value at the date of acquisition and forms part of the cost of the acquisition.

As at the date of the business combination, we have preliminarily estimated that the fair value of the vessels is $126 million while the fair value of total assets acquired amounted to $167.5 million and liabilities assumed to $151.8 million.

***Impairment of long-lived assets***

We apply FASB Statement No. 144 Accounting for the Impairment or Disposal of Long-lived Assets, which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. Vessels are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized when the carrying amount of the long-lived asset is not recoverable and exceeds its fair value. The carrying amount of the long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Any impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value and is recorded as a reduction in the carrying value of the related asset and a charge to operating results. Once an impairment results in a reduction in the carrying value, the carrying value of such an asset cannot thereafter be increased. Fair value is determined based on current market values received from independent appraisers, when available, or from other acceptable valuation techniques such as discounted cash flows models. We recorded an impairment loss of $4,530,000 in 2008. It is considered reasonably possible that continued declines in volumes, charter rates and availability of letters of credit for customers resulting from global economic conditions could significantly impact our future impairment estimates.

***Goodwill impairment***

We follow FASB Statement No. 142 Goodwill and Other Intangible Assets . Goodwill represents the excess of the aggregate purchase price over the fair value of the net identifiable assets acquired in business combinations accounted for under the purchase method. Goodwill is reviewed for impairment at least annually on December 31 in accordance with the provisions of FASB Statement No. 142. The goodwill impairment test is a two-step process. Under the first step, the fair value of the reporting unit is compared to the carrying value of the reporting unit (including goodwill). If the fair value of the reporting unit is less than the carrying value of the reporting unit, goodwill impairment may exist, and the second step of the test is performed. Under the second step, the implied fair value of the goodwill is compared to the carrying value of the goodwill and an impairment loss is recognized to the extent that the carrying value of goodwill exceeds the implied fair value of goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation in accordance with FASB Statement No. 141 Business Combinations . The residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis. If the fair value of the reporting unit exceeds it carrying value, step two does not have to be performed. We recorded a goodwill impairment loss of $44,795,000 in 2008. It is considered at least reasonably possible in the near term that any amounts recorded upon achievement of the earn-out in 2009 may be impaired based under current market conditions.

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***Vessel depreciation***

Depreciation is computed using the straight-line method over the estimated useful lives of the vessels, after considering the estimated salvage value. Each vessel s salvage value is equal to the product of its lightweight tonnage and estimated scrap rate. Management estimates the useful lives of our vessels to be 25 years from the date of initial delivery from the shipyard. Secondhand vessels are depreciated from the date of their acquisition through their remaining estimated useful lives. However, when regulations place limitations over the ability of a vessel to trade on a worldwide basis, its useful life is adjusted to end at the date such regulations become effective. We constantly evaluate the useful life of our fleet based on market factors and specific facts and circumstances applicable to each vessel.

The estimated salvage value at December 31, 2008 was $270 per light weight ton.

The above four policies are considered to be critical accounting policies because assessments need to be made due to the shipping industry being highly cyclical experiencing volatility in profitability, and changes in vessel value and fluctuations in charter rates resulting from changes in the supply and demand for shipping capacity. At present, the dry bulk market is affected by the current international financial crisis which has slowed down world trade and caused drops in charter rates. The lack of financing, global steel production cuts and outstanding agreements between iron ore producers and Chinese industrial customers have temporarily brought the market to a stagnation. In addition, there are significant assumptions used in applying these policies such as possible future new charters, future charter rates, future on-hire days, future market values and the time value of money. Consequently, actual results could differ from these estimates and assumptions used and we may need to review such estimates and assumptions in future periods as underlying conditions, prices and other mentioned variables change. Our results of operations and financial position in future periods could be significantly affected upon revision of these estimates and assumptions or upon occurrence of events. Due to the different scenarios under which such changes could occur, it is not practical to quantify the range and possible effects of such future changes in our financial statements.

***Dry-docking costs***

There are two methods that are used by the shipping industry to account for dry-dockings; first, the deferral method, whereby specific costs associated with a dry-docking are capitalized when incurred and amortized on a straight-line basis over the period to the next scheduled dry-dock; and second, the direct expensing method, whereby dry-docking costs are expensed in the period incurred. We use the deferral method of accounting for dry-dock expenses. Under the deferral method, dry-dock expenses are capitalized and amortized on a straight-line basis until the date that the vessel is expected to undergo its next dry-dock. We believe the deferral method better matches costs with revenue. We use judgment when estimating the period between dry-docks performed, which can result in adjustments to the estimated amortization of dry-dock expense, the duration of which depends on the age of the vessel and the nature of dry-docking repairs the vessel will undergo. We expect that our vessels will be required to be dry-docked approximately every 2.5 years in accordance with class requirements for major repairs and maintenance. Costs capitalized as part of the dry-docking include actual costs incurred at the dry-dock yard and parts and supplies used in undertaking the work necessary to meet class requirements.

***Variable interest entities***

We evaluate our relationships with other entities to identify whether they are variable interest entities and to assess whether we are the primary beneficiary of such entities. If it is determined that we are the primary beneficiary, that entity is included in our consolidated financial statements. We did not participate in any variable interest entity.

### Important Measures for Analyzing Results of Operations Following the Vessel Acquisition

We believe that the important non-GAAP measures and definitions for analyzing our results of operations consist of the following:

*Ownership days.* Ownership days are the total number of calendar days in a period during which we owned each vessel in our fleet. Ownership days are an indicator of the size of the fleet over a period and affect both the amount of revenues and the amount of expenses recorded during that period.

*Available days.* Available days are the number of ownership days less the aggregate number of days that our vessels are off-hire due to major repairs, dry-dockings or special or intermediate surveys. The shipping industry uses available days to measure the number of ownership days in a period during which vessels should be capable of generating revenues.

*Operating days.* Operating days are the number of available days in a period less the aggregate number of days that vessels are off-hire due to any reason, including unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues.

*Fleet utilization.* Fleet utilization is determined by dividing the number of operating days during a period by the number of ownership days during that period. The shipping industry uses fleet utilization to measure a company s efficiency in finding suitable employment for its vessels and minimizing the amount of days that its vessels are off-hire for any reason excluding scheduled repairs, vessel upgrades, dry-dockings or special or intermediate surveys.

*Off-hire.* The period a vessel is unable to perform the services for which it is required under a charter.

*Time charter.* A time charter is a contract for the use of a vessel for a specific period of time during which the charterer pays substantially all of the voyage expenses, including port costs, canal charges and fuel expenses. The vessel owner pays the vessel operating expenses, which include crew wages, insurance, technical maintenance costs, spares, stores and supplies and commissions on gross voyage revenues. Time charter rates are usually fixed during the term of the charter. Prevailing time charter rates do fluctuate on a seasonal and year-to-year basis and may be substantially higher or lower from a prior time charter agreement when the subject vessel is seeking to renew the time charter agreement with the existing charterer or enter into a new time charter agreement with another charterer. Fluctuations in time charter rates are influenced by changes in spot charter rates.

*TCE.* Time charter equivalent or TCE rates are defined as our time charter revenues less voyage expenses during a period divided by the number of our Operating days during the period, which is consistent with industry standards. Voyage expenses include port charges, bunker (fuel oil and diesel oil) expenses, canal charges and commissions.

### Revenues

Our revenues were driven primarily by the number of vessels we operated, the number of operating days during which our vessels generated revenues, and the amount of daily charter hire that our vessels earned under charters. These, in turn, were affected by a number of factors, including the following:

The nature and duration of our charters;

The amount of time that we spent repositioning our vessels;

The amount of time that the Company vessels spent in dry-dock undergoing repairs;

Maintenance and upgrade work;

The age, condition and specifications of our vessels;

The levels of supply and demand in the dry bulk carrier transportation market; and

Other factors affecting charter rates for dry bulk carriers under voyage charters.

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A voyage charter is generally a contract to carry a specific cargo from a load port to a discharge port for an agreed-upon total amount. Under voyage charters, voyage expenses such as port, canal and fuel costs are paid by the vessel owner. A time charter trip and a period time charter or period charter are generally contracts to charter a vessel for a fixed period of time at a set daily rate. Under time charters, the charterer pays voyage expenses. Under both types of charters, the vessel owners pay for vessel operating expenses, which include crew costs, provisions, deck and engine stores, lubricating oil, insurance, maintenance and repairs. The vessel owners are also responsible for each vessel s dry-docking and intermediate and special survey costs.

Vessels operating on period time charters provide more predictable cash flows, but can yield lower profit margins than vessels operating in the spot charter market for single trips during periods characterized by favorable market conditions.

Vessels operating in the spot charter market generate revenues that are less predictable, but can yield increased profit margins during periods of improvements in dry bulk rates. Spot charters also expose vessel owners to the risk of declining dry bulk rates and rising fuel costs. Our vessels were chartered on period time charters during the year ended December 31, 2008. None of our vessels operated in the spot market during the year ended December 31, 2008 or six month period ended June 30, 2009.

A standard maritime industry performance measure is the time charter equivalent or TCE. TCE rates are defined as our time charter revenues less voyage expenses during a period divided by the number of our available days during the period, which is consistent with industry standards. Voyage expenses include port charges, bunker (fuel oil and diesel oil) expenses, canal charges and commissions. Our average TCE rate for 2008 and the six months ended June 30, 2009 was $49,362 and $51,982, respectively.

**Vessel Operating Expenses**

Vessel operating expenses include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance, the costs of spares and consumable stores, tonnage taxes and other miscellaneous expenses. Vessel operating expenses generally represent costs of a fixed nature. Some of these expenses are required, such as insurance costs and the cost of spares.

**Depreciation**

Depreciation is computed using the straight-line method over the estimated useful lives of the vessels, after considering the estimated salvage value. Each vessel s salvage value is equal to the product of its lightweight tonnage and estimated scrap rate. Management estimates the useful lives of our vessels to be 25 years from the date of initial delivery from the shipyard. Secondhand vessels are depreciated from the date of their acquisition through their remaining estimated useful lives. However, when regulations place limitations over the ability of a vessel to trade on a worldwide basis, its useful life is adjusted to end at the date such regulations become effective. We constantly evaluate the useful life of our fleet based on market factors and specific facts and circumstances applicable to each vessel.

The estimated salvage value at December 31, 2008 was $270 per light weight ton.

**Seasonality**

Coal, iron ore and grains, which are the major bulks of the dry bulk shipping industry, are somewhat seasonal in nature. The energy markets primarily affect the demand for coal, with increases during hot summer periods when air conditioning and refrigeration require more electricity and towards the end of the calendar year in anticipation of the forthcoming winter period. The demand for iron ore tends to decline in the summer months because many of the major steel users, such as automobile makers, reduce their level of production significantly during the summer holidays. Grains are completely seasonal as they are driven by the harvest within a climate zone. Because three of the five largest grain producers (the United States of America, Canada and the European Union) are located in the northern hemisphere and the other two (Argentina and Australia) are located in the southern hemisphere, harvests occur throughout the year and grains require dry bulk shipping accordingly.

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**Principal Factors Affecting Our Business**

The principal factors that affected our financial position, results of operations and cash flows included the following:

Number of vessels owned and operated;

Charter market rates and periods of charter hire;

Vessel operating expenses and direct voyage costs, which were incurred in both U.S. Dollars and other currencies, primarily Euros;

Depreciation expenses, which are a function of vessel cost, any significant post-acquisition improvements, estimated useful lives, estimated residual scrap values, and fluctuations in the market value of our vessels;

Financing costs related to indebtedness associated with the vessels; and

Fluctuations in foreign exchange rates.

**Performance Indicators**

The figures shown below are non-GAAP statistical ratios used by management to measure performance of our vessels and are not included in financial statements prepared under US GAAP.

| | **Three Months Ended June 30, 2009** | **Six Months Ended June 30, 2009** | **Year Ended December 31, 2008** |
|---|---|---|---|
| **Fleet Data:** | | | |
| Average number of vessels(1) | 6.0 | 6.0 | 5.5 |
| Ownership days(2) | 546 | 1,086 | 686 |
| Available days(3) | 417 | 916 | 686 |
| Operating days(4) | 411 | 909 | 678 |
| Fleet utilization(5) | 75.3% | 83.7% | 98.9% |
| **Average Daily Results:** | | | |
| Vessel TCE rate(6) | 52,292 | 51,982 | 49,362 |
| Vessel operating expenses(7) | 5,513 | 5,360 | 4,636 |
| Management fees(8) | 577 | 568 | 566 |
| Total vessel operating expenses(9) | 6,090 | 5,928 | 5,202 |

(1) Average number of vessels is the number of vessels that constituted our fleet for the relevant period, as measured by the sum of the number of days each vessel was a part of our fleet during the relevant period divided by the number of calendar days in the relevant period.

(2) Ownership days are the total number of days in a period during which the vessels in a fleet have been owned. Ownership days are an indicator of the size of our fleet over a period and affect both the amount of revenues and the amount of expenses that we recorded during a period.

(3) Available days are the number of ownership days less the aggregate number of days that vessels are off-hire due to major repairs, dry-dockings or special or intermediate surveys. The shipping industry uses available days to measure the number of ownership days in a period during which vessels should be capable of generating revenues. During the three months ended June 30, 2009, we incurred 129 off-hire days for vessel scheduled dry-docking. During the six months ended June 30, 2009, we incurred 170 off-hire days for vessel scheduled dry-docking.

(4) Operating days are the number of available days in a period less the aggregate number of days that vessels are off-hire due to any reason, including unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues.

(5) Fleet utilization is the percentage of time that our vessels were generating revenue, and is determined by dividing operating days by ownership days for the relevant period.

(6) Time charter equivalent, or TCE, rates are defined as our time charter revenues less voyage expenses during a period divided by the number of our operating days during the period, which is consistent with industry standards. Voyage expenses include port charges, bunker (fuel oil and diesel oil) expenses, canal charges and commissions.

| | Three Months Ended June 30, 2009 | Six Months Ended June 30, 2009 | Year Ended December 31, 2008 |
|---|---|---|---|
| | (In thousands of US dollars, except operating day amounts) | | |
| Net revenues from vessels | 22,067 | 48,309 | 34,453 |
| Voyage expenses | (292) | (438) | (151) |
| Voyage expenses related party | (283) | (619) | (440) |
| Net operating revenues | 21,492 | 47,252 | 33,862 |
| Operating days | 411 | 909 | 686 |
| Time charter equivalent rate | 52,292 | 51,982 | 49,362 |

(7) Average daily vessel operating expenses, which includes crew costs, provisions, deck and engine stores, lubricating oil, insurance, maintenance and repairs, are calculated by dividing vessel operating expenses by ownership days for the relevant time periods:

| | Three Months Ended June 30, 2009 | Six Months Ended June 30, 2009 | Year Ended December 31, 2008 |
|---|---|---|---|
| | (In thousands of US dollars, except ownership days amounts) | | |
| Operating expenses | 3,010 | 5,821 | 3,180 |
| Ownership days | 546 | 1,086 | 686 |
| Daily vessel operating expenses | 5,513 | 5,360 | 4,636 |

(8) Daily management fees are calculated by dividing total management fees by ownership days for the relevant time period.

(9) Total vessel operating expenses, or TVOE, is a measurement of total expenses associated with operating the vessels. TVOE is the sum of vessel operating expenses and management fees. Daily TVOE is calculated by dividing TVOE by fleet ownership days for the relevant time period.

**Results of Operations**

***Three and six months ended June 30, 2009 as compared to three and six months ended June 30, 2008***

*Vessel Revenue Related Party, Net* Net revenues for the three and six months ended June 30, 2009 were $22,067,000 and $48,309,000, respectively, after address commissions of 2.5%, or $566,000 and $1,239,000, respectively, as compared to $0 for the comparable periods in 2008. The increase in vessel revenue is a result of the operation of the six vessels we acquired in the third quarter of 2008. During the three and six months ended June 30, 2008, we did not own or operate any vessels.

*Direct Voyage Expenses* Direct voyage expenses, which include bunkers and port expenses, amounted to $292,000 and $438,000 for the three and six months ended June 30, 2009 as compared to $0 for the comparable periods in 2008. Direct voyage expenses consisted of port and bunker expenses of $62,000 and $230,000, respectively for the three months ended June 30, 2009, and $93,000 and $345,000, respectively for the six months ended June 30, 2009. The increase in direct voyage expenses is a result of the operation of our six vessels during the relevant periods in 2009 as compared to no operations during the comparable periods in 2008.

*Vessel Operating Expenses* For the three and six months ended June 30, 2009, our vessel operating expenses were $3,010,000 and $5,821,000, respectively, or an average of $5,513 and $5,360 per ship per day, respectively, as compared to $0 for the comparable periods in 2008. Vessel operating expenses include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance, chemicals and

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lubricants, consumable stores, tonnage taxes and other miscellaneous expenses. We operated an average of 6.0 vessels during the three and six months ended June 30, 2009. Vessel operating expenses increased as a result of the operation of the six vessels during the relevant periods in 2009 as compared to no operations during the comparable periods in 2008.

*Voyage Expenses Related Party* These expenses represent commissions charged in relation to the brokerage agreement we have with Safbulk, an affiliate, for the provision of chartering services up to May 20, 2010. The chartering commissions represent a commission of 1.25% payable to Safbulk on the collected vessel revenue. For the three and six months ended June 30, 2009, commissions charged amounted to $283,000 and $619,000, respectively, as compared to $0 in the comparable periods in 2008, for the same reasons described above.

*Management Fees Related Party* For the three and six months ended June 30, 2009, management fees charged by EST, which is a related party, amounted to $315,000 and $617,000, respectively as compared to $0 in the comparable periods in 2008. The increase was due to the same reasons described above. Management fees primarily relate to the management agreement we have with EST for the provision of technical management services. The fixed daily fee per vessel is Euro 425.00.

*General and Administration Expenses* For the three and six months ended June 30, 2009, we incurred $1,285,000 and $2,141,000, respectively, of general and administration expenses, compared to $137,000 and $597,000 respectively, for the comparable periods in 2008, an increase of approximately 838% and 259%, respectively. Our general and administration expenses primarily include audit fees, legal expenses, consulting services and staff salaries. Our general and administration expenses for the periods in 2009 were comparatively higher than those in comparable periods in 2008 due to the fact that we had vessels operations, full-time shoreside staff and related expenses during the periods in 2009 and had no staff or management team and only limited operations, consisting of identifying a business combination candidate, during the comparable periods in 2008.

*General and Administration Expenses Related Party* For the three and six months ended June 30, 2009, we incurred $482,000 and $1,021,000, respectively, of related party general and administration expenses, compared to $0 and $0, respectively, for the comparable periods in 2008. Our related party general and administration expenses are primarily comprised of salaries of $324,000 for our executive officers, $343,000 of remuneration to our board of directors, office rental fees of $344,000 and consulting fees of $10,000. The increase in such fees is due to the reasons described above.

*Depreciation* We depreciate our vessels based on a straight line basis over the expected useful life of each vessel, which is 25 years from the date of their initial delivery from the shipyard. Depreciation is based on the cost of the vessel less its estimated residual value, which is estimated at $270 per lightweight ton. Secondhand vessels are depreciated from the date of their acquisition through their remaining estimated useful life. However, when regulations place limitations over the ability of a vessel to trade on a worldwide basis, its useful life is adjusted to end at the date such regulations become effective. For the three and six months ended June 30, 2009, we recorded $7,758,000 and $15,430,000, respectively, of vessel depreciation charges as compared to $0 for the three and six months ended June 30, 2008. We did not own any vessels during the three and six months ended June 30, 2008.

*Interest and Finance Costs* Interest and finance costs for the three and six months ended June 30, 2009 amounted to $1,354,000 and $2,819,000, respectively, as compared to $0 for the comparable periods in 2008. The significant increase in interest and finance costs is primarily attributable to our revolving credit and term loan facilities, which we obtained in August 2008 in order to fund our business combination and vessel purchase and for working capital purposes. More specifically, interest expense related to the revolving credit facility amounted to $369,000 and $763,000 and interest on our term facility amounted to $818,000 and $1,684,000 for the three and six months ended June 30, 2009, respectively. We did not have any loan or credit facilities during the six months ended June 30, 2008.

*Interest and finance costs, shareholders* Interest and finance costs, shareholders, for the three and six months ended June 30, 2009 was $172,000 and $312,000, respectively, as compared to $0 for the comparable periods in 2008. The increase in interest and finance costs, shareholders, is a result of the issuance of a convertible secured promissory note, in the aggregate of $28,250,000 face value, to a shareholder in connection with our business combination in August 2008.

*Interest Income Money Market Funds* For the three and six months ended June 30, 2009, we earned interest on our money market funds of $116,000 and $256,000, respectively, as compared to $1,057,000 and $2,612,000 for the comparable periods in 2008. The decrease in interest income is a result of the decrease of our money market funds that were used for the business combination in August 2008.

*Net Income* We earned net income of $7,167,000 and $19,283,000 for the three and six months ended June 30, 2009, respectively, as compared to $920,000 and $2,015,000 for the comparable periods in 2008. The increase in our net income resulted primarily from the closing of the business combination and the commencement of our operations on August 28, 2008.

***Year ended December 31, 2008 ( fiscal 2008 ) as compared to year ended December 31, 2007 ( fiscal 2007 )***

*Vessel Revenue Related Party, Net* Net revenues for the year ended December 31, 2008 were $34,453,000 after address commissions of 2.5%, or $880,000, as compared to $0 in fiscal 2007. The increase in vessel revenue is a result of the closing of the business combination and the commencement of our operations on August 28, 2008. Our gross revenues were $35,333,000. Our vessels Davakis G., Delos Ranger and African Oryx commenced operations on August 28, 2008 for a daily charter fee of $60,000, $60,000 and $30,000, respectively. Our vessel, Bremen Max, commenced operations on September 11, 2008 for a daily charter fee of $65,000 and our vessels, Hamburg Max and African Zebra, commenced operations on September 25, 2008 for a daily charter fee of $65,000 and $36,000, respectively. Net revenues earned for the period from August 28, 2008 to December 31, 2008 for each of our vessels after address commissions amounted to $7,147,000 for the Davakis G.; $7,162,000 for the Delos Ranger; $3,661,000 for the African Oryx; $7,068,000 for the Bremen Max; $5,978,000 for the Hamburg Max; and $3,437,000 for the African Zebra. The vessels were employed under time charters with SAMC, an affiliate, with initial terms of 11-13 months, expiring in September 2009.

*Direct Voyage Expenses* Direct voyage expenses, which include bunkers and port expenses, amounted to $151,000 for the year ended December 31, 2008 as compared to $0 for the comparable period in 2007. Direct voyage expenses consisted of port and bunker expenses of $44,000 and $107,000, respectively. The increase in direct voyage expenses is a result of the closing of the business combination and the commencement of our operations in August 2008.

*Vessel Operating Expenses* For the year ended December 31, 2008, our vessel operating expenses were $3,180,000, or an average of $4,636 per ship per day, as compared to $0 in fiscal 2007. Vessel operating expenses included crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance, chemicals and lubricants, consumable stores, tonnage taxes and other miscellaneous expenses. We operated an average of 5.5 vessels from the date of consummation of the business combination on August 28, 2008 through December 31, 2008. Vessel operating expenses increased as a result of the closing of the business combination and the commencement of our operations in August 2008.

*Voyage Expenses Related Party* Voyage expenses related party represent commissions charged in relation to the brokerage agreement we have with Safbulk, an affiliate, for the provision of chartering services up to May 20, 2010. The chartering commissions represent a commission of 1.25% payable to Safbulk on the collected vessel revenue. For the year ended December 31, 2008, commissions charged amounted to $440,000 as compared to $0 in fiscal 2007, for the same reasons described above.

*Management Fees Related Party* For the year ended December 31, 2008, management fees charged by a related party amounted to $388,000 as compared to $0 in fiscal 2007. The increase was due to the same reasons described above. Management fees primarily relate to the management agreement we have with EST, an affiliate, for the provision of technical management services. The fixed daily fee per vessel in operation is Euro 416.00 per vessel until December 31, 2008. Thereafter the fixed daily fee was re-negotiated to be Euro 425.00 per vessel.

*General and Administration Expenses* For the year ended December 31, 2008, we incurred $1,840,000 of general and administration expenses, compared to $445,000 for the year ended December 31, 2007, an increase of approximately 313%. Our general and administration expenses primarily include auditing and accounting costs of $695,000, legal fees of $432,000 and other professional fees of $371,000. Our general and administration expenses for 2008 were comparatively higher than those in the prior year due to the fact that we commenced our vessel operations after the business combination was consummated on August 28, 2008.

*General and Administration Expenses Related Party* For the year ended December 31, 2008, we incurred $430,000 of related party general and administration expenses, compared to $0 for the year ended December 31, 2007. Our related party general and administration expenses are primarily comprised of salaries of $139,000 for our executive officers, $155,000 of remuneration to our board of directors, office rental fees of $88,000 and consulting fees of $27,000. In addition, a service agreement was signed with EST for consultancy services with respect to financing and dealing with relations with third parties and for assistance with the preparation of periodic reports to the shareholders for a fixed monthly fee of $5,000 through March 2, 2009 and amounted to $21,000. The increase in such fees is due to the reasons described above.

We constantly evaluate the useful life of our fleet based on market factors and specific facts and circumstances applicable to each vessel.

*Depreciation* We depreciate our vessels based on a straight line basis over the expected useful life of each vessel, which is 25 years from the date of their initial delivery from the shipyard. Depreciation is based on the cost of the vessel less its estimated residual value, which is estimated at $270 per lightweight ton. Secondhand vessels are depreciated from the date of their acquisition through their remaining estimated useful life. However, when regulations place limitations over the ability of a vessel to trade on a worldwide basis, its useful life is adjusted to end at the date such regulations become effective. We constantly evaluate the useful life of our fleet based on the market factors and specific facts and circumstances applicable to each vessel.

For the year ended December 31, 2008, we recorded $9,929,000 of vessel depreciation charges as compared to $0 in fiscal 2007. These charges relate to our vessels of which three vessels were placed into operations on August 28, 2008 and the remaining three in September 2008.

*Goodwill Impairment Loss* We performed our annual impairment testing of goodwill as at December 31, 2008. The current economic and market conditions, including the significant disruptions in the global credit markets, are having broad effects on participants in a wide variety of industries. Since September 2008, the charter rates in the dry bulk charter market have declined significantly, and dry bulk vessel values have also declined. The fair value for goodwill impairment testing was estimated using the expected present value of future cash flows, using judgments and assumptions that management believes were appropriate in the circumstances. The future cash flows from operations were determined by considering the charter revenues from existing time charters for the fixed fleet days and an estimated daily time charter equivalent for the unfixed days (based on a combination of Seanergy s remaining charter agreement rates, 2-year forward freight agreements and the most recent 10-year average historical 1 year time charter rates available for each type of vessel) assuming an average annual inflation rate of 2%. The weighted average cost of capital (WACC) used was 8%. As a result, we recorded an impairment charge related to goodwill of $44,795,000 in 2008 as compared to no impairment charges in fiscal 2007 because we did not complete the business combination until 2008.

*Vessels Impairment Loss* We evaluate the carrying amounts of vessels and related dry-dock and special survey costs and periods over which long-lived assets are depreciated to determine if events have occurred which would require modification to their carrying values or useful lives. In evaluating useful lives and carrying values of long-lived assets, we review certain indicators of potential impairment, such as undiscounted projected operating cash flows, vessel sales and purchases, business plans and overall market conditions. The current economic and market conditions, including the significant disruptions in the global credit markets, are having broad effects on participants in a wide variety of industries. Since September 2008, the charter rates in the dry bulk charter market have declined significantly, and dry bulk vessel values have also declined. We determine undiscounted projected net operating cash flows for each vessel and compare it to the vessel s carrying value. The projected net operating cash flows are determined by considering the charter

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revenues from existing time charters for the fixed fleet days and an estimated daily time charter equivalent for the unfixed days (based on a combination of our remaining charter agreement rates, two-year forward freight agreements and the most recent 10-year average historical 1 year time charter rates available for each type of vessel) over the remaining economic life of each vessel, net of brokerage and address commissions, expected outflows for scheduled vessels maintenance, and vessel operating expenses assuming an average annual inflation rate of 2%. Fleet utilization is assumed at 98.6% in our exercise, taking into account each vessel s off hire days based on other companies operating in the dry bulk industry and our historical performance.

A discount factor of 4.5% per annum, representing our incremental borrowing rate, was applied to the undiscounted projected net operating cash flows directly associated with and expected to arise as a direct result of the use and eventual disposition of the vessel, but only in the case where they were lower than the carrying value of vessels. This resulted in an impairment loss of $4,530,000 for fiscal 2008. There was no impairment loss in 2007 because we did not acquire our vessels until 2008.

*Interest and Finance Costs* The significant increase in interest and finance costs of $4,077,000 in 2008 as compared to $58,000 in 2007 is primarily attributable to our revolving credit and term facilities, which we obtained in order to fund our business combination and vessel purchase and for working capital purposes. More specifically, interest expense related to the revolving credit facility amounted to $799,000 and interest on our term facility amounted to $2,768,000 for the year ended December 31, 2008. In 2008, our interest expense primarily related to four months of operations since we drew down our credit facilities on August 28, 2008, and obtained our term loans in August and September 2008, respectively. Fees incurred for obtaining new loans, including related legal and other professional fees, are deferred and amortized using the effective interest method over the life of the related debt.

*Interest Income Money Market Funds* For the year ended December 31, 2008, we earned interest on our money market funds of $3,361,000 as compared to $1,948,000 for the year ended December 31, 2007. The increase in interest income of 72.5% is because we obtained our trust funds from our initial public offering on September 28, 2007 and therefore interest was earned for approximately three months in 2007 as compared to approximately eight months in 2008.

*Net (Loss)/Income* We incurred a net loss of $31,985, 000 in 2008 as compared to a profit of $1,445,000 in 2007. The increase in our loss is a result of our vessel operations commencing on August 28, 2008, income of $18,095,000 set off by goodwill and vessel impairment charges of $44,795,000 and $4,530,000, respectively, and set off by increased interest and finance costs, which resulted in $755,000 net finance expense in 2008 as compared to $1,890,000 net finance income in 2007.

***Year Ended December 31, 2007 and the period from August 15, 2006 (Inception) to December 31, 2006***

For the year ended December 31, 2007, we had a net income of $1,445,000. The net income consisted of $1,948,000 of interest income offset by operating expenses of $445,000 and interest expenses of $58,000 ($45,000 related to the underwriter and $13,000 related to shareholders). Operating expenses of $445,000 consisted of consulting and professional fees of $357,000, rent and office services expense of $22,000, insurance expense of $25,000, investor relations expense of $33,000, and other operating costs of $8,000.

For the period from August 15, 2006 (Inception) to December 31, 2006, we had a net loss of $4,372,000. The net loss consisted of $1,028,000 of interest income offset by interest expense of $824,000, accounting fees of $1,000,000, organization expenses of $3,450,000 and other operating expenses of $126,000.

**Liquidity and Capital Resources**

Our principal source of funds is operating cash flows, and our revolving credit and term facilities. Our principal use of funds has primarily been capital expenditures to establish our fleet, close our business combination, maintain the quality of our dry bulk carriers, comply with international shipping standards and environmental laws and regulations, fund capital working requirements, and make principal repayments on our outstanding loan facilities.

We believe that our current cash balance and our operating cash flow will be sufficient to meet our current liquidity needs, although the dry bulk charter market has sharply declined since September 2008 and our results of operations may be adversely affected if market conditions do not improve. We expect to rely upon operating cash flow to meet our liquidity requirements going forward.

Despite the recent economic crisis, we are currently able to meet our working capital needs and debt obligations. The current decline in charter rates will not affect our revenue as we have the charters locked in for 11 to 13 and 22 to 25 month periods including BET vessels (expiring between October 2009 and September 2011) and, therefore, absent a default by one or more of our charterers, we have contractually secured approximately $107 million of revenues, net of commissions payable to Safbulk and our charterers (as mentioned above), for the period August 1, 2009 to September 22, 2011. Therefore, we have contractually secured 65% of our projected fleet revenue for the period up to December 31, 2011. We will have to make use of our cash flows not committed to the repayment of the term loan and revolving facility mentioned above to meet our financial obligations and put our expansion plans on hold, unless new capital is raised from the capital markets, in the form of rights offerings or private placements and the warrants are exercised in which case we will use capital generated from the capital markets and the warrants for expansion purposes. We make no assurances that funds will be raised through capital markets or that the warrants will be exercised, or if exercised, the quantity which will be exercised or the period in which they will be exercised. Exercise of the warrants is not likely considering current market prices.

Furthermore, our revolving credit facility is tied to the market value of the vessels and not to the prevailing (spot) market rates. For example, our existing term and revolving credit facilities require that the aggregate market value of the vessels and the value of any additional security must be at least 135% of the aggregate of the outstanding debt financing and any amount available for drawing under the revolving facility less the aggregate amount of all deposits maintained. If the percentage is below 135% then a prepayment of the loans may be required or additional security may be requested. A waiver from Marfin has been received with respect to this covenant through July 1, 2010.

Under the BET loan agreement, the BET subsidiaries are subject to operating and financial covenants that may affect BET s business. These restrictions may, subject to certain exceptions, limit the BET subsidiaries ability to engage in many of the activities listed above. Furthermore, the BET subsidiaries must assure the lenders that the aggregate market value of the BET vessels is not less than 125% of the outstanding amount of the BET loan. If the market value of the vessels is less than this amount, the BET subsidiaries may at the request of the lender prepay an amount that will result in the market value of the vessels meeting this requirement or offer additional security to the lenders. The BET lenders have indicated their willingness to provide their consent to our purchase of shares in BET, including waiver of compliance with the vessels market value covenant. We are currently in active negotiations to finalize these arrangements following which we expect BET to be in full compliance with its covenants. If BET s lenders decline to approve this transaction, they could declare an event of default under BET s loan agreement, and a portion of the debt may be required to be reclassified to current.

We acquired our dry bulk carriers using a combination of funds received from equity investors and financed with our revolving term credit facilities.

We intend to continue to expand our fleet in the future. Growth will depend on locating and acquiring suitable vessels, identifying and consummating acquisitions or joint ventures; enhancing our customer base; obtaining required financing (debt or equity or a combination of both); and obtaining favorable terms in all cases.

In February 2009, our vessel African Zebra entered its scheduled dry-docking, which was completed on July 20, 2009. The delay was due to labor strikes in the repairing yard and other unforeseen events. The cost for this dry-dock was $3.2 million. On May 17, 2009, our vessel Hamburg Max commenced its scheduled dry-docking, which was completed on June 23, 2009 at a cost of $1.1 million. One vessel is scheduled for dry-docking in 2010 and three vessels in 2011. For the BET fleet, three vessels, namely BET Prince, BET Scouter and BET Fighter are scheduled for dry-docking in 2010 and one vessel, BET Intruder, in 2011. BET Commander commenced its scheduled dry-docking in August 2009 and is expected to be completed by October 2009 at a cost of $1.2 million. The dry-docking costs related to 2010 and 2011 are estimated to be $0.9 million and $2.6 million, respectively.

Our short-term liquidity requirements relate to servicing our debt (including principal payments on our term loan), payment of operating costs, dry-docking costs of two vessels, funding working capital requirements and maintaining cash reserves against fluctuations in operating cash flows. Sources of short-term liquidity are primarily our revenues earned from our charters.

Our medium and long term liquidity requirements include repayment of long-term debt balances, debt interest payments and dry-docking costs. As of June 30, 2009, we had outstanding borrowings of $197,345,000 due to Marfin. We have drawn down $54,845,000 of our revolving credit facility. On August 28, 2009, the revolving facility was reduced to $72,000,000. This reduction will be followed by five consecutive annual reductions of $12,000,000 and any outstanding balance to be fully repaid together with the balloon payment of the term loan. In 2009, we have made or will make principal repayments on our Marfin term facility amounting to $27,750,000.

BET financed the acquisition of its vessels with the proceeds of a loan from Citibank International PLC, as agent for a syndicate of banks and financial institutions. The outstanding principal amount as of December 31, 2008 was $150,725,000. The loan is repayable in semi-annual installments of principal in the amount of $8,286,500 followed by a balloon payment due on maturity in the amount of $51,289,000, as these installment amounts were revised after the BET Performer sale. Interest is due and payable quarterly based on interest periods selected by BET. During 2009, we will make principal repayments on our BET loan facility amounting to $16.63 million.

In 2010, we have principal repayments due of $18,950,000 and $16,572,544 on the Marfin and BET loans, respectively.

As of June 30, 2009, Seanergy had available cash reserves of $47,022,000, which is shown as cash and cash equivalent. These amounts are not restricted.

Our revolving credit facility and term facility are from Marfin (see Credit Facilities below), and in addition, we had a Note due to shareholders amounting to $28,250,000 (face value), which following an amendment dated as of August 19, 2009 has been converted into 6,585,868 shares of common stock.

Between the January 1, 2008 and July 2008, we paid dividends amounting to $4,254,000 to our public shareholders. We currently have suspended the payment of dividends pursuant to the waiver received from Marfin (see Credit Facilities below) and dividends will not be declared without the prior written consent of Marfin.

Our Private Warrants may be exercised by the holders on a cashless basis. Each warrant entitles the holder to purchase one share of common stock and expires on September 28, 2011. More specifically, we have 38,984,667 warrants to purchase shares of our common stock issued and outstanding at an exercise price of $6.50 per share, of which 16,016,667 are exercisable on a cashless basis. In addition, we have assumed Seanergy Maritime s obligation to issue 1,000,000 shares of common stock and warrants to purchase 1,000,000 shares of our common stock under the unit purchase option it granted the underwriter in its initial public offering at an exercise price of $12.50 per unit. The exercise of the Warrants is not likely taking into consideration current market prices.

***Cash Flows***

*Six months ended June 30, 2009 compared to six months ended June 30, 2008*

*Operating Activities:* Net cash from operating activities totaled $34,500,000 for the six months ended June 30, 2009, as compared to $1,855,000 for the six months ended June 30, 2008. This increase primarily reflected our revenue from time charters and related vessel operating expenses.

*Investing Activities:* Net cash used in investing activities totaled $21,000 for the six months ended June 30, 2009, as compared to $510,000 for the six months ended June 30, 2008. This is primarily a result of the use of $510,000 for the payment of acquisition costs in 2008. There was no addition to the fleet for the first six months of 2009.

*Financing activities:* Net cash used in financing activities totaled $15,000,000 for the six months ended June 30, 2009, as compared to $3,173,000 for the six months ended June 30, 2008. In the first six months of 2009, cash was used for the repayment of long-term debt installments as compared to cash used in 2008 for dividend payments.

*Fiscal 2008 compared to Fiscal 2007 and the period from August 15, 2006 (Inception) to December 31, 2006*

*Operating activities:* Net cash from operating activities totaled $25,700,000 for the year ended December 31, 2008, as compared to $1,585,000 for the year ended December 31, 2007. This increase primarily reflected our revenue from time charters, which commenced on August 28, 2008 for three vessels and in September 2008 for the remaining three vessels, and the related vessel operating expenses. Net cash from operating activities totaled $1,585,000 for the year ended December 31, 2007, as compared to an outflow of $20,000 for the period from August 15, 2006 (inception) to December 31, 2006.

*Investing activities:* Net cash used in investing activities totaled $142,919,000 for the year ended December 31, 2008, as compared to $232,923,000 used in investing activities for the year ended December 31, 2007. This decrease is primarily a result of the use of $375,883,000 in connection with the consummation of our business combination, which was offset by using the funds held in trust of $232,923,000. Net cash provided by investing activities for the year ended December 31, 2007 totaled $232,923,000 as compared to $0 for the period from August 15, 2006 (inception) to December 31, 2006. The increase in the use of funds is due to the monies received in our IPO being placed in trust to be used for the purpose of a business combination.

*Financing activities:* Net cash provided by financing activities totaled $142,551,000 for the year ended December 31, 2008, as compared to $233,193,000 for the year ended December 31, 2007. In 2008, cash was provided from the proceeds of our revolving credit and term facilities in the amount of $219,845,000 and from warrant exercises in the amount of $858,000 which was offset by the payment of $63,705,000 relating to the redemption of common shares in connection with the closing of our business combination, principal loan repayments of $7,500,000, debt issuance costs of $2,693,000 and dividends paid of $4,254,000. In 2007, the net cash provided was as a result of our private and public offering of common stock totaling $233,619,000, net of the offering costs. For the period from August 15, 2006 (inception) to December 31, 2006, the net cash from financing activities amounted to $376,000.

## Credit Facilities

### *Revolving Credit Facility*

As of June 30, 2009, we had utilized $54,845,000 of the amount available under our revolving credit facility, which is equal to the lesser of $90,000,000 and an amount in dollars which when aggregated with the amounts already drawn down under the term facility does not exceed 70% of the aggregate market values of the vessels and other securities held in favor of the lender for the business combination and working capital purposes. As of June 30, 2009, we had available $35.155 million under the revolving credit facility.

The revolving credit facility bears interest at LIBOR plus 2.25% per annum. A commitment fee of 0.25% per annum is calculated on the daily aggregate un-drawn balance and un-cancelled amount of the revolving credit facility, payable quarterly in arrears from the date of the signing of the loan agreements.

On August 28, 2009, the revolving facility was reduced to $72,000,000. This reduction will be followed by five consecutive annual reductions of $12,000,000 and any outstanding balance must be fully repaid together with the balloon payment of the term loan.

### *Term Facility*

The initial vessel acquisition was financed with an amortizing term loan from Marfin equal to $165,000,000, representing 42% of the vessels aggregate acquisition costs, excluding any amounts associated with the earn-out provision. In December 2008, we repaid $7,500,000 of the term facility.

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The loan is repayable commencing three months from the last drawdown, or March 31, 2009, whichever is earlier, through twenty-eight consecutive quarterly principal installments, of which the first four principal installments will be equal to $7,500,000 each, the next four principal installments will be equal to $5,250,000 each and the final twenty principal installments will be equal to $3,200,000 each, with a balloon payment equal to $50,000,000 due concurrently with the twenty-eighth principal installment. On September 9, 2009, we executed addendum no. 1 to the loan agreement. In connection with the amendment, Marfin accelerated the due date of installment no. 5 to September 25, 2009 and of installment nos. 6 and 7 to January 4, 2010.

The loan bears interest at an annual rate of three-month-LIBOR plus 1.5%, if our ratio of total assets to total liabilities is greater than 165%, which increased to 1.75% if the ratio is equal or less than 165%. In connection with the addendum, during the time any waiver period is in effect, the interest payable increases to three-month-LIBOR plus 2.75%, if our ratio of total assets to total liabilities is greater than 165%, which increased to 3.25% if the ratio is equal or less than 165%

The term facility is secured by the following: a first priority mortgage on the vessels, on a joint and several basis; a first priority general assignment of any and all earnings, insurances and requisition compensation of the vessels and the respective notices and acknowledgements thereof; a first priority specific assignment of the benefit of all charters exceeding 12 calendar months duration and all demise charters in respect of the vessels and the respective notices and acknowledgements thereof to be effected in case of default or potential event of default to the absolute discretion of Marfin; assignments, pledges and charges over the earnings accounts held in the name of each borrower with the security trustee; undertakings by the technical and commercial managers of the vessels; negative pledge of the non-voters shares acquired by Seanergy; subordination agreement between Martin and the holder of the Note. All of the aforementioned security will be on a full cross collateral basis.

The term facility includes covenants, among others, that require the borrowers and the corporate guarantor, to maintain vessel insurance for an aggregate amount greater than the vessels aggregate market value or an amount equal to 130% of the aggregate of (a) the outstanding amount under both the revolving credit and term facilities and (b) the amount available for drawing under the revolving facility. The vessels insurance is to include as a minimum cover hull and machinery, war risk and protection and indemnity insurance, $1,000,000,000 for oil pollution and for excess oil spillage and pollution liability insurance. In relation to the protection and indemnity insurance, no risk should be excluded or the deductibles as provided by the P&I Association materially altered or increased to amounts exceeding $150,000 without the prior written consent of Marfin. In addition mortgagees interest insurance on the vessels and the insured value must be at least 110% of the aggregate of the revolving credit and term facility.

In addition, if a vessel is sold or becomes a total loss or the mortgage on the vessel is discharged on its disposal, we are required to repay such part of the facilities as is equal to the higher of the amount related to such vessel or the amount necessary to maintain the security clause margin.

Other covenants include the following:

- not to borrow any money or permit such borrowings to continue other than by way of subordinated shareholders loans or enter into any agreement for deferred terms, other than in any customary supplier s credit terms or any equipment lease or contract hire agreement other than in ordinary course of business;

- no loans, advances or investments in, any person, firm, corporation or joint venture or to any officer director, shareholder or customer;

- not to assume, guarantee or otherwise undertake the liability of any person, firm, or company;

not to authorize any capital commitments;

not to declare or pay dividends in any amount greater than 60% of the net cash flow of Seanergy, on a consolidated basis as determined by the lender on the basis of the most recent annual audited financial statements provided, or repay any shareholder s loans or make any distributions in excess of the above

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amount without the lenders prior written consent (see below for terms of waiver obtained on December 31, 2008);

not to change our Chief Executive Officer and/or Chairman without the prior written consent of the lender;

not to assign, transfer, sell or otherwise dispose of vessels or any of the property, assets or rights without the prior written consent of the lender;

to ensure that the members of the Restis and Koutsolioutsos families (or companies affiliated with them) own at all times an aggregate of at least 10% of our issued share capital;

no change of control without the written consent of the lender;

not to engage in any business other than the operation of the vessels without the prior written consent of the lender; and

not to violate the security margin clause, which provides that: the aggregate market values of the vessels and the value of any additional security shall not be less than (or at least) 135% of the aggregate of the outstanding amounts under the revolving credit and term facilities and any amount available for drawing under the revolving facility, less the aggregate amount of all deposits maintained. As of December 31, 2008, we would not have been in compliance with the security margin clause under the Marfin loan agreement had we not later obtained certain retroactive waivers from Marfin. During the first quarter of 2009, we obtained waivers from Marfin of our compliance with these various financial and other covenants, which waivers were effective as of December 31, 2008. These waivers expired in July 2009, when the first of our original charterers was replaced. On September 9, 2009, we executed addendum no. 1 to the loan agreement and obtained a waiver from Marfin through July 1, 2010. In connection with the amendment and waiver, Marfin made certain changes to our loan agreement including increasing the interest payable during the waiver period from LIBOR plus 1.5% to LIBOR plus 2.75%, accelerating the due dates of certain principal installments and limiting our ability to pay dividends without their prior consent. As a result of these waivers, we are not currently in default under our Marfin loan agreement.

Financial covenants include the following:

ratio of financial indebtedness to earnings, before interest, taxes, depreciation and amortization (EBITDA) shall be less than 6.5:1 (financial indebtedness or net debt are defined is the sum of all outstanding debt facilities minus cash and cash equivalents). The covenant is to be tested quarterly on an LTM basis (the last twelve months ). The calculation of the covenant is not applicable for the quarter ended December 31, 2008.

the ratio of LTM ( last twelve months ) EBITDA to net interest expense shall not be less than 2:1. The covenant is to be tested quarterly on a LTM basis. The calculation of the covenant is not applicable for the quarter ended December 31, 2008.

the ratio of total liabilities to total assets shall not exceed 0.70:1;

unrestricted cash deposits, other than in favor of the lender shall not be less than 2.5% of the financial indebtedness; and

average quarterly unrestricted cash deposits, other than in favor of the lender, shall not be less than 5% of the financial indebtedness.

The last three financial covenants listed above are to be tested on a quarterly basis, commencing on December 31, 2008 (where applicable). We were in compliance with our loan covenants as of June 30, 2009.

***BET Loan Agreement***

The six wholly-owned subsidiaries of BET financed the acquisition of their respective vessels with the proceeds of an amortizing loan from Citibank International PLC, as agent for the syndicate of banks and

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financial institutions set forth in the loan agreement, in the principal amount of $222,000,000. The loan agreement dated June 26, 2007 is guaranteed by BET. The BET subsidiaries drew down on agreed portions of the loan facility to acquire each of the original six vessels in the BET fleet. The amount of the loan for each vessel was less than or equal to 70% of the contractual purchase price for the applicable vessel. The loan bears interest at the annual rate of LIBOR plus 0.75%. As of August 12, 2009, the principal amount due under the BET loan was $143,099,000.

The loan is repayable commencing on December 28, 2007 through 15 equal semi-annual installments of principal in the amount of $8,286,500 followed by a balloon payment due six months thereafter in the amount of $51,289,000, as these installment amounts were revised after the BET Performer sale. The borrowers are required to deposit one-sixth of the next principal payment in a retention account each month to fund each semi-annual principal payment. Interest in due and payable based on interest periods selected by BET equal to one month, two months, three months, six months, or a longer period up to 12 months. For interest periods longer than three months, interest is due in three-month installments.

The BET loan facility is secured by the following: the loan agreement, a letter agreement regarding payment of certain fees and expenses by BET; a first priority mortgage on each of the BET vessels; the BET guaranty of the loan; a general assignment or deed of covenant of any and all earnings, insurances and requisition compensation of each of the vessels; pledges over the earnings accounts and retention accounts held in the name of each borrower; undertakings by the technical managers of the BET vessels; and the trust deed executed by Citibank for the benefit of the other lenders, among others.

The ship security documents include covenants, among others, that require the borrowers to maintain vessel insurance for an aggregate amount equal to the greater of the vessels aggregate market value or an amount equal to 125% of the outstanding amount under the loan. The vessels insurance is to include as a minimum cover fire and usual marine risks, war risk and protection and indemnity insurance, and $1,000,000,000 for oil pollution. In addition, the borrowers agree to reimburse the mortgagee for mortgagees interest insurance on the vessels in an amount of up to 110% of the outstanding amount under the loan.

In addition, if a vessel is sold or becomes a total loss, BET is required to repay such part of the loan as is equal to the greater of the relevant amount for such vessel, or such amount as is necessary to maintain compliance with the minimum security covenant in the loan agreement. This covenant requires the borrowers to assure that the market value of the BET vessels is not less than 125% of the outstanding amount under the loan. On July 10, 2008, BET, through its wholly owned subsidiary sold the BET Performer and paid an amount on the loan equal to $41,453,000, as required by the loan agreement.

The Borrowers also must assure that the aggregate market value of the BET vessels is not less than 125% of the outstanding amount of the loan. If the market value of the vessels is less than this amount, the Borrowers must prepay an amount that will result in the market value of the vessels meeting this requirement or offer additional security to the lender with a value sufficient to meet this requirement, which additional security must be acceptable to the lender. The value of the BET vessels shall be determined when requested by the lender, and such determination shall be made by any two of the lender s approved shipbrokers, one of which shall be nominated by the lender and one of which shall be nominated by the borrowers.

Other covenants include the following:

- Not to permit any lien to be created over all or any part of the borrowers present or future undertakings, assets, rights or revenues to secure any present or future indebtedness;

- Not to merge or consolidate with any other person;

Not to sell, transfer, dispose of or exercise direct control over any part of the borrowers assets, rights or revenue without the consent of the lender;

Not to undertake any business other than the ownership and operation of vessels and the chartering of vessels to third parties;

Not to acquire any assets other than the BET vessels;

Not to incur any obligations except under the loan agreement and related documents or contracts entered into in the ordinary course of business;

Not to borrow money other than pursuant to the loan agreement, except that the borrowers may borrow money from their shareholders or directors or their related companies as long as such borrowings are subordinate to amounts due under the loan agreement;

Not to guarantee, indemnify or become contingently liable for the obligations of another person or entity except pursuant to the loan agreement and related documents, except, in general, for certain guarantees that arise in the ordinary course of business;

Not to make any loans or grant any credit to any person, except that the borrowers make loans to BET or the borrowers related companies as long as they are made on an arm s length basis in the ordinary course of business and are fully subordinated to the rights of the lender;

Not to redeem their own shares of stock;

Not to permit any change in the legal or beneficial ownership of any of the borrowers or BET or cause any change in the shareholders agreement or constitutional documents related to BET; and

Not to enter into any related party transactions except on an arm s length basis and for full value.

In connection with our acquisition of BET, the lender has indicated its willingness to provide its consent to the change in the shareholders and the change in control of BET, including waiver of compliance with the vessels market value covenant. We are currently in active negotiations to finalize these arrangements following which we expect BET to be in full compliance with its covenants. If BET s lenders decline to approve this transaction, they could declare an event of default under BET s loan agreement and a portion of the debt may be required to be classified to current.

***Promissory Note***

As of June 30, 2009, we had a convertible unsecured promissory note issued to certain Restis affiliate shareholders amounting in aggregate to $28.25 million (face value). The note accrued interest at a rate of 2.9% per annum and matured in May 2010. The note was initially convertible into common stock at the option of the holders at a conversion price of $12.50 per share. On August 19, 2009, we amended the note to reduce the conversion price to the average closing price of our common stock for the five trading days commencing on the effective date of the amendment, which amounted to $4.45598 per share. As a condition to such amendment, the holders agreed to convert their note at the time of the amendment. Upon conversion, the holders received 6,585,868 shares of our common stock and the Note was extinguished.

**Debt Repayment and Terms**

**Capital Requirements**

Our capital expenditures have thus far related solely to the purchase of our six vessels included in our business combination and the routine dry-docking of our vessels. We funded the business combination through our trust fund proceeds, our revolving credit and term facilities and the Note.

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In addition, the following table summarizes our next anticipated dry-docks:

| Vessel | Next Schedule Dry-Dock | Estimated Cost |
|---|---|---|
| African Oryx | October 2010 | $ 900,000 |
| African Zebra | February 2011 | $ 1,000,000 |
| Bremen Max | June 2011 | $ 1,000,000 |
| Hamburg Max | June 2012 | $ 1,000,000 |
| Davakis G. | May 2011 | $ 500,000 |
| Delos Ranger | August 2011 | $ 500,000 |
| BET Commander* | August 2009 | $ 1,200,000 |
| BET Fighter* | September 2010 | $ 1,200,000 |
| BET Prince* | May 2010 | $ 1,200,000 |
| BET Scouter* | April 2010 | $ 1,200,000 |
| BET Intruder* | March 2011 | $ 1,000,000 |

* Vessels owned by BET

The annual principal payments required to be made after June 30, 2009 (based on the amount drawn down as of June 30, 2009 and assuming the Note had been converted into common stock as of such date), are as follows:

| | Term Facility | Reducing Revolving Credit Facility | Total |
|---|---|---|---|
| | | (Dollars in thousands) | |
| 2009 | 12,750 | | 12,750 |
| 2010 | 18,950 | | 18,950 |
| 2011 | 12,800 | 6,845 | 19,645 |
| 2012 | 12,800 | 12,000 | 24,800 |
| 2013 | 12,800 | 12,000 | 24,800 |
| Thereafter | 72,400 | 24,000 | 96,400 |
| | **142,500** | **54,845** | **197,345** |

**Quantitative and Qualitative Disclosures of Market Risk**

***Interest rate risk***

We are subject to interest-rate risk relating to the floating-rate interest on our revolving credit facility and term facility with Marfin and the BET loan. These facilities bear interest at LIBOR plus a spread. The Marfin term facility s spread also fluctuates if the ratio of total assets to total liabilities is greater than 165%. In such case, the spread increases from 1.5% to 1.75%. At December 31, 2008 and June 30, 2009, the interest rate was 2.16% and 2.064%, respectively, on the Marfin term loan. At December 31, 2008, the interest rate was 1.22% on the BET loan. A 1% increase in LIBOR would have resulted in an increase in interest expense for the year ended December 31, 2008 of approximately $691,000, on the Marfin term loan, and $1,940,000, respectively, on the BET loan, had we owned an interest in BET on such dates.

***Currency and Exchange Rates***

We generate all of our revenue in U.S. Dollars. The majority of our operating expenses are in U.S. Dollars except primarily for our management fees and our executive office rental expenses which are denominated in Euros. This difference could lead to fluctuations in net income due to changes in the value of the U.S. Dollar relative to the EURO, but we do not expect such fluctuations to be material.

As of June 30, 2009, we had no open foreign currency exchange contracts.

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*Inflation*

We do not consider inflation to be a significant risk to direct expenses in the current and foreseeable future.

**Off-balance Sheet Arrangements**

As of June 30, 2009, we did not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K.

**Contractual Obligations and Commercial Commitments**

The following tables summarize our contractual obligations as of June 30, 2009 based on the contractual terms of the arrangements and do not reflect any potential acceleration due to non-compliance with covenant terms (dollars in thousands).

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 and Thereafter | Total |
|---|---|---|---|---|---|---|---|
| **Seanergy** | | | | | | | |
| Revolving credit facility(1) | | | 6,845 | 12,000 | 12,000 | 24,000 | 54,845 |
| Interest on revolving credit facility(2) | 1,165 | 2,331 | 2,185 | 1,785 | 1,275 | 1,147 | 9,888 |
| Property leases(3) | 327 | 655 | 655 | 673 | | | 2,310 |
| Term facility | 12,750 | 18,950 | 12,800 | 12,800 | 12,800 | 72,400 | 142,500 |
| Interest on term facility(4) | 2,742 | 4,570 | 3,975 | 3,495 | 3,015 | 4,121 | 21,918 |
| Management fees(5) | 327 | 655 | 655 | 573 | | | 2,210 |
| **BET** | | | | | | | |
| Term Facility | 8,319 | 16,573 | 16,573 | 16,573 | 16,573 | 67,861 | 142,472 |
| Interest on Term Facility(6) | 894 | 1,633 | 3,138 | 2,682 | 2,226 | 2,598 | 13,171 |

(1) Commencing one year from signing the loan agreement, the revolving facility shall be reduced to the applicable limit available on such reduction date. The first annual reduction will reduce the available credit amount by $18,000,000 i.e. to ($72,000,000) in August 2009, followed by five consecutive annual reductions of $12,000,000 and any outstanding balance to be fully repaid together with the balloon payment of the term loan. The annual principal payments on the revolving credit facility are based on the amount drawn down as of December 31, 2008.

(2) The revolving credit facility bears interest at LIBOR plus 2.25%. In addition, an availability fee of 0.25% is computed on the un-drawn un-cancelled amount. Interest has been computed by using a LIBOR rate of 2% for all years presented.

(3) The property lease reflects our lease agreement with Waterfront for the lease of our executive offices. The initial lease term is for a period of three years with an option to extend for one more year. The lease payments are EURO 42,000 per month. The monthly payment due under property lease in dollars has been computed by using a rate of EURO/$1.30.

(4)

The term facility bears interest at a three-month LIBOR plus 1.5%, if our ratio of total assets to total liabilities is greater than 165%, which is increased to 1.75% if the ratio is equal or less that 165%. Interest has been computed by using a LIBOR rate of 2% for all years presented and a rate of 1.75% assuming that the ratio of total assets to total liabilities is less than 165%.

(5) Management fees for 2009 are Euro 425 per vessel per day, which thereafter are adjusted on an annual basis as defined per the agreement. Management fees in dollars have been computed by using a rate of EURO/$1.30, an assumption of 2% increase annually and 365 days per year.

(6) The term facility for BET bears interest at a three month LIBOR plus 0.75%. Interest has been computed by using a LIBOR rate of 0.5% for 2010 and 2% thereafter.

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## MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE VESSELS PREVIOUSLY OWNED BY SELLERS

The following management s discussion and analysis should be read in conjunction with the combined annual and condensed combined interim financial statements and accompanying notes prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ( IASB ), included elsewhere in this prospectus, of Goldie Navigation Ltd., Pavey Services Ltd., Shoreline Universal Ltd., Valdis Marine Corp., Kalistos Marine S.A. and Kalithea Marine S.A. (together, the Group ). This discussion relates to the operations and financial condition of the dry bulk vessels acquired from the Restis family (sellers) and not of Seanergy. Although as of September 25, 2008, we had purchased the six vessels that are included in the sellers financial statements, we did not purchase the other assets of the sellers or assume any of their liabilities. In addition, although we charter these vessels and earn revenue from charter hire, as the sellers did, we have chartered the vessels to different charterers on different terms than the sellers. The expense structure of the sellers is also different from ours, as the sellers, which are part of a larger group of companies controlled by members of the Restis family, do not employ any executive officers. Certain vessel-related fees, such as management fees, will also vary from the amount that was previously paid by the sellers. As a result, the sellers financial statements and this discussion of them may not be indicative of what our historical results of operations would have been for the comparable periods had we operated these vessels at that time nor the results if the sellers had operated these vessels on a stand-alone basis. In addition, the sellers results of operations and financial condition may not be indicative of what our results of operations and financial condition might be in the future.

This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, such as those set forth in the section entitled Risk Factors and elsewhere in this prospectus.

### General

The sellers are six ship-owning companies that collectively owned and operated four vessels in the dry bulk shipping market. In addition, two newly built vessels were delivered to the sellers in May 2008 and August 2008, both of which had no operating history. These vessels represented a portion of the vessels owned and/or operated by companies associated with members of the Restis family. As of September 25, 2008, the sellers had sold these vessels, including the two newly built vessels, to us pursuant to the Master Agreement and the MOAs during August 2008 and September 2008. The combined financial statements of the Group for 2005, 2006 and 2007 include the assets, liabilities and results of operations for four of the vessels from the dates they were placed in service by the sellers in 2005. The condensed combined interim financial statements for the six months ended June 30, 2008 include the assets, liabilities and results from operations of these four vessels for the entire period and one vessel delivered and placed in service in May 2008. The final vessel was delivered in August 2008 and had no operations through June 30, 2008.

The operations of the sellers vessels were managed by EST, which is an affiliate of members of the Restis family. Following the vessel acquisition, EST continued to manage the vessels pursuant to the Management Agreement. EST provided the sellers with a wide range of shipping services. These services included, at a daily fee per vessel (payable monthly), the required technical management, such as managing day-to-day vessel operations including supervising the crewing, supplying, maintaining and dry-docking of the vessels. Safbulk, which is also an affiliate of the sellers, provided commercial brokerage services to the sellers and earned fees in connection with the charter of the vessels. Safbulk continues to provide these services for us pursuant to the Brokerage Agreement.

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The following table details the vessels owned by the sellers that were sold to us:

| Vessel Name | Dwt | Vessel Type | Built | Date of Delivery to Seanergy |
|---|---|---|---|---|
| African Oryx | 24,110 | Handysize | 1997 | August 28, 2008 |
| African Zebra | 38,632 | Handymax | 1985 | September 25, 2008 |
| Bremen Max | 73,503 | Panamax | 1993 | September 11, 2008 |
| Hamburg Max | 73,498 | Panamax | 1994 | September 25, 2008 |
| Davakis G. (ex. Hull NO. KA 215) | 54,000 | Supramax | 2008 | August 28, 2008 |
| Delos Ranger (ex. Hull No. KA 216) | 54,000 | Supramax | 2008 | August 28, 2008 |

**Important Measures for Analyzing the Sellers Results of Operations**

The sellers believe that the important non-GAAP/non-IFRS measures and definitions for analyzing their results of operations consist of the following:

*Ownership days.* Ownership days are the total number of calendar days in a period during which the sellers owned each vessel in their fleet. Ownership days are an indicator of the size of the fleet over a period and affect both the amount of revenues and the amount of expenses recorded during that period.

*Available days.* Available days are the number of ownership days less the aggregate number of days that the sellers vessels are off-hire due to major repairs, dry-dockings or special or intermediate surveys. The shipping industry uses available days to measure the number of ownership days in a period during which vessels are actually capable of generating revenues.

*Operating days.* Operating days are the number of available days in a period less the aggregate number of days that vessels are off-hire due to any reason, including unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues.

*Fleet utilization.* Fleet utilization is determined by dividing the number of operating days during a period by the number of ownership days during that period. The shipping industry uses fleet utilization to measure a company s efficiency in finding suitable employment for its vessels and minimizing the amount of days that its vessels are off-hire for any reason including scheduled repairs, vessel upgrades, dry-dockings or special or intermediate surveys.

*Off-hire.* The period a vessel is unable to perform the services for which it is required under a charter.

*Time charter.* A time charter is a contract for the use of a vessel for a specific period of time during which the charterer pays substantially all of the voyage expenses, including port costs, canal charges and fuel expenses. The vessel owner pays the vessel operating expenses, which include crew wages, insurance, technical maintenance costs, spares, stores and supplies and commissions on gross voyage revenues. Time charter rates are usually fixed during the term of the charter. Prevailing time charter rates do fluctuate on a seasonal and year-to-year basis and may be substantially higher or lower from a prior time charter agreement when the subject vessel is seeking to renew the time charter agreement with the existing charterer or enter into a new time charter agreement with another charterer. Fluctuations in time charter rates are influenced by changes in spot charter rates.

*Voyage charter.* A voyage charter is an agreement to charter the vessel for an agreed per-ton amount of freight from specified loading port(s) to specified discharge port(s). In contrast to a time charter, the vessel owner is required to pay substantially all of the voyage expenses, including port costs, canal charges and fuel expenses, in addition to the vessel operating expenses.

*TCE.* Time charter equivalent, or TCE, is a measure of the average daily revenue performance of a vessel on a per voyage basis. The sellers method of calculating TCE is consistent with industry standards and is determined by dividing operating revenues (net of voyage expenses) by operating days for the relevant time period. Voyage expenses primarily consist of port, canal and fuel costs that are

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unique to a particular voyage, which would otherwise be paid by the charterer under a time charter contract. TCE is a standard shipping industry performance measure used primarily to compare period-to-period changes in a shipping company s performance despite changes in the mix of charter types (i.e., spot charters, time charters and bareboat charters) under which the vessels may be employed between the periods.

### Revenues

The sellers revenues were driven primarily by the number of vessels they operated, the number of operating days during which their vessels generated revenues, and the amount of daily charter hire that their vessels earned under charters. These, in turn, were affected by a number of factors, including the following:

The nature and duration of the sellers charters;

The amount of time that the sellers spent repositioning their vessels;

The amount of time that the sellers vessels spent in dry-dock undergoing repairs;

Maintenance and upgrade work;

The age, condition and specifications of the sellers vessels;

The levels of supply and demand in the dry bulk carrier transportation market; and

Other factors affecting charter rates for dry bulk carriers under voyage charters.

A voyage charter is generally a contract to carry a specific cargo from a load port to a discharge port for an agreed-upon total amount. Under voyage charters, voyage expenses such as port, canal and fuel costs are paid by the vessel owner. A time charter trip and a period time charter or period charter are generally contracts to charter a vessel for a fixed period of time at a set daily rate. Under time charters, the charterer pays voyage expenses. Under both types of charters, the vessel owners pay for vessel operating expenses, which include crew costs, provisions, deck and engine stores, lubricating oil, insurance, maintenance and repairs. The vessel owners are also responsible for each vessel s dry-docking and intermediate and special survey costs.

Vessels operating on period time charters provide more predictable cash flows, but can yield lower profit margins than vessels operating in the spot charter market for single trips during periods characterized by favorable market conditions.

Vessels operating in the spot charter market generate revenues that are less predictable, but can yield increased profit margins during periods of improvements in dry bulk rates. Spot charters also expose vessel owners to the risk of declining dry bulk rates and rising fuel costs. The sellers vessels were chartered on period time charters during the six months ended June 30, 2008, fiscal 2007, fiscal 2006 and fiscal 2005.

A standard maritime industry performance measure is the time charter equivalent or TCE. TCE revenues are voyage revenues minus voyage expenses divided by the number of operating days during the relevant time period. Voyage expenses primarily consist of port, canal and fuel costs that are unique to a particular voyage and that would otherwise be paid by a charterer under a time charter. Some companies in our industry believe that the daily TCE neutralizes the variability created by unique costs associated with particular voyages or the employment of dry bulk carriers on time charter or on the spot market and presents a more accurate representation of the revenues generated by dry bulk carriers. The sellers average TCE rates for 2007, 2006 and 2005 were $25,256, $18,868 and $23,170, respectively, and

$35,812 and $24,706 for the six months ended June 30, 2008 and 2007, respectively.

**Vessel Operating Expenses**

Vessel operating expenses include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance, the costs of spares and consumable stores, tonnage taxes and other miscellaneous expenses. Vessel operating expenses generally represent costs of a fixed nature. Some of these expenses are required, such as insurance costs and the cost of spares.

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### Depreciation

During the years ended December 31, 2007, 2006 and 2005 and the six months ended June 30, 2008, the sellers depreciated their vessels on a straight-line basis over their then remaining useful lives after considering the residual value. The residual value for 2008 was increased to $500 from $175 in 2007 per light weight tonnage reflecting an increase in steel scrap prices. The estimated useful lives as of June 30, 2008 were between 3 and 16 years, based on an industry-wide accepted estimated useful life of 25 years from the original build dates of the vessels, for financial statement purposes. The sellers capitalized the total costs associated with a dry-docking and amortized these costs on a straight-line basis over the period before the next dry-docking became due, which was generally 2.5 years.

### Seasonality

Coal, iron ore and grains, which are the major bulks of the dry bulk shipping industry, are somewhat seasonal in nature. The energy markets primarily affect the demand for coal, with increases during hot summer periods when air conditioning and refrigeration require more electricity and towards the end of the calendar year in anticipation of the forthcoming winter period. The demand for iron ore tends to decline in the summer months because many of the major steel users, such as automobile makers, reduce their level of production significantly during the summer holidays. Grains are completely seasonal as they are driven by the harvest within a climate zone. Because three of the five largest grain producers (the United States of America, Canada and the European Union) are located in the northern hemisphere and the other two (Argentina and Australia) are located in the southern hemisphere, harvests occur throughout the year and grains require dry bulk shipping accordingly.

### Principal Factors Affecting the Sellers Business

The principal factors that affected the sellers financial position, results of operations and cash flows included the following:

- Number of vessels owned and operated;
- Charter market rates and periods of charter hire;
- Vessel operating expenses and voyage costs, which were incurred in both U.S. Dollars and other currencies, primarily Euros;
- Cost of dry-docking and special surveys;
- Depreciation expenses, which were a function of the cost, any significant post-acquisition improvements, estimated useful lives and estimated residual scrap values of sellers vessels;
- Financing costs related to indebtedness associated with the vessels; and
- Fluctuations in foreign exchange rates.

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## Performance Indicators

The sellers believe that the unaudited information provided below is important for measuring trends in the results of operations. The figures shown below are statistical ratios/non-GAAP/non-IFRS financial measures and definitions used by management to measure performance of the vessels. They are not included in financial statements prepared under IFRS.

| | Six Months Ended June 30, | | Twelve Months Ended December 31, | | |
|---|---|---|---|---|---|
| | 2007 | 2008 | 2007 | 2006 | 2005 |
| Fleet Data: | | | | | |
| Average number of vessels(1) | 4.21 | 3.83 | 3.85 | 3.81 | 3.21 |
| Ownership days(2) | 769 | 724 | 1,460 | 1,460 | 1,250 |
| Available days(3) (equals operating days for the periods listed(4)) | 767 | 693 | 1,411 | 1,393 | 1,166 |
| Fleet utilization(5) | 99.7% | 95.7% | 96.6% | 95.4% | 93.3% |
| Average Daily Results: | | | | | |
| Average TCE rate(6) | 35,812 | 24,706 | 25,256 | 18,868 | 23,170 |
| Vessel operating expenses(7) | 5,168 | 3,887 | 4,130 | 3,849 | 4,049 |
| Management fees(8) | 535 | 535 | 535 | 515 | 515 |
| Total vessel operating expenses(9) | 5,703 | 4,422 | 4,665 | 4,364 | 4,564 |

(1) Average number of vessels is the number of vessels the sellers owned for the relevant period, as measured by the sum of the number of days each vessel was owned during the period divided by the number of available days in the period.

(2) Ownership days are the total number of days in a period during which the sellers owned each vessel. Ownership days are an indicator of the size of the sellers fleet over a period and affect both the amount of revenues and the amount of expenses that sellers recorded during a period.

(3) Available days are the number of ownership days less the aggregate number of days that the sellers vessels were off-hire due to major repairs, dry-dockings or special or intermediate surveys. The shipping industry uses available days to measure the number of ownership days in a period during which vessels should be capable of generating revenues.

(4) Operating days are the number of available days in a period less the aggregate number of days that the sellers vessels were off-hire due to any reason, including unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues.

(5) Fleet utilization is determined by dividing the number of operating days during a period by the number of ownership days during that period. The shipping industry uses fleet utilization to measure a company s efficiency in finding suitable employment for its vessels and minimizing the amount of days that its vessels are off-hire for any reason excluding scheduled repairs, vessel upgrades, dry-dockings or special or intermediate surveys.

(6) Time charter equivalent, is a measure of the average daily revenue performance of a vessel on a per voyage basis. The sellers method of calculating TCE was consistent with industry standards and was determined by dividing operating revenues (net of voyage expenses and commissions) by operating days for the relevant time period. 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. TCE is a standard shipping industry performance measure used primarily to compare period-to-period changes in a

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shipping company s performance despite changes in the mix of charter types (i.e., spot charters, time charters and bareboat charters) under which the vessels may be employed between the periods:

The following table is unaudited and includes information that is extracted directly from the combined financial statements, as well as other information used by the sellers for monitoring performance.

| | Six Months Ended June 30, | | Twelve Months Ended December 31, | | |
|---|---|---|---|---|---|
| | 2008 | 2007 | 2007 | 2006 | 2005 |
| | (Dollars in thousands except per diem amounts) | | | | |
| Operating revenues | 28,227 | 17,181 | 35,717 | 26,347 | 27,156 |
| Voyage revenues | (759) | (60) | (82) | (64) | (139) |
| Net operating revenues | 27,468 | 17,121 | 35,635 | 26,283 | 27,017 |
| Operating days | 767 | 693 | 1,411 | 1,393 | 1,166 |
| Average TCE daily rate | 35,812 | 24,706 | 25,256 | 18,868 | 23,170 |

(7) Average daily vessel operating expenses, which includes crew costs, provisions, deck and engine stores, lubricating oil, insurance, maintenance and repairs, is calculated by dividing vessel operating expenses by ownership days for the relevant time periods:

| | Six Months Ended June 30, | | Twelve Months Ended December 31, | | |
|---|---|---|---|---|---|
| | 2008 | 2007 | 2007 | 2006 | 2005 |
| | (Dollars in thousands except per diem amounts) | | | | |
| Crew costs and other operating expenses | 3,974 | 2,814 | 6,031 | 5,619 | 5,061 |
| Ownership days | 769 | 724 | 1,460 | 1,460 | 1,250 |
| Daily vessel operating expense | 5,168 | 3,887 | 4,130 | 3,849 | 4,049 |

(8) Daily management fees are calculated by dividing total management fees expensed on vessels owned by ownership days for the relevant time period.

(9) Total vessel operating expenses, is a measurement of total expenses associated with operating sellers vessels. TVOE is the sum of daily vessel operating expense and daily management fees. Daily TVOE is calculated by dividing TVOE by fleet ownership days for the relevant time period.

## Critical Accounting Policies

The discussion and analysis of the sellers financial condition and results of operations is based upon their combined financial statements, which have been prepared in accordance with International Financial Reporting Standards as issued by the IASB, or IFRS. The preparation of those financial statements requires the sellers to make estimates and judgments that affect the reported amount of assets and liabilities, revenues and expenses and related disclosure of contingent assets and liabilities at the date of their financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies are those that reflect significant judgments or uncertainties, and potentially result in materially different results under different assumptions and conditions. The sellers have described below what they believe are the estimates and assumptions that have the most significant effect on the amounts recognized in their combined financial statements. These estimates and assumptions relate to useful lives of their vessels, valuation and impairment losses on vessels, and dry-docking costs because the sellers believe that the shipping industry is highly cyclical, experiencing volatility in profitability, vessel values and charter rates resulting from changes in the supply of and demand for shipping capacity. In addition, the dry bulk market is affected by the current international financial crisis which has slowed down world trade and caused drops in charter rates. The lack of financing, global steel production cuts and outstanding agreements between iron ore producers and Chinese industrial customers have temporarily brought the market to a stagnation.

*Useful Lives of Vessels.* The sellers evaluated the periods over which their vessels were depreciated to determine if events or changes in circumstances had occurred that would require modification to their useful lives. In evaluating useful lives of vessels, the sellers review certain indicators of potential impairment, such as the age of the vessels. The sellers depreciated each of their vessels on a straight-line basis over its estimated useful life, which during the six months ended June 30, 2008 was estimated to be between 3 and 16 years. Newly constructed vessels were depreciated using an estimated useful life of 25 years from the date of their initial delivery from the shipyard. Depreciation was based on cost less the estimated residual scrap value. Furthermore, the sellers estimated the residual values of their vessels to be $500.00 per lightweight ton as of June 30, 2008 as compared to $175.00 as of December 31, 2007, due to substantial increases in the price of steel. An increase in the useful life of a vessel or in the residual value would have the effect of decreasing the annual depreciation charge and extending it into later periods. A decrease in the useful life of the vessel or in the residual value would have the effect of increasing the annual depreciation charge. However, when regulations place limitations on the ability of a vessel to trade on a worldwide basis, the vessel s useful life was adjusted to end at the date such regulations become effective.

*Valuation of Vessels and Impairment.* The sellers originally valued their vessels at cost less accumulated depreciation and accumulated impairment losses. Vessels were subsequently measured at fair value on an annual basis. Increases in an individual vessel s carrying amount as a result of the revaluation was recorded in recognized income and expense and accumulated in equity under the caption revaluation surplus. The increase is recorded in the combined statements of income to the extent that it reversed a revaluation decrease of the related asset. Decreases in an individual vessel s carrying amount is recorded in the combined statements of income as a separate line item. However, the decrease were recorded in recognized income and expense to the extent of any credit balance existing in the revaluation surplus in respect of the related asset. The decrease recorded in recognized income and expense reduced the amount accumulated in equity under the revaluation surplus. The fair value of a vessel was determined through market value appraisal, on the basis of a sale for prompt, charter-free delivery, for cash, on normal commercial terms, between willing sellers and willing buyers of a vessel with similar characteristics.

The sellers consider this to be a critical accounting policy because assessments need to be made due to the shipping industry being highly cyclical, experiencing volatility in profitability, vessel values and fluctuation in charter rates resulting from changes in the supply of and demand for shipping capacity. In the current time the dry bulk market is affected by the current international financial crisis which has slowed down world trade and caused drops in charter rates. The lack of financing, global steel production cuts and outstanding agreements between iron ore producers and Chinese industrial customers have temporarily brought the market to a stagnation.

To determine whether there is an indication of impairment, we compare the recoverable amount of the vessel, which is the greater of the fair value less costs to sell or value in use. Fair value represents the market price of a vessel in an active market, and value in use is based on estimations on future cash flows resulting from the use of each vessel less operating expenses and its eventual disposal. The assumptions to be used to determine the greater of the fair value or value in use requires a considerable degree of estimation on the part of our management team. Actual results could differ from those estimates, which could have a material effect on the recoverability of the vessels.

The most significant assumptions used are: the determination of the possible future new charters, future charter rates, on-hire days which are estimated at levels that are consistent with the on-hire statistics, future market values, time value of money. Estimates are based on market studies and appraisals made by leading independent shipping analysts and brokers, and assessment by management on the basis of market information, shipping newsletters, chartering and sale of comparable vessels reported in the press and historical charter rates for similar vessels.

An impairment loss will be recognized if the carrying value of the vessel exceeds its estimated recoverable amount.

*Dry-docking Costs.* From time to time the sellers vessels were required to be dry-docked for inspection and re-licensing at which time major repairs and maintenance that could not be performed while the vessels were in operation were generally performed (generally every 2.5 years). At the date of acquisition of a second hand vessel, management estimated the component of the cost that corresponded to the economic benefit to be derived from capitalized dry-docking cost, until the first scheduled dry-docking of the vessel under the ownership of the sellers, and this component was depreciated on a straight-line basis over the remaining period to the estimated dry-docking date.

**Results of Operations**

***Six months ended June 30, 2008 as compared to six months ended June 30, 2007***

*Revenues* Operating revenues for the six months ended June 30, 2008 were $28,227,000, an increase of $11,046,000, or 64.29%, over the comparable period in 2007. Revenues increased primarily as a result of improved time charter rates and a higher number of operating days. Revenue from Swiss Marine Services S.A., an affiliate of the sellers, amounted to $0 in the six months ended June 30, 2008 and $3,430,000 for the comparable period in 2007. Related party revenue decreased as a result of third party charterers completely replacing related party charterers.

*Direct Voyage Expenses* Direct voyage expenses, which include classification fees and surveys, fuel expenses, port expenses, tugs, commissions and fees, and insurance and other voyage expenses, totaled $759,000 for the six months ended June 30,2008, as compared to $60,000 for the comparable period in 2007, which represents an increase of 1,165%. This increase of $699,000 in direct voyage expenses primarily reflects increased bunkers expenses due to the inclusion of Davakis G. (delivered on May 20, 2008) fuel.

*Crew Costs* Crew costs for the six months ended June 30, 2008 were $2,143,000, an increase of $800,000, or 59.6%, compared to the comparable period in 2007. This increase is primarily due to (a) salary increases which became effective as of January 1, 2008, (b) the addition of crew cost for the Davakis G, which was delivered on May 20, 2008, and (c) increased bonuses to the crews of certain vessels.

*Management Fees Related Party* Management fees related party represent a fixed fee per day for each vessel in operation paid to EST for technical management services. The fee per day amounted to $535 for the six months ended June 30, 2008 and $535 for the six months ended June 30, 2007. Total management fees related party for the six months ended June 30, 2008 totaled $411,000, as compared to $387,000 for the six months ended June 30, 2007. This increase of 6.2% was due to the increase in operating days in 2008 resulting from the delivery of the Davakis G on May 20, 2008.

*Other Operating Expenses* Other operating expenses were $1,831,000 for the six months ended June 30, 2008, an increase of $360,000, or 24.5%, over $1,471,000 for the comparable period in 2007. Other operating expenses include the costs of chemicals and lubricants, repairs and maintenance, insurance and administration expenses for the vessels. These expenses increased during the six months ended June 30, 2008, primarily due to increases in prices for these items and the addition of the Davakis G on May 20, 2008.

*Depreciation* For the six months ended June 30, 2008, depreciation expense totaled $16,314,000, as compared to $6,260,000 for the comparable period in 2007, which represented an increase of $10,054,000, or 106.61%. This increase resulted from the higher carrying amount of the vessels because the vessels were revalued to a higher fair value at the end of fiscal 2007 and due to additional depreciation from the Davakis G delivered on May 20, 2008, partially reduced by lower depreciation charges of $1,053,000 in 2008 due to the increase in the estimated residual value of the vessels used in calculating depreciation from $175 to $500 per light-weight tonnage due to the increase in steel prices compared to 2007.

*Results From Operating Activities* For the six months ended June 30, 2008, operating income was $6,769,000, which represents a decrease of $891,000, or 11.6%, compared to operating income of $7,660,000 for the comparable period in 2007. The primary reason for the decline in operating income was the increase in depreciation and amortization cost in the six months ended June 30, 2008 by $10,054,000, which amount was partially offset by the improvement in revenue by $11,046,000.

*Net Finance Costs* Net finance cost for the six months ended June 30, 2008 was $978,000, which represents a decrease of $481,000, or 32.9%, compared to $1,459,000 for the comparable period in 2007. The net decrease in finance costs resulted primarily from the timing of repayments of the sellers loan outstanding during the six months ended June 30, 2007, as compared to June 30, 2008.

*Net Profit* The net profit for the six months ended June 30, 2008 was $5,791,000, as compared to $6,201,000 for the comparable period in 2007. This decrease of $410,000, or 11.6%, is primarily due the increase in depreciation and amortization cost in the six months ended June 30, 2008 by $10,054,000, which amount was partially offset by the improvement in revenue for the six months ended June 30, 2008 by $11,046,000.

***Year ended December 31, 2007 ( fiscal 2007 ) as compared to year ended December 31, 2006 ( fiscal 2006 )***

*Revenues* Operating revenues for fiscal 2007 were $35,717,000, an increase of $9,370,000, or 35.6%, over fiscal 2006. Revenues increased primarily as a result of improved time charter rates and a higher number of operating days. Revenue from Swiss Marine Services S.A., an affiliate of the sellers, amounted to $3,420,000 in fiscal 2007 and $10,740,000 in fiscal 2006, a decrease of 68.2%. Related party revenue decreased as a result of third party charterers replacing related party charterers.

*Direct Voyage Expenses* Direct voyage expenses, which include classification fees and surveys, fuel expenses, port expenses, tugs, commissions and fees, and insurance and other voyage expenses, totaled $82,000 for fiscal 2007, as compared to $64,000 for fiscal 2006, which represents an increase of 28%. This increase of $18,000 in direct voyage expenses primarily reflects additional fuel consumed in positioning the M/V Hamburg Max for dry-docking. No vessels were in dry-dock during fiscal 2006.

*Crew Costs* Crew costs for fiscal 2007 were $2,803,000, an increase of $26,000, of 0.9%, compared to fiscal 2006. This increase is primarily due to an increase in basic wages and crew signing-on expenses (including fees charged by the flag state for endorsement of seafarer certificates).

*Management Fees Related Party* Management fees related party represent a fixed fee per day for each vessel in operation paid to EST for technical management services. The fee per day amounted to $535 in 2007 and $515 in 2006. Total Management fees related party for fiscal 2007 totaled $782,000, as compared to $752,000 for fiscal 2006. This increase of 4% was mutually agreed for 2007 between the sellers and EST to offset increases in the overhead of EST.

*Other Operating Expenses* Other operating expenses were $3,228,000 for fiscal 2007, an increase of $386,000, or 13.58%, over $2,842,000 for fiscal 2006. Other operating expenses include the costs of chemicals and lubricants, repairs and maintenance, insurance and administration expenses for the vessels. These expenses increased in fiscal 2007 primarily due to increases in prices for these items (in particular an approximately 33% increase in the costs of lubricants) and repairs and maintenance to the M/V Hamburg Max.

*Depreciation* For fiscal 2007, depreciation expense totaled $12,625,000, as compared to $6,567,000 for fiscal 2006, which represented an increase of $6,058,000, or 92.24%. This increase resulted from the higher carrying amount of the vessels because the vessels were revalued to a higher fair value at the end of fiscal 2006.

*Impairment Reversal (Loss)* At year end the sellers adjust their vessels to fair value. During fiscal 2006, the sellers reversed an impairment loss associated with the value of each of the vessels amounting in total to $19,311,000. No such reversals were made by the sellers during fiscal 2007. The primary reason for the reversal of the impairment loss in fiscal 2006 was the increase in the fair value of the vessels in the year ended December 31, 2006. At December 31, 2006, due to changing market conditions, the fair value of the vessels exceeded the carrying value by $44,430,000, and accordingly, an amount of $19,311,000 was recorded as an impairment reversal. The remaining surplus of $25,119,000 was recorded as recognized income and expense under the caption revaluation reserve in the combined statement of changes in equity. At December 31, 2007, due to prevailing positive market conditions, the fair value of the individual vessels exceeded the carrying amount again and a revaluation surplus of $129,265,000 arose and is recorded as recognized income and expense under the caption revaluation reserve in the combined statement of changes in equity.

*Results From Operating Activities* For fiscal 2007, results from operating activities were $16,197,000, which represents a decrease of $16,459,000, or 50.4%, compared to operating income of $32,656,000 for fiscal 2006. The primary reasons for the decline in the results from operating activities were the reversal of the impairment loss in fiscal 2006, which increased operating income by $19,311,000, and the increase in depreciation and amortization cost in fiscal 2007 by $6,058,000, which amounts were partially offset by the improvement in revenue during fiscal 2007 by $9,370,000.

*Net Finance Costs* Net finance cost for fiscal 2007 was $2,837,000, which represents a decrease of $342,000, or 10.7%, compared to $3,179,000 fiscal 2006. The net decrease in finance costs resulted primarily from the reduction in the principal amount of sellers loan outstanding during fiscal 2007.

*Net Profit* The net profit for fiscal 2007 was $13,360,000, as compared to $29,477,000 for fiscal 2006. This decrease of $16,117,000, or 54.67%, is primarily due to the reversal of the impairment loss in fiscal 2006 in the amount of $19,311,000 together with the increase in depreciation in fiscal 2007 by $6,058,000, which was partially offset by the increase in revenue during fiscal 2007 by $9,370,000.

***Year Ended December 31, 2006 ( fiscal 2006 ) as compared to year ended December 31, 2005 ( fiscal 2005 )***

*Revenues* Operating revenues for fiscal 2006 were $26,347,000, a decrease of $809,000, or 2.97%, over fiscal 2005. Revenues decreased primarily as a result of decreased charter rates and TCE, which decrease was partially offset by the increased number of operating days in fiscal 2006. The sellers acquired four vessels in fiscal 2005, and thus the vessels were not operated by the sellers for the full fiscal year. Revenue from Swiss Marine Services S.A., an affiliate of the sellers, amounted to $10,740,000 in fiscal 2006 and $10,140,000 in fiscal 2005, which represents an increase of 5.9%. Related party revenue increased as a result of increased operating days under the related party charters in fiscal 2006.

*Direct Voyage Expenses* Direct voyage expenses totaled $64,000 for fiscal 2006, as compared to $139,000 for fiscal 2005, which represents a decrease of 53.95%. This decrease of $75,000 is due to the favorable (compared to market) fixed values at which the sellers repurchased fuel remaining on board the vessels at the time of their redeliveries to the sellers from time charterers.

*Crew Costs* Crew costs for fiscal 2006 were $2,777,000, an increase of $801,000, of 40.53%, compared to fiscal 2005. This increase is primarily due to the increase in the number of ownership days from 1,250 in 2005 to 1,460 in 2006 and thus the number of days the sellers paid crew wages.

*Management Fees Related Party* Management fees related party represent a fixed fee per day for each vessel in operation paid to EST for technical management services. The fee per day amounted to $515 in 2006 and 2005. Total Management fees related party for fiscal 2006 were $752,000, as compared to $644,000 for fiscal 2005. This increase of 16.77% resulted primarily from the increase in the number of ownership days from 1,250 in 2005 to 1,460 in 2006.

*Other Operating Expenses* Other operating expenses were $2,842,000 for fiscal 2006, a decrease of $243,000, or 7.87%, over $3,085,000 for fiscal 2005. Other operating expenses decreased in fiscal 2006 primarily due to a charge of $716,000 in fiscal 2005 representing reimbursements to time charterers.

*Depreciation* For fiscal 2006, depreciation expense totaled $6,567,000, as compared to $6,970,000 for fiscal 2005, which represented a decrease of $403,000, or 5.78%. This decrease resulted from the lower carrying amount of the vessels during 2006 because the fair value of the vessels had declined, and thus they were impaired as of December 31, 2005.

*Impairment Reversal (Loss)* At December 31, 2006 due to changing market conditions, the fair value of vessels exceeded the carrying value by $44,430,000, and accordingly, an amount of $19,311,000 was recorded as an impairment reversal. The impairment loss of $19,311,000 was originally recorded as of December 31, 2005. The primary reason for the recording of the impairment loss was a decrease in the fair value of vessels in the dry bulk market generally, which caused a decrease in the fair value of sellers vessels. The sellers determined that the impairment loss should be reversed in fiscal 2006 when the market for dry bulk vessels rebounded. The remaining surplus of $25,119,000 is recorded as recognized income and expense under the caption revaluation reserve in the combined statement of changes in equity.

*Results From Operating Activities* For fiscal 2006, results from operating activities were $32,656,000, which represents an increase of $37,625,000, compared to an operating loss of $4,969,000 for fiscal 2005. The primary reasons for the improvement in the results from operating activities in fiscal 2006 were the reversal of

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the impairment loss originally recorded in fiscal 2005, which increased operating income by $19,311,000 in fiscal 2006 as well as decreasing operating income by this same amount during fiscal 2005, and the absence of any other impairment losses during fiscal 2006.

*Net Finance Cost* Net finance cost for fiscal 2006 was $3,179,000, which represents an increase of $811,000, or 34.2%, compared to $2,368,000 in fiscal 2005. The increase was primarily due to an increase in the LIBOR rate associated with the sellers long-term debt during fiscal 2006 and the higher principal balance of sellers long-term debt during all of fiscal 2006, which reflects the greater number of ownership days in fiscal 2006 compared to fiscal 2005.

*Net Profit (Loss)* The net profit for fiscal 2006 was $29,477,000, as compared to a net loss of $7,337,000 for fiscal 2005. This improvement of $36,814,000 is primarily due to the reversal of the impairment loss in fiscal 2006, which loss was originally recorded in fiscal 2005, which reversal improved net income by $19,311,000, and the absence of any other impairment losses during fiscal 2006.

**Liquidity and Capital Resources**

The sellers principal sources of funds have been equity provided by their shareholders, operating cash flows and long-term borrowings. Their principal uses of funds have been capital expenditures to acquire and maintain their fleet, payments of dividends, working capital requirements and principal repayments on outstanding loan facilities. Based on current market conditions, the sellers expect to rely upon operating cash flows to fund their working capital needs in the near future. On May 20, 2008 and August 22, 2008, Hull KA 215 (Davakis G.) and Hull KA 216 (Delos Ranger), respectively were delivered to the sellers. Sellers do not anticipate any other capital expenditures in the foreseeable future due to the sale of these vessels to Seanergy on August 28, 2008.

Because the sellers are part of a larger group of companies in the shipping business associated with members of the Restis family, the sellers (other than the owners of the two newly built vessels) obtained, together with other affiliated companies as co-borrowers, a syndicated loan in the amount of $500,000,000 on December 24, 2004. The loan is allocated to each of the sellers (other than the owners of the two newly built vessels), among other affiliates of Lincoln Finance Corp., an affiliate of the sellers, based upon the acquisition cost of each vessel at the date of acquisition. The syndicated loan is payable in variable principal installments plus interest at variable rates (LIBOR plus a spread of 0.875%) with an original balloon installment due in March 2015 of $45,500,000 (which as of June 30, 2008 was $23,702,000). This debt was secured by a mortgage on each of the vessels, assignments of earnings, insurance and requisition compensation of the mortgaged vessel and is guaranteed by Lincoln Finance Corp. and Nouvelle Enterprises S.A., which is the sole shareholder of Lincoln. The sellers that own the second hand vessels used the syndicated loan to finance some or all of the acquisition costs of their respective vessels. As of June 30, 2008, December 31, 2007 and 2006, the long-term debt of the sellers represented the allocated amount of the remaining balance of the syndicated loan after taking into account vessel sales. The long-term debt applicable to the sellers as of June 30, 2008, December 31, 2007 and 2006 was $60,884,000, $48,330,000 and $49,774,000, respectively. We have not assumed any portion of this loan, and the sellers delivered the four vessels to us free and clear of all liens and encumbrances.

On December 24, 2004, certain of the sellers entered into memoranda of agreement with third parties pursuant to which they agreed to purchase the African Oryx f/k/a the M.V. Gangga Nagara, the African Zebra f/k/a the M.V. Handy Tiger, the Bremen Max f/k/a the M.V. Bunga Saga Satu and the Hamburg Max f/k/a the Bunga Saga Empat for a purchase price of $20.5 million, $14.0 million, $29.0 million and $32.0 million, respectively. The African Oryx, the African Zebra, the Bremen Max and the Hamburg Max were delivered to the respective sellers on April 4, 2005, January 3, 2005, January 26, 2005 and April 1, 2005, respectively.

On June 23, 2006, the sellers that own the two newly built vessels and a third vessel-owning company that is not one of the sellers, entered into a loan facility of up to $20,160,000 and a guarantee of up to $28,800,000 each to be used to partly finance and guarantee payment to the shipyard for the newly constructed vessels. The loan bears interest at variable rates (LIBOR plus a spread of 0.65%) and was repayable in full at the earlier of May 18, 2009 or the date the newly constructed vessels are delivered by the shipyard. This loan has been paid in full. We have not assumed any portion of this loan and the sellers delivered the two newly constructed vessels to us free and clear of all liens and encumbrances.

The sellers financed the purchase price of the vessels as follows:

| Vessel | Financed(1) | Cash(2) |
|---|---|---|
| Africa Oryx | $ 13,851,850 | $ 6,648,150 |
| Africa Zebra | $ 9,459,800 | $ 4,540,200 |
| Bremen Max | $ 19,595,300 | $ 9,404,700 |
| Hamburg Max | $ 21,622,400 | $ 10,377,600 |
| Davakis G (ex. Hull No. KA 215) | $ 16,674,000 | $ 7,146,000 |
| Delos Ranger (ex. Hull No. KA 216) | $ 16,674,000 | $ 7,146,000 |

(1) Financed with the credit facilities described above.

(2) Cash provided to the sellers by their shareholders.

The dry bulk carriers the sellers owned had an average age of 10.5 years as of June 30, 2008. For financial statement purposes, the sellers used an estimated remaining useful life as June 30, 2008 of between 3 and 16 years for its vessels other than the newly constructed vessels, which vessels life it estimated as 25 years. However, economics, rather than a set number of years, determines the actual useful life of a vessel. As a vessel ages, the maintenance costs rise particularly with respect to the cost of surveys. So long as the revenue generated by the vessel sufficiently exceeds its maintenance costs, the vessel will remain in use, which time period could well exceed the useful life estimate described above. If the revenue generated or expected future revenue does not sufficiently exceed the maintenance costs, or if the maintenance costs exceed the revenue generated or expected future revenue, then the vessel owner usually sells the vessel for scrap.

***Cash Flows***

*Operating Activities* Net cash from operating activities totaled $17,993,000 during the six months ended June 30, 2008, as compared to $4,094,000 during the comparable period in 2007. This increase reflected is primarily due to increased revenue as a result of improved time charter rates and higher operating days. Net cash from operating activities totaled $25,577,000 during fiscal 2007, as compared to $19,161,000 during fiscal 2006. This increase reflected primarily the increase in vessel revenues received in 2007. The decrease in net cash from operating activities from fiscal 2006 as compared to fiscal 2005, during which net cash from operating activities totaled $26,169,000, resulted primarily from a slight decrease in charter revenue during 2006 and the repayment of amounts due to related parties in 2006.

*Investing Activities* The sellers used $21,499,000 of cash in investing activities during the six month period ended June 30, 2008 as compared to $5,534,000 used in investing activities during the comparable period in 2007. The increase was primarily a result of amounts paid under the vessel construction contracts for the two newly constructed vessels during the first six months of 2008, one of which was delivered and put into operation in May 2008. The sellers used $13,531,000 of cash in investing activities during fiscal 2007 as compared to $6,474,000 used in investing activities during fiscal 2006. The increase was primarily a result of amounts paid under the vessel construction contracts for the newly constructed vessels in fiscal 2007. The sellers used $86,711,000 of cash in investing activities during fiscal 2005, which related primarily to the purchase of four vessels.

*Financing Activities* Net cash provided by financing activities during the six months ended June 30, 2008 was $7,646,000, which includes $12,812,000 of dividend payments to the shareholders of sellers and $9,081,000 of repayments of long term debt, offset by $7,904,000 of capital contributions and $21,635,000 of proceeds from long term debt used to finance vessel acquisitions. Net cash used in financing activities during fiscal 2007 was $13,471,000, which includes $15,932,000 of dividend payments to the shareholders of the sellers and $9,844,000 of repayments of long term debt, partially offset by capital contributions from the sellers shareholders of $3,905,000 and proceeds from long-term debt of $8,400,000. Net cash used in financing activities in fiscal 2006 was $11,248,000, which primarily reflects $11,838,000 of dividend payments

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to the shareholders of the sellers and $7,573,000 of repayments of long term debt, partially offset by capital contributions from the sellers shareholders of $8,163,000. Net cash provided by financing activities in fiscal 2005 was $60,549,000, which primarily reflects proceeds of borrowings of $55,070,000 used by the sellers to acquire four vessels and capital contributions from the sellers shareholders of $15,980,000, which was partially offset by $3,319,000 of dividend payments to the shareholders of the sellers and repayment of long-term debt of $7,182,000.

## Quantitative and Qualitative Disclosures of Market Risk

### *Interest rate risk*

The sellers long-term debt in relation to the four vessels and the new buildings bears an interest rate of LIBOR plus a spread of 0.875% and 0.65%, respectively. A 100 basis-point increase in LIBOR would result in an increase to the finance cost of $568,000 in the next year. The sellers have no further obligation, with respect to their long-term debt, in relation to the six vessels it sold to Seanergy in August and September 2008.

### *Foreign exchange risk*

The sellers generated revenue in U.S. dollars and incurred minimal expenditures relating to consumables in foreign currencies. The foreign currency risk was minimal.

### *Inflation*

The sellers did not consider inflation to be a significant risk to direct expenses in the current and foreseeable future.

## Capital Requirements

On May 20, 2008 and August 22, 2008, the Davakis G (Hull No. KA 215) and the Delos Ranger (ex. Hull No. KA 216), respectively, were delivered to the sellers. As of June 30, 2008, the capital commitment was approximately $11.8 million. The sellers did not anticipate any other capital expenditures during the year ended December 31, 2008 as these vessels had been sold to Seanergy on August 28, 2008.

## Off-Balance Sheet Arrangements

As of December 31, 2007 and June 30, 2008, the sellers did not have off-balance sheet arrangements.

## Contractual Obligations and Commercial Commitments

The following tables summarize the sellers contractual obligations as of December 31, 2007 and June 30, 2008. The sellers neither have capital leases nor operating leases.

| | Payments Due by Period | | | | |
|---|---|---|---|---|---|
| **December 31, 2007** | **Total** | **Less Than 1 Year** | **1-2 Years** | **2-5 Years** | **More Than 5 Years** |
| | (Dollars in thousands) | | | | |
| Long-term debt(1) | 48,330 | 9,750 | 4,724 | 14,171 | 19,685 |
| Management fees(2) | 3,317 | 973 | 1,172 | 1,172 | |

| | | | | | |
|---|---|---|---|---|---|
| Capital commitments for vessel construction | 30,840 | 30,840 | | | |
| Total obligations | 82,487 | 41,563 | 5,896 | 15,343 | 19,685 |

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| June 30, 2008 | Total | Less Than 1 Year | 1-2 Years | 2-5 Years | More Than 5 Years |
|---|---|---|---|---|---|
| | Payments Due by Period (Dollars in thousands) | | | | |
| Long-term debt(1) | 60,884 | 12,364 | 5,643 | 16,931 | 25,946 |
| Management fees(2) | 2,901 | 1,143 | 1,172 | 586 | |
| Capital commitment for vessel construction | 11,820 | 11,820 | | | |
| Total obligations | 75,605 | 25,327 | 6,815 | 17,517 | 25,946 |

(1) The long-term debt has been repaid or reallocated as of the dates the vessels were delivered to Seanergy in August and September 2008.

(2) EST provides management services in exchange for a fixed fee per day for each vessel in operation. These agreements are entered into with an initial three-year term until terminated by the other party. The amounts indicated above are based on a management fee of $535 dollars per day per vessel. This management fee agreement has been terminated as of the dates the vessels were delivered to Seanergy in August and September 2008.

**Recent Accounting Pronouncements**

A number of new standards, amendments to standards and interpretations were not yet effective for the year ended December 31, 2007 or the six months ended June 30, 2008, and have not been applied in preparing the sellers combined financial statements:

(i) IFRS 8 Operating Segments introduces the management approach to segment reporting. IFRS 8, which becomes mandatory for the financial statements of 2009, will require the disclosure of segment information based on the internal reports regularly reviewed by the sellers Chief Operating Decision Maker in order to assess each segment s performance and to allocate resources to them. The sellers are evaluating the impact of this standard on the combined financial statements.

(ii) Revised IAS 23 Borrowing Costs removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Currently, the sellers capitalize borrowing costs directly attributable to the construction of the vessels and therefore the revised IAS 23 which will become mandatory for the sellers 2009 financial statements is not expected to have a significant effect.

(iii) IFRIC 11 IFRS 2 Group and Treasury Share Transactions requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. IFRIC 11 will become mandatory for the sellers 2008 financial statements, with retrospective application required. This standard does not have an effect on the combined financial statements as it is not relevant to the sellers operations.

(iv) IFRIC 12 Service Concession Arrangements provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. IFRIC 12, which becomes mandatory for the sellers 2008 financial statements. IFRIC 12 does not have an effect on the combined financial statements as it is not relevant to the sellers operations.

(v) IFRIC 13 Customer Loyalty Programs addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programs for their customers. It relates to customer loyalty programs under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13, which becomes mandatory for the sellers 2009 financial statements, is not expected to have any impact on the combined financial statements.

(vi) IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements (MFR) on such assets. It also addresses when a MFR might give rise to a liability. IFRIC 14 will become mandatory for the sellers 2008 financial statements, with retrospective application required. IFRIC 14 does not have an effect on the combined financial statements as it is not relevant to the sellers operations.

(vii) Revision to IAS 1, Presentation of Financial Statements: The revised standard is effective for annual periods beginning on or after January 1, 2009. The revision to IAS 1 is aimed at improving users ability to analyze and compare the information given in financial statements. The changes made are to require information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. This will enable readers to analyze changes in equity resulting from transactions with owners in their capacity as owners (such as dividends and share repurchases) separately from non-owner changes (such as transactions with third parties). In response to comments received through the consultation process, the revised standard gives preparers of financial statements the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with sub-totals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). Management is currently assessing the impact of this revision on the sellers financial statements.

(viii) Revision to IFRS 3 Business Combinations and an amended version of IAS 27 Consolidated and Separate Financial Statements: These versions were issued by IASB on January 10, 2008, which take effect on July 1, 2009. The main changes to the existing standards include: (i) minority interests (now called non-controlling interests) are measured either as their proportionate interest in the net identifiable assets (the existing IFRS 3 requirement) or at fair value; (ii) for step acquisitions, goodwill is measured as the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired (therefore there is no longer the requirement to measure assets and liabilities at fair value at each step to calculate a portion of goodwill); (iii) acquisition-related costs are generally recognized as expenses (rather than included in goodwill); (iv) contingent consideration must be recognized and measured at fair value at acquisition date with any subsequent changes in fair value recognized usually in the profit or loss (rather than by adjusting goodwill) and (v) transactions with non-controlling interests which do not result in loss of control are accounted for as equity transactions. Management is currently assessing the impact that these revisions will have on the sellers.

(ix) Revision to IFRS 2 Share-based Payment: The revision is effective for annual periods on or after January 1, 2009 and provides clarification for the definition of vesting conditions and the accounting treatment of cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or other parties, should receive the same accounting treatment. The sellers do not expect this standard to affect its combined financial statements as currently there are no share-based payment plans.

## MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR BET

The following management s discussion and analysis should be read in conjunction with the consolidated financial statements and accompanying notes prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ( IASB ), included elsewhere in this prospectus, of BET. This discussion relates to the operations and financial condition of BET including its wholly owned subsidiaries prior to the time we acquired a 50% interest in BET. We control BET through our right to appoint a majority of the BET board of directors. Although, BET charters the vessels it owns and earns revenue from charter hire, as it did prior to the time we purchased a controlling interest in BET, we have chartered some of the vessels to different charterers on different terms than existed prior to our acquisition of a controlling interest in BET. The pre-acquisition expense structure of BET was also different from ours, as BET, which was a joint venture between Constellation and an affiliate of the Restis family, did not employ any executive officers or staff except crew on board each of its vessels. Certain vessel-related fees, such as management fees, will also vary from the amount that was previously paid by BET. As a result, BET s financial statements and this discussion may not be indicative of what our historical results of operations would have been for the comparable periods had we owned a 50% interest in BET at that time. In addition, BET s results of operations and financial condition may not be indicative of what our results of operations and financial condition might be in the future.

This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, such as those set forth in the section entitled Risk Factors and elsewhere in this prospectus.

### General

BET is a provider of worldwide ocean transportation services through the ownership of five dry bulk carriers. BET was incorporated in December 2006 under the laws of the Republic of the Marshall Islands, as a joint venture between Constellation and Mineral Transport.

The operations of BET s vessels were managed by EST, which is an affiliate of members of the Restis family and which manages our other vessels. Following our acquisition of a 50% interest in BET, EST is continuing to manage BET s vessels pursuant to a management agreement. EST provides BET with a wide range of shipping services. These services include, at a daily fee per vessel (payable monthly), the required technical management, such as managing day-to-day vessel operations including supervising the crewing, supplying, maintaining and dry-docking of the vessels. Constellation Energy Commodities Group Limited, a company affiliated with Constellation, provided commercial brokerage services to BET and earned fees in connection with the charter of the vessels prior to our acquisition of an interest in BET. Following our acquisition of a 50% interest in BET, Safbulk Maritime is providing these services to BET pursuant to a brokerage agreement.

The following table details the vessels owned by BET:

| Vessel Name | Dwt | Vessel Type | Built | Date of Delivery |
|---|---|---|---|---|
| BET Commander | 149,507 | Capesize | 1991 | December 17, 2007 |
| BET Scouter | 171,175 | Capesize | 1995 | July 23, 2007 |

| | | | | |
|---|---|---|---|---|
| BET Fighter | 173,149 | Capesize | 1992 | August 29, 2007 |
| BET Intruder | 69,235 | Panamax | 1993 | March 20, 2008 |
| BET Prince | 163,554 | Capesize | 1995 | January 7, 2008 |

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### Important Measures for Analyzing BET S Results of Operations

BET believes that the important non-GAAP/non-IFRS measures and definitions for analyzing its results of operations consist of the following:

*Ownership days.* Ownership days are the total number of calendar days in a period during which BET owned each vessel in its fleet. Ownership days are an indicator of the size of the fleet over a period and affect both the amount of revenues and the amount of expenses recorded during that period.

*Available days.* Available days are the number of ownership days less the aggregate number of days that a company s vessels are off-hire due to major repairs, dry-dockings or special or intermediate surveys. The shipping industry uses available days to measure the number of ownership days in a period during which vessels should be capable of generating revenues.

*Operating days.* Operating days are the number of available days in a period less the aggregate number of days that vessels are off-hire due to any reason, including unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues.

*Fleet utilization.* Fleet utilization is determined by dividing the number of operating days during a period by the number of ownership days during that period. The shipping industry uses fleet utilization to measure a company s efficiency in finding suitable employment for its vessels and minimizing the amount of days that its vessels are off-hire for any reason excluding scheduled repairs, vessel upgrades, dry-dockings or special or intermediate surveys.

*Off-hire.* The period a vessel is unable to perform the services for which it is required under a charter.

*Time charter.* A time charter is a contract for the use of a vessel for a specific period of time during which the charterer pays substantially all of the voyage expenses, including port costs, canal charges and fuel expenses. The vessel owner pays the vessel operating expenses, which include crew wages, insurance, technical maintenance costs, spares, stores and supplies and commissions on gross voyage revenues. Time charter rates are usually fixed during the term of the charter. Prevailing time charter rates do fluctuate on a seasonal and year-to-year basis and may be substantially higher or lower from a prior time charter agreement when the subject vessel is seeking to renew the time charter agreement with the existing charterer or enter into a new time charter agreement with another charterer. Fluctuations in time charter rates are influenced by changes in spot charter rates.

*TCE.* Time charter equivalent or TCE rates are defined as our time charter revenues less voyage expenses during a period divided by the number of our operating days during the period, which is consistent with industry standards. Voyage expenses include port charges, bunker (fuel oil and diesel oil) expenses, canal charges and commissions.

### Revenues

BET S revenues were driven primarily by the number of vessels it operated, the number of operating days during which its vessels generated revenues, and the amount of daily charter hire that its vessels earned under charters. These, in turn, were affected by a number of factors, including the following:

The nature and duration of BET s charters;

The amount of time that BET s spent repositioning its vessels;

The amount of time that BET s vessels spent in dry-dock undergoing repairs;

Maintenance and upgrade work;

&