Seanergy Maritime Holdings Corp.
Form F-1/A
October 16, 2009

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As filed with the Securities and Exchange Commission on October 16, 2009

Registration No. 333-161961

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

Amendment No. 1
to

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:

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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

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.

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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, OCTOBER 16, 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 October 15, 2009, the closing price of our common stock was $3.95 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.

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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(1)	Supramax	54,051	2008		
Delos Ranger/Bahamas(1)	Supramax	54,051	2008		
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) The vessels are 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/

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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 October 15, 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.

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 who are affiliated with members of the Restis family, and the several investors parties 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 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, 166 74 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 a track record of taking proactive measures to enhance shareholder value as evidenced by the Company s financial results, the favorable charter agreements it has secured for its fleet, the loan covenant waivers it has received from its lenders and the successful acquisition of a 50% controlling interest in BET.

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. 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 price 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 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)	
Foreign currency exchange (losses), net	(56)		(55)		(39)		

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 for Seanergy Maritime and Seanergy 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 assert 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.

On September 30, 2009, BET entered into a supplemental agreement with Citibank International PLC (as agent for the syndicate of banks and financial institutions set forth in the loan agreement) in connection with the $222,000,000 amortized loan obtained by the six wholly owned subsidiaries of BET, which financed the acquisition of their respective vessels. The material terms of the supplemental agreement with Citibank International PLC are as follows:

(1) the applicable margin for the period between July 1, 2009 and ending on June 30, 2010 (the amendment period) shall be increased to two per cent (2%) per annum;

(2) the borrowers to pay to the agent a restructuring fee of $286,198.91 and a part of the loan in the amount of $20,000,000; and

(3) the borrowers and the corporate guarantor have requested and the creditors consented to:

(a) the temporary reduction of the security requirement during the amendment period to 100%; and

(b) the temporary reduction of the minimum equity ratio requirement of the principal corporate guarantee to be amended from 0.30: 1.0 to 0.175:1.0 during the amendment period at the end of the accounting periods ending on December 31, 2009 and June 30, 2010.

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.

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. As of June 30, 2009, the outstanding loan facility was $142,472,000. Following BET s supplemental agreement dated September 30, 2009 and prepayment of $20 million, the semi-annual installments of principal and the balloon payment amount to $7,128,158 and $44,062,262, respectively. Interest is due and payable quarterly based on interest periods selected by BET.

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 supplemental agreement dated September 30, 2009 contains a similar covenant. If the market value of the BET vessels is less than 100% 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.

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 operations.

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

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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.

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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.

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.

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

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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 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.

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.

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

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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 stock.

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 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.

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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.

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 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 October 15, 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						
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
September 2009**	$ 4.80	$ 4.01	$ 0.28	$ 0.18	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

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Developments. Therefore, there can be 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	As Further Adjusted
		(In thousands)	
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.

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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

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 the expiration of its charter party agreements in September 2009, the Davakis G and the Delos Ranger are 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.

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 Taxation section in this prospectus. Our acquisition of an interest in BET was approved by BET s lenders.

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 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.

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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.

On September 30, 2009, BET entered into a supplemental agreement with Citibank International PLC (as agent for the syndicate of banks and financial institutions set forth in the loan agreement) in connection with the $222,000,000 amortized loan obtained by the six wholly owned subsidiaries of BET, which financed the acquisition of their respective vessels. The material terms of the supplemental agreement with Citibank International PLC are as follows:

(1) the applicable margin for the period between July 1, 2009 and ending on June 30, 2010 (the amendment period) shall be increased to two per cent (2%) per annum;

(2) the borrowers to pay to the agent a restructuring fee of $286,198.91 and a part of the loan in the amount of $20,000,000; and

(3) the borrowers and the corporate guarantor have requested and the creditors consented to:

(a) the temporary reduction of the security requirement during the amendment period to 100%; and

(b) the temporary reduction of the minimum equity ratio requirement of the principal corporate guarantee to be amended from 0.30: 1.0 to 0.175:1.0 during the amendment period at the end of the accounting periods ending on December 31, 2009 and June 30, 2010.

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

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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 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

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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.

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

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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 upon current market conditions.

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.

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

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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 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 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 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.

On September 30, 2009, BET entered into a supplemental agreement with Citibank International PLC (as agent for the syndicate of banks and financial institutions set forth in the loan agreement) in connection with the $222,000,000 amortized loan obtained by the six wholly owned subsidiaries of BET, which financed the acquisition of their respective vessels. The material terms of the supplemental agreement with Citibank International PLC are as follows:

(1) the applicable margin for the period between July 1, 2009 and ending on June 30, 2010 (the amendment period) shall be increased to two per cent (2%) per annum;

(2) the borrowers to pay to the agent a restructuring fee of $286,198.91 and a part of the loan in the amount of $20,000,000; and

(3) the borrowers and the corporate guarantor have requested and the creditors consented to:

(a) the temporary reduction of the security requirement during the amendment period to 100%; and

(b) the temporary reduction of the minimum equity ratio requirement of the principal corporate guarantee to be amended from 0.30: 1.0 to 0.175:1.0 during the amendment period at the end of the accounting periods ending on December 31, 2009 and June 30, 2010.

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. As of June 30, 2009, the outstanding loan facility was $142,472,000. Following BET s supplemental agreement dated September 30, 2009 and prepayment of $20 million, the semi-annual installments of principal and the balloon payment amount to $7,128,158 and $44,062,262, respectively. 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 $14.3 million.

In 2010, we have principal repayments due of $18,950,000 and $14,256,317 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.

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Credit Facilities

Marfin 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.

Marfin 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.

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

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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 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 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. As of June 30, 2009, the outstanding loan facility was $142,472,000. Following BET s supplemental agreement dated September 30, 2009 and prepayment of $20 million, the semi-annual installments of principal and the balloon payment amount to $7,128,158 and $44,062,262, respectively. 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.

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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.

On September 30, 2009, BET entered into a supplemental agreement with Citibank International PLC (as agent for the syndicate of banks and financial institutions set forth in the loan agreement) in connection with the $222,000,000 amortized loan obtained by the six wholly owned subsidiaries of BET, which financed the acquisition of their respective vessels. The material terms of the supplemental agreement with Citibank International PLC are as follows:

(1) the applicable margin for the period between July 1, 2009 and ending on June 30, 2010 (the amendment period) shall be increased to two per cent (2%) per annum;

(2) the borrowers to pay to the agent a restructuring fee of $286,198.91 and a part of the loan in the amount of $20,000,000; and

(3) the borrowers and the corporate guarantor have requested and the creditors consented to:

(a) the temporary reduction of the security requirement during the amendment period to 100%; and

(b) the temporary reduction of the minimum equity ratio requirement of the principal corporate guarantee to be amended from 0.30: 1.0 to 0.175:1.0 during the amendment period at the end of the accounting periods ending on December 31, 2009 and June 30, 2010.

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.

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

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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.

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.

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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.

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 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.

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

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 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	Payments Due by Period Less Than 1 Year	1-2 Years	2-5 Years	More Than 5 Years
		(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.

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(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;

The age, condition and specifications of BET s 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. BET s vessels were chartered on spot and period time charters during the six months ended June 30, 2009, and during fiscal 2008 and fiscal 2007.

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. BET s average TCE rates for 2008 and 2007 were $32,604 and $13,553, respectively.

Vessel Operating Expenses

Vessel operating expenses include management fees, 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

During the years ended December 31, 2008 and 2007 and the six months ended June 30, 2009, BET depreciated its vessels on a straight-line basis over their then remaining useful lives after considering the residual value of the vessels. The residual value for the six months ended June 30, 2009 and for fiscal 2008 and fiscal 2007 was $500 per light weight tonnage. The estimated useful lives as of June 30, 2009 were 25 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. BET s total costs associated with dry-docking and special surveys were deferred and amortized on a straight-line basis over a period of between two to five 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.

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Principal Factors Affecting BET s Business

The principal factors that affected BET s 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;

Fluctuations in foreign exchange rates; and

Impairment losses on vessels.

Performance Indicators

BET believes that the unaudited information provided below is important for measuring trends in its 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.

	Twelve Months Ended December 31,	
	2008	**2007**
Fleet Data:		
Average number of vessels(1)		
Ownership days(2)	1,937	399
Available days(3) (equals operating days for the periods listed(4))	1,811	394
Fleet utilization(5)	93.5%	98.75%
Average Daily Results:		
Average TCE rate(6)	32,604	13,553
Vessel operating expenses(7)	12,001	2,815
Management fees(8)	1,941	441
Total vessel operating expenses(9)	13,942	3,256

(1) Average number of vessels is the number of vessels that constituted BET s fleet for the relevant period, as measured by the sum of the number of days each vessel was a part of BET s 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 BET s fleet over a period and affect both the amount of revenues and the amount of expenses that BET 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.

(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 BET s 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 the 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.

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

	Twelve Months Ended December 31,	
	2008	**2007**
	(Dollars in thousands except per diem amounts)	
Vessel revenues	61,027	5,362
Voyage expenses	1,981	(22)
Net operating revenues	59,046	5,340
Operating days	1,811	394
Average TCE daily rate	32,604	13,553

(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:

	Twelve Months Ended December 31,	
	2008	**2007**
	(Dollars in thousands except per diem amounts)	
Vessel operating expenses	13,942	3,256
Ownership days	1,937	399
Daily vessel operating expense	72	816

(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

Critical Accounting Policies

The discussion and analysis of BET s financial condition and results of operations is based upon its financial statements, which have been prepared in accordance with IFRS. The preparation of those financial statements requires BET 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 its 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. BET has described below what it believes are the estimates and assumptions that have the most significant effect on the amounts recognized in its financial statements. These estimates and assumptions relate to useful lives of its vessels, valuation and impairment losses on vessels, and dry-docking costs because BET believes 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. BET evaluated the periods over which its vessels were depreciated to determine if events or changes in circumstances had occurred that would require modification to their useful lives. In evaluating the useful lives of its vessels, BET reviewed certain indicators of potential impairment, such as the age of the vessels. BET depreciated each of its vessels on a straight-line basis over its estimated useful life, which during the year ended December 31, 2008 was estimated to be 25 years. Depreciation was based on cost less the estimated residual scrap value. Furthermore, BET estimated the residual values of its vessels to be $500 per lightweight ton. 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. BET originally valued its 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 were recorded in recognized income and expense and accumulated in equity under the caption revaluation reserve. The increase was recorded in the statements of income to the extent that it reversed a revaluation decrease of the related asset. Decreases in an individual vessel s carrying amount were recorded in the statements of income as a separate line item. However, the decrease was recorded in recognized income and expense to the extent of any credit balance existing in the revaluation reserve in respect of the related asset. The decrease recorded in recognized income and expense reduced the amount accumulated in equity under the revaluation reserve. 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, without physical inspection of the vessel.

BET considers 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 was an indication of impairment, BET compared 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 undiscounted 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 required a considerable degree of estimation on the part of BET s 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 were: the determination of the possible future new charters, future charter rates, on-hire days which were estimated at levels that are consistent with the on-hire statistics, future market values, and time value of money. Estimates were 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.

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An impairment loss was recognized if the carrying value of the vessel exceeded its estimated recoverable amount, as was the case between December 31, 2008 and August 12, 2009, the date we acquired a 50% interest in BET.

Dry-docking Costs. From time to time BET s 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 corresponds 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 BET, and this component was depreciated on a straight-line basis over the remaining period to the estimated dry-docking date.

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

Vessel Revenues Vessel revenues for fiscal 2008 were $61,027,000, an increase of $55,665,000 or 1,038.1% over fiscal 2007. Revenues increased primarily as a result of the operation of three of BET s vessels for an entire twelve months as compared to less than five months of operations and the addition of two additional vessels during fiscal 2008, offset by the loss of revenue generated by the BET Performer, which was sold on July 10, 2008 and which operated for three months during 2007.

Voyage Expenses Voyage expenses, which include classification fees and surveys, fuel expenses, port expenses, tugs, commissions and fees, and insurance and other voyage expenses, totaled $1,981,000 for fiscal 2008, as compared to $22,000 for fiscal 2007, which represents an increase of 99%. This increase of $1,959,000 in direct voyage expenses primarily reflects the increase in vessels operated in 2008.

Vessel Operating Expenses Vessel operating expenses were $13,942,000 for fiscal 2008, an increase of $10,686,000, or 328.19%, over $3,256,000 for fiscal 2007. Vessel operating expenses include the costs of chemicals and lubricants, repairs and maintenance, insurance and administration expenses for the vessels. These expenses increased in fiscal 2008 primarily due to the increase in the number of operating days.

Gain on Sale of Vessels During fiscal 2008, BET recorded a gain on sale of vessels of $59,068,000 resulting from the sale of the BET Performer on July 10, 2008. During fiscal 2007, BET did not sell any vessels.

Impairment Loss At December 31, 2008, BET adjusted its vessels to fair value. During fiscal 2008, due to changing market conditions, BET recorded an impairment loss, which included a revaluation reserve of $142,239,000 associated with the value of each of the vessels, amounting in total to $2,649,000. No such losses were incurred by BET during fiscal 2007.

Depreciation and Amortization For fiscal 2008, depreciation and amortization expense totaled $41,824,000, as compared to $4,350,000 for fiscal 2007, which represented an increase of $37,474,000 or 861.47%. This increase resulted from the increase in the number of vessels operated in 2008.

Results from Operating Activities For fiscal 2008, results from operating activities were $59,699,000, which represents an increase of $61,965,000, or 2,734.6%, compared to an operating loss of $2,266,000 for fiscal 2007. The primary reasons for the increase in the results from operating activities were the increase in revenues as described above and the gain on the sale of the BET Performer, offset by the increased vessel operating expenses and depreciation and amortization.

Net Finance Costs Net finance cost for fiscal 2008 was $14,966,000, which represents an increase of $12,508,000, or 503%, compared to $2,488,000 fiscal 2007. The net increase in finance costs resulted primarily from the increase in loan principal outstanding under the BET loan facility.

Net Profit The net profit for fiscal 2008 was $44,703,000, as compared to a net loss of $4,754,000 for fiscal 2007. This increase of $49,457,000, or 1,041%, is primarily due to the gain on sale of the BET Performer and the increase in vessel revenue offset by the increase in vessel operating expenses and depreciation and amortization.

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Liquidity and Capital Resources

BET s principal sources of funds have been equity provided by its shareholders, operating cash flows and long-term borrowings. Its principal uses of funds have been capital expenditures to acquire and maintain its fleet, payments of dividends, working capital requirements and principal repayments on outstanding loan facilities.

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 a syndicate of banks and 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%. 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 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. As of June 30, 2009, the outstanding loan facility was $142,472,000. Following BET s supplemental agreement dated September 30, 2009 and prepayment of $20 million, the semi-annual installments of principal and the balloon payment amount to $7,128,158 and $44,062,262, respectively. 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 is 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 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;

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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.

On September 30, 2009, BET entered into a supplemental agreement with Citibank International PLC (as agent for the syndicate of banks and financial institutions set forth in the loan agreement) in connection with the $222,000,000 amortized loan obtained by the six wholly owned subsidiaries of BET, which financed the acquisition of their respective vessels. The material terms of the supplemental agreement with Citibank International PLC are as follows:

(1) the applicable margin for the period between July 1, 2009 and ending on June 30, 2010 (the amendment period) shall be increased to two per cent (2%) per annum;

(2) the borrowers to pay to the agent a restructuring fee of $286,198.91 and a part of the loan in the amount of $20,000,000; and

(3) the borrowers and the corporate guarantor have requested and the creditors consented to:

(a) the temporary reduction of the security requirement during the amendment period to 100%; and

(b) the temporary reduction of the minimum equity ratio requirement of the principal corporate guarantee to be amended from 0.30: 1.0 to 0.175:1.0 during the amendment period at the end of the accounting periods ending on December 31, 2009 and June 30, 2010.

Cash Flows

Operating Activities Net cash from operating activities totaled $35,712,000 during fiscal 2008, as compared to net cash used in operating activities of $131,000 during fiscal 2007. This increase reflected primarily the increase in vessels revenue in fiscal 2008 compared to the prior year due to increased operations in the current year.

Investing Activities Net cash from investing activities was $28,306,000 for fiscal 2008 as compared to net cash used in investing activities of $225,841,000 in fiscal 2007. This increase was primarily due to BET s acquisition of three vessels in 2007 versus two vessels in 2008 and the sale of the BET Performer in 2008.

Financing Activities Net cash used in financing activities during fiscal 2008 was $55,573,000, which includes $53,888,000 of dividend payments to the shareholders of BET and $59,858,000 of repayments of long-term debt, partially offset by proceeds from long-term debt of $73,500,000 and capital contributions from shareholders of $8,185,000. Net cash provided by financing activities in fiscal 2007 was $252,637,000, which reflects capital contributions from BET s shareholders of $115,553,000 and proceeds from long-term debt of $148,500,000, partially offset by $11,416,000 of repayments of long-term debt.

Quantitative and Qualitative Disclosures of Market Risk

Interest rate risk

BET s long-term debt in relation to its vessels bears an interest rate of LIBOR plus a spread of 0.75%. A 100 basis-point increase in LIBOR would result in an increase to the finance cost of $138,000 in the next year.

BET has entered into interest rate swap agreements denominated in US Dollars. The notional contract amount of the swaps at December 31, 2008 amounted to $130,000,000. The interest rate swap agreements mature over the next five years and have an average fixed swap rate of 3.46%. The swap agreements are classified as a financial instrument stated at their fair value since they do not qualify for hedge accounting.

Foreign exchange risk

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

Inflation

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

Capital Requirements

BET s capital requirements include only the routine dry docking of its vessels. BET anticipates capital expenditures of $1.2 million for the BET Commander during the year ending December 31, 2009, which will be funded from its operations:

Off-Balance Sheet Arrangements

As of December 31, 2008, BET did not have off-balance sheet arrangements.

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Contractual Obligations and Commercial Commitments

The following table summarizes BET s contractual obligations as of December 31, 2008 based on the contractual terms of the arrangements and do not reflect any potential acceleration due to non-compliance with covenant terms. BET does not have any capital leases or operating leases.

		Payments Due by Period			
December 31, 2008	**Total**	**Less Than 1 Year**	**1-2 Years**	**2-5 Years**	**More Than 5 Years**
		(Dollars in thousands)			
Long-term debt	150,725	16,573	33,145	49,718	51,289
Interest on long-term debt	14,118	1,841	4,771	6,678	828
Management fees	8,166	1,381	2,632	4,153	
Total obligations	173,009	19,795	40,548	60,549	52,117

Recent Accounting Pronouncements

A number of new standards, amendments to standards and interpretations were not yet effective for the year ended December 31, 2008, and were not applied in preparing BET s 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 BET s Chief Operating Decision Maker in order to assess each segment s performance and to allocate resources to them. BET is evaluating the impact of this standard on the 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, BET capitalize borrowing costs directly attributable to the construction of the vessels and therefore the revised IAS 23 which will become mandatory for BET s 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 BET s 2008 financial statements, with retrospective application required. This standard does not have an effect on the financial statements as it is not relevant to BET s 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 BET s 2008 financial statements. IFRIC 12 does not have an effect on the financial statements as it is not relevant to BET s 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 BET s 2009 financial statements, is not expected to have any impact on the 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 BET s 2008 financial statements, with retrospective application required. IFRIC 14 does not have an effect on the financial statements as it is not relevant to BET s operations.

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(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 BET s 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 BET.

(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. BET does not expect this standard to affect its financial statements as currently there are no share-based payment plans.

(x) IFRIC *15* Agreements for the Construction of Real Estate: This interpretation is effective for annual periods beginning on or after January 1, 2009 and will not have any impact to the consolidated financial statements.

(xi) IFRIC *16* Hedges of a Net Investment in a Foreign Operation: This interpretation is effective for annual periods beginning on or after October 1, 2008 and will not have any impact to the financial statements.

(xii) Reclassification of Financial Assets: Amendments to IAS 39 Financial Investments: Recognition and measurement and IFRS 7 Financial Instruments: Disclosure: These amendments are applicable from July 1, 2008 prospectively. Furthermore, amendments have been made to IFRS 7 to ensure disclosure is made of the above reclassifications, which are also applicable from July 1, 2008 and will not have any impact to the consolidated financial statements.

(xiii) Eligible Hedged Items Amendment to IAS 39 Financial Instruments: Recognition and measurement: These amendments are applicable retrospectively for annual periods beginning on or after July 1, 2009 and will not have any impact to the consolidated financial statements.

(xiv) IFRIC 17 Distribution of Non-cash Assets to Owners: This interpretation is applicable prospectively for annual periods beginning on or after July 1, 2009. Retrospective application is not permitted and this IFRIC will not have any impact to the consolidated financial statements.

(xv) IFRIC 18 Transfer of Assets from Customers: This interpretation should be applied prospectively to transfers of assets from customers received on or after July 1, 2009 and will not have any impact to the consolidated financial statements.

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SEANERGY AND BET UNAUDITED PRO FORMA FINANCIAL STATEMENTS

Accounting Treatment

On August 12, 2009, Seanergy completed the acquisition of a 50% ownership interest in Bulk Energy Transport (Holdings) Limited. We control BET through our right to appoint a majority of the BET board of directors. The acquisition was accounted for under the purchase method of accounting and accordingly, the net assets acquired have been recorded at their fair values.

Basis of Accounting The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), assuming that the business combination had occurred at the beginning of the fiscal year 2008 for pro forma statement of operation data and at December 31, 2008 for proforma balance sheet data.

The unaudited pro forma summary financial information is for illustrative purposes only. You should not rely on the unaudited pro forma statement of operations for the year ended December 31, 2008 as being indicative of the historical financial position and results of operations that would have been achieved had the business combination been consummated as of January 1, 2008. See Risk Factors, Consolidated Financial Statements at December 31, 2008 and Management s Discussion and Analysis of Financial Condition and Results of Operations for Seanergy Maritime and Seanergy at December 31, 2008.

The unaudited pro forma balance sheet for the year ended December 31, 2008 has been derived from the consolidated (historical) balance sheet of Seanergy and its wholly acquired subsidiaries for the year ended December 31, 2008 and the unaudited consolidated balance sheet of BET as of December 31, 2008 as converted to US GAAP from IFRS. The unaudited pro forma statement of operations for the year ended December 31, 2008 has been derived from (i) the unaudited pro forma statement of operations for the year ended December 31, 2008, which had been derived from the unaudited combined statement of operations of the Restis family affiliated vessels acquired for the period January 1, 2008 to August 27, 2008 and from the consolidated (historical) statement of operations of Seanergy and its wholly acquired subsidiaries for the entire year ended December 31 2008; and (ii) the unaudited statement of operations of BET for the year ended December 31, 2008 as converted to US GAAP from IFRS.

The pro forma adjustments primarily relate to the allocation of the purchase price, including adjusting assets and liabilities to fair value with related changes in depreciation and amortization expense.

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Seanergy Maritime Holdings and Bulk Energy Transport (Holdings) Limited

Unaudited Proforma Condensed Balance Sheet as of December 31, 2008

			Proforma Including Fair Value		
	Seanergy Maritime	Bulk Energy Transport	Adjustments Debit	Credit	Proforma Combined
	(In thousands of US dollars, except for share and per share data, unless otherwise stated)				
		ASSETS			
Current assets:					
Cash and cash equivalents	27,543	35,110			62,653
Trade accounts and other receivables	577	2,025			2,602
Inventories	872	1,217			2,089
Due from related parties	822	16,094			16,916
Total current assets	**29,814**	**54,446**			**84,260**
Vessels	345,622	221,387		95,387(1)	471,622
Office equipment, net	9				9
Total fixed assets	**345,631**	**221,387**			**471,631**
Deferred dry-docking costs		4,059		4,059(2)	
Deferred finance charges	2,757	661		661(3)	2,757
Total Assets	**378,202**	**280,553**			**558,648**
		LIABILITIES			
Current liabilities:					
Current portion of long-term debt	27,750	16,573			44,323
Due to related parties		59			59
Trade accounts and accrued expenses	1,381	3,009			4,390
Fair value of interest rate swap		6,935			6,935
Amounts due to underwriter	419				419
Accrued charges on convertible promissory note	420				420
Deferred revenue related party	3,029				3,029
Deferred revenue		212		1,092(4)	1,304
Total current liabilities	**32,999**	**26,788**			**60,879**
	184,595	134,813			319,408

Long-term debt, excluding current portion					
Convertible promissory note	29,043				29,043
Total liabilities	**246,637**	**161,601**			**409,330**
Shareholders equity:					
Common stock	2				2
Additional paid-in capital	166,361	100,226	100,226(5)		166,361
Accumulated deficit	(34,798)	18,726	95,387(1) 4,059(2) 661(3) 1,092(4)	91,349(5)	(25,922)
Noncontrolling interest				8,877(5)	8,877
Total shareholders equity	**131,565**	**118,952**			**149,318**
Total liabilities and shareholders equity	**378,202**	**280,553**			**558,648**

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Seanergy Maritime Holdings and Bulk Energy Transport

Unaudited Pro Forma Condensed Consolidated Statement of Operations
Year Ended December 31, 2008

	Seanergy Maritime(9)	Bulk Energy Transport(10)	Pro Forma Including Fair Value Adjustments Debit	Pro Forma Including Fair Value Adjustments Credit	Total Proforma
Revenues:					
Vessel revenue related party	77,574	168			77,742
Revenue from vessels		60,859			60,859
Commissions related party	(880)				(880)
Vessel revenue related party, net	**76,694**	**61,027**			**137,721**
Expenses:					
Direct voyage expenses	(954)	(1,981)			(2,935)
Vessel operating expenses	(9,160)	(12,001)			(21,161)
Voyage expenses related party	(440)				(440)
Management fees related party	(973)	(1,941)			(2,914)
General and administration expenses	(1,840)				(1,840)
General and administration expenses related party	(1,012)				(1,012)
Depreciation	(29,427)	(23,119)		14,366(6)	(38,180)
Amortization of deferred dry-docking costs	(605)	(1,843)			(2,448)
Goodwill impairment loss	(44,795)				(44,795)
Vessels impairment loss					
Operating Income (Loss)	**(12,512)**	**20,142**			**21,996**
Gain on sale of vessels		**57,222**			**57,222**
Other Expenses:					
Interest and finance costs	(7,121)	(16,094)			(23,215)
Interest and finance costs shareholders	(838)				(838)
Interest income money market funds	36	1,098			1,134
Foreign currency exchange gains (losses), net	(39)				(39)
Other Income (Expense)	**(7,962)**	**(14,996)**			**(22,958)**
Net Income (Loss)	**(20,474)**	**62,368**		**14,366**	**56,260**

Noncontrolling interest		**(38,367)(7)**		**(38,367)**
Net Income attributable to Seanergy	**(20,474)**	**24,001**	**14,366**	**17,893**
Net (Income)/Loss per common share				
Basic	(0.92)			0.80
Diluted	(0.92)			0.26
Weighted average common shares outstanding (Note 8)				
Basic	22,361,227			**22,361,227**
Diluted	22,361,227			**69,913,969**

ProForma Adjustments and Eliminations ***(In thousands of US Dollars, except for share and per share data, unless otherwise stated):***

(1) To record the vessels at their fair value as of the date of acquisition.

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(2) To eliminate dry-docking costs that are included in the fair value of the vessels.

(3) To eliminate deferred finance costs due to fair value adjustments.

(4) To adjust the time charter contracts acquired at their fair value.

(5) To record the negative goodwill and non controlling interest resulting from the acquisition of BET.

(6) To adjust depreciation expense based on the fair value of the vessels as of the date of acquisition.

(7) To reflect noncontrolling interest of 50% ownership in BET.

(8) The calculation of net income (loss) per common share is summarized below.

(9) As previously reported under F1.

(10) As reported under US GAAP.

		2008
Basic:		
Net (loss) income	$	17,893
Actual number of common shares outstanding basic		22,361,227
Net income (loss) per common share-basic	$	0.80
Diluted:		
Net (loss) income	$	17,893
Weighted average common shares outstanding		22,361,227
Effect of dilutive common stock equivalents		47,552,742
Pro forma weighted average number of common shares outstanding diluted		69,913,969
Net income (loss) per common share-diluted	$	0.26

As of December 31, 2008, securities that could potentially dilute basic EPS in the future that were included in the computation of diluted EPS as mentioned above are:

Private warrants	16,016,667
Public warrants	22,968,000
Underwriters purchase options common shares	1,000,000
Underwriters purchase options warrants	1,000,000
Convertible note to related party	2,260,000

Contingently-issuable shares earn-out (Note 5)	4,308,075
Total	47,552,742

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Bulk Energy Transport (Holdings) Limited (BET)

Unaudited Consolidated Balance Sheet
Conversion from IFRS to US GAAP
December 31, 2008

	As Reported Under IFRS	Adjustments to Convert IFRS to US GAAP		As Presented Under US GAAP
		Debit	Credit	
	(In thousands of US dollars)			
ASSETS				
Current assets				
Cash and cash equivalents	35,110			35,110
Restricted cash				
Money market funds held in trust				
Trade accounts and other receivables	2,025			2,025
Inventories	1,217			1,217
Due from related parties	16,094			16,094
Total current assets	54,446			54,446
Restricted cash				
Deferred loan costs				
Vessels	276,753	2,649(A4)	4,059(A1)	221,387
		139,590(A5)	208,562(A2)	
		15,016(A3)		
Dry-docking		4,059(A1)		4,059
Deferred finance charges		661(A6)		661
Total assets	331,199	161,975	212,621	280,553
LIABILITIES				
Current liabilities				
Current portion of long-term debt	16,573			16,573
Due to related parties	59			59
Trade accounts payable and accrued expenses	3,009			3,009
Fair value of interest rate swap	6,935			6,935
Amounts due to underwriter FV of charters attached				
Deferred revenue	212			212
Total current liabilities	26,788			26,788

Long-term, excluding current portion	134,152		661(A6)	134,813
Total liabilities	160,940		661	161,601
SHAREHOLDERS EQUITY				
Common stock, no par value				
Additional paid-in capital	100,226			100,226
Revaluation reserve	68,972	208,562(A2)	139,590(A5)	
Retained earnings	1,061		2,649(A4) 15,016(A3)	18,726
Total shareholders equity	170,259	208,562	157,255	118,952
Total liabilities and shareholders equity	331,199	208,562	157,916	280,553

US GAAP Adjustments and Eliminations to convert from IFRS to US GAAP (in thousands of US Dollars):

(A1) Reclassification of dry docking expenses that under IFRS are considered a component of the asset.

(A2) Reversal of the revaluation on vessels recorded under IFRS.

(A3) Recalculation of depreciation in accordance with the historical cost basis.

(A4) Reversal of impairment loss as carrying value was calculated using undiscounted cash flows compared to discounted cash flows under IFRS.

(A5) Reversal of the decrease in revaluation reverse recorded under IFRS.

(A6) Reclassification of deferred finance expenses.

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Bulk Energy Transport

Unaudited Condensed Consolidated Statement of Operations
Conversion From IFRS to U.S. GAAP
For the year ended December 31, 2008

	As Reported Under IFRS	Adjustments to Convert IFRS to U.S. GAAP Debit	Credit	As Presented Under U.S. GAAP
		(In thousands of U.S. dollars)		
Revenue from vessels	60,859			60,859
Revenue from vessels related party	168			168
	61,027			61,027
Direct voyage expenses	1,981			1,981
	59,046			59,046
Gain on sale of vessels	59,068	1,846(A3)		57,222
Operating expenses				
Crew costs	5,213			5,213
Management fees related party	1,941			1,941
Other operating expenses	6,788			6,788
Impairment loss	2,649		2,649(A4)	
Depreciation expense	41,824		1,843(A1)	23,119
			15,016(A2)	
			1,846(A3)	
Amortization of dry-docking		1,843(A1)		1,843
Total operating expenses	58,415	1,843	21,354	38,904
Operating income	59,699			77,364
Other income (expense)				
Interest income	1,098			1,098
Interest expense	(16,094)			(16,094)
Total other income (expense)	(14,996)			(14,996)
Net income	44,703	3,689	21,354	62,368

Adjustments to Convert From IFRS to US GAAP (in thousands of U.S. Dollars, unless otherwise noted):

(A1) To reclassify the amortization of dry docking expenses that are considered a component of depreciation under IFRS.

(A2) To eliminate depreciation expense relating to the revaluation of the vessels to their fair value under IFRS.

(A3) To eliminate depreciation expense relating to the revaluation of the sold vessel recorded under IFRS.

(A4) To eliminate the impairment loss calculated using discounted cash flows compared to US GAAP that anticipate undiscounted cash flows in step 1 of the impairment test.

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SEANERGY MARITIME HOLDINGS CORP. AND SUBSIDIARIES AND RESTIS FAMILY AFFILIATED VESSELS ACQUIRED

UNAUDITED PRO FORMA SUMMARY FINANCIAL DATA

Accounting Treatment

Vessel Acquisition and Other Intangible Assets On August 28, 2008, Seanergy Maritime completed its 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 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.

Dissolution and Liquidation Upon the dissolution and liquidation of Seanergy Maritime on January 27, 2009, Seanergy Maritime distributed to each holder of shares of common stock of Seanergy Maritime one share of Seanergy common stock for each share of common stock of Seanergy Maritime.

Basis of Accounting The consolidated financial statements have been prepared in accordance with US GAAP and include the results of operations of Seanergy for the full year and its wholly acquired subsidiaries and results of operations and cash flows from August 28, 2008 (the date of the completion of the business combination) to December 31, 2008.

The following unaudited pro forma statement of operations for the year ended December 31, 2008 has been prepared assuming that the business combination had occurred on January 1, 2008.

The unaudited pro forma statement of operations for the year ended December 31, 2008 is for illustrative purposes only. You should not rely on the unaudited pro forma statement of operations for the year ended December 31, 2008 as being indicative of the historical financial position and results of operations that would have been achieved had the business combination been consummated as of January 1, 2008. See Risk Factors, Consolidated Financial Statements at December 31, 2008 and Management s Discussion and Analysis of Financial Condition and Results of Operations for Seanergy Maritime and Seanergy at December 31, 2008.

The pro-forma adjustments primarily relate to revenue and operating expenses, vessel depreciation, interest income and interest expense, as if the business combination had been consummated as of January 1, 2008, assuming that the used vessels were fully operating under effective contracts as from acquisition date and effective historical revenues under Restis family management and assuming that each new building started operations as from the delivery date in 2008. Impairment of goodwill was assumed to be the same as recorded in the consolidated financial statements.

The unaudited pro forma statement of operations for the year ended December 31, 2008 has been derived from the unaudited combined statement of operations of the Restis family affiliated vessels acquired for the period January 1, 2008 to August 27, 2008 and from the consolidated (historical) statement of operations of Seanergy and its wholly acquired subsidiaries for the entire year ended December 31, 2008.

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Seanergy Maritime Holdings Corp. and Subsidiaries and Restis Family Affiliated Vessels Acquired

Unaudited Pro Forma Condensed Consolidated Statement of Operations
Year Ended December 31, 2008

	Seanergy Maritime Holdings Corp. and Subsidiaries (Note A)	Restis Family Affiliated Vessels Acquired (Note B)	Proforma Adjustments and Eliminations Debit	Proforma Adjustments and Eliminations Credit	Proforma
Revenues:					
Vessel revenue related party	35,333	28,227		14,014(1)	77,574
Commissions related party	(880)				(880)
Vessel revenue related party, net	34,453	28,227			76.694
Expenses:					
Direct voyage expenses	(151)	(759)	(44)(1)		(954)
Vessel operating expenses	(3,180)	(3,974)	(2,006)(1)		(9,160)
Voyage expenses related party	(440)				(440)
Management fees related party	(388)	(411)	(159)(1) (15)(10)		(973)
General and administration expenses	(1,840)				(1,840)
General and administration expenses related party	(430)		(582)(11)		(1,012)
Depreciation	(9,929)	(4,779)	(14,719)(9)		(29,427)
Amortization of dry-docking		(605)			(605)
Goodwill impairment loss	(44,795)				(44,795)
Vessels impairment loss	(4,530)			4,530(12)	
Operating income (loss)	(31,230)	17,699			(12,512)

Other expenses, net:					
Interest and finance costs	(3,895)	(1,014)	(243)(2) (1,814)(3) (1,110)(4) (59)(8)	1,014(7)	(7,121)
Interest and finance costs shareholders	(182)		(656)(5)		(838)
Interest income money market funds	3,361	36	(3,361)(6)		36
Foreign currency exchange gains (losses), net	(39)				(39)
	(755)	(978)			(7,962)
Net (loss) income	(31,985)	16,721			(20,474)
Net (loss) income per common share					
Basic					(0.92)
Diluted					(0.92)
Weighted average common shares outstanding					
Basic					22,361,227
Diluted					22,361,227

Pro Forma Adjustments (in thousands of U.S. Dollars, except for share and per share data, unless otherwise noted):

(1) Represents the additional revenue and direct vessel operating expenses for the vessels operating from July 1, 2008 to August 28, 2008.

(2) To record amortization of deferred loan facility arrangement and underwriting fees based on provisions of the facility agreements ($2,550 / 84 mo X 8 mo).

(3) To record interest expense on the 7 year Marfin term loan facility as if it had been in place from the beginning of the period presented. Pursuant to the term loan facility, interest is calculated based upon the 3 month LIBOR rate, plus an applicable margin, as defined in the agreement. For calculation purposes, the LIBOR rate at March 27, 2009 of 1.23% per annum, plus a margin of 1.75% was utilized. For each 1/8 percentage point change in the annual interest rate charged, the resulting interest expense would change by $256 during the twelve month period.

(4) To record interest expense on the 7 year Marfin revolving facility as if it had been in place from the beginning of the period presented. Pursuant to the revolving facility, interest is calculated based upon the 3 month LIBOR rate, plus an applicable margin of 2.25%, as defined in the agreement. For calculation purposes, the LIBOR rate at March 27, 2009 of 1.23% per annum was utilized. For each 1/8 percentage point change in the annual interest rate charged, the resulting interest expense would change by $192 during the twelve month period.

(5) To record interest expense on the unsecured convertible note payable to Restis family as if it had been in place from the beginning of the period presented. Interest at 2.9% per annum is due at maturity, in two years. Additionally, an arrangement fee of $288 is due at maturity and note prepayment is not permitted. ($28,250 X 2.9% / 12 mo X 8 mo + $288 / 21 mo X 8 mo = $656)

(6) To eliminate interest income earned on funds held in trust.

(7) To eliminate, effective January 1, 2008, interest expense on indebtedness of the Restis family affiliates to be acquired that was repaid pursuant to the agreements.

(8) To record commitment fee on 7 year revolving facility at 0.25% per annum, payable quarterly in arrears, on the un-drawn revolving facility amount. These pro formas are based upon the assumption that operations are sufficient to fund working capital and dividend payment needs and any drawdown on the revolving facility will be for the purpose of funding the redemption of common stock. [($90,000 $54,845) X 0.25% / 12 mo X 8 mo = $59]

(9) To record additional depreciation expense with respect to the four vessels in operation from January 1, 2008, as a result of the step-up in basis related to the purchase of the vessels. One newly built vessel was put into operation on May 20, 2008 and one newly built vessel put into operation on August 28, 2008 and therefore depreciation has been recorded from the delivery date until August 28, 2008.

(10) To record increment in management fees per the management agreement dated May 20, 2008 of Euro 416 (US$549 at March 27, 2009) per day for the first year of the agreement. (New daily fee of $549 less former daily fee of $535, times 241 days, times 4 vessels, plus new daily fee of $549 less former daily fee of $535, times 100 days for a vessel put into operation on May 20, 2008). The sixth vessel was placed into operation on August 28, 2008.

(11) Rental expense for the period January 1, 2008 to November 16, 2008.

(12) Vessel impairment would not arise after giving effect to Note (9) above, as the fair market value of the impaired vessel would be greater than its carrying value.

Pro Forma Notes (in thousands of U.S. Dollars, except for share and per share data, unless otherwise noted):

(A) Derived from the consolidated statement of operations of Seanergy Maritime Holdings Corp. and subsidiaries for the year ended December 31, 2008.

(B) Six vessels owned by the following Restis Family Affiliates were acquired by Seanergy: Goldie Navigation Ltd., Pavey Services Ltd., Shoreline Universal Ltd., Valdis Marine Corp., Kalistos Maritime

S.A. and Kalithea Maritime S.A. Two of the six vessels are newly-built, delivered and put into service in May and August 2008, respectively.

(C) No consideration has been given to up to 4,308,075 shares of Seanergy common stock potentially issuable to the Restis family as additional investment shares based upon attaining certain earnings thresholds. Management currently believes the earnings based thresholds can be achieved with the charters executed on the acquisition date, subject to achieving expected utilization and budgeted operating expense levels. Any shares issued upon attainment of these earnings thresholds will be treated as additional purchase consideration. It is reasonably possible in the near future that any amounts recorded upon achievement of the earn-out in 2009 may be impaired based on current market conditions. See also Note D below.

(D) On August, 26, 2008, shareholders of Seanergy Maritime approved the business combination with holders of 6,514,175 shares voting against the vessel acquisition. Of the shareholders voting against the vessel acquisition, holders of 6,370,773 shares properly demanded redemption of their shares and were paid $63,707,730, or $10.00 per share, which included a forfeited portion of the deferred underwriter s contingent fee.

(E) The margin on the Marfin term facility is 1.5% per annum, if the Total Assets to Total Liabilities ratio is greater than 165% and 1.75% if the ratio is less than 165%, to be tested quarterly. Based upon the December 31, 2008 balance sheet, the ratio of Total Assets to Total Liabilities is 153%; accordingly, a margin of 1.75% has been utilized in these proformas.

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Restis Family Affiliated Vessels Acquired

Unaudited Condensed Combined Statement of Operations
Conversion From IFRS to US GAAP
Six Months Ended June 30, 2008

	As Reported Under IFRS	Adjustments to Convert IFRS to U.S. GAAP		As Presented Under U.S GAAP
		Debit	Credit	
	(In thousands of U.S. dollars)			
Revenue from vessels	28,227			28,227
Direct voyage expenses	(759)			(759)
	27,468			27,468
Operating expenses				
Crew costs	2,143			2,143
Management fees related party	411			411
Other operating expenses	1,831			1,831
Depreciation expense	16,314		605(1) 10,930(2)	4,779
Amortization of dry-docking		605(1)		605
Total operating expenses	20,699			9,769
Operating income	6,769			17,699
Other income (expense)				
Interest income	36			36
Interest expense	(1,014)			(1,014)
Total other income (expense)	(978)			(978)
Net income	5,791			16,721

Adjustments to Convert From IFRS to US GAAP (in thousands of U.S. Dollars, unless otherwise noted):

(1) To reclassify the amortization of dry docking expenses that are considered a component of depreciation under IFRS.

(2) To eliminate depreciation expense relating to the revaluation of the vessels to their fair value under IFRS.

Note:

These adjustments represent only certain significant adjustments from IFRS to US GAAP and may not capture full conversion to US GAAP.

THE INTERNATIONAL DRY BULK SHIPPING INDUSTRY

The information and data contained in this proxy statement relating to the global shipping industry has been provided by Clarkson Research Services Limited (Clarkson Research) and is taken from Clarkson Research s database and other sources. We do not have any knowledge that the information provided by Clarkson Research is inaccurate in any material respect. Clarkson Research has advised that: (i) some information in Clarkson Research s database is derived from estimates or subjective judgments; (ii) the information in the databases of other maritime data collection agencies may differ from the information in Clarkson Research s database; and (iii) while Clarkson Research has taken reasonable care in the compilation of the statistical and graphical information and believes it to be accurate and correct, data compilation is subject to limited audit and validation procedures.

Dry Market Overview

Shipping is a global industry and its prospects are closely tied to the level of economic activity in the world. The maritime shipping industry is fundamental to international trade, because it is the only practicable and cost-effective means of transporting large volumes of many essential commodities and finished goods. Dry bulk shipping is the primary means of transporting large amounts of raw materials necessary for many basic industries and the development of global infrastructure. Shipping markets are highly competitive, and ship charter hire rates are very sensitive to changes in demand for and supply of capacity, and are consequently volatile.

The four largest segments in the shipping industry are tankers, which carry such cargo as crude oil and petroleum products; bulk carriers, which carry iron ore, coal and grain; containerships, which carry only containers; and gas tankers, which carry mostly liquefied petroleum gas (LPG) and liquefied natural gas (LNG). According to figures as at September 2009, total annual world seaborne trade in 2008 reached over 8.0 billion metric tonnes, of which dry bulk cargoes accounted for over 3.0 billion metric tonnes. However world seaborne trade in 2009 is expected to contract, as is dry bulk trade. The following table illustrates the evolution of the various categories of cargoes that comprise world seaborne trade.

World Seaborne Trade

Million Tonnes	1998	2003	2008(e)	2009(f)	% Change 2008-2009	CAGR 2003-2008	CAGR 1998-2008
Crude Oil	1,585	1,770	1,964	1,920	(2.3)%	2.1%	2.2%
Oil Products	503	607	799	776	(2.8)%	5.6%	4.7%
Major Dry Bulk	1,186	1,487	2,077	2,052	(1.2)%	6.9%	5.8%
Minor Dry Bulk	719	815	988	935	(5.3)%	3.9%	3.2%
Container	503	805	1,318	1,198	(9.1)%	10.4%	10.1%
LPG & LNG	120	161	215	231	7.4%	5.9%	6.0%
Other	815	925	795	767	(3.5)%	(3.0)%	(0.2)%
Total	5,430	6,571	8,157	7,880	(3.4)%	4.4%	4.2%

Source: Clarkson Research, October 2009. Average percentage growth based on 1998-2008. 2008 figures estimated.

The world internationally trading cargo ship fleet (as detailed in Clarkson Research s Shipping Intelligence Weekly) comprised at the start of September 2009 approximately 54,586 ships with a total capacity of approximately 1,208.9 million deadweight tonnes (DWT). This included 7,131 bulk carriers (of 10,000 DWT and above). Measured by DWT, at the beginning of September 2009, the capacity of the world cargo ship orderbook (the number of confirmed shipbuilding contracts for newbuilding vessels to be delivered into the market) was equal to 42.8% of the existing world fleet. The orderbook included 3,288 bulk carriers (of 10,000 DWT and above) totaling 287.2 million DWT, equivalent to an historically high 65.2% of the existing dry cargo fleet (in terms of DWT).

Demand is affected by world and regional macro- and micro-economic and political conditions. The demand for seaborne transportation also depends on the distance over which the cargo is shipped. The demand for seaborne transportation is often expressed in tonne-miles, which is calculated by multiplying (a) the volume of cargo transported, by (b) the distance over which this cargo is transported. For example, a tonne of iron ore transported from Brazil to China generates just over three times the demand for shipping capacity as the transportation of a tonne of iron ore from Western Australia to China. This distance effect is known as the average haul of the trade. Demand for shipping services is measured in billions of tonne-miles , which is the tonnage of cargo transported over the average haul distance for that trade. Major dry bulk commodities consist of iron ore, coal, grain, bauxite/alumina and phosphate rock. Minor bulk commodities cover a wide variety of commodities, such as forest products, iron and steel products, fertilizers, agricultural products, non-ferrous ores, minerals and petcoke, cement, other construction materials and salt.

Supply is determined by the size of the existing fleet as measured by cargo carrying capacity. Supply is increased primarily as a result of deliveries of newbuildings from the orderbook, but can also include vessels converted into the fleet. At present, the global orderbook is historically large, principally as a result of a boom in dry bulk rates over the course of the second half of 2007 and first half of 2008, which took the earnings of bulk carriers to previously unseen levels. Over the past twelve months, an increasing number of delays and cancellations of shipyard orders have been reported. This is caused by technical problems at shipyards and the financial problems of shipowners and problems in securing finance. It is still expected that a sizeable quantity of new vessels to be delivered into the fleet in the coming years.

Removals from the fleet decrease supply and take the form of scrapping and casualties. The level of scrapping activity is affected by, among other factors, current and expected charter rate conditions, scrap prices, the age profile of the fleet, and the levels of secondhand values in relation to scrap values, as well as operating, repair and survey costs and the impact of regulations.

Finally, supply is a function of the operating efficiency of the fleet. Quantifying this is difficult, as it includes numerous external factors, over which ship owners have no control. These include armed conflicts, canal closures, port operational difficulties such as loading equipment breakdowns, and hinterland problems such as disruption to communications due to flooding. Another increasingly important factor in the fleet s operating efficiency is port congestion, which occurs when demand for commodity shipments from a particular load area exceeds the available port throughput capacity. The above are relatively short-term in outlook. Long-term external factors affecting supply include development in international trade patterns. Longer loaded voyages may result in longer ballast (empty) voyages to return the ship to the load area.

Given the highly competitive nature of the charter market, it is primarily the existing supply/demand balance for sea transportation capacity that drives charter rates for bulk carriers. As well as this, other factors, such as the type of charter, a vessel s specification and market sentiment can affect the rate paid for a charter. This can result in vessel charter hire rates demonstrating a marked volatility in relatively short spaces of time.

There is also an active derivatives market in the dry bulk sector, which applies the concept of swapping financial risk in Forward Freight Agreements (FFAs). FFAs have enjoyed substantial growth since their inception in 1991, particularly in the Panamax and Capesize sectors.

Dry Bulk Demand

Dry bulk cargo is cargo that is shipped in large quantities and can be easily stowed in a single hold with little risk of cargo damage. The world seaborne trade in dry bulk cargoes has grown strongly in recent years. It increased from approximately 1.9 billion tonnes in 1998 to an estimated 3.1 billion tonnes in 2008, equivalent to a compound annual growth rate of 5.0%. Moreover, this growth in trade has accelerated over the last five years: between 2003 and 2008, the compound average growth rate reached 6.1%. In 2009 however, trade is expected to contract as a result of slowing economic activity across the world.

In broad terms, dry bulk cargo is categorized into either major or minor bulks. Major bulk commodities consist of iron ore, coal, grain, bauxite/alumina and phosphate rock. Together, these commodities form the majority of the seaborne dry bulk trade, especially for the larger ship sizes. Global seaborne trade in the five

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major bulks surpassed 2.0 billion tonnes for the first time during 2008, after an estimated 1.98 billion tonnes of trade in 2007. Buoyed by continued strong Chinese demand, the seaborne trade in iron ore grew 8% year-over-year to 843 million tonnes in 2008. The coal and grain trades also grew strongly in 2008. Despite infrastructure problems at both mines and ports, particularly in Australia, the seaborne trade in coal grew 3% year-over-year to 795 million tonnes. Turning to grain, trade grew 6% year-over-year to 322 million tonnes in 2008. However, given the current global financial crisis, it is unlikely that this growth will continue. Indeed, the seaborne trade in dry bulk cargo is expected to decline in 2009. Current estimates suggest that on the back of falling demand, the seaborne trade of the five major bulks will contract by 1% in 2009. Only the seaborne trade in iron ore is anticipated to show overall year-over-year growth in 2009. This is entirely due to Chinese demand for the commodity. Whilst demand for iron ore in all other importing countries has fallen sharply in the year-to-date, Chinese demand has increased dramatically. It is estimated that China will import a total of 571 million tonnes of iron ore in 2009, up 29% year-over-year. If this is realized, it will be the largest annual percentage increase in Chinese iron ore imports since 2005.

Seaborne Global Dry Bulk Trade

Source: Clarkson Research, October 2009

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Minor bulk commodities cover a wide variety of commodities, such as forest products, iron and steel products, fertilizers, agricultural products, non-ferrous ores, minerals and petcoke, cement, other construction materials and salt. Much of this trade takes place in the smaller-sized vessels, particularly Handysize vessels. Similar to the trade in the major bulks, trade in minor bulks is expected to decline fairly substantially in 2009. It is currently projected to decrease by more than 5% over the course of 2009 to reach approximately 0.94 billion tonnes.

Seaborne Minor Bulk Trade

Source: Clarkson Research, October 2009

The seaborne dry bulk trade is closely influenced by the underlying demand for these commodities, particularly those necessary for, and products of, the steel industry. This in turn is dependent on the level of economic activity and the overall health of the global economy. In general terms, when the global economy experiences an upswing, so the demand for shipping increases. Equally, trade growth will typically slow in the event of an economic downturn. Until 2008, dry bulk demand benefited from the recent expansion in industrial production in Asia, particularly China. This is illustrated in the following graph.

World Industrial Production

Source: Clarkson Research, October 2009

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According to the International Monetary Fund (IMF), Chinese Gross Domestic Product (GDP) grew an average of 9.4% per year between 1997 and 2007, which was more than four times the growth of the Euro area economies (2.2%) and three times higher than US growth during this period (3.0%). However over the past two years, industrial activity has contracted dramatically globally, although contraction in China has been more limited. After growing 9.0% in 2008, Chinese GDP growth is currently forecast by the IMF to total 8.5% in 2009. This compares to anticipated contractions of 4.2% in the Euro area economies and 2.7% in the United States.

As global dry bulk trade has developed, the relative importance of the Asia-Pacific region as a key driver of the growth in that trade has increased, in part reflecting the globalization of trade and outsourcing of the manufacturing process. As the table below on trade in selected major bulk commodities illustrates, total cargo growth in iron ore, coal and grain (without adjustment for grain crop years) between 1995 and 2008 was approximately 894 million tonnes. The Asia-Pacific region accounted for 79.6% of that increase, growing by 711 million tonnes over the period. Significantly, in 2008, the Asia-Pacific region represented 65.5% of the world s seaborne trade in such cargo.

Global Seaborne Dry Bulk Imports

Million Tonnes	**1990**	**1995**	**2000**	**2005**	**2008(e)**	**2009(f)**	**CAGR (1990-2009)**
Iron Ore	**347**	**402**	**447**	**658**	**843**	**847**	**4.8%**
Asia Pacific	180	218	265	475	653	726	7.6%
Western Europe	135	136	129	122	121	70	(3.4)%
Rest of World	32	48	53	61	69	51	2.4%
Coal	**329**	**399**	**516**	**688**	**795**	**777**	**4.6%**
Asia Pacific	164	221	299	409	509	516	6.2%
Western Europe	132	133	152	183	186	170	1.3%
Rest of World	33	45	65	95	101	91	5.4%
Grain	**197**	**182**	**212**	**212**	**239**	**248**	**1.2%**
Asia Pacific	67	79	69	73	68	68	0.1%
Western Europe	6	6	7	11	28	12	3.7%
Rest of World	123	98	136	128	144	167	1.6%
Total	**873**	**984**	**1,175**	**1,557**	**1,877**	**1,871**	**4.1%**
Asia Pacific	411	518	633	958	1,230	1,310	6.3%
Western Europe	273	275	288	315	334	253	(0.4)%
Rest of World	189	191	254	284	314	309	2.6%

Source: Clarkson Research, October 2009. CAGR based on 1990-2009. 2008 figures estimated and 2009 figures are forecasts.

Chinese demand is the main driver behind this rapid growth in Asian-Pacific demand. Over the course of the last decade, the growth of the Chinese economy has spurred a rapid industrialization which has required large quantities of raw materials. This is most evident in the rapid growth of China s domestic steel industry and their ensuing demand for iron ore. In 2008, China imported a total of 442.5 million tonnes of iron ore. Despite import levels falling in 4Q 2009 in response to the global financial crisis, Chinese imports still equated to approximately 52% of all global seaborne trade in iron ore in 2008 (compared to around 16% in 2000). Chinese iron ore imports have grown by double digits in each year since the millennium. Moreover, this trend looks likely to continue in 2009. In the first eight months of

2009, China imported 405.2 million tonnes, up 32% on the same period in 2008. This has been the result of record monthly import levels, which peaked in July 2009 at 52.1 million tonnes (compared to 39.6 million tonnes in July 2008). However, the latest available statistics show that although it remains historically robust, there was a sharp decline in the amount of iron ore imported after July 2009. For example, in August 2009, 49.7 million tonnes were imported, down 14% month-over-month (but still up 33% on the same month last year). Development in Chinese iron ore imports will be important for the dry bulk market and will depend on the future developments in the Chinese economy and specifically domestic steel production.

Chinese Iron Ore Imports

Source: Clarkson Research, October 2009

Turning to other commodities, Chinese seaborne imports of coal have also risen dramatically in 2009. In the first eight months of 2009, China imported an estimated 73.9 million tonnes of coal, up from 39.2 million tonnes in full year 2008. Similarly, China s share of seaborne imports of a variety of minor bulks have also increased in recent years as a result of its industrialization, in particular those, such as pig iron and manganese ore, which have a role to play in the steel making process. They are also the world s largest importer of soybeans, accounting for approximately 45% (37.4 million tonnes) of the total seaborne trade in this commodity in 2008.

Chinese Dry Bulk Imports

Source: Clarkson Research, October 2009

In light of this, China is the primary driver behind the dry bulk carrier market. The continued future health of seaborne dry bulk market is dependent on the continued positive performance of the Chinese economy, or alternatively, on the emergence of other developing economies as a major source of world

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demand for raw materials. Developing countries which could prove to be sources of future demand include Brazil, Vietnam and India. On the whole, India s economy has performed well in recent years. Between 2002 and 2004, India s GDP grew by an average of 6.4% per annum; this accelerated to 9.4% between 2005 and 2007. Although growth has slowed notably since the onset of the financial crisis, the latest IMF forecast still suggests that it will grow by 5.4% in 2009. Recent developments seem to support this position: India s economy expanded 6.1% year-over-year in 2Q 2009. This strength is reflected in the dry bulk market. Indian imports of iron ore, coal and grain totalled 23.4 million tonnes in 2002; by 2008 this figure had risen to 64.8 million tonnes. Unlike China where iron ore constitutes the major source of import growth, the majority of this growth was due to an increase in coal imports, which grew almost three-fold between 2002 and 2008 to 64.7 million tonnes.

Indian Dry Bulk Imports

Source: Clarkson Research, October 2009

The demand for seaborne transportation also depends on the distance over which the cargo is shipped. The distance over which the various dry bulk commodities are transported is determined by seaborne trading and distribution patterns, which are principally influenced by the locations of production and consumption and their relative growth rates, as well as by changes in regional prices of raw materials and products such as coal, grain, and steel products. The iron ore and coal trades mostly originate from the southern hemisphere (primarily Australia, South Africa and Brazil) and some regions around the equator (Indonesia, India and Venezuela) with destinations in the northern hemisphere (Europe, China and Japan). The grain trades are less north-south focused, largely due to the dominating influence of the United States, which exports over half of the world s seaborne grain. The main grain exporting countries are the United States, Australia, Argentina, Canada and the countries of the European Union, and the major importing regions are Europe, Africa, the Far East and the Middle East. The group of minor bulk commodities covers a wide and extremely varied set of commodities, and an equally varied set of origins and destinations.

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Subsequently, the demand for seaborne transportation is often expressed in billions of tonne-miles, which is calculated by multiplying (a) the volume of cargo transported, by (b) the distance over which this cargo is transported. The graph below shows estimated tonne-mile demand.

Seaborne Global Dry Bulk Trade

Source: Fearnleys, Clarkson Research, October 2009

Dry Bulk Supply

Bulk carrier vessels are generally divided into four major vessel types based on carrying capacity as illustrated in the following table.

Major Dry Bulk Vessel Types

Class of Bulker	Cargo Capacity (DWT)	Number of Vessels(1)	Orderbook	Typical Use
Capesize	Over 100,000	896	799	Long haul iron ore and coal transportation for use in the steel industry and power stations.
Panamax(2)	From 60,000 to 99,999	1,605	733	Typically carries coal and grain as well as a number of industrial metals such as alumina/bauxite. Also involved in iron ore and minor bulk trades.
Handymax(3)	From 40,000 to 59,999	1,801	896	Primarily employed to carry steel and forest products, grain, coal, cement, fertilizer, sugar and minerals.
Handysize	From 10,000 to 39,999	2,833	860	Carries a variety of bulk cargo, often on short haul trades.

Source: Clarkson Research, October 2009.

Note 1: Excludes combination carriers and Great-Lakes-only vessels, and only includes vessels over 10,000 DWT.

Note 2: Includes post-Panamax vessels.

Note 3: Includes Supramax vessels.

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In broad terms, the supply of bulk carriers is primarily a function of four factors: (a) new bulk carrier deliveries; (b) conversions; (c) scrapping and loss of tonnage; (d) the operating efficiency of the global fleet.

With respect to deliveries, the level of newbuilding orders is a function primarily of newbuilding prices in relation to current and anticipated charter market conditions. The cost of a newbuilding is affected by a number of factors, including overall demand for varying types of large seagoing vessels, shipyard capacity and the costs of raw materials such as steel plate. The orderbook indicates the number of confirmed shipbuilding contracts for newbuilding vessels that are scheduled to be delivered into the market and is an indicator of how the global supply of vessels will develop over the next few years. The newbuilding market for ships is made up of owners looking to place contracts for new vessels, and the shipyards building them. Vessel newbuilding prices are determined by the demand for new vessels and the availability of shipbuilding capacity, as well as the cost of steel and other shipbuilding inputs, currency exchange rates and general economic conditions.

Historically, delivery of a bulk carrier has occurred within 12 to 18 months after ordering. At present, there are still instances of such short lead times when berths become available and are sold at a premium. However, during 2007 and 2008 the delivery of newbuildings was typically booked up to 3 years ahead of contracting. As of September 1, 2009, the world bulk carrier orderbook for newbuildings was 287.2 million DWT. It is important to note that this is a provisional figure and may increase given the well-documented slow reporting of Japanese shipbuilding statistics. Even so, this is almost a nine-fold increase since the start of 2003 and equivalent to 65.2% of the current fleet. Overall, this orderbook has an estimated contract value of approximately $170 billion.

Although the size of the orderbook has fallen slightly since November 2008, it is still very large in historical terms and delivering it will present a number of challenges, both technical and financial. Approximately one-third of the bulk carriers on order (in DWT terms) have been contracted at shipyards which are either currently under construction (Greeenfield) or have delivered their first vessels in the past two years. Some of these projects are reported to be experiencing technical and financial problems. It is likely that construction of some of the shipyards may be delayed. Ship owners with vessels on order are also experiencing financing problems as a result of the reduced charter markets, falls in asset values and availability of bank finance. Therefore, some slippage or cancellations at shipyards is expected. In the first eight months of 2009, it is estimated that over 6.0 million DWT of dry bulk tonnage from the orderbook has been cancelled (with further market rumours yet to be confirmed). Plus, in the first eight months of 2009, approximately 35% of deliveries expected to enter the fleet at the start of the year have not yet been confirmed as delivered. This is partly due to statistical reporting delays but also because of delays in construction and cancellations of orders. Despite this, there are still a considerable number of vessels to be delivered within the next few years and there is a risk that this may put downward pressure on charter rates.

Bulk Carrier Orderbook Delivery Schedule(1)

	2009		2010		2011		2012		2013+	
	No. Vessels	m. DWT	No. Vessels	m. DWT	No. Vessels	m. DWT	No. Vessels	m. DWT	No. Vessels	m. DWT
Capesize	110	20.3	324	57.7	219	40.7	105	22.3	41	8.8
Panamax	70	5.7	276	22.5	253	20.9	98	7.7	36	2.8
Handymax	198	11.0	362	20.4	254	14.4	75	4.2	7	0.4
Handysize	207	6.2	293	9.2	248	8.1	103	3.5	9	0.3
Total	585	43.2	1,255	61.0	974	92.5	381	37.7	93	12.3

Source: Clarkson Research, October 2009 and based on other industry sources.

Note 1: Excludes combination carriers and Great Lakes-only vessels, and only includes vessels over 10,000 DWT.

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Bulk Carrier Orderbook Delivery Schedule as Percentage of Current Fleet(1)

	2009		2010		2011		2012		2013+	
	No. Vessels	% of Fleet	No. Vessels	% Fleet	No. Vessels	% of Fleet	No. Vessels	% of Fleet	No. Vessels	% of Fleet
Capesize	110	12.3%	324	36.2%	219	24.4%	105	11.7%	41	4.6%
Panamax	70	4.4%	276	17.2%	253	15.8%	98	6.1%	36	2.2%
Handymax	198	11.0%	362	20.1%	254	14.1%	75	4.2%	7	0.4%
Handysize	207	7.3%	293	10.3%	248	8.8%	103	3.6%	9	0.3%
Total	585	8.6%	1,255	18.5%	974	14.4%	381	5.6%	93	1.4%

Source: Clarkson Research, October 2009 and based on other industry sources.

Note 1: By number of vessesls; excludes combination carriers and Great Lakes-only vessels, and only includes vessels over 10,000 DWT.

% of fleet is fleet as of September 1, 2009.

Second, there is the issue of conversions. Due to the high freight rates, there was a dramatic rise in late 2007 and early 2008 in the number of single hull tankers either undergoing conversion or scheduled to be converted for service in the dry cargo and offshore markets. Most of these vessels have, and will continue to undergo conversion several years ahead of their phase out timetable under regulations of the International Maritime Organization. It is difficult to accurately quantify the number of conversions that have taken place as a result, but it has increased the supply of the dry bulk fleet in the last two years. Since the start of 2008, approximately 14.4 million DWT of known conversions have entered the dry bulk fleet, with another 1.1 million DWT known to currently be under conversion. However, given the size of the orderbook, the recent fall in freight rates and asset prices, and the attitude of some dry cargo charterers to using converted ships, the volume of vessels being converted into dry cargo has declined significantly.

The third factor that affects vessel supply is the amount of scrapping in any given period. Again, this is dependent upon numerous factors that range from prevailing market conditions and scrap prices in relation to current and anticipated charter market conditions, to the age profile of the existing fleet. As of September 1, 2009, 35% of the dry bulk fleet in terms of numbers was 20-years or older. The table below illustrates this.

Age and Size of the World Dry Bulk Carrier Fleet(1)

	Cargo Capacity (DWT)	No. Vessels	m. DWT	Average Age (Years)	% 20 Years +	Orderbook No. Vessels	m. DWT	% of Fleet(2)
Capesize	Over 100,000	896	158.2	11.5	16%	799	149.7	95%
Panamax	From 60,000 to 99,999	1,601	118.6	12.2	23%	733	59.7	50%
Handymax	From 40,000 to 59,999	1,801	88.2	11.8	23%	896	50.4	57%
Handysize		2,833	75.7	19.8	56%	860	27.4	36%

From 10,000 to 39,999							
Total	7,131	440.7	15.0	35%	3,288	287.2	65%

Source: Clarkson Research, October 2009 and based on other industry sources.

Note 1: Excludes combination carriers and Great Lakes-only vessels, and only includes vessels over 10,000 DWT.

Note 2: Represents the percentage of orderbook DWT to existing DWT for each class of bulker.

Elderly vessels typically require substantial repairs and maintenance to conform to industry standards, including repairs made in connection with periodic surveys by classifications societies and dry dockings. Dry bulk carrier scrappings were at a historically low level during 2006 and 2007, with 1.78 million DWT and 0.41 million DWT scrapped respectively, and following an average of 7.41 million DWT scrapped in the period 1996 to 2003. Scrapping during 2008 was substantially higher at 5.02 million DWT due to a surge of demolition in the second half of the year as the bulk carrier charter and asset markets underwent a severe correction. This trend continued into 2009. In the first eight months of 2009, 7.11 million DWT of tonnage was scrapped. According to current estimates, over 15.5 million DWT of bulk carriers may be scrapped in full year 2009; if realised, this would represent a three-fold increase year-over-year.

Dry Bulk Carrier Demolition

	Capesize		Panamax		Handymax		Handysize		Total	
	No.	m. DWT	No.	m. DWT	No.	m. DWT	No.	m. DWT	No.	m. DWT
2002	11	1.26	22	1.45	10	4.79	105	2.17	148	9.66
2003	10	0.76	8	0.60	12	5.73	80	0.26	110	7.35
2004	6	0.00	0	0.00	1	0.57	12	0.42	19	0.99
2005	0	0.25	3	0.20	2	0.96	16	0.85	21	2.27
2006	2	0.30	8	0.54	2	0.97	35	0.21	47	2.02
2007	2	0.00	2	0.14	1	0.55	10	1.62	15	2.31
2008	13	1.90	17	1.11	8	3.73	57	3.56	95	10.29
2009(f)		3.60		3.50		1.40		7.00		15.50

Source: Clarkson Research, October 2009. (f) 2009 figures are full year forecasts.

The final factor that affects fleet supply is the operating efficiency of the global fleet. This includes vessels being laid-up, or waiting off ports to load or discharge. At any one time there will be ships under repair, in dry-dock for survey, or involved in incidents that will affect their availability. At the micro-level, supply may also be affected by age (some charterers set limits to the age of vessels that can be hired) and flag restrictions (often political). Ships are also diverted around weather systems to prevent damage and save fuel, and this may increase the number of days at sea. Supply can also be affected by operational issues such as slow steaming, which is when vessels sail at a reduced speed to optimize fuel consumption. The above factors can be regarded as internal factors to shipping, in that ship owners have some influence on them.

Another important factor in the fleet s operating efficiency during 2007 and 2008 was port congestion, which occurs when demand for commodity shipments from a given load area exceeds the available port throughput capacity. This has been a particular issue for the coal ports of Australia in recent years. The vessel queue outside the port of Newcastle, New South Wales rose to just under 80 vessels at its height in July 2007, and is regularly in excess of 30. Port equipment failures can also exacerbate congestion. While all of the ports with more long-term congestion problems have capacity expansion plans in the pipeline, these will take some time to come to fruition. Although not as central as it was in mid-2007, congestion remains an issue today and given the timescales involved in improvement projects, could continue to fluctuate in the coming years.

Types of Employment

While there are a range of companies owning ships to meet their own seaborne transportation requirements, such as liner shipping companies in the container sector, oil majors in the tanker sector and increasingly, some mining companies in the dry bulk sector, the chartering of vessels for a specified period of time (time or trip charter) or to carry a specific cargo (Contract of Affreightment CoA) is an integral part of the market for seaborne transportation, and the charter market is highly competitive. Competition is based primarily on the offered charter rate, the location, technical specification and quality of the vessel and the reputation of the vessel s manager. The spot market is the short term market, and offers the highest potential earnings for owners, but less security of income. This is because it is subject to short-term changes in the supply-demand balance for the carriage of particular commodities. The period market offers greater security of income for the ship owner, because the rates are locked in for the period of the charter. Nonetheless, vessel charter hire rates can be volatile because they are sensitive to changes in demand for and supply of vessels.

Typically, charter party agreements are based on standard industry terms, which are used to streamline the negotiation and documentation processes. The most common types of employment structure are:

Spot Market: The vessel earns income for each individual voyage. Earnings are dependent on prevailing market conditions at the time the vessel is fixed, which can be highly volatile. Idle time between voyages is possible depending on the availability of cargo and geographic position of the vessel.

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Contract of Affreightment: Contracts of affreightment are agreements by vessel owners to carry quantities of a specific cargo on a particular route or routes over a given period of time using vessels of the owners choice within specified restrictions. Contracts of affreightment function as a long-term series of spot charters, except that the owner is not required to use a specific vessel to transport the cargo, but instead may use any qualified vessel in its fleet, or charter one into the fleet.

Time Charter: A time charter is a contract for the hire of a vessel for a certain period of time, with the vessel owner being responsible for providing the crew and paying operating costs. The charterer is responsible for fuel and other voyage costs. Time charters typically range from a few months up to 10 years although in certain sectors (for example, LNG carriers) they can extend up to 30 years.

Trip Charter: A trip charter is a contract for the hire of a vessel for a specific voyage and specific cargo. The ship owner earns hire for the period determined by the charter.

Bareboat Charter: The vessel owner charters the vessel to the charterer for a pre-agreed period and daily rate. The charterer is responsible for operating the vessel and for payment of the charter rates. Bareboat charters typically range from 8 years to up to 15 years, although certain transactions can be up to 30 years in duration.

Pool Employment: The vessel forms part of a fleet of similar vessels, brought together by their owners in order to exploit efficiencies and benefit from a profit sharing mechanism. The operator of the pool sources different cargo shipment contracts and directs the vessels in an efficient way to service these contractual obligations. Pools can benefit from profit and loss sharing effects and the benefits of potentially less idle time through coordination of vessel movements, but, of course, vessels sailing in a pool will remain vulnerable to adverse market conditions as an independent vessel.

Charter Rates

Given the highly competitive nature of the charter market, it is primarily the existing supply/demand balance for sea transportation capacity that drives charter rates for bulk carriers. Although charter rates are volatile, the degree of this volatility has varied over time and among different sizes of bulk carriers. Spot freight rates for large vessels tend to be more volatile, on average, due to their reliance on a few key commodities and routes. However, it is important to recognize that other factors may affect the rate paid for a charter. For example, time charter rates tend to be less volatile than spot rates. A vessel s specifications (e.g. age, speed, fuel consumption) can even affect the rate paid for a charter. Similarly, less tangible factors, such as market sentiment, can have a notable impact.

The influence of market sentiment was none more so evident than in mid-2008, which was dominated by bullish owners demanding historically high rates. Their position was buoyed by the ongoing strength of the market fundamentals that drove the dry bulk boom over the last few years. On the demand side, global demand for iron ore and coal had grown rapidly, largely as a result of the expansion of China s steel industry. The subsequent high demand for shipping supported and at times, arguably exceeded, fleet supply. This was reflected in rates, which reached record highs. A prime example is the one year time charter rate for a 70-72,000 DWT Panamax bulk carrier. In May 2001 it was $9,588/day. As of June 2008 it stood at $79,250/day, after peaking at $79,375/day in October 2007. However, in the second half of 2008, there was a rapid fall in demand coupled with excess tonnage as the effects of the global economic crisis were increasingly felt in the dry bulk sector. Rates consequently fell to very low levels, and the one year Panamax timecharter rate averaged just $10,531/day for December 2008, before recovering marginally in the first nine months of 2009 as small month-on-month improvements were reported in economic indicators and associated demand for dry bulk commodities. In September 2009, the same Panamax rate stood at $19,063/day. The development of one-

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year average time charter rates for benchmark Capesize, Panamax, Handymax and Handysize vessels since 2001 are shown in the graph below.

Dry Bulk One-Year Time Charter Rates

Source: Clarkson Research, October 2009

The vessels used in these time charter estimates are standard modern vessels in this market sector. Clarkson brokers estimate time charter rates each week for these standard vessels, which is informed by transactions and ongoing negotiations associated with vessels of similar size. There is often a bid offer spread between owners and charters, and the above reflects published owners prices. Data to September 2009. There is no guarantee that current rates are sustainable and rates may increase and decrease significantly over short periods of time.

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The table below shows the recent movements of various charter rates for Panamax bulk carriers:

	Panamax Bulk Carrier Charter Rates(1)			
	74,000 DWT Time Charter ($/day)			Spot Earnings(2) ($/day)
	6-Months	1-Year	3-Year	
AVG 2003	20,212	17,254	12,707	19,304
AVG 2004	37,835	34,323	22,274	34,364
AVG 2005	27,577	25,853	19,606	23,110
AVG 2006	24,517	22,155	17,736	21,714
AVG 2007	58,796	52,317	39,774	49,350
AVG 2008	57,293	55,637	44,356	43,323
2008-01	66,125	63,250	45,000	51,240
2008-02	68,350	66,100	48,400	47,570
2008-03	74,938	71,625	56,000	58,939
2008-04	75,063	71,000	54,250	59,894
2008-05	84,400	76,050	58,300	72,099
2008-06	83,313	79,250	62,000	65,691
2008-07	79,500	75,625	61,375	62,997
2008-08	67,850	67,500	56,100	45,729
2008-09	50,000	50,000	42,250	32,854
2008-10	18,050	21,350	19,300	9,100
2008-11	10,000	13,250	15,500	8,382
2008-12	7,563	10,531	12,625	5,083
2009-01	8,100	11,425	13,200	3,558
2009-02	14,188	14,938	16,125	9,474
2009-03	17,188	15,000	14,875	11,990
2009-04	14,531	13,188	13,625	7,259
2009-05	19,250	16,075	14,600	13,555
2009-06	27,000	21,188	15,500	21,137
2009-07	27,450	21,650	15,450	20,247
2009-08	23,563	19,000	15,500	14,611
2009-09	23,438	19,063	15,750	15,592
02-Oct-09	22,250	18,000	15,500	14,432

Source: Clarkson Research, October 2009

Note 1: Monthly averages derived from weekly figures; all figures correct as of October 2, 2009.

Note 2: 70,000 dwt, 1997/98 built Panamax

The vessels used in these time charter estimates are standard modern vessels in this market sector. Clarkson brokers estimate time charter rates each week for these standard vessels, which is informed by transactions and ongoing negotiations associated with vessels of similar size. There is often a bid offer spread between owners and charters, and the above reflects published owners prices. There is no guarantee that current rates are sustainable and rates may increase and decrease significantly over short periods of time.

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Dry Bulk Asset Values

Like vessel earnings, bulk carrier asset values have also fluctuated over time. Until mid-2008, advantageous market conditions allowed the shipping industry to prosper, which in turn helped generate an increase in newbuilding activity across all of the sectors. This was none more so true than in the dry bulk sector. A good indicator of this is the orderbook. At the end of 2006, the dry bulk orderbook totaled 103.6 million DWT, equivalent to 28.1% of the existing fleet. By the start of November 2008, this figure had risen to 310.7 million DWT, or 74.5% of the existing fleet. Such high demand has meant that the near-term availability of berths for newbuildings is scarce. This combination of elevated demand, shortage of berth space, along with the weak US dollar and rising raw material costs saw the price of newbuildings increase substantially. By August 2008, the estimated value of a newbuild 75,000 DWT Panamax bulk carrier was $55.0 million, up 11.1% year-over-year. However, following the onset of the financial crisis, banks willingness to offer credit to finance shipping deals was curtailed. With global dry bulk demand volumes and charter rates also falling notably, particularly in Europe and America, activity in the newbuilding market slowed dramatically and the orderbook began to contract; by start September 2009, it stood at 287.2 million DWT, down 7.6% on its peak a year previously. Similarly, newbuilding prices have undergone a severe correction. As of September 2009, it is estimated that Panamax bulk carrier newbuilding prices were $33.0 million, down 40% on its peak.

Dry Bulk Carrier Newbuilding Prices(1)

Source: Clarkson Research, October 2009

Note 1: Before Jun-08, newbuilding prices assume European spec. , 10/10/10/70% payments and first class competitive yards quotations. Thereafter, newbuilding prices assume European spec. , 20/20/20/20/20% payments and first class competitive yards quotations.

Note 2: 150-155,000 DWT until Sep-99; 170,000 DWT between Oct-99 and May-08; 176-180,000 dwt thereafter.

Note 3: 70,000 DWT between Jan-92 and Oct-99; 75,000 DWT between Oct-99 and May-08; 75-77,000 DWT thereafter.

Note 4: 40,000 DWT before Oct-99; 51,000 DWT between Oct-99 and May-08; 56-58,000 DWT thereafter.

There is no guarantee that current prices are sustainable and rates may increase and decrease significantly over short periods of time.

There is also a significant secondhand market for ships, with vessels changing hands between owners, and a market for the demolition of ships, with breakers competing for vessels ready to be sold for scrap. One of the primary influences on the value of a ship is the freight rate. The freight paid for the carriage of cargo is the main source of income for a ship, and so it follows the value of the ship is derived from its earning potential. Therefore, secondhand vessel values tend to be highly correlated with the freight market. As such, the secondhand sale and purchase market has followed a broadly similar trajectory to the freight market in recent years. For example, until the second half of 2008, owners sought to acquire vessels on the secondhand market which would be able to begin earning immediately, in contrast to the increasing lead times required for the building of a new vessel. Accordingly, prices increased to record levels, and secondhand sales volumes also increased strongly. At its peak in mid-2008, the estimated value of a five-year old Panamax bulk carrier was $89.0 million, up 31% year-over-year. Similarly, when the freight market underwent a severe correction towards the end of 2008 and start of 2009, benchmark prices in the secondhand market fell dramatically. Indeed, at the end of September 2009, the estimated value of a five-year old Panamax bulk carrier had fallen to $34.5 million, down 61% on its peak.

Secondhand Dry Bulk Vessel Values

Source: Clarkson Research, October 2009

Note 1: 165-170,000 DWT until Nov-01; 170,000 DWT thereafter.

Note 2: 70,000 DWT between Feb-97 and Oct-01; 73,000 DWT thereafter.

Note 3: 40-42,000 DWT until Nov-01; 45,000 DWT between Dec-01 and May-08; 52,000 DWT thereafter.

Note 4: 28-30,000 DWT.

Due to the market turbulence and an unusually complex sale and purchase market, no secondhand price updates have been published by CRSL since the start of October 2008. The values provided since October 2009 are subject to wider than usual confidence margins.

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The table below summarizes recent developments in the newbuilding and secondhand prices of standard bulk carriers.

Estimated Bulk Carrier Newbuilding and Secondhand Prices ($ millions)

Start Year:	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**Sep-09**
176-180,000 dwt Capesize newbuilding	48.0	64.0	59.0	68.0	97.0	88.0	58.0
75-77,000 dwt Panamax newbuilding	27.0	36.0	36.0	40.0	55.0	46.5	33.0
56-58,000 dwt Handymax newbuilding	24.0	30.0	30.5	36.5	48.0	42.0	30.0
32-35,000 dwt Handysize newbuilding	18.5	24.5	26.5	29.5	38.0	32.5	25.0
170,000 dwt SH 5-year old vessel	44.0	64.5	57.0	81.0	150.0	45.0	58.0
73,000 dwt SH 5-year old vessel	28.0	40.0	29.5	45.5	88.5	26.0	34.5
52,000 dwt SH 5-year old vessel	20.0	29.0	25.5	40.0	75.0	24.5	28.5
28-30,000 dwt SH 5-year old vessel	14.5	21.5	26.0	28.5	44.0	20.5	21.0

Source: Clarkson Research Services Ltd, October 2009.

Dates shown refer to contracting date for a newbuilding. Vessel typically would not be delivered for another 30 - 36 months.

Before Jun-08, newbuilding prices assume European spec. , 10/10/10/70% payments and first class competitive yards quotations. Thereafter, newbuilding prices assume European spec. , 20/20/20/20/20% payments and first class competitive yards quotations.

Due to the market turbulence and an unusually complex sale and purchase market, no secondhand price updates have been published by CRSL since the start of October 2008. The values provided since October 2008 are subject to wider than usual confidence margins. Based on broker estimates and actual sales assuming charter free, willing buyer / willing seller at the point in time indicated in the table.

OUR BUSINESS

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 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 the 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 identify quality charterers for our vessels.

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(1)	Supramax	54,051	2008		
Delos Ranger/Bahamas(1)	Supramax	54,051	2008		
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) The vessels are 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 three 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.

The supply of dry bulk carriers is dependent on the delivery of new vessels and the removal of vessels from the global fleet. The demand for dry bulk carrier capacity is determined by the underlying demand for commodities transported in dry bulk carriers which in turn is influenced by trends in the global economy.

Vessel Employment

A vessel trading in the spot market may be employed under a voyage charter or a time charter of short duration, generally less than three months. A time charter is a contract to charter a vessel for an agreed period of time at a set daily rate. A voyage charter is a contract to carry a specific cargo for a per ton carry amount. Under voyage charters, Seanergy would pay voyage expenses such as port, canal and fuel costs. Under time charters, the charterer would pay these voyage expenses. Under both types of charters, Seanergy would pay for vessel operating expenses, which include crew costs, provisions, deck and engine stores, lubricating oil, insurance, maintenance and repairs. Seanergy would also be responsible for each vessel s intermediate dry-docking and special survey costs. Alternatively, vessels can be chartered under bareboat contracts whereby the charterer is responsible for the vessel s maintenance and operations, as well as all voyage expenses.

Vessels operating on time charter provide more predictable cash flows, but can yield lower profit margins, than vessels operating in the spot market during periods characterized by favorable market conditions. Vessels operating in the spot market generate revenues that are less predictable but may enable Seanergy to increase profit margins during periods of increasing dry bulk rates. However, Seanergy would then be exposed to the risk of declining dry bulk rates, which may be higher or lower than the rates at which Seanergy chartered its vessels. Seanergy constantly evaluates opportunities for time charters, but only expects to enter into additional time charters if it can obtain contract terms that satisfy its criteria.

Pursuant to addendums 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, commencing on July 27, 2009 and August 12, 2009. The daily gross charter rates paid by SAMC is $15,500 for each of the Bremen Max and the Hamburg Max. 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 the expiration of its charter party agreements in September 2009, the Davakis G and the Delos Ranger are 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.

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 rate it receives will be better than the period rate it is paying us.

Management of the 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. 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 and the BET fleet has been contracted out to Safbulk. The management of our fleet has been contracted out to EST. All three of these entities are controlled by members of the Restis family.

Brokerage Agreement

Under the terms of the brokerage agreements entered into by Safbulk Pty, as exclusive commercial broker, with Seanergy Management, for our initial fleet of six vessels, and Safbulk Maritime and BET for the BET fleet, Safbulk provides commercial brokerage services to our subsidiaries and the subsidiaries of BET, which include, among other things, seeking and negotiating employment for the vessels owned by the vessel-owning subsidiaries in accordance with the instructions of Seanergy Management and BET, as the case may be. Safbulk is entitled to receive a commission of 1.25% calculated on the collected gross hire/freight/demurrage payable when such amounts are collected. The brokerage agreement with Safbulk Pty is for a term of two years expiring in August 2010. The brokerage agreement with Safbulk Maritime is for a term of one year expiring in August 2010. Each brokerage agreement is automatically renewable for consecutive periods of one year, unless either party is provided with three months written notice prior to the termination of such period.

Management Agreement

Under the terms of the management agreement entered into by EST, as manager of all vessels owned by Seanergy s subsidiaries, with Seanergy Management, and EST, as manager of all vessels owned by BET, with BET, EST performs certain duties that include general administrative and support services necessary for the operation and employment of all vessels owned by all subsidiaries of Seanergy and BET, including, without limitation, crewing and other technical management, insurance, freight management, accounting related to vessels, provisions, bunkering, operation and, subject to Seanergy s instructions, sale and purchase of vessels.

Under the terms of the management agreement with Seanergy Management, EST was initially entitled to receive a daily fee of Euro 416.00 per vessel until December 31, 2008, which fee may thereafter be increased annually by an amount equal to the percentage change during the preceding period in the Harmonised Indices of Consumer Prices All Items for Greece published by Eurostat from time to time. Such fee is payable monthly in advance on the first business day of each following month. The fee has been increased to Euro 425.00 per vessel through December 31, 2009. Under the terms of the management agreement with BET, the management fee is also Euro 425.00 per vessel through December 31, 2009.

EST is also an affiliate of members of the Restis family. EST has been in business for over 34 years and manages approximately 95 vessels (inclusive of new vessel build supervision), including the fleet of vessels of affiliates of members of the Restis family. As with Safbulk, we believe that EST has achieved a strong reputation in the international shipping industry for efficiency and reliability and has achieved economies of scale that should result in the cost effective operation of our vessels.

Safbulk, EST, SAMC, Waterfront, the sellers of the vessels that we acquired and the Restis affiliate shareholders are affiliates of members of the Restis family. 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, including cargo and chartering interests. The separate businesses controlled by members of the Restis family, when taken together, comprise one of the largest independent shipowning and management groups in the dry bulk sector of the shipping industry. Through our separate agreements with affiliates of members of the Restis family in respect of the management and chartering of the vessels in our initial fleet, we believe we benefit from their extensive industry experience and established relationships. 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.

Shipping Committee

We have established a shipping committee. The purpose of the shipping committee is to consider and vote upon all matters involving shipping and vessel finance. The shipping industry often demands very prompt review and decision-making with respect to business opportunities. In recognition of this, and in order to best utilize the experience and skills that the Restis family board appointees bring to us, our board of directors has delegated all such matters to the shipping committee. Transactions that involve the issuance of our securities or transactions that involve a related party, however, will not be delegated to the shipping committee but instead will be considered by our entire board of directors. The shipping committee is comprised of three directors. In accordance with the Voting Agreement, the Master Agreement and the amended and restated by-laws of Seanergy, two of the directors are nominated by the Restis affiliate shareholders and one of the directors is nominated by the founding shareholders of Seanergy Maritime. The initial members of the shipping committee are Messrs. Dale Ploughman and Kostas Koutsoubelis, who are the Restis affiliate shareholders nominees, and Mr. Elias M. Culucundis, who is the founding shareholders nominee. The

Voting Agreement further requires that the directors appoint the selected nominees and that the directors fill any vacancies on the shipping committee with the nominees selected by the party that nominated the person whose resignation or removal caused the vacancy.

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The members of the shipping committee also serve as our appointees to the BET board of directors. In the event that at any time the BET board of directors must vote upon a transaction with any of the BET affiliates, our appointees to the BET board shall present such transaction to our full board of directors for consideration. Our appointees to the BET board of directors shall then vote in accordance with the recommendation of our full board of directors.

Our Business Combination

On August 26, 2008, shareholders of Seanergy Maritime approved a proposal to acquire a business comprising of six dry bulk carriers from six entity sellers that are controlled by members of the Restis family, including two newly built vessels. This acquisition was made pursuant to the Master Agreement and the several MOAs in which we agreed to purchase these vessels for an aggregate purchase price of (i) $367,030,750 in cash to the sellers, (ii) $28,250,000 (face value) in the form of the Note, which was initially convertible into 2,260,000 shares of our common stock, issued to the Restis affiliate shareholders as nominees for the sellers, and (iii) up to an aggregate of 4,308,075 shares of our common stock issued to the Restis affiliate shareholders as nominees for the sellers, subject to us meeting an EBITDA target of $72 million to be earned between October 1, 2008 and September 30, 2009. The Restis affiliate shareholders, United Capital Investment Corp., Atrion Shipholding S.A., Plaza Shipholding Corp., and Comet Shipholding Inc., and the sellers are owned and controlled by the following members of the Restis family: Victor Restis, Bella Restis, Katia Restis and Claudia Restis. The Restis affiliate shareholders are four personal investment companies. Each company is controlled by one of these four individuals. Each seller is a single purpose entity organized for the purpose of owning and operating one of the six dry bulk carriers sold pursuant to the terms of the Master Agreement and the individual related MOA. Following the sale of the vessels under the Master Agreement and related MOAs, the sellers have had no further operations. The Restis affiliate shareholders purchased shares of Seanergy Maritime s common stock from two of Seanergy Maritime s original founders, Messrs. Panagiotis and Simon Zafet, and serve as nominees of the sellers for purposes of receiving payments under the Note and the shares issuable upon meeting the EBITDA targets described above. The Restis affiliate shareholders do not have any direct participation in our operations as they are not officers, directors or employees of Seanergy. Pursuant to the terms of the Voting Agreement, the Restis affiliate shareholders have the right to nominate members to our Board of Directors and to appoint officers as described more fully below.

The Master Agreement also provided that Seanergy Maritime and Seanergy cause their respective officers to resign as officers, other than Messrs. Ploughman and Koutsolioutsos, and the Restis affiliate shareholders have the right to appoint such other officers as they deem appropriate in their discretion. The Master Agreement also required that directors resign and be appointed so as to give effect to the Voting Agreement. Pursuant to the Master Agreement, Seanergy Maritime and Seanergy also established shipping committees of three directors and delegated to them the exclusive authority to consider and vote upon all matters involving shipping and vessel finance, subject to certain limitations. Messrs. Ploughman, Koutsoubelis and Culucundis were appointed to such committees. See Seanergy s Business Shipping Committee. In addition, in connection with the Master Agreement, Seanergy entered into the Management Agreement and the Brokerage Agreement, whereby Seanergy agreed to outsource the management and commercial brokerage of its fleet to affiliates of the Restis family.

On August 28, 2008, we completed the acquisition, through our designated nominees, of three of the six dry bulk vessels, which included two 2008-built Supramax vessels and one 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, Seanergy took delivery, through its 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. These purchase prices do not include any amounts that would result from the earn-out of the 4,308,075 shares of our common stock.

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BET

On July 14, 2009, we entered into a share purchase agreement with Constellation to acquire 250 shares of BET s capital stock owned by Constellation, which represents a 50% ownership interest in BET for nominal cash consideration. The remaining 50% of BET is owned by Mineral Transport, an affiliate of the Restis family. The share purchase agreement contained customary representations regarding Constellation s ownership of the BET shares free and clear of liens, but did not contain additional representations and warranties. In connection with considering the acquisition of an interest in BET, our board of directors received a fairness opinion from Ladenburg Thalmann & Co. Inc. Ladenburg determined, based upon and subject to the assumptions, qualifications and limitations set forth in its written fairness opinion, that the consideration to be paid to Constellation was fair from a financial point of view to our shareholders other than those affiliated with members of the Restis family. The acquisition was approved by a majority of the members of our board of directors not affiliated with members of the Restis family. The members of our board of directors affiliated with members of the Restis family abstained from voting on the transaction. The closing was conditioned upon receipt of the consent of BET s lenders and Marfin and the termination of certain agreements between BET and certain Constellation affiliates.

On August 12, 2009, we closed on the purchase of the 50% ownership interest in BET.

Shareholders Agreement

In connection with the closing of our purchase of an interest in BET, we entered into a shareholders agreement with Mineral Transport, which sets forth, among other things, the parties rights with respect to the corporate governance and control of BET s business and operations and the ownership and transfer of the stock owned by the two shareholders.

The shareholders agreement provides for a board of directors composed of five directors, of which we have the right to appoint three directors and Mineral Transport has the right to appoint two directors. If at any time the size of the board is increased, each of the shareholders has the right to appoint additional directors; provided, however, that we will always have the right to appoint one more director than Mineral Transport. Each shareholder has the right to remove, and appoint the replacement of, any of its board appointees. We also have the right to have one of our director appointees serve as BET s president or managing director, as applicable. The Board of Directors has the power to direct the operating, investing and financing activities of BET.

The shareholders agreement further provides that certain actions, including, but not limited to, the borrowing and repayment of funds from a shareholder, the increase in the authorized number of, or the acceptance of subscriptions for, shares of BET s common stock, and the dissolution and winding down of the affairs of BET, require the consent of both the shareholders.

Commencing one year after the effective date of the shareholders agreement, each shareholder (the Offeror) has the right, by giving notice to BET and the other shareholder (the Offeree), to force the Offeree to either sell all of its shares, or to buy all of the shares of the Offeror, at the price set by the Offeror. The Offeree shall have 60 days to make its election and the purchase and sale of the shares shall close no later than 30 days after the expiration of the 60-day period referenced above. During the pendency of any purchase and sale, all actions of the board of directors shall require the unanimous consent of the directors. In the event that the buyer of the shares does not close on the purchase the seller shall have the right by giving written notice to the buyer to (i) treat the offer price due for its shares as a debt and to take whatever action may be necessary and reasonable (including legal action) to recover such amounts; or (ii) purchase the shares of buyer at the offer price. If either the buyer or seller of shares defaults in its obligations to complete the purchase and sale in accordance with the preceding sentence, the shareholders agreement will be terminated and BET will commence winding down.

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 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%.

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. As of June 30, 2009, the outstanding loan facility was $142,472,000. Following BET s supplemental agreement dated September 30, 2009 and prepayment of $20 million, the semi-annual installments of principal and the balloon payment amount to $7,128,158 and $44,062,262, respectively. 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. See Management s Discussion and Analysis of Financial Condition and Results of Operations for Seanergy Maritime and Seanergy Liquidity and Capital Resources Loan Agreement BET Loan Agreement.

On September 30, 2009, BET entered into a supplemental agreement with Citibank International PLC (as agent for the syndicate of banks and financial institutions set forth in the loan agreement) in connection with the $222,000,000 amortized loan obtained by the six wholly owned subsidiaries of BET, which financed the acquisition of their respective vessels. The material terms of the supplemental agreement with Citibank International PLC are as follows:

(1) the applicable margin for the period between July 1, 2009 and ending on June 30, 2010 (the amendment period) shall be increased to two per cent (2%) per annum;

(2) the borrowers to pay to the agent a restructuring fee of $286,198.91 and a part of the loan in the amount of $20,000,000; and

(3) the borrowers and the corporate guarantor have requested and the creditors consented to:

(a) the temporary reduction of the security requirement during the amendment period to 100%; and

(b) the temporary reduction of the minimum equity ratio requirement of the principal corporate guarantee to be amended from 0.30: 1.0 to 0.175:1.0 during the amendment period at the end of the accounting periods ending on December 31, 2009 and June 30, 2010.

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 a track record of taking proactive measures to enhance shareholder value as evidenced by the Company s financial results, the favorable charter agreements it has secured for its fleet, the loan covenant waivers it has received from its lenders and the successful acquisition of a 50% controlling interest in BET. 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 a total of six additional vessels from unaffiliated third parties. Furthermore, we intend to acquire additional dry bulk carriers or enter into new vessel construction 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.

Charter Hire Rates

Charter hire rates fluctuate by varying degrees among dry bulk carrier size categories. The volume and pattern of trade in a small number of commodities (major bulks) affect demand for larger vessels. Therefore, charter rates and vessel values of larger vessels often show greater volatility. Conversely, trade in a greater number of commodities (minor bulks) drives demand for smaller dry bulk carriers. Accordingly, charter rates and vessel values for those vessels are subject to less volatility.

Charter hire rates paid for dry bulk carriers are primarily a function of the underlying balance between vessel supply and demand, although at times other factors may play a role. Furthermore, the pattern seen in charter rates is broadly mirrored across the different charter types and the different dry bulk carrier categories. However, because demand for larger dry bulk vessels is affected by the volume and pattern of trade in a relatively small number of commodities, charter hire rates (and vessel values) of larger ships tend to be more volatile than those for smaller vessels.

In the time charter market, rates vary depending on the length of the charter period and vessel specific factors such as age, speed and fuel consumption.

In the voyage charter market, rates are influenced by cargo size, commodity, port dues and canal transit fees, as well as commencement and termination regions. In general, a larger cargo size is quoted at a lower rate per ton than a smaller cargo size. Routes with costly ports or canals generally command higher rates than routes with low port dues and no canals to transit. Voyages with a load port within a region that includes ports where vessels usually discharge cargo or a discharge port within a region with ports where vessels load cargo also are generally quoted at lower rates, because such voyages generally increase vessel utilization by reducing the unloaded portion (or ballast leg) that is included in the calculation of the return charter to a loading area.

Within the dry bulk shipping industry, the charter hire rate references most likely to be monitored are the freight rate indices issued by the Baltic Exchange. These references are based on actual charter hire rates under charters entered into by market participants as well as daily assessments provided to the Baltic Exchange by a panel of major shipbrokers.

Properties

We lease our executive office space in Athens, Greece pursuant to the terms of a sublease agreement between Seanergy Management and Waterfront, a company which is beneficially owned by Victor Restis. The sublease fee is EURO 504,000 per annum, or EURO 42,000 per month. The initial term is from November 17, 2008 to November 16, 2011. We have the option to extend the term until February 2, 2014. The premises are approximately 1,000 square meters in a prime location in the Southern suburbs of Athens. The agreement includes furniture, parking space and building maintenance. Seanergy Management has been granted Ministerial Approval (issued in the Greek Government Gazette) for the establishment of an office in Greece under Greek Law 89/67 (as amended).

Competition

We operate in markets that are highly competitive and based primarily on supply and demand. We compete for charters on the basis of price, vessel location, size, age and condition of the vessel, as well as on its reputation. Safbulk negotiates the terms of our charters (whether voyage charters, period time charters, bareboat charters or pools) based on market conditions. Ownership of dry bulk carriers is highly fragmented and is divided among state controlled and independent bulk carrier owners.

Environmental and Other Regulations

Government regulation significantly affects the ownership and operation of our vessels. The vessels are subject to international conventions, national, state and local laws and regulations in force in the countries in which our vessels may operate or are registered.

A variety of governmental and private entities subject our vessels to both scheduled and unscheduled inspections. These entities include the local port authorities (U.S. Coast Guard, harbor master or equivalent), classification societies, flag state administration (country of registry) and charterers. Certain of these entities require us to obtain permits, licenses and certificates for the operation of its vessels.

Failure to maintain necessary permits or approvals could cause us to incur substantial costs or temporarily suspend operation of one or more of its vessels.

We believe that the heightened level of environmental and quality concerns among insurance underwriters, regulators and charterers is leading to greater inspection and safety requirements on all vessels and may accelerate the scrapping of older vessels throughout the dry bulk shipping industry. Increasing environmental concerns have created a demand for vessels that conform to stricter environmental standards. We are required to maintain operating standards for all of our vessels that emphasize operational safety, quality maintenance, continuous training of its officers and crews and compliance with United States and international regulations. We believe that the operation of our vessels is in substantial compliance with applicable environmental laws and regulations applicable to us.

International Maritime Organization

The IMO has negotiated international conventions that impose liability for oil pollution in international waters and in each signatory s territorial waters. In September 1997, the IMO adopted Annex VI to the International Convention for the Prevention of Pollution from Ships to address air pollution from ships. Annex VI was ratified in May 2004, and became effective in May 2005. Annex VI set limits on sulfur oxide and nitrogen oxide emissions from ship exhausts and prohibits deliberate emissions of ozone depleting substances, such as chlorofluorocarbons. Annex VI also includes a global cap on the sulfur content of fuel oil and allows for special areas to be established with more stringent controls on sulfur emissions. Our fleet has conformed to the Annex VI regulations. In October 2008, Annex VI was amended to change the sulfur oxide and nitrogen oxide emission standards with the global sulphur cap reduced initially to 3.50% (from the current 4.50%), effective from January 2012; then progressively to 0.50%, effective from January 2020. Under the 2008 amendment to Annex VI, the limits applicable in Sulphur Emission Control Areas (SECAs) will be reduced to 1.00%, beginning on July 2010 (from the current 1.50%); being further reduced to 0.10%, effective from January 2015. As a result of these amendments to Annex VI, Seanergy may incur costs to comply with these new standards in future years. Additional or new conventions, laws and regulations may also be adopted that could adversely affect our ability to operate our vessels.

The operation of our vessels is also affected by the requirements set forth in the ISM Code. The ISM Code requires shipowners 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 shipowner or management company to comply with the ISM Code may subject such party to increased liability, may 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. However, there can be no assurance that such certification will be maintained indefinitely.

The United States Oil Pollution Act of 1990

The United States Oil Pollution Act of 1990, or OPA, established an extensive regulatory and liability regime for the protection and cleanup of the environment from oil spills. OPA affects all owners and operators whose vessels trade in the United States, its territories and possessions or whose vessels operate in United States waters, which includes the United States territorial sea and its 200 nautical mile exclusive economic zone.

Under OPA, vessel owners, operators, charterers and management companies are responsible parties and are jointly, severally and strictly liable (unless the spill results solely from the act or omission of a third party, an act of God or an act of war) for all containment and clean-up costs and other damages arising from discharges or threatened discharges of oil from their vessels, including bunkers (fuel).

OPA previously limited the liability of responsible parties for dry bulk vessels to the greater of $600 per gross ton or $0.5 million (subject to possible adjustment for inflation). Amendments to OPA signed into law in July 2006 increased these limits on the liability of responsible parties for dry bulk vessels to the greater of $950 per gross ton or $0.8 million. These limits of liability do not apply if an incident was directly caused by violation of applicable United States federal safety, construction or operating regulations or by a responsible party s gross negligence or willful misconduct, or if the responsible party fails or refuses to report the incident or to cooperate and assist in connection with oil removal activities.

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

OPA requires owners and operators of vessels to establish and maintain with the U.S. Coast Guard evidence of financial responsibility sufficient to meet their potential liabilities under the OPA. In December 1994, the Coast Guard implemented regulations requiring evidence of financial responsibility in the amount of $900 per gross ton, which includes the OPA limitation on liability of $600 per gross ton and the U.S. Comprehensive Environmental Response, Compensation, and Liability Act, or CERCLA, liability limit of $300 per gross ton. Under the regulations, vessel owners and operators may evidence their financial responsibility by showing proof of insurance, surety bond, self-insurance, or guaranty. In 2008, the U.S. Coast Guard amended its financial responsibility regulations to increase the required amount of evidence of financial responsibility to reflect the higher limits on liability imposed by the 2006 amendments to OPA, as described above. We may incur costs to comply with these new standards.

OPA specifically permits individual states to impose their own liability regimes with regard to oil pollution incidents occurring within their boundaries, and some states have enacted legislation providing for unlimited liability for oil spills. In some cases, states that have enacted such legislation have not yet issued implementing regulations defining vessels owners responsibilities under these laws. We comply with all applicable state regulations in the ports where its vessels call.

The United States Clean Water Act

The U.S. Clean Water Act, or CWA, prohibits the discharge of oil or hazardous substances in navigable waters and imposes strict liability in the form of penalties for any unauthorized discharges. The CWA also imposes substantial liability for the costs of removal, remediation and damages and complements the remedies available under the more recent OPA and CERCLA.

As of February 2009, all vessels operating as a means of transportation that discharge ballast water or other incidental discharges into waters of the United States will require coverage under the EPA s Vessel General Permit, or VGP, to discharge ballast water into U.S. waters. EPA had historically exempted ballast water discharges, and other discharges incidental to the normal operation of vessels (incidental discharges) from the CWA. The new VGP requires vessel owners and operators to comply with a range of best management practices, reporting, and other requirements, for a number of incidental discharge types and incorporates U.S. Coast Guard requirements for ballast water management and exchange. No earlier than June 19, 2009, owners and operators of vessels greater than or equal to 300 gross tons and 2,113 gallons of ballast water capacity must submit a Notice of Intent, or NOI, to receive permit coverage to the EPA. The NOI states that the vessel operator will comply with the permit. In order to remain covered by the VGP, vessels will need to comply with numerous inspection, monitoring, reporting and recordkeeping requirements. Vessel owners/operators must, among other things, conduct and document routine self-inspection to track compliance with the VGP, and must conduct a comprehensive vessel inspection every 12 months. We will likely incur certain costs to obtain coverage under the VGP for its vessels and to meet its requirements.

Other Environmental Initiatives

The European Union is considering legislation that will affect the operation of vessels and the liability of owners for oil pollution. It is difficult to predict what legislation, if any, may be promulgated by the European Union or any other country or authority. In 2005, the European Union adopted a directive on ship-source

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pollution, imposing criminal sanctions for intentional, reckless or negligent pollution discharges by ships. The directive could result in criminal liability for pollution from vessels in waters of European countries that adopt implementing legislation. Criminal liability for pollution may result in substantial penalties or fines and increased civil liability claims.

Although the United States is not a party thereto, many countries have ratified and currently follow the liability plan adopted by the IMO and set out in the International Convention on Civil Liability for Oil Pollution Damage of 1969, or the 1969 Convention. Under this convention, and depending on whether the country in which the damage results is a party to the 1992 Protocol to the International Convention on Civil Liability for Oil Pollution Damage, a vessel s registered owner is strictly liable for pollution damage caused in the territorial waters of a contracting state by discharge of persistent oil, subject to certain complete defenses. The limits on liability outlined in the 1992 Protocol use the International Monetary Fund currency unit of Special Drawing Rights, or SDR. Under an amendment to the 1992 Protocol that became effective in November 2003, for vessels of 5,000 to 140,000 gross tons, liability is limited to approximately 4.51 million SDR plus 631 SDR for each additional gross ton over 5,000. For vessels of over 140,000 gross tons, liability is limited to 89.77 million SDR. The exchange rate between SDRs and U.S. dollars was 0.640366 SDR per U.S. dollar on August 24, 2009. Under the 1969 Convention, the right to limit liability is forfeited where the spill is caused by the owner s actual fault; under the 1992 Protocol, a shipowner cannot limit liability where the spill is caused by the owner s intentional or reckless conduct. Vessels trading in jurisdictions that are parties to these conventions must provide evidence of insurance covering the liability of the owner. In jurisdictions where the 1969 Convention has not been adopted, including the United States, various legislative schemes or common law govern, and liability is imposed either on the basis of fault or in a manner similar to that convention. We believe that our protection and indemnity insurance will cover the liability under the plan adopted by the IMO.

The U.S. National Invasive Species Act, or NISA, was enacted in 1996 in response to growing reports of harmful organisms being released into U.S. ports through ballast water taken on by ships in foreign ports. The U.S. Coast Guard adopted regulations under NISA, which became effective in August 2004, that impose mandatory ballast water management practices for all vessels equipped with ballast water tanks entering U.S. waters. These requirements can be met by performing mid-ocean ballast exchange, which is the exchange of ballast water on the waters beyond the exclusive economic zone from an area more than 200 miles from any shore, by retaining ballast water on board the ship, or by using environmentally sound alternative ballast water management methods approved by the U.S. Coast Guard. (However, mid-ocean ballast exchange is mandatory for ships heading to the Great Lakes or Hudson Bay, or vessels engaged in the foreign export of Alaskan North Slope crude oil.) Mid-ocean ballast exchange is the primary method for compliance with the U.S. Coast Guard regulations, since holding ballast water can prevent ships from performing cargo operations upon arrival in the United States, and alternative methods are still under development. Vessels that are unable to conduct mid-ocean ballast exchange due to voyage or safety concerns may discharge minimum amounts of ballast water (in areas other than the Great Lakes and the Hudson River), provided that they comply with recordkeeping requirements and document the reasons they could not follow the required ballast water management requirements. The U.S. Coast Guard has commenced rulemaking to develop ballast water discharge standards, which could set maximum acceptable discharge limits for various invasive species, and/or lead to requirements for active treatment of ballast water. A number of bills relating to regulation of ballast water management have been recently introduced in the U.S. Congress, but it is difficult to predict which, if any, will be enacted into law.

The IMO adopted an International Convention for the Control and Management of Ships Ballast Water and Sediments, or the BWM Convention, in February 2004. The BWM Convention s implementing regulations call for a phased introduction of mandatory ballast water exchange requirements (beginning in 2009), to be replaced in time with mandatory concentration limits. The BWM Convention will not be in force until 12 months after it has been adopted by 30 countries, the combined merchant fleets of which represent not less than 35% of the gross tonnage of the world s merchant shipping. As of June 30, 2009, the BWM Convention had been adopted by 18 states, representing approximately 15% of world tonnage.

Vessel Security Regulations

Since the terrorist attacks of September 11, 2001, there have been a variety of initiatives by United States authorities intended to enhance vessel security. On November 25, 2002, the Maritime Transportation Security Act of 2002, or MTSA, came into effect. To implement certain portions of the MTSA, in July 2003, the U.S. Coast Guard issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States. Similarly, in December 2002, amendments to the SOLAS, created a new chapter of the convention dealing specifically with maritime security. The new chapter went into effect in July 2004, and imposes various detailed security obligations on vessels and port authorities, most of which are contained in the newly created International Ship and Port Facility Security Code, or ISPS Code. Among the various requirements are:

- on-board installation of automatic information systems to enhance vessel-to-vessel and vessel-to-shore communications;
- on-board installation of ship security alert systems;
- the development of vessel security plans; and
- compliance with flag state security certification requirements.

The U.S. Coast Guard regulations, intended to align with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures provided such vessels have on board, by July 1, 2004, a valid International Ship Security Certificate that attests to the vessel s compliance with SOLAS security requirements and the ISPS Code. Our vessels are in compliance with the various security measures addressed by the MTSA, SOLAS and the ISPS Code. We do not believe these additional requirements will have a material financial impact on our operations.

Inspection by Classification Societies

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 SOLAS. Seanergy s vessels are classed with a classification society that is a member 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 vessel. The following table sets forth information regarding the next scheduled dry-dock for the existing vessels in the fleet and the estimated cost for each next scheduled dry-dock.

Vessel	Next Scheduled 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

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* Vessels owned by BET.

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.

At an owner s application, the surveys required for class renewal may be split according to an agreed schedule to extend over the entire period of class. This process is referred to as continuous class renewal.

All areas subject to survey as defined by the classification society are required to be surveyed at least once per class period, unless shorter intervals between surveys are prescribed elsewhere. The period between two subsequent surveys of each area must not exceed five years.

Most insurance underwriters make it a condition for insurance coverage and lending that a vessel be certified as in class by a classification society which is a member of the International Association of Classification Societies. Seanergy s vessels are certified as being in class by classification societies that are members of the International Association of Classification Societies.

Risk of Loss and Liability Insurance

General

The operation of any cargo vessel includes risks such as mechanical failure, physical damage, collision, property loss, cargo loss or damage and business interruption due to political circumstances in foreign countries, hostilities and labor strikes. In addition, there is always an inherent possibility of marine disaster, including oil spills and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade. OPA, which imposes virtually unlimited liability upon owners, operators and demise charterers of any vessel trading in the United States exclusive economic zone for certain oil pollution accidents in the United States, has made liability insurance more expensive for ship owners and operators trading in the United States market. While we believe that our insurance coverage is adequate, not all risks can be insured, and there can be no guarantee that any specific claim will be paid, or that we will always be able to obtain adequate insurance coverage at reasonable rates.

Hull and Machinery Insurance

We maintain marine hull and machinery and war risk insurance, which includes the risk of actual or constructive total loss, for all of its vessels. The vessels are covered up to at least fair market value, with deductibles in amounts of approximately $100,000 to $172,500.

We arrange, as necessary, increased value insurance for its vessels. With the increased value insurance, in case of total loss of the vessel, Seanergy will be able to recover the sum insured under the increased value policy in addition to the sum insured under the hull and machinery policy. Increased value insurance also covers excess liabilities which are not recoverable in full by the hull and machinery policies by reason of under insurance. We expect to maintain delay cover insurance for certain of its vessels. Delay cover insurance covers business interruptions that result in the loss of use of a vessel.

Protection and Indemnity Insurance

Protection and indemnity insurance is provided by mutual protection and indemnity associations, or P&I Associations, which cover our third-party liabilities in connection with its shipping activities. This includes third-party liability and other related expenses of injury or death of crew, passengers and other third parties, loss or damage to cargo, claims arising from collisions with other vessels, damage to other third-party property, pollution arising from oil or other substances, and salvage, towing and other related costs, including wreck removal. Protection and indemnity insurance is a form of mutual indemnity insurance, extended by protection and indemnity mutual associations.

Our protection and indemnity insurance coverage for pollution is $1.0 billion per vessel per incident. The 13 P&I Associations that comprise the International Group insure approximately 90% of the world s commercial tonnage and have entered into a pooling agreement to reinsure each association s liabilities. Each of Seanergy s vessels entered with P&I Associations of the International Group. Under the International Group reinsurance program, each P&I club in the International Group is responsible for the first $7.0 million of every claim. In every claim the amount in excess of $7.0 million and up to $50.0 million is shared by the clubs under a pooling agreement. In every claim the amount in excess of $50.0 million is reinsured by the International Group under the general excess of loss reinsurance contract. This policy currently provides an additional $3.0 billion of coverage. Claims which exceed this amount are pooled by way of overspill calls. As a member of a P&I Association, which is a member of the International Group, Seanergy is subject to calls payable to the associations based on its claim records as well as the claim records of all other members of the individual associations, and members of the pool of P&I Associations comprising the International Group. The P&I Associations policy year commences on February 20th. Calls are levied by means of estimated total costs, or ETC, and the amount of the final installment of the ETC varies according to the actual total premium ultimately required by the club for a particular policy year. Members have a liability to pay supplementary calls which might be levied by the board of directors of the club if the ETC is insufficient to cover amounts paid out by the club.

Legal Proceedings

We are not currently a party to any material lawsuit that, if adversely determined, would have a material adverse effect on our financial position, results of operations or liquidity.

Exchange Controls

Under Marshall Islands law, there are currently no restrictions on the export or import of capital, including foreign exchange controls or restrictions that affect the remittance of dividends, interest or other payments to non-resident holders of Seanergy s shares.

MANAGEMENT

Directors and Executive Officers

Set forth below are the names, ages and positions of our current directors and executive officers:

Name	Age	Position	Class
Georgios Koutsolioutsos	39	Chairman of the Board of Directors	C
Dale Ploughman	62	Chief Executive Officer and Director	B
Christina Anagnostara	38	Chief Financial Officer and Director	B
Ioannis Tsigkounakis	42	Secretary and Director	B
Alexios Komninos	42	Director	B
Kostas Koutsoubelis	53	Director	C
Elias M. Culucundis	65	Director	A
George Taniskidis	47	Director	A
Kyriakos Dermatis	61	Director	C
Alexander Papageorgiou	35	Director	C
Dimitrios N. Panagiotopoulos	47	Director	A
George Tsimpis	62	Director	B
Dimitris Anagnostopoulos	62	Director	A

The business address of each of our directors and executive officers listed below is 1-3 Patriarchou Grigoriou; 166 74 Glyfada; Athens, Greece. Our board of directors is divided into three classes, Class A, Class B and Class C, with only one class of directors being elected in each year, beginning at the 2010 annual meeting. The term of office of the Class A directors, consisting of Messrs. Elias M. Culucundis, George Taniskidis, Dimitrios N. Panagiotopoulos and Dimitris Anagnostopoulos will expire at our 2010 annual meeting of shareholders. The term of office of the Class B directors, consisting of Messrs. Alexios Komninos, Ioannis Tsigkounakis, Dale Ploughman, George Tsimpis and Ms. Christina Anagnostara will expire at the 2011 annual meeting. The term of office of the Class C directors, consisting of Messrs. George Koutsolioutsos, Kostas Koutsoubelis, Kyriakos Dermatis and Alexander Papageorgiou will expire at the 2012 annual meeting.

Georgios Koutsolioutsos has served as sole Chairman of our board of directors since May 20, 2008. From our inception to May 19, 2008, Mr. Koutsolioutsos served as our president and co-chairman of the board of directors. Mr. Koutsolioutsos has significant experience in the management and operations of public companies. He began his career at Folli Follie S.A. (ATSE: FOLLI) in 1992. Folli Follie is an international company with a multinational luxury goods brand and over three hundred points of sale (POS). Mr. Koutsolioutsos is currently the vice-president and an executive member of the board of directors. In 1999, Mr. Koutsolioutsos became a member of the board of directors of Hellenic Duty Free Shops S.A. (HDFS (ATSE: HDF)) and subsequently, as of May 2006, became the chairman of the board of directors. HDFS is the exclusive duty-free operator in Greece. In 2003, Mr. Koutsolioutsos was awarded Manager of the Year in Greece. Mr. Georgios Koutsolioutsos received his B.Sc. in business and marketing from the University of Hartford, Connecticut. He is fluent in five languages.

Dale Ploughman has served as a member of our board of directors and our chief executive officer since May 20, 2008. He has over 43 years of shipping industry experience. Since 1999, Mr. Ploughman has been the chairman of South African Marine Corporation (Pty) Ltd., a dry bulk shipping company based in South Africa and affiliate to members of the Restis family, and the chairman of the Bahamas Ship Owners Association. In addition, Mr. Ploughman has served as president, chief executive officer and a director of Golden Energy Marine Corp. since February 2005. Mr. Ploughman also serves as president and chief executive officer of numerous private shipping companies controlled by members of the Restis family. From 1989 to 1999, Mr. Ploughman was the president of Great White Fleet, a fleet owned by Chiquita Brands International Inc., which was one of the largest shipping carriers to and from Central America. Mr. Ploughman has previously worked as president and chief executive officer of Lauritzen Reefers A.S., a shipping company based in

Denmark, the managing director of Dammers and Vander Hiede Shipping and Trading Inc., a shipping company based in the Netherlands and as the chairman of Mackay Shipping, a shipping company based in New Zealand. He holds degrees in Business Administration and Personnel Management and Master s level Sea Certificates and was educated at the Thames Nautical Training College, HMS Worcester.

Christina Anagnostara has served as our chief financial officer since November 17, 2008. Prior to joining us, she served as chief financial officer and a board member for Global Oceanic Carriers Ltd, a dry bulk shipping company listed on the Alternative Investment Market of the London Stock Exchange, or AIM, since February 2007. Between 1999 and 2006, she was a senior manager at EFG Audit & Consulting Services, the auditors of the Geneva-based EFG Group, an international banking group specializing in global private banking and asset management. Prior to EFG Group, she worked from 1998 to 1999 in the internal audit group of Eurobank EFG, a bank with a leading position in Greece; and between 1995 and 1998 as a senior auditor at Ernst & Young Hellas, SA, Greece, the international auditing firm. Ms. Anagnostara studied Economics in Athens and has been a Certified Chartered Accountant since 2002.

Ioannis Tsigkounakis has been our secretary and a member of our board of directors since our inception. Since 1992, he has been a practicing lawyer specializing in Shipping and Capital Markets law. In 1994, he joined the law firm of Vgenopoulos and Partners, one of the largest international practice firms in Greece. Mr. Tsigkounakis advises Greek issuers, brokers, investment firms and banking institutions on capital markets and investment banking matters. He has been involved in capital finance transactions, mergers and acquisitions, take-overs and buy-outs, both in Greece and abroad, including: (i) the acquisition through the Athens Exchange of a controlling interest in Proton Bank of Greece by IRF European Finance Investments Ltd., in May 2006, a company listed on AIM, (ii) the public tender offer made by Laiki Bank Public Co. Ltd. of Cyprus to Egnatia Bank and Marfin Holdings of Greece, in September 2006, (iii) the acquisition of Links of London Ltd., in July 2006, and (iv) the issuance of a bond loan by HSBC, Alfa Bank, Piraeus Bank, BNP Paribas and National Bank of Greece. Since 2002, he has been a member of the board of directors of Aspropirgos Maritime Ltd., a company that owns a crude oil tanker and is a subsidiary of Paradise Tankers Corp., a tanker carrier group. Between 2003 and 2004, he was also a non-executive member of the board of directors of Marfin Bank Private Fund. He is currently an executive member of the board of directors of Hellenic Duty Free Shops, a company listed on the Athens Exchange (ATSE: HDF). Mr. Tsigkounakis received his law degree from the National University of Athens and a master s degree (DEA) in International and Banking Law from the University of Pantheon, Sorbonne I, France. Since 2005, he has been a member of the Greek Legal Society of Banking and Capital Markets Law.

Alexios Komninos has been a member of our board of directors since our inception and was our chief financial officer from our inception through November 16, 2008. Since 1991, he has been a major shareholder and chief operating officer of N. Komninos Securities SA, one of the oldest members of the Athens Stock Exchange and member of the Athens Derivatives Exchange. He has been involved in more than twenty successful initial public offerings and secondary offerings of companies listed on the Athens Stock Exchange, including Rokkas Energy S.A. (ATSE: ROKKA), a windmill parks company, Folli Follie S.A. (ATSE: FOLLI), a luxury goods company, Flexopack S.A. (ATSE: FLEXO), a packaging company, Eurobrokers S.A. (ATSE: EUBRK), an insurance broking company, and Edrasi S.A. (ATSE: EDRA), a specialized construction company. Mr. Komninos is primarily engaged in the business of securities portfolio management. Throughout 2004 and 2005, he was a financial adviser to Capital Maritime & Trading Corp. Mr. Komninos also advises numerous other public companies in Greece on capital restructuring, mergers and acquisitions and buy-out projects. Mr. Komninos received his B.Sc. in economics from the University of Sussex in the United Kingdom and his M.Sc. in Shipping Trade and Finance from the City University Business School in London.

Kostas Koutsoubelis has been a member of our board of directors since May 20, 2008. Mr. Kostas Koutsoubelis is the group financial director of the Restis group of companies and also the chairman of Golden Energy Marine Corp.

Furthermore, he is a member of the board of the directors of the following public listed companies: FreeSeas Inc., Hellenic Seaways S.A., FG Europe, Imperio Argo Group A.M.E., First Business Bank, South African Marine Corp. and Swissmarine Corporation Ltd. Mr. Koutsoubelis is also the vice president and treasurer of FreeSeas. Before joining the Restis group he served as head of shipping of Credit Lyonnais, Greece. After graduating from St. Louis University, St. Louis, Missouri, he held various positions in

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Mobil Oil Hellas S.A. and after his departure he joined International Reefer Services, S.A., a major shipping company, as financial director. In the past he has also served as director in Egnatia Securities S.A., a stock exchange company, and Egnatia Mutual Fund S.A. He is a governor in the Propeller Club Port of Piraeus and member of the Board of the Association of Banking and Financial Executives of Hellenic Shipping.

Elias M. Culucundis has been a member of our board of directors since our inception. Since 2002, Mr. Culucundis has been a member of the board of directors of Folli Follie S.A. and since 2006 an executive member of the board of directors of Hellenic Duty Free Shops S.A. Since 1999, Mr. Culucundis has been president, chief executive officer and director of Equity Shipping Company Ltd., a company specializing in starting, managing and operating commercial and technical shipping projects. Additionally, from 1996 to 2000, he was a director of Kassian Maritime Shipping Agency Ltd., a vessel management company operating a fleet of ten bulk carriers. During this time, Mr. Culucundis was also a director of Point Clear Navigation Agency Ltd, a marine project company. From 1981 to 1995, Mr. Culucundis was a director of Kassos Maritime Enterprises Ltd., a company engaged in vessel management. While at Kassos, he was initially a technical director and eventually ascended to the position of chief executive officer, overseeing a large fleet of Panamax, aframax and VLCC tankers, as well as overseeing new vessel building contracts, specifications and the construction of new vessels. From 1971 to 1980, Mr. Culucundis was a director and the chief executive officer of Off Shore Consultants Inc. and Naval Engineering Dynamics Ltd. Off Shore Consultants Inc. worked in FPSO (Floating Production, Storage and Offloading vessel, FPSO) design and construction and responsible for the technical and commercial supervision of a pentagon-type drilling rig utilized by Royal Dutch Shell plc. Seven FPSO s were designed and constructed that were subsequently utilized by Pertamina, ARCO, Total and Elf-Aquitaine. Naval Engineering Dynamics Ltd. was responsible for purchasing, re-building and operating vessels that had suffered major damage. From 1966 to 1971, Mr. Culucundis was employed as a Naval Architect for A.G. Pappadakis Co. Ltd., London, responsible for tanker and bulk carrier new buildings and supervising the technical operation of our fleet. He is a graduate of Kings College, Durham University, Great Britain, with a degree in Naval Architecture and Shipbuilding. He is a member of several industry organizations, including the Council of the Union of Greek Shipowners and American Bureau of Shipping. Mr. Culucundis is a fellow of the Royal Institute of Naval Architects and a Chartered Engineer.

George Taniskidis is the chairman and managing director of Millennium Bank, a position he had held since 2002. Mr. Taniskidis is a member of the board of directors of Euroseas Limited, a shipping company, where he has served since 2005. He is also a member of the board of directors of Millennium Bank, Turkey and a member of the executive committee of the Hellenic Banks Association. From 2003 until 2005, he was a member of the board of directors of Visa International Europe, elected by the Visa issuing banks of Cyprus, Malta, Portugal, Israel and Greece. From 1990 to 1998, Mr. Taniskidis worked at XIOSBANK (until its acquisition by Piraeus Bank in 1998) in various positions, with responsibility for the bank s credit strategy and network. Mr. Taniskidis studied law at the National University of Athens and at the University of Pennsylvania Law School, where he received an LL.M. After law school, he joined the law firm of Rogers & Wells in New York, where he worked from 1986 until 1989 and was also a member of the New York State Bar Association. He is a member of the Young Presidents Organization.

Kyriakos G. Dermatis has extensive experience in brokering and negotiating the sale and acquisition of commercial vessels, chartering, ship management and operations. He founded and became president of Intermodal Shipbrokers Co., a ship brokering company involved in ship sale and purchase, new building contracting and special project activities. Mr. Dermatis began his career in October 1965 as a deck apprentice on seagoing tankers vessels. He quickly climbed up to Chief mate with various shipping companies and ships until 1975 when he moved on shore and continued his career as a shipbroker with Thenamaris SA in July 1976. Later he joined Balkanfracht Hamburg as a shipbroker for approximately a year. He returned to Greece in October 1978 and joined Balkanfracht Piraeus as Senior Dry Cargo Broker. In 1976, he moved to A. Bacolitsas S.A. a shipowning company, operating a fleet of 18 ships of several types and sizes, as chartering manager and was soon promoted to General Manager of the subject company where he stayed until April 1983. From April 1983 until September 1983, he was chartering Director in Greece for

European Navigation Fleet. In January 1985, he established Intermodal Shipmanagement Inc., a company specializing in the sale and purchase of ships, tanker chartering, management of small tankers and other more specialized projects. In 1992, the company was renamed Intermodal Shipbrokers Co. In 2003, Mr. Dermatis moved the company s headquarters in North Athens and in 2005 he established a branch office in Shanghai, China in order to support the constantly rising new building activity. Since 2004, Intermodal has negotiated contracts for more than 120 ships in China and 6 Prototype RoRo-tankers in Romania for major Greek, as well as UAE, Argentinean, Malaysian and Italian, shipowners. Kyriakos Dermatis remains an active board member of The Hellenic Shipbrokers Association, a member of the Mediterranean committee of China Classification Society, a member of Shell Marine panel as an external professional advisor to Shell for the past 20 years, and a member of marine club. Mr. Kyriakos Dermatis graduated from the University of Piraeus in March, 1973 by obtaining a BSC in Economics and he attended the London School of Foreign Trade based in London from 1974-1975 where he obtained a diploma in Shipping Business. Then he completed the Post Graduate Diploma in Port & Shipping Administration in 1976 from the University of Wales with recommendation. In 1984, he received an MSC in maritime studies from Cardiff University.

Alexander Papageorgiou has been the chief executive officer of Assos Capital Limited since the establishment of the company in May 2006. Between March 2005 and May 2006, he was the chief financial officer of Golden Energy Marine Corp., an international shipping company transporting a variety of crude oil and petroleum products based in Athens, Greece. From March 2004 to March 2005, Mr. Papageorgiou served as a director in the equities group in the London office of Citigroup Global Markets Inc. where he was responsible for the management and development of Citigroup s Portfolio Products business in the Nordic region. From March 2001 to March 2004, Mr. Papageorgiou served as a vice president in the equities group in the London office of Morgan Stanley & Co., where hew was responsible for Portfolio Product sales and sales-trading coverage for the Nordic region and the Dutch institutional client base. From April 1997 to March 2001, he was an associate at J.P. Morgan Securities Ltd. in the Fixed Income and Investment Banking divisions. Mr. Papageorgiou holds an MSC in Shipping, Trade and Finance from City University Business School in London, Great Britain and a BA (Hons) in Business Economics from Vrije Universiteit in Brussels, Belgium.

Dimitrios Panagiotopoulos is the head of shipping and corporate banking of Proton Bank, a Greek private bank, where he has served since April 2004. From January 1997 to March 2004, he served as deputy head of the Greek shipping desk of BNP Paribas and before that for four years as senior officer of the shipping department of Credit Lyonnais Greece. From 1990 to 1993, he worked as chief accountant in Ionia Management, a Greek shipping company. He also served his obligatory military duty as an officer of the Greek Special Forces and today is a captain of the reserves of the Hellenic Army.

George Tsimpis served as shipping advisor at BNP Paribas, Greece, from 2006 through 2007, upon retiring as Head of the Greek Shipping Desk from BNP Paribas in 2006, a position he had held since 1992. From 1986 to 1992, Mr. Tsimpis served as chief financial officer of Pirelli Tyres. From 1978 to 1986, Mr. Tsimpis was Delegate Manager and Treasurer at Bank of America, Greece. Mr. Tsimpis joined Citibank, Greece in 1971, where he served as chief trader from 1974 to 1978. Mr. Tsimpis holds a Bachelor of Arts Degree in Economics from the University of Piraeus.

Dimitris Anagnostopoulos has over forty years of experience in shipping and ship finance. His career began in the 1970 s at Athens University of Economics followed by four years with the Onassis Group in Monaco.
Mr. Anagnostopoulos also held various posts at the National Investment Bank of Industrial Development (ETEBA), Continental Illinois National Bank of Chicago, Greyhound Corporation, and with ABN AMRO, where he has spent nearly two decades with the Bank, holding positions of Senior Vice-President and Head of Shipping.
Mr. Anagnostopoulos has been a speaker and panelist in various shipping conferences in Europe, and a regular guest lecturer at the City University Cass Business School in London and the Erasmus University in Rotterdam. He is a member (and ex vice chairman) of the Association of Banking and Financial Executives of Greek Shipping. He was recently named by the Lloyd s Organization as Shipping Financier of the Year for 2008.

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Voting Agreement

Pursuant to the Voting Agreement, our board of directors is required to consist of 13 persons. The Restis affiliate shareholders, on the one hand, and the founding shareholders on the other have agreed to vote or cause to be voted certain shares they own or control in Seanergy so as to cause (i) six people named by the Restis affiliate shareholders to be elected to our board of directors, (ii) six people named by the founding shareholders to be elected to our board of directors, and (iii) one person jointly selected by the Restis affiliate shareholders and the founding shareholders to be elected to our board of directors.

The six members of our board of directors designated by each of the Restis affiliate shareholders and the founding shareholders have been divided as equally as possible among Class A, Class B and Class C directors. The six members of our board of directors designated by each of the Restis affiliate shareholders, on the one hand, and the founding shareholders, on the other hand, will include at least three independent directors, as defined in the rules of the SEC and the rules of any applicable stock exchange.

Both Messrs. Ploughman and Koutsoubelis were selected as directors by the Restis affiliate shareholders pursuant to the Voting Agreement. Because each of Messrs. Ploughman and Koutsoubelis was appointed by the Restis affiliate shareholders and employed by affiliates of the Restis affiliate shareholders in other vessel-owning ventures, the Restis affiliate shareholders are in a position to exert influence over such individuals in their capacities as directors of Seanergy. Accordingly, these board members may encounter conflicts of interest in considering future acquisitions of vessels on behalf of Seanergy.

Any director may be removed from office at any time, with or without cause, at the request of the shareholder group entitled to designate such director, and a director so removed shall be replaced by a nominee selected by the shareholder group entitled to designate such director. Vacancies on the board of directors will also be filled by the shareholder group entitled to name the director whose resignation or removal led to the occurrence of the vacancy.

In addition, pursuant to the Voting Agreement, our board of directors established a shipping committee consisting of three directors to consider and vote upon all matters involving shipping and vessel finance. The Voting Agreement requires that our board of directors appoint selected nominees as described below and that the 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 the vacancy. See Management Board Committees Shipping Committee.

With respect to our officers, the parties agreed that Messrs. Dale Ploughman and Georgios Koutsolioutsos would serve as chief executive officer and chairman of the board of directors, respectively. If Mr. Ploughman is unable or unwilling to serve in such position, the Restis affiliate shareholders shall have the right to appoint his replacement.

The Voting Agreement terminates on May 20, 2010, provided that the Restis affiliate shareholders and the founding shareholders may terminate the Voting Agreement prior such date if the other shareholder group at any time owns less than 50% of the shares subject to the Voting Agreement.

Board Committees

Our board of directors has an audit committee, a compensation committee, a nominating committee and a shipping committee. Our board of directors has adopted a charter for each of these committees.

Audit Committee

Our audit committee consists of Messrs. Dimitris Anagnostopoulos, Dimitrios N. Panagiotopoulos and George Tsimpis, each of whom is an independent director. Mr. Dimitrios N. Panagiotopoulos has been designated the Audit Committee Financial Expert under the SEC rules and the current listing standards of the Nasdaq Marketplace Rules.

The audit committee has powers and performs the functions customarily performed by such a committee (including those required of such a committee under the Nasdaq Marketplace Rules and the SEC). The audit committee is responsible for selecting and meeting with our independent registered public accounting firm regarding, among other matters, audits and the adequacy of our accounting and control systems.

Compensation Committee

Our compensation committee consists of Messrs. Kyriakos Dermatis, George Taniskidis and George Tsimpis, each of whom is an independent director. The compensation committee reviews and approves the compensation of our executive officers.

Nominating Committee

Our nominating committee consists of Messrs. Elias M. Culucundis, Dimitrios N. Panagiotopoulos and George Tsimpis, each of whom is an independent director. The nominating committee is responsible for overseeing the selection of persons to be nominated to serve on our board of directors, subject to the terms of the Voting Agreement.

Shipping Committee

We have established a shipping committee. The purpose of the shipping committee is to consider and vote upon all matters involving shipping and vessel finance. The shipping industry often demands very prompt review and decision-making with respect to business opportunities. In recognition of this, and in order to best utilize the experience and skills that the Restis family board appointees bring to us, our board of directors has delegated all such matters to the shipping committee. Transactions that involve the issuance of our securities or transactions that involve a related party, however, shall not be delegated to the shipping committee but instead shall be considered by the entire board of directors. The shipping committee is comprised of three directors. In accordance with the Voting Agreement, the Master Agreement and our by-laws, two of the directors are nominated by the Restis affiliate shareholders and one of the directors is nominated by Seanergy Maritime s founding shareholders. The initial members of the shipping committee are Messrs. Dale Ploughman and Kostas Koutsoubelis, who are the Restis affiliate shareholders nominees, and Mr. Elias M. Culucundis, who is the founding shareholders nominee. The Voting Agreement further requires that the directors appoint the selected nominees and that the directors fill any vacancies on the shipping committee with the nominees selected by the party that nominated the person whose resignation or removal caused the vacancy.

In order to assure the continued existence of the shipping committee, our board of directors has agreed that the shipping committee may not be dissolved and that the duties or composition of the shipping committee may not be altered without the affirmative vote of not less that 80% of our board of directors. In addition, the duties and powers of Seanergy s chief executive officer, which is currently Mr. Ploughman, may not be altered without a similar vote. These duties and powers include voting the shares of stock that Seanergy owns in its subsidiaries. The purpose of this provision is to ensure that Seanergy will cause each of its shipping-related subsidiaries to have a board of directors with members that are identical to the shipping committee. In addition to these agreements, Seanergy has amended certain provisions in its articles of incorporation and by-laws to incorporate these requirements. As a result of these various provisions, in general, all shipping-related decisions will be made by the Restis family appointees to our board of directors unless 80% of the board members vote to change the duties or composition of the shipping committee.

Director Independence

Our securities are listed on the Nasdaq Stock Market and we are exempt from certain Nasdaq listing requirements including the requirement that our board be composed of a majority of independent directors. The board of directors has evaluated whether each of Messrs. Dimitris Anagnostopoulos, Elias M. Culucundis, Kyriakos Dermatis, Dimitrios N. Panagiotopoulos, Alexander Papageorgiou, George Taniskidis, and George Tsimpis is an independent director within the meaning of the listing requirements of Nasdaq. The Nasdaq independence definition includes a series of objective tests, such as that the director is not our employee and has not engaged in various types of business dealings with us. In addition, as further required by the Nasdaq requirements, the board of directors made a subjective determination as to each of Messrs. Elias M. Culucundis,

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Kyriakos Dermatis, Dimitrios N. Panagiotopoulos, Alexander Papageorgiou, George Taniskidis, and George Tsimpis that no relationships exist which, in the opinion of the board of directors, would interfere with the exercise of his independent judgment in carrying out the responsibilities of a director. In making this determination, the board of directors reviewed and discussed information provided by each of Messrs. Dimitris Anagnostopoulos, Elias M. Culucundis, Kyriakos Dermatis, Dimitrios N. Panagiotopoulos, Alexander Papageorgiou, George Taniskidis, and George Tsimpis with regard to his business and personal activities as they may relate to us and our management. After reviewing the information presented to it, our board of directors has determined that each of Messrs. Dimitris Anagnostopoulos, Elias M. Culucundis, Kyriakos Dermatis, Dimitrios N. Panagiotopoulos, Alexander Papageorgiou, George Taniskidis, and George Tsimpis is independent within the meaning of such rules. Our independent directors will meet in executive session as often as necessary to fulfill their duties, but no less frequently than annually.

Our by-laws provide that transactions must be approved by a majority of our independent and disinterested directors (i.e., those directors that are not expected to derive any personal financial benefit from the transaction).

Code of Conduct and Ethics

We have adopted a code of conduct and ethics applicable to our directors, officers and employees in accordance with applicable federal securities laws and the Nasdaq Marketplace Rules.

Compensation of Directors and Executive Officers

For the period ended December 31, 2008, our executive officers and directors received compensation of $321,000 from Seanergy. No service contract exists between any director and us or any of our subsidiaries providing for benefits upon termination of employment.

PRINCIPAL SHAREHOLDERS

The following table sets forth information regarding the beneficial ownership of our common stock as of September 9, 2009, based upon filings publicly available as at October 15, 2009, by:

Each person known by us to be the beneficial owner of more than 5% of our outstanding shares of common stock;

Each of our officers and directors; and

Our officers and directors as a group.

Unless otherwise indicated, we believe that all persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them.

Name and Address of Beneficial Owner(1)	Voting Power	Percentage of Outstanding Common Stock Before Offering	Percentage of Outstanding Common Stock After Offering(2)	Investment Power	Percentage of Outstanding Common Stock Before Offering	Percentage of Outstanding Common Stock After Offering(2)
Georgios Koutsolioutsos	28,224,029(3)(4)(5)	79.12%	42.98%	9,568,380(6)	26.28%	14.57%
Alexios Komninos	22,339,246(3)(4)	74.89%	37.34%	1,183,417(6)	3.97%	1.98%
Ioannis Tsigkounakis	21,861,645(3)(4)	74.49%	36.83%	560,817(6)	1.90%	0.94%
Kostas Koutsoubelis	0	*	*	0	*	*
Elias M. Culucundis	0	*	*	0	*	*
Christina Anagnostara	0	*	*	0	*	*
George Taniskidis	0	*	*	0	*	*
Kyriakos Dermatis	0	*	*	0	*	*
Alexander Papageorgiou	0	*	*	0	*	*
Dimitrios N. Panagiotopoulos	0	*	*	0	*	*
George Tsimpis	0	*	*	0	*	*
Dale Ploughman	0	*	*	0	*	*
Dimitris Anagnostopoulos	0	*	*	0	*	*
United Capital Investments Corp.	25,866,038(4)(6)(8)(9)	81.41%	41.87%	9,416,372(6)	29.64%	15.24%
Atrion Shipholding S.A.	24,581,287(4)(8)(9)	79.42%	40.33%	7,518,620(6)	24.29%	12.34%
Plaza Shipholding Corp.	24,714,881(4)(6)(8)(9)	79.86%	40.55%	7,652,214(6)	24.73%	12.56%
Comet Shipholding Inc.	24,581,578(4)(8)(9)	79.43%	40.33%	7,518,911(6)	24.29%	12.34%
Benbay Limited	9,416,372(7)	29.64%	15.24%	9,416,372(6)	29.64%	15.24%
United Capital Trust, Inc.	9,416,372(7)	29.64%	15.24%	9,416,372(6)	29.64%	15.24%
Aldebaran Investments LLC(10)	3,085,257	10.66%	5.23%	3,085,257	10.66%	5.23%
Brian Taylor(11)	3,475,938	12.00%	5.90%	3,475,938	12.00%	5.90%

Integrated Core Strategies (US) LLC(12)	1,647,408	5.69%	2.79%	1,647,408	5.69%	2.79%
All directors and executive officers as a group (13 individuals)	28,224,029(3)(4)(5)	79.12%	42.98%	11,309,713	30.60%	16.89%

* Less than one (1) percent

(1) Unless otherwise indicated, the business address of each of the shareholders is 1-3 Patriarchou Grigoriou, 166 74 Glyfada, Athens, Greece.

(2) Assumes underwriters do not exercise overallotment option.

(3) Includes 6,727,000, 880,927, and 400,416 shares of our common stock for Mr. Koutsolioutsos, Mr. Komninos and Mr. Tsigkounakis, respectively, issuable upon exercise of warrants, as to which each of Mr. Koutsolioutsos, Mr. Komninos, and Mr. Tsigkounakis have sole voting power.

(4) Includes an aggregate of 18,265,649 shares of our common stock owned by the Restis affiliated shareholders, United Capital Investments, Atrion, Plaza and Comet, and Seanergy Maritime s founding shareholders, which are subject to the Voting Agreement, as amended, described above.

(5) Includes 38,700 shares of our common stock, as to which Mr. Koutsolioutsos has sole voting power.

(6) Includes 70,000 shares of common stock owned by Argonaut SPC, a fund managed by Oxygen Capital AEPEY, which is an entity affiliated with Victor Restis and Katia Restis.

(7) None of the Restis affiliate shareholders, other shareholders who are affiliates of the Restis family, or Seanergy Maritime s founding shareholders has shared investment power with respect to any of the shares beneficially owned, except for (i) 9,416,372 shares included for United Capital Investments Corp., United Capital Trust, Inc. and Benbay Limited as to which each of United Capital Investments, United Capital Trust and Benbay have shared investment power; and (ii) 70,000 shares included for Plaza Shipholding Corp. as to which each of United and Plaza have shared investment power.

(8) Does not include up to an aggregate of 4,308,075 shares of Seanergy common stock issuable to these entities if Seanergy achieves certain definitive predetermined criteria described in this prospectus. Each of United Capital Investments Corp., Atrion Shipholding S.A., Plaza Shipholding Corp. and Comet Shipholding Inc. is an affiliate of members of the Restis family. The address of each of United Capital Investments Corp., Atrion Shipholding S.A., Plaza Shipholding Corp., and Comet Shipholding Inc., is c/o 11 Poseidonos Avenue, 16777 Elliniko, Athens, Greece, Attn: Evan Breibart.

(9) Includes 2,826,584, 2,002,038, 2,002,084, and 2,002,083 shares of our common stock for United Capital Investments, Atrion, Plaza and Comet, respectively, in connection with the exercise of the warrants, as to which each of United Capital Investments, Atrion, Plaza and Comet have sole voting power.

(10) Based on Schedule 13G filed on February 17, 2009. Includes shares issuable upon exercise of warrants which became exercisable on September 24, 2008. The address is 500 Park Avenue, 5th Floor, New York, NY 10022.

(11) Based on Schedule 13G/A filed on January 20, 2009. Mr. Brian Taylor, who is the sole member of Pine River Capital Management LLC, the general partner of Pine River Capital Management, L.P. and director of Nisswa Acquisition Master Fund Ltd., and Pine River Capital Management L.P., Nisswa Acquisition Master Fund s investment manager, initially had shared voting power and shared investment power for 3,475,938 shares. Nisswa Acquisition Master Fund Ltd. has shared voting power and shared investment power for 3,261,326 shares. The address of each of Mr. Taylor, Pine River Capital Management L.P. and Nisswa Acquisition Master Fund Ltd. is c/o Pine River Capital Management L.P., 601 Carlson Parkway, Suite 330, Minnetonka, MN 55305.

(12) Based on Schedule 13G filed on February 5, 2008. Includes shares issuable upon exercise of Warrants which became exercisable on September 24, 2008. Integrated Core Strategies (US) LLC, Millennium Management LLC and Israel A. Englander have shared voting power and shared investment power for these 1,647,408 shares. The address is c/o Millennium Management LLC, 666 Fifth Avenue, New York, NY 10103.

Escrow of Shares Held by Seanergy Maritime s Founding Shareholders

The 5,500,000 shares initially owned by Seanergy Maritime s founding shareholders, including those that were transferred by Seanergy Maritime s former chief executive officer and former chief operating officer to the Restis affiliate shareholders, have been placed in an escrow account maintained by Continental Stock Transfer & Trust Company, as escrow agent. These shares were exchanged for shares of our common stock. In connection with the dissolution and liquidation of Seanergy Maritime, we executed a joinder to the stock escrow agreement and as a result the shares of our common stock owned by such shareholders remained in escrow until 12 months after the vessel acquisition. In September 2009 pursuant to the terms of the escrow agreement, these shares were released by the escrow agent to the founding shareholders, including the Restis affiliate shareholders.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Master Agreement

On August 26, 2008, shareholders of Seanergy Maritime approved a proposal to acquire six dry bulk carriers from six individual sellers that are controlled by members of the Restis family, including two newly built vessels. This acquisition was made pursuant to the Master Agreement and the several MOAs in which Seanergy agreed to purchase these vessels for an aggregate purchase price of (i) $367,030,750 in cash to the sellers, (ii) $28,250,000 in the form of the Note, which was convertible into 2,260,000 shares of Seanergy s common stock, issued to the Restis affiliate shareholders as nominees for the sellers, and (iii) up to an aggregate of 4,308,075 shares of common stock of Seanergy issued to the Restis affiliate shareholders as nominees for the sellers, subject to Seanergy meeting an EBITDA target of $72 million to be earned between October 1, 2008 and September 30, 2009. We expect to meet the EBITDA target. On August 19, 2009, in connection with an amendment to the Note to reduce the conversion price, the holders of the Note converted it to 6,585,868 shares of our common stock. The Restis affiliate shareholders, United Capital Investments Corp., Atrion Shipholding S.A., Plaza Shipholding Corp., and Comet Shipholding Inc., and the sellers are owned and controlled by the following members of the Restis family: Victor Restis, Bella Restis, Katia Restis and Claudia Restis. The Restis affiliate shareholders are four personal investment companies. Each company is controlled by one of these four individuals. Each seller is a single purpose entity organized for the purpose of owning and operating one of the six dry bulk carriers sold pursuant to the terms of the Master Agreement and the individual related MOA. Following the sale of the vessels under the Master Agreement and related MOAs, the sellers have had no further operations. The Restis affiliate shareholders purchased shares of Seanergy s common stock from two of our original founders, Messrs. Panagiotis and Simon Zafet, and serve as nominees of the sellers for purposes of receiving payments under the Note and the shares issuable upon meeting the EBITDA targets described above. The Restis affiliate shareholders do not have any direct participation in our operations as they are not officers, directors or employees of Seanergy Maritime or Seanergy. Pursuant to the terms of the Voting Agreement, the Restis affiliate shareholders have the right to nominate members to the Board of Directors and to appoint officers as described more fully below.

The Master Agreement also provided that Seanergy Maritime and Seanergy cause their respective officers to resign as officers, other than Messrs. Ploughman and Koutsolioutsos, and the Restis affiliate shareholders have the right to appoint such other officers as they deem appropriate in their discretion. The Master Agreement also required that directors resign and be appointed so as to give effect to the Voting Agreement. Pursuant to the Master Agreement, Seanergy Maritime and Seanergy also established shipping committees of three directors and delegated to them the exclusive authority to consider and vote upon all matters involving shipping and vessel finance, subject to certain limitations. Messrs. Ploughman, Koutsoubelis and Culucundis were appointed to such committees. See Our s Business Shipping Committee. In addition, in connection with the Master Agreement, Seanergy entered into the Management Agreement and the Brokerage Agreement, whereby Seanergy agreed to outsource the management and commercial brokerage of its fleet to affiliates of the Restis family.

Registration Rights

Pursuant to a Registration Rights Agreement, no later than thirty days from the effective date of the dissolution and liquidation, we were obligated to file a registration statement with the Securities and Exchange Commission registering the resale of the 5,500,000 shares in the aggregate owned by Seanergy Maritime s founding shareholders and the Restis affiliate shareholders and the 16,016,667 shares of common stock underlying their private placement warrants. However, the 5,500,000 shares will not be released from escrow before the first year anniversary of the consummation of the vessel acquisition. In addition, we agreed to register for resale in such registration statement an aggregate of 6,568,075 shares of common stock, consisting of 4,308,075 shares of common stock issuable to the Restis affiliate shareholders if we achieve certain earnings targets and 2,260,000 shares of common stock issuable upon conversion of the Note. We have filed such registration statement with the SEC and it was declared effective on February 19, 2009. On August 28, 2009, in connection with the amendment to the Note, we filed a registration statement pursuant to Rule 462(b) for the additional 4,325,868 shares of our common stock issued upon conversion of the Note, as amended.

The holders of such securities are also entitled to certain piggy-back registration rights on registration statements filed subsequent to such date. We will bear the expenses incurred in connection with any such registration statements, other than underwriting discounts and/or commissions.

Management of the Fleet

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 and the BET fleet has been contracted out to Safbulk. The management of our fleet has been contracted out to EST. All three of these entities are controlled by members of the Restis family.

Brokerage Agreement

Under the terms of the brokerage agreements entered into by Safbulk Pty, as exclusive commercial broker, with Seanergy Management, for our initial fleet of six vessels, and Safbulk Maritime and BET for the BET fleet, Safbulk provides commercial brokerage services to our subsidiaries and the subsidiaries of BET, which include, among other things, seeking and negotiating employment for the vessels owned by the vessel-owning subsidiaries in accordance with the instructions of Seanergy Management and BET, as the case may be. Safbulk is entitled to receive a commission of 1.25% calculated on the collected gross hire/freight/demurrage payable when such amounts are collected. The brokerage agreement with Safbulk Pty is for a term of two years expiring in August 2010. The brokerage agreement with Safbulk Maritime is for a term of one year expiring in August 2010. Each brokerage agreement is automatically renewable for consecutive periods of one year, unless either party is provided with three months written notice prior to the termination of such period.

Management Agreement

Under the terms of the management agreement entered into by EST, as manager of all vessels owned by Seanergy s subsidiaries, with Seanergy Management, and EST, as manager of all vessels owned by BET, and BET, EST performs certain duties that include general administrative and support services necessary for the operation and employment of all vessels owned by all subsidiaries of Seanergy and BET, including, without limitation, crewing and other technical management, insurance, freight management, accounting related to vessels, provisions, bunkering, operation and, subject to Seanergy s instructions, sale and purchase of vessels.

Under the terms of the management agreement with Seanergy Management, EST was initially entitled to receive a daily fee of Euro 416.00 per vessel until December 31, 2008, which fee may thereafter be increased annually by an amount equal to the percentage change during the preceding period in the Harmonised Indices of Consumer Prices All Items for Greece published by Eurostat from time to time. Such fee is payable monthly in advance on the first business day of each following month. The fee has been increased to Euro 425.00 per vessel through December 31, 2009. Under the terms of the management agreement with BET, the management fee is also Euro 425.00 per vessel through December 31, 2009.

Shipping Committee

We have established a shipping committee. The purpose of the shipping committee is to consider and vote upon all matters involving shipping and vessel finance. The shipping industry often demands very prompt review and decision-making with respect to business opportunities. In recognition of this, and in order to best utilize the experience and skills that the Restis family board appointees bring to us, our board of directors has delegated all such matters to the shipping committee. Transactions that involve the issuance of our securities or transactions that involve a related party, however, shall not be delegated to the shipping committee but instead shall be considered by the entire board of directors. The shipping committee is comprised of three directors. In accordance with the Voting Agreement, the Master Agreement and our by-laws, two of the directors are nominated by the Restis affiliate shareholders and one of the directors is nominated by Seanergy

Maritime s founding shareholders. The initial members of the shipping committee are Messrs. Dale Ploughman and Kostas Koutsoubelis, who are the Restis affiliate shareholders nominees, and Mr. Elias M. Culucundis, who is the founding shareholders nominee. The Voting Agreement further requires that the directors appoint the selected nominees and that the directors fill any vacancies on the shipping committee with nominees selected by the party that nominated the person whose resignation or removal caused the vacancy.

In order to assure the continued existence of the shipping committee, our board of directors has agreed that the shipping committee may not be dissolved and that the duties or composition of the shipping committee may not be altered without the affirmative vote of not less that 80% of our board of directors. In addition, the duties of our chief executive officer, which is currently Mr. Ploughman, may not be altered without a similar vote. These duties include voting the shares of stock that Seanergy owns in its subsidiaries. The purpose of this provision is to ensure that we will cause each of its shipping-related subsidiaries to have a board of directors with members that are identical to the shipping committee. In addition to these agreements, we have amended certain provisions in its articles of incorporation and by-laws to incorporate these requirements. As a result of these various provisions, in general, all shipping-related decisions will be made by the Restis family appointees to our board of directors unless 80% of the board members vote to change the duties or composition of the shipping committee.

The members of the shipping committee also serve as our appointees to the BET board of directors.

The Charters

In connection with our business combination, our relevant vessel-owning subsidiaries entered into time charter parties for all six vessels with SAMC, a company associated with members of the Restis family. Each charter party reflected rates for a period of 11 to 13 months as follows (inclusive of a total of 2.5% address and charter commission in favor of parties nominated by the sellers): (i) $30,000 per day for the African Oryx; (ii) $36,000 per day for the African Zebra; (iii) $60,000 per day for the Davakis G. (ex. Hull No. KA215); (iv) $60,000 per day for the Delos Ranger (ex. Hull No. KA216); (v) $65,000 per day for the Bremen Max; and (vi) $65,000 per day for the Hamburg Max, with some flexibility permitted with regard to the per vessel type charters secured by the sellers so long as the operating day and duration weighted average revenues are consistent with the foregoing. On July 24, 2009, SAMC and Seanergy executed addendums to the charter parties relating to the Bremen Max and the Hamburg Max pursuant to which the daily charter rate was reduced to $15,500 for each vessel and the charter period was extended for an additional 11-13 months commencing on July 27, 2009 and August 12, 2009, respectively.

Upon expiration of the current charters for the BET Commander and the BET Prince in October 2009 and November 2009, respectively, 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.

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% payable to SAMC as charterer.

SAMC is an affiliate of members of the Restis family. We believe the terms of the charters with SAMC are at least as favorable to us as those we could have obtained from an unaffiliated third party.

Voting Agreement

Pursuant to the Voting Agreement, our board of directors is required to consist of 13 persons. The Restis affiliate shareholders, on the one hand, and the founding shareholders on the other have agreed to vote or cause to be voted certain shares they own or control in Seanergy so as to cause (i) six people named by the Restis affiliate shareholders to be elected to our board of directors, (ii) six people named by the founding shareholders to be elected to our board of directors, and (iii) one person jointly selected by the Restis affiliate shareholders and the founding shareholders to be elected to our board of directors.

The six members of our board of directors designated by each of the Restis affiliate shareholders and the founding shareholders will be divided as equally as possible among Class A, Class B and Class C directors. The six members of our board of directors designated by each of the Restis affiliate shareholders, on the one hand, and the founding shareholders, on the other hand, will include at least three independent directors, as defined in the rules of the SEC and the rules of any applicable stock exchange.

Both Messrs. Ploughman and Koutsoubelis were selected as directors by the Restis affiliate shareholders pursuant to the Voting Agreement. Because each of Messrs. Ploughman and Koutsoubelis was appointed by the Restis affiliate shareholders and is employed by affiliates of the Restis affiliate shareholders in other vessel-owning ventures, the Restis affiliate shareholders are in a position to exert influence over such individuals in their capacities as directors of Seanergy. Accordingly, these board members may encounter conflicts of interest in considering future acquisitions of vessels on behalf of Seanergy.

Any director may be removed from office at any time, with or without cause, at the request of the shareholder group entitled to designate such director, and a director so removed shall be replaced by a nominee selected by the shareholder group entitled to designate such director. Vacancies on the board of directors shall also be filled by the shareholder group entitled to name the director whose resignation or removal led to the occurrence of the vacancy.

In addition, pursuant to the Voting Agreement, our board of directors established a shipping committee consisting of three directors to consider and vote upon all matters involving shipping and vessel finance. The Voting Agreement requires that our board of directors appoint selected nominees as described above and that the 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 the vacancy. See Management Board Committees Shipping Committee.

With respect to our officers, the parties agreed that Messrs. Dale Ploughman and Georgios Koutsolioutsos will serve as chief executive officer and chairman of the board of directors, respectively. If Mr. Ploughman is unable or unwilling to serve in such position, the Restis affiliate shareholders shall have the right to appoint his replacement.

The Voting Agreement terminates on May 20, 2010, provided that the Restis affiliate shareholders and the founding shareholders may terminate the Voting Agreement prior such date if the other shareholder group at any time owns less than 50% of the shares subject to the Voting Agreement.

Stock Purchase Agreement

On May 20, 2008, the Restis affiliate shareholders purchased the beneficial interests in all of the securities of Seanergy Maritime owned by Messrs. Panagiotis Zafet and Simon Zafet, the former chief executive officer and chief operating officer of Seanergy Maritime, respectively. The securities owned by the Zafets consisted of 2,750,000 founding shares and 8,008,334 private placement warrants. The aggregate purchase price for the founding shares and private placement warrants, which was negotiated between the Zafets and the Restis affiliate shareholders, was $25,000,000.

Because the securities purchased by the Restis affiliate shareholders were founding shares and private placement warrants, they were subject to a number of restrictions not applicable to Seanergy Maritime common stock and warrants. The founding shares were held in escrow and could not be transferred until 12 months after a business combination, which is why the Restis affiliate shareholders could only purchase the beneficial interests in such shares, including voting rights, as the founding shares remained in the registered names of the Zafets until September 7, 2009, when they were transferred into the names of the Restis affiliate shareholders and released from escrow.

In connection with the purchase by the Restis affiliate shareholders of all of the Zafets beneficial interest in the founding shares and private placement warrants, the Zafets agreed to resign as directors and officers of Seanergy Maritime and terminated all business relationships they had with Seanergy Maritime.

Neither Seanergy nor Seanergy Maritime was a party to the stock purchase agreement and neither was involved in the negotiation of the purchase price. Accordingly, Seanergy and Seanergy Maritime believe that the fair value of the founding shares and private placement warrants sold by the Zafets to the Restis affiliate shareholders was the contractual purchase price of $25,000,000. In addition, because none of Seanergy Maritime, Seanergy or the founding shareholders other than the Zafets was a party to the stock purchase agreement, the parties to the stock purchase agreement could not and did not enter into a voting agreement. The Voting Agreement was entered into in connection with the Master Agreement between Seanergy Maritime and the certain nominees of the sellers, among others.

Vgenopoulos and Partners

Mr. Ioannis Tsigkounakis, a member of our board of directors, is a partner of Vgenopoulos and Partners. During the fiscal year ended December 31, 2008, Seanergy Maritime paid Mr. Tsigkounakis law firm $340,000. Seanergy anticipates continued retention of Mr. Tsigkounakis law firm for the near future.

Sublease Agreement

We lease our executive office space in Athens, Greece pursuant to the terms of a sublease agreement between Seanergy Management and Waterfront, a company which is beneficially owned by Victor Restis. The sublease fee is approximately EURO 500,000 per annum. The initial term is from November 17, 2008 to November 16, 2011. Seanergy has the option to extend the term until February 2, 2014. The premises are approximately 1,000 square meters in a prime location in the Southern suburbs of Athens. The agreement includes furniture, parking space and building maintenance.

Consultancy Agreement

On December 15, 2008, Seanergy Management entered into an agreement with CKA Company S.A., a related party entity incorporated in the Marshall Islands. CKA Company S.A. is beneficially owned by our chief financial officer. Under the agreement, CKA Company S.A. provides the services of the individual who serves in the position of our chief financial officer. The agreement is for $220,000 per annum, payable monthly on the last working day of every month in twelve installments.

BET Shareholders Agreement

In connection with the closing of our purchase of an interest in BET, on August 12, 2009, we entered into a shareholders agreement with Mineral Transport, an affiliate of members of the Restis family, which sets forth, among other things, the parties rights with respect to the corporate governance and control of BET s business and operations and the ownership and transfer of the stock owned by the two shareholders. See Our Business BET Shareholders Agreement.

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, we will have shares of common stock outstanding or shares if the underwriters over-allotment option is exercised in full. The 30,000,000 shares sold in this offering, or shares if the underwriters over-allotment option is exercised in full, will be freely transferable in the United States without restriction under the Securities Act, except for any shares purchased by one of our affiliates, which will be subject to the resale limitations of Rule 144 under Securities Act.

After the consummation of this offering, our existing shareholders will continue to own shares of common stock, which were acquired in private transactions not involving a public offering and these shares are therefore treated as restricted securities for purposes of Rule 144. The restricted securities held by certain of these existing shareholders, our officers, directors and certain other parties will be subject to the underwriters -day lock-up agreement. Restricted securities may not be resold except in compliance with the registration requirements of the Securities Act or under an exemption from those registration requirements, such as the exemptions provided by Rule 144, Regulation S and other exemptions under the Securities Act. Securities currently registered under our existing Form F-1 resale registration statement may continue to be registered and sold thereunder by some of our shareholders but may not be sold by certain of our shareholders during the -day lock-up period with respect to those shareholders that have executed lock-up agreements.

In general, under Rule 144 as currently in effect, a person or persons whose shares are aggregated, who owns shares that were acquired from the issuer or an affiliate at least six months ago, would be entitled to sell within any three-month period, a number of shares that does not exceed the greater of (i) 1% of the then outstanding shares of the applicable class of stock, or (ii) an amount equal to the average weekly reported volume of trading in shares of the applicable class of stock on all national securities exchanges and/or reported through the automated quotation system of registered securities associations during the four calendar weeks preceding the date on which notice of the sale is filed with the Securities and Exchange Commission. Sales in reliance on Rule 144 are also subject to other requirements regarding the manner of sale, notice and availability of current public information about us. A person or persons whose shares are aggregated, who is not deemed to have been one of our affiliates at any time during the 90 days immediately preceding the sale may sell restricted securities in reliance on Rule 144 without regard to the limitations described above, provided that one year has elapsed since the later of the date on which the same restricted securities were acquired from us or one of our affiliates. As defined in Rule 144, an affiliate of an issuer is a person that directly, or indirectly through on or more intermediaries, controls, or is controlled by, or is under common control with, that same issuer.

Our directors and officers and certain of our existing affiliated shareholders, who collectively own shares, may not offer, sell, contract to sell or otherwise dispose of any of our securities that are substantially similar to our common stock or that are exercisable for common stock, without the prior written consent of during the period beginning from the date of the prospectus and continuing to and including the date 60 days after the date of this prospectus,.

As a result of these lock-up agreements and rules of the securities act, the restricted shares will be available for sale in the public market, in some cases subject to certain volume and other restrictions, as mentioned above, as follows:

Days After the Date of this Prospectus	**Number of Shares Eligible for Sales**	**Comment**
Date of prospectus	_____	Shares not locked up and eligible for sale freely or under Rule 144
60 days	_____	lock-up released

Prior to this offering, there has been a limited public market for our common stock, but no prediction can be made as to the effect, if any, that future sales or the availability of shares for sale will have on the market price of our common stock prevailing from time to time. Nevertheless, sales of substantial amounts of our common stock in the public market, or the perception that those sales may occur, could adversely affect prevailing market prices for our common stock.

DESCRIPTION OF SECURITIES

Seanergy is a corporation organized under the laws of the Republic of the Marshall Islands and is subject to the provisions of Marshall Islands law.

Below is a summary of the material features of Seanergy s securities. This summary is not a complete discussion of the amended and restated articles of incorporation and amended and restated by-laws of Seanergy that create the rights of its shareholders. You are urged to read carefully the amended and restated articles of incorporation and amended and restated by-laws of Seanergy.

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General

We are authorized to issue 200,000,000 shares of common stock, par value $0.0001, of which 28,947,095 shares of common stock are outstanding as of September 9, 2009 and 1,000,000 shares of preferred stock, par value $0.0001, of which none are outstanding as of the date of this prospectus.

Common Stock

We have outstanding 28,947,095 shares of common stock. In addition, we have 40,984,667 shares of common stock reserved for issuance upon the exercise of warrants and the underwriter s unit purchase option described below, and 4,308,075 shares reserved for issuance to the Restis affiliate shareholders upon meeting an EBITDA target of $72 million to be earned between October 1, 2008 and September 30, 2009.

Each outstanding share of common stock entitles the holder to one vote on all matters submitted to a vote of shareholders. Subject to preferences that may be applicable to any outstanding shares of preferred stock, holders of shares of common stock are entitled to receive ratably all dividends, if any, declared by our board of directors out of funds legally available for dividends. Certain of our shareholders have agreed with us to subordinate their right to receive dividends with respect to 5,500,000 shares of our common stock owned by them for a period of one year commencing on the second full quarter following the initial closing of the vessel acquisition to the extent that we have insufficient funds to make such dividend payments. Holders of common stock do not have conversion, redemption or preemptive rights to subscribe to any of our securities. All outstanding shares of common stock are fully paid and non-assessable. The rights, preferences and privileges of holders of common stock are subject to the rights of the holders of any shares of preferred stock which we may issue in the future.

There are no limitations on the right of non-residents of the Republic of the Marshall Islands to hold or vote shares of our common stock.

Preferred Stock

Our amended and restated articles of incorporation authorizes the issuance of 1,000,000 shares of blank check preferred stock with such designation, rights and preferences as may be determined from time to time by our board of directors. Accordingly, our board of directors is empowered, without shareholder approval, to issue preferred stock with dividend, liquidation, conversion, voting or other rights which could adversely affect the voting power or other rights of the holders of our common stock. The preferred stock could be utilized as a method of discouraging, delaying or preventing a change in control of us. Although there is no current intent to issue any shares of preferred stock, we cannot assure you that we will not do so in the future.

Warrants

We have outstanding an aggregate of 38,984,667 warrants, which are exercisable at a price of $6.50 per share, subject to adjustment as discussed below. Our warrants will expire on September 24, 2011 at 5:00 p.m., New York City time.

We may call the warrants for redemption:

- in whole and not in part;
- at a price of $0.01 per warrant at any time;
- upon not less than 30 days prior written notice of redemption to each warrant holder; and

if, and only if, the reported last sale price of the Common Shares equals or exceeds $14.25 per share, for any 20 trading days within a 30 trading day period ending on the third business day prior to the notice of redemption to warrant holders; provided that a current registration statement under the Securities Act relating to the shares issuable upon exercise of the warrant, or Warrant Share, is effective.

This criterion was established to provide warrant holders with a (i) adequate notice of exercise only after the then prevailing Common Share price is substantially above the warrant exercise price and (ii) a sufficient differential between the then prevailing Common Share price and the warrant exercise price so there is a reasonable cushion against a negative market reaction, if any, to our redemption call. A total of 16,066,667 warrants issued by Seanergy Maritime in the pre-offering private placement and which we assumed following the dissolution and liquidation of Seanergy Maritime, which we will refer to as the private placement warrants, may not be redeemed if held by the initial holders or their permitted assigns.

The exercise price and number of Warrant Shares may be adjusted in certain circumstances including in the event of a stock dividend, or our recapitalization, reorganization, merger or consolidation. However, the warrants will not be adjusted for issuances of common stock at a price below their exercise price.

The warrants may be exercised upon surrender of the warrant certificate on or prior to the expiration date at the offices of the warrant agent, with the exercise form on the reverse side of the warrant certificate completed and executed as indicated, accompanied by full payment of the exercise price, by certified check payable to us, for the number of warrants being exercised. The warrant holders do not have the rights or privileges of holders of common stock and any voting rights until they exercise their warrants and receive shares of our common stock. After the issuance of Warrant Shares, each holder will be entitled to one vote for each share held of record on all matters to be voted on by shareholders.

No warrants will be exercisable unless at the time of exercise a prospectus relating to Warrants Shares is current and the Warrant Shares have been registered or qualified or deemed to be exempt under the securities laws of the state of residence of the holder of the warrants. Under the terms of the warrant agreement, we will agree to meet these conditions and use our best efforts to maintain a current prospectus relating to Warrant Shares until the expiration of the warrants. If we are unable to maintain the effectiveness of such registration statement until the expiration of the warrants, and therefore are unable to deliver registered shares, the warrants may become worthless and we will not be required to net-cash settle the warrants. In such a case, the purchasers of units will have paid the full purchase price of the units solely for the Common Shares underlying such units. Additionally, the market for the warrants may be limited if the prospectus relating to the Warrant Shares is not current or if the Warrant Shares are not qualified or exempt from qualification in the jurisdictions in which the holders of the warrants reside. In no event will the registered holders of a warrant be entitled to receive a net-cash settlement, stock, or other consideration in lieu of physical settlement in Common Shares.

The private placement warrants are identical to our warrants, except that (i) the private placement warrants are not subject to redemption if held by the initial holders or their permitted assigns and (ii) the warrants may be exercised on a cashless basis. Because the private placement warrants were originally issued pursuant to an exemption from the registration requirements under the federal securities laws, the holders of such warrants will be able to exercise their warrants even if, at the time of exercise, a prospectus relating to the common stock issuable upon exercise of such warrants is not current. As described above, the holders of the warrants purchased in the initial public offering will not be able to exercise them unless we have a current registration statement covering the shares issuable upon their exercise.

No fractional shares will be issued upon exercise of the warrants. If, upon exercise of the warrants, a holder would be entitled to receive a fractional interest in a share, we will, upon exercise, round up to the nearest whole number the Warrant Shares to be issued to the warrant holder.

Purchase Option

Upon the dissolution and liquidation of Seanergy Maritime, we assumed Seanergy Maritime s obligation under the underwriter s unit purchase option it granted to Maxim Group LLC for the purchase up to a total of 1,000,000 units at a per unit price of $12.50. The units issuable upon exercise of the option will consist of one share of our common stock and one warrant. The warrant will be identical to the warrants described above.

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Dividends

We had initially expressed an intent to pay dividends in the aggregate amount of $1.20 per share on a quarterly basis during the one-year period commencing with the second full quarter following the initial closing of the vessel acquisition, which is the quarter ending March 31, 2009. We have, however, determined to temporarily suspend the payment of any dividends based on restrictions imposed on us by our senior lender. We have not yet determined when any dividend payments will be resumed. In the event we determine to resume any dividend payments, under the terms of the waiver obtained with respect to our loan facilities security margin clause, the written approval of Marfin will be required before the payment of any dividends. Certain of our shareholders have agreed with us for such one-year period to subordinate their rights to receive dividends with respect to the 5,500,000 owned by them, but only to the extent that we have insufficient funds to make such dividend payments. The declaration and payment of any dividend is subject to the discretion of our board of directors. The timing and amount of dividend payments will be in the discretion of our board of directors and be dependent upon our earnings, financial condition, cash requirements and availability, fleet renewal and expansion, restrictions in our loan agreements, the provisions of Marshall Islands law affecting the payment of dividends to shareholders and other factors. Our board of directors may review and amend our dividend policy from time to time in light of our plans for future growth and other factors.

Our Transfer Agent and Warrant Agent

The transfer agent for our common stock and warrant agent for our warrants is Continental Stock Transfer & Trust Company.

MARSHALL ISLANDS COMPANY CONSIDERATIONS

Our corporate affairs are governed by our amended and restated articles of incorporation and amended and restated by-laws and by the Business Corporations Act of the Republic of the Marshall Islands, or BCA. The provisions of the BCA resemble provisions of the corporation laws of a number of states in the United States. For example, the BCA allows the adoption of various anti-takeover measures such as shareholder rights plans. While the BCA also provides that it is to be interpreted according to the laws of the State of Delaware and other states with substantially similar legislative provisions, there have been few, if any, court cases interpreting the BCA in the Marshall Islands and we cannot predict whether Marshall Islands courts would reach the same conclusions as U.S. courts. Thus, you may have more difficulty in protecting your interests in the face of actions by the management, directors or controlling shareholders than would shareholders of a corporation incorporated in a United States jurisdiction that has developed a substantial body of case law. The following table provides a comparison between the statutory provisions of the BCA and the Delaware General Corporation Law relating to shareholders rights.

Marshall Islands	**Delaware**
Shareholders Meetings	
Held at a time and place as designated in the by-laws	May be held at such time or place as designated in the certificate of incorporation or the bylaws, or if not so designated, as determined by the board of directors
May be held within or outside the Marshall Islands	May be held within or outside Delaware
Notice:	Notice:
Whenever shareholders are required to take action at a meeting, written notice shall state the place, date and hour of the meeting and, unless it is the annual meeting, indicate that it is being issued by or at the direction of the person or	Whenever shareholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, if any, date and hour of the meeting, and the means of

persons calling the meeting. Notice of a special	remote communication, if any

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Marshall Islands	Delaware
meeting shall also state the purpose for which the meeting is called.	
A copy of the notice of any meeting shall be given personally or sent by mail not less than 15 nor more than 60 days before the meeting	Written notice shall be given not less than 10 nor more than 60 days before the date of the meeting
Shareholders	**Voting Rights**
Any action required to be taken by meeting of shareholders may be taken without meeting if consent is in writing and is signed by all the shareholders entitled to vote	Stockholders may act by written consent to elect directors
Any person authorized to vote may authorize another person to act for him by proxy	Any person authorized to vote may authorize another person or persons to act for him by proxy
Unless otherwise provided in the articles of incorporation, a majority of shares entitled to vote constitutes a quorum. In no event shall a quorum consist of fewer than one third of the shares entitled to vote at a meeting. Once a quorum is present to organize a meeting, it is not broken by the subsequent withdrawal of any shareholders	For non-stock corporations, certificate of incorporation or bylaws may specify the number of members necessary to constitute a quorum. In the absence of this, one-third of the members shall constitute a quorum
The articles of incorporation may provide for cumulative voting in the election of directors	For stock corporations, certificate of incorporation or bylaws may specify the number of members necessary to constitute a quorum but in no event shall a quorum consist of less than one-third of the shares entitled to vote at the meeting. In the absence of such specifications, a majority of shares entitled to vote at the meeting shall constitute a quorum
Any two or more domestic corporations may merge into a single corporation if approved by the board and if authorized by a majority vote of the holders of outstanding shares at a stockholder meeting	The certificate of incorporation may provide for cumulative voting
Any sale, lease, exchange or other disposition of all or substantially all the assets of a corporation, if not made in the corporation s usual or regular course of business, once approved by the board, shall be authorized by the affirmative vote of two-thirds of the shares of those entitled to vote at a shareholder meeting	Any two or more corporations existing under the laws of state may merge into a single corporation pursuant to a board resolution and upon the majority vote by stockholders of each constituent corporation at an annual or special meeting
	Every corporation may at any meeting of the board sell, lease or exchange all or substantially all of its property and assets as its board deems expedient and for the best interests of the corporation when so authorized by a resolution adopted by the holders of a majority of the outstanding stock of a corporation entitled to vote
Any domestic corporation owning at least 90% of the outstanding shares of each class of another domestic corporation may merge such other	Any corporation owning at least 90% of the outstanding shares of each class of another corporation may merge the other corporation into itself and assume all of its obligations without the

Marshall Islands	Delaware
corporation into itself without the authorization of the shareholders of any corporation	vote or consent of stockholders; however, in case the parent corporation is not the surviving corporation, the proposed merger shall be approved by a majority of the outstanding stock of the parent corporation entitled to vote at a duly called stockholder meeting
Any mortgage, pledge of or creation of a security interest in all or any part of the corporate property may be authorized without the vote or consent of the shareholders, unless otherwise provided for in the articles of incorporation or approval off the shareholders is required pursuant to the BCA	Any mortgage or pledge of a corporation s property and assets may be authorized without vote or consent of stockholders, except to the extent that the certificate of incorporation otherwise provides
Directors	
Board must consist of at least one member	Board must consist of at least one member
Number of members can be changed by an amendment to the by-laws, by the shareholders, or by action of the board under the specific provisions of a bylaw	Number of board members shall be fixed by the bylaws, unless the certificate of incorporation fixes the number of directors
If the board is authorized to change the number of directors, it can only do so by majority of the entire board and so long as no decrease in the number shall shorten the term of any incumbent director	If the number of directors is fixed by the certificate of incorporation, a change in the number shall be made only by an amendment of the certificate
Removal	Removal
Any or all of the directors may be removed for cause by vote of the shareholders	Any or all of the directors may be removed, with or without cause, by the holders of a majority of the shares entitled to vote unless the certificate of incorporation otherwise provides
If the articles of incorporation or the by-laws so provide, any or all of the directors may be removed without cause by vote of the shareholders	In the case of a classified board, stockholders may effect removal of any or all directors only for cause
Dissenter s Rights of Appraisal	
Shareholders have a right to dissent from a merger or sale of all or substantially all assets not made in the usual course of business, and receive payment of the fair value of their shares	With limited exceptions, appraisal rights shall be available for the shares of any class or series of stock of a corporation in a merger or consolidation
A holder of any adversely affected shares who does not vote on or consent in writing to an amendment to the articles of incorporation has the right to dissent and to receive payment for such shares if the amendment:	
Alters or abolishes any preferential right of any outstanding shares having preference; or	
Creates, alters or abolishes any provision or right in respect to the redemption of any outstanding shares; or	
Alters or abolishes any preemptive right of such holder to acquire shares or other securities; or	

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Marshall Islands	Delaware
Excludes or limits the right of such holder to vote on any matter, except as such right may be limited by the voting rights given to new shares then being authorized of any existing or new class	
Shareholder s Derivative Actions	
An action may be brought in the right of a corporation to procure a judgment in its favor, by a holder of shares or of voting trust certificates or of a beneficial interest in such shares or certificates. It shall be made to appear that the plaintiff is such a holder at the time of the transaction of which he complains, or that has shares or his interest therein devolved upon him by operation of law	In any derivative suit instituted by a stockholder of a corporation, it shall be averred in the complaint that the plaintiff was a stockholder of the corporation at the time of the transaction of which he complains or such stockholder s stock must have thereafter devolved upon such stockholder by operation of law
Complaint shall set forth with particularity the efforts of the plaintiff to secure the initiation of such action by the board or the reasons for not making such effort	Other requirements regarding derivative suits have been created by judicial decision, including that a stockholder may not bring a derivative suit unless he or she first demands that the corporation sue on its own behalf and that demand is refused (unless it is shown that such demand would have been futile)
Such action shall not be discontinued, compromised or settled, without the approval of the High Court of the Republic	
Reasonable expenses including attorney s fees may be awarded if the action is successful	
Corporation may require a plaintiff bringing a derivative suit to give security for reasonable expenses if the plaintiff owns less than 5% of any class of stock and shares have a value of less than $50,000	

TAXATION

The following is a summary of the material U.S. federal and Marshall Islands income tax consequences of the ownership and disposition of our common stock. The discussion below of the U.S. federal income tax consequences to U.S. Holders will apply to a beneficial owner of our common stock that is treated for U.S. federal income tax purposes as:

- an individual citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) that is created or organized (or treated as created or organized) in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is includible in gross income for U.S. federal income tax purposes regardless of its source; or a trust if (i) a U.S. court can exercise primary supervision over the trust s administration and one or more U.S. persons are authorized to control all substantial decisions of the trust, or (ii) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If you are not described as a U.S. Holder and are not an entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes, you will be considered a Non-U.S. Holder. The

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U.S. federal income tax consequences applicable to Non-U.S. Holders is described below under the heading Non-U.S. Holders.

This summary is based on the Code, its legislative history, Treasury regulations promulgated thereunder, published rulings and court decisions, all as currently in effect. These authorities are subject to change, possibly on a retroactive basis.

This summary does not address all aspects of U.S. federal income taxation that may be relevant to any particular holder based on such holder s individual circumstances. In particular, this discussion considers only holders that will own and hold our common stock as capital assets within the meaning of Section 1221 of the Code and does not address the potential application of the alternative minimum tax or the U.S. federal income tax consequences to holders that are subject to special rules, including:

- financial institutions or financial services entities ;
- broker-dealers;
- taxpayers who have elected mark-to-market accounting;
- tax-exempt entities;
- governments or agencies or instrumentalities thereof;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- certain expatriates or former long-term residents of the United States;
- persons that actually or constructively own 10% or more of our voting shares;
- persons that hold our warrants;
- persons that hold our common stock or warrants as part of a straddle, constructive sale, hedging, conversion or other integrated transaction; or
- persons whose functional currency is not the U.S. dollar.

This summary does not address any aspect of U.S. federal non-income tax laws, such as gift or estate tax laws, or state, local or non-U.S. tax laws. Additionally, this discussion does not consider the tax treatment of partnerships or other pass-through entities or persons who hold our common stock through such entities. If a partnership (or other entity classified as a partnership for U.S. federal income tax purposes) is the beneficial owner of our common stock, the U.S. federal income tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership.

We have not sought, nor will we seek, a ruling from the Internal Revenue Service, or the IRS, as to any U.S. federal income tax consequence described herein. The IRS may disagree with the description herein, and its determination may be upheld by a court.

BECAUSE OF THE COMPLEXITY OF THE TAX LAWS AND BECAUSE THE TAX CONSEQUENCES TO ANY PARTICULAR HOLDER OF OUR COMMON STOCK MAY BE AFFECTED BY MATTERS NOT DISCUSSED HEREIN, EACH SUCH HOLDER IS URGED TO CONSULT WITH ITS TAX ADVISOR WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL AND NON-U.S. TAX LAWS, AS WELL AS U.S. FEDERAL TAX LAWS.

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United States Federal Income Tax Consequences

Taxation of Operating Income: In General

Unless exempt from United States federal income taxation under the rules discussed below, a foreign corporation is subject to United States federal income taxation in respect of any income that is derived from the use of vessels, from the hiring or leasing of vessels for use on a time, voyage or bareboat charter basis, from the participation in a shipping pool, partnership, strategic alliance, joint operating agreement, code sharing arrangements or other joint venture it directly or indirectly owns or participates in that generates such income, or from the performance of services directly related to those uses, which we refer to as shipping income, to the extent that the shipping income is derived from sources within the United States. For these purposes, 50% of shipping income that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States, exclusive of certain US territories and possessions, constitutes income from sources within the United States, which we refer to as U.S.-Source Gross Transportation Income or USSGTI.

Shipping income attributable to transportation that both begins and ends in the United States is considered to be 100% from sources within the United States. US law prohibits us from engaging in transportation that produces income considered to be 100% from sources within the United States.

Shipping income attributable to transportation exclusively between non-U.S. ports will be considered to be 100% derived from sources outside the United States. Shipping income derived from sources outside the United States will not be subject to any United States federal income tax.

In the absence of exemption from tax under Section 883, our USSGTI would be subject to a 4% tax imposed without allowance for deductions as described below.

Exemption of Operating Income from United States Federal Income Taxation

Under Section 883 of the Code, we will be exempt from United States federal income taxation on our U.S.-source shipping income if:

- we are organized in a foreign country (our country of organization) that grants an equivalent exemption to corporations organized in the United States; and

either

- more than 50% of the value of our stock is owned, directly or indirectly, by qualified shareholders, that are persons (i) who are residents of our country of organization or of another foreign country that grants an equivalent exemption to corporations organized in the United States, and (ii) who comply with certain documentation requirements, which we refer to as the 50% Ownership Test, or