Seanergy Maritime Holdings Corp.
Form POS AM
September 24, 2010

As filed with the Securities and Exchange Commission on September 23, 2010

Registration No. 333-166872

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

POST-EFFECTIVE 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)

Seanergy Maritime Holdings Corp. 1-3 Patriarchou Grigoriou 166 74 Glyfada Athens, Greece Tel: +30 210 9638461	Seward & Kissel LLP Attention: Gary J. Wolfe, Esq. One Battery Park Plaza New York, New York 10004 (212) 574-1200
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)	(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Seanergy Maritime Holdings Corp. Attn: Dale Ploughman 1-3 Patriarchou Grigoriou 166 74 Glyfada Athens, Greece Tel: +30 210 9638461	Gary J. Wolfe, Esq. Robert E. Lustrin, Esq. Seward & Kissel LLP One Battery Park Plaza New York, New York 10004 (212) 574-1200 (telephone) (212) 480-8421 (facsimile)

Approximate date of commencement of proposed sale to the public:

From time to time after this registration statement becomes effective as determined by market conditions and other factors.

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, please check the following box: x

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Security	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Shares underlying the Public Warrants, par value $0.0001 per share	38,984,667	$6.50(1)	$253,400,335.50	$18,067.45(2)
Underwriter Warrants	1,138,917	--	--	(3)
Common Shares underlying the Underwriter Warrants, par value $0.0001 per share	1,138,917	$1.32(1)	$1,503,371	$107.19(4)
Units, each consisting of one Common Share, par value $0.0001 and one Warrant	1,000,000	$12.50(1)	$12,500,000	$891.25(5)
Common Shares included in the Units	1,000,000	--	--	(3)
Warrants included in the Units	1,000,000	--	--	(3)
Common Shares underlying the Warrants included in the Units, par value $0.0001 per share	1,000,000	$6.50(1)	$6,500,000	$463.45(6)
Total	45,262,501		$273,903,706.50	$19,529.34(7)

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(g) of the Securities Act of 1933, as amended (the "Securities Act").

(2) Determined in accordance with Section 6(b) of the Securities Act to be $18,067.45 which is equal to .00007130 multiplied by the proposed maximum aggregate offering price of $253,400,335.50.

(3) No fee required pursuant to Rule 457(g) under the Securities Act.

(4) Determined in accordance with Section 6(b) of the Securities Act to be $107.19 which is equal to .00007130 multiplied by the proposed maximum aggregate offering price of $1,503,371.

(5) Determined in accordance with Section 6(b) of the Securities Act to be $891.25 which is equal to .00007130 multiplied by the proposed maximum aggregate offering price of $12,500,000.

(6) Determined in accordance with Section 6(b) of the Securities Act to be $463.45 which is equal to .00007130 multiplied by the proposed maximum aggregate offering price of $6,500,000.

(7) Previously paid.

The Registrant hereby amends this 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.

EXPLANATORY NOTE

This Post-Effective Amendment No. 1 to the Registration Statement on Form F-1 (the "Post-Effective Amendment") is being filed to update our Registration Statement on Form F-1 (No. 333-166872) (the "Registration Statement"), which was previously declared effective by the U.S. Securities and Exchange Commission on July 26, 2010, to (1) include unaudited condensed consolidated financial statements and the notes thereto for the periods ended June 30, 2010 and 2009, and (2) update certain other information in the Registration Statement.

No additional securities are being registered under this Post-Effective Amendment. All applicable registration fees were paid with the initial filing of the Registration Statement on May 17, 2010.

The information in this prospectus is not complete and may be changed. These securities may not be sold 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 or sell these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED SEPTEMBER 23, 2010

Seanergy Maritime Holdings Corp.

Up to 38,984,667 Shares of Common Stock underlying the Public Warrants
Up to 1,138,917 Common Stock Purchase Warrants
Up to 1,138,917 Shares of Common Stock underlying the Common Stock Purchase Warrants
Up to 1,000,000 Units upon exercise of a Unit Purchase Option

This prospectus relates to (i) the distribution of up to an aggregate of 38,984,667 shares of our common stock, or the Public Warrant Shares, issuable by us upon the exercise of our outstanding public warrants, or the Public Warrants, (ii) the resale by the underwriters of a recent registered public offering of shares of our common stock, to whom we refer as the new underwriters, of up to an aggregate of 1,138,917 common stock purchase warrants, or the Underwriter Warrants, and up to an aggregate of 1,138,917 shares of our common stock issuable upon the exercise of the Underwriter Warrants, or the Underwriter Warrant Shares, and (iii) the primary sale by us of up to an aggregate of 1,000,000 units, or the Units, to the underwriter of the initial public offering of our predecessor company, to whom we refer as the original underwriter, which Units the original underwriter may purchase from us at its option, to which we refer as the Unit Purchase Option, where each Unit consists of one share of our common stock and one warrant, identical to our Public Warrants, to purchase one share of our common stock. The original underwriter's exercise in full of the Unit Purchase Option would result in the sale by us of 1,000,000 shares of our common stock, or the Unit Shares, and 1,000,000 common stock purchase warrants, or the Unit Warrants, and the existence of 1,000,000 shares of our common stock issuable upon the exercise of the Unit Warrants, or the Unit Warrant Shares.

We will not receive any proceeds from the sale of the Public Warrant Shares by the holders of our Public Warrants, the sale of the Underwriter Warrants and Underwriter Warrant Shares by the new underwriters, or the sale of the Unit Shares, Unit Warrants or Unit Warrant Shares by the original underwriter. However, we will receive the proceeds from any non-cashless exercise of Public Warrants by their holders or any exercise of Underwriter Warrants by the new underwriters. We will also receive the proceeds from any sale of Units to the original underwriter in connection with any non-cashless exercise of the Unit Purchase Option, and we will receive the proceeds from any subsequent exercise of the resulting Unit Warrants. See "Use of Proceeds."

We will be paying the expenses in connection with the registration of the distribution of the Public Warrant Shares, the resale of the Underwriter Warrants and Underwriter Warrant Shares, and the primary sale of the Units and the securities included in the Units. Our common stock and warrants are listed on the NASDAQ Global Market under the symbols "SHIP" and "SHIP.W", respectively. On September 22, 2010, the closing price of our common stock was $1.03 per share and the closing price of our warrants was $0.04 per warrant.

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 12 of this prospectus. You should read this prospectus carefully before you make your investment decision.

The securities issued under this prospectus may be offered directly or through underwriters, agents or dealers. The names of any underwriters, agents or dealers will be included in an amendment to this prospectus.

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.

The date of this prospectus is September , 2010

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ABOUT THIS PROSPECTUS

You should rely only on the information contained 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 in 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.

Unless otherwise indicated, all references in this prospectus to "$" or "dollars" are to U.S. dollars and financial information presented in this prospectus that is derived from the financial statements included herein is prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP.

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 some of the 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 Republic of the Marshall Islands or Greece would enter judgments in original actions brought in those courts predicated on U.S. federal or state securities laws.

PROSPECTUS SUMMARY

This summary highlights certain information and financial statements 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 our 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. References in this prospectus to "MCS" refer to Maritime Capital Shipping Limited and its wholly owned subsidiaries. We acquired a 51% controlling interest in MCS in May 2010 for a consideration of $33.0 million, and we acquired the remaining 49% interest in MCS in September 2010 for a consideration of $29.0 million. For more information about us, please refer to the section of this prospectus titled "Risk Factors."

The Company

We are an international company providing worldwide transportation of dry bulk commodities through our vessel-owning subsidiaries, which include Bulk Energy Transport (Holdings) Limited, or BET, and Maritime Capital Shipping Limited, or MCS. Our existing fleet of 20 dry bulk vessels, including BET's and MCS's vessels, consists of ten Handysize vessels, 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, or major bulks, as well as bauxite, phosphate, fertilizer and steel products, or minor bulks.

We acquired our initial fleet of six dry bulk carriers on August 28, 2008 from the Restis family, one of our major shareholders. On July 14, 2009, we expanded our fleet by entering into a share purchase agreement with Constellation Bulk Energy Holdings, Inc., or Constellation, to acquire from Constellation a 50% ownership interest in BET for nominal cash consideration. The remaining 50% of BET is owned by Mineral Transport Holdings, Inc., or Mineral Transport, a company controlled by members of the Restis family. We also entered into a shareholders' agreement with BET and 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, whose fleet consists of four Capesize vessels and one Panamax vessel.

On May 20, 2010, the voting agreement expired between certain of our shareholders who are affiliated with members of the Restis family, on the one hand, and Seanergy Maritime's founding shareholders, composed of Mr. Georgios Koutsolioutsos, Mr. Alexios Komninos and Mr. Ioannis Tsigkounakis, three of our former directors, on the other hand.

On April 30, 2010, Maritime Capital Shipping (Holdings) Limited, or Maritime Capital, a company controlled by members of the Restis family, acquired 100% of MCS. In May 2010, we further expanded our fleet by acquiring a 51% ownership interest in MCS for consideration of $33.0 million. In September 2010, we acquired the remaining 49% ownership interest in MCS from Maritime Capital for consideration of $29.0 million, which was paid to Maritime Capital in the form of: (i) $3.0 million in cash and (ii) 24,761,905 of our common shares, with an aggregate value of $26.0 million, that were issued to certain of our shareholders who are affiliated with members of the Restis family, to whom we refer as the Restis affiliate shareholders, as nominees of Maritime Capital.

In our view, our acquisitions demonstrate both our ability to successfully grow through acquisitions 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 proven track record of more than 40 years in dry bulk shipping, we are able to take advantage of economies of scale and efficiencies resulting from the use of Restis affiliates for the technical and commercial management of our fleet.

Our Fleet

We control and operate, through our vessel-owning subsidiaries, which include BET and MCS, 20 dry bulk carriers 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	Current Employment	Terms of Employment Period	Daily Charter Hire Rate	Charterer
African Oryx /Bahamas	Handysize	24,110	1997	Time Charter	Expiring September 2011	$7,000 plus a 50% profit share calculated on the average spot Time Charter Routes derived from the Baltic Supramax Index	MUR Shipping B.V.
African Zebra /Bahamas	Handymax	38,623	1985	Time Charter	Expiring September 2011	$7,500 plus a 50% profit share calculated on the average spot Time Charter Routes derived from the Baltic Supramax Index	MUR Shipping B.V.
Bremen Max /Isle of Man	Panamax	73,503	1993	Time Charter	Expiring September 2010	$15,500	SAMC
Hamburg Max /Isle of Man	Panamax	72,338	1994	Time Charter	Expiring October 2012	$21,500 base rate and a ceiling of $25,500 with a 50% profit sharing arrangement to apply to any amount in excess of the ceiling	Mansel Ltd.
Davakis G./Bahamas (1)	Supramax	54,051	2008	Time Charter	Expiring January 2011	$21,000	Sangamon Transportation Group (Louis Dreyfus)
Delos Ranger /Bahamas (1)	Supramax	54,051	2008	Time Charter	Expiring March 2011	$20,000	Bunge S.A.

BET Commander /Isle of Man (2)	Capesize	149,507	1991	Time Charter	Expiring December 2011	$24,000	SAMC
BET Fighter /Isle of Man (2)	Capesize	173,149	1992	Time Charter	Expiring September 2011	$25,000	SAMC
BET Prince /Isle of Man (2)	Capesize	163,554	1995	Time Charter	Expiring January 2012	$25,000	SAMC
BET Scouter /Isle of Man (2)	Capesize	171,175	1995	Time Charter	Expiring October 2011	$26,000	SAMC
BET Intruder /Isle of Man (2)	Panamax	69,235	1993	Time Charter	Expiring September 2011	$15,500	SAMC
Fiesta /Liberia	Handysize	29,519	1997	Bareboat Charter	Expiring November 2013	Baltic Handysize Index increased by 100.63% minus Opex	Oldendorff Carriers GmbH & Co. KG
Pacific Fantasy /Liberia	Handysize	29,538	1996	Bareboat Charter	Expiring January 2014	Baltic Handysize Index increased by 100.63% minus Opex	Oldendorff Carriers GmbH & Co. KG
Pacific Fighter /Liberia	Handysize	29,538	1998	Bareboat Charter	Expiring November 2013	Baltic Handysize Index increased by 100.63% minus Opex	Oldendorff Carriers GmbH & Co. KG

Clipper Freeway /Liberia	Handysize	29,538	1998	Bareboat Charter	Expiring February 2014	Baltic Handysize Index increased by 100.63% minus Opex	Oldendorff Carriers GmbH & Co. KG
African Joy /Hong Kong	Handysize	26,482	1996	Spot	Expiring October 2010	$10,000	Austbulk Shipping International SA Panama
African Glory /Hong Kong	Handysize	24,252	1998	Time Charter	Expiring December 2010	$14,500	MUR Shipping B.V.
Asian Grace /Hong Kong	Handysize	20,412	1999	Spot	Expiring September 2010	$11,000	Swiss Singapore Middle East FZE (M/S Swiss Singapore Overseas Enterprise PTE Ltd.)
Clipper Glory /Hong Kong	Handysize	29,982	2007	Time Charter	Expiring August 2012	$25,000	CF Bulk Carriers Ltd. (Clipper Bulk Shipping Limited)
Clipper Grace /Hong Kong	Handysize	29,987	2007	Time Charter	Expiring August 2012	$25,000	CF Bulk Carriers Ltd. (Clipper Bulk Shipping Limited)
Total		1,292,544					

(1) Sister ships.
(2) Vessels owned by BET.

Management of Our Fleet

We currently have two executive officers, Mr. Dale Ploughman, our chief executive officer who is also the Chairman of our Board of Directors, and Ms. Christina Anagnostara, our chief financial officer. In addition, we employ Ms. Theodora Mitropetrou, our general counsel, and a support staff of nine 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 a portion 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 out to Safbulk Maritime S.A., or Safbulk Maritime. Safbulk Pty and Safbulk Maritime are collectively referred to throughout this prospectus as Safbulk. The management of our initial fleet of six vessels and the BET fleet has been contracted out to Enterprises Shipping and Trading, S.A., or EST. Safbulk and EST are controlled by members of the Restis family. MCS arranges its time and bareboat charters in-house and negotiates the terms of the charters based on market conditions. The commercial management of the MCS fleet is carried out in-house while the technical management with respect to its vessels under time charter has been contracted out to M/S Fleet Ship Management Inc., or M/S Fleet, and Wallem Shipmanagement Ltd., or Wallem, both of which are unrelated third party management companies.

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, are not delegated to the shipping committee but instead are considered by our entire board of directors. The shipping committee comprises three directors. In accordance with the Amended and Restated Charter of the Shipping Committee, two of the directors are nominated by the Restis affiliate shareholders and one of the directors is nominated by a majority of the Board of Directors and is an independent member of the Board of Directors. The members of the shipping committee are Messrs. Dale Ploughman and Kostas Koutsoubelis, who are the Restis affiliate shareholders' nominees, and Mr. Dimitris Panagiotopoulos, who is the Board's nominee.

Two of 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 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 Republic of 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, to which we refer 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) $367.0 million in cash, (ii) $28,250,000 (face value) in the form of a convertible promissory note, or the Note, and (iii) an aggregate of 4,308,075 shares of our common stock, subject to our meeting an Earnings Before Interest, Taxes, Depreciation and Amortization, or EBITDA, target of $72.0 million to be earned between October 1, 2008 and September 30, 2009, which target was achieved and the additional consideration was recorded as an increase in goodwill of $17.3 million, equal to the fair value of the 4,308,075 shares. 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 selling parties who are affiliated with members of the Restis family, and the several investing parties who are affiliated with members of the Restis family, and six separate memoranda of agreement, or 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, the M/V African Oryx, the M/V Davakis G and the M/V Delos Ranger. 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.

Dissolution and Liquidation

On August 26, 2008, shareholders of Seanergy Maritime also approved a proposal for the dissolution and liquidation of Seanergy Maritime, or the dissolution and liquidation, which was originally filed with the U.S. Securities and Exchange Commission, or the Commission, 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 described above, Seanergy Maritime was no longer needed and its elimination was 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 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 Global 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

On August 12, 2009, we expanded the size of our fleet when we closed on the purchase of a 50% ownership interest in BET from Constellation. BET's other equity owner is Mineral Transport, which is an affiliate of members of the Restis family, one of our major shareholders. We also entered into a shareholders' agreement with Mineral Transport whereby we were granted a majority on the board of directors of BET, thus obtaining control of BET, whose fleet consists of four Capesize vessels and one Panamax vessel.

Purchase of 100% Ownership Interest in MCS

On May 28, 2010, we purchased a 51% ownership interest in MCS from Maritime Capital, which is controlled by members of the Restis family. On September 15, 2010, we purchased from Maritime Capital the remaining 49% ownership interest in MCS.

Corporate Structure

We are incorporated in the Republic of the Marshall Islands under the name Seanergy Maritime Holdings Corp. Our executive offices are located at 1-3 Patriarchou Grigoriou, 166 74 Glyfada, Athens, Greece and our telephone number is +30-210-963-8461.

The Offering

The summary below describes the principal terms of the securities being offered hereunder. Certain of the terms and conditions described below are subject to important limitations and exceptions.

Securities Offered	We are registering: (i) up to an aggregate of 38,984,667 Public Warrant Shares, issuable by us upon the exercise of our Public Warrants, (ii) for resale by the new underwriters, up to an aggregate of 1,138,917 Underwriter Warrants we issued to the new underwriters in a private transaction in connection with the public offering of our common shares that we completed on February 3, 2010, and up to an aggregate of 1,138,917 Underwriter Warrant Shares, and (iii) for primary sale by us to the original underwriter, up to an aggregate of 1,000,000 Units that the original underwriter may purchase pursuant to the Unit Purchase Option, where each Unit consists of one share of our common stock and one warrant, identical to our Public Warrants, to purchase one share of our common stock. We are also registering up to 1,000,000 Unit Shares and up to 1,000,000 Unit Warrants included in the Units and 1,000,000 Unit Warrant Shares issuable by us upon the exercise of the Unit Warrants.
Common Shares to be Outstanding before this Offering	84,962,075 common shares
Common Shares to be Outstanding Immediately after this Offering	84,962,075 common shares
Use of Proceeds	We will not receive any proceeds from the sale of the Public Warrant Shares by the holders of the Public Warrants, the sale of the Underwriter Warrants or Underwriter Warrant Shares by the new underwriters, or the sale of the Unit Shares, Unit Warrants or the Unit Warrant Shares by the original underwriters. We will receive proceeds from any non-cashless exercise of Public Warrants by their holders or any exercise of Underwriter Warrants by the new underwriters. In addition, we will receive proceeds from the sale of Units arising from the non-cashless exercise of the Unit Purchase Option and we will receive proceeds from any subsequent non-cashless exercise of the resulting Unit Warrants. We expect to use the proceeds, if any, for working capital. If all of the Public Warrants and Underwriter Warrants and the Unit Purchase Option were exercised in full and if the resulting Unit

	Warrants were exercised in full, the proceeds would be approximately $273.9 million, before expenses payable by us. We expect to use the proceeds, if any, for working capital.
U.S. Federal Income Tax Considerations	See "Taxation — United States Taxation" for a general summary of the U.S. federal income taxation of the ownership and disposition of our securities. Holders are urged to consult their respective tax advisers with respect to the application of the U.S. federal income tax laws to their own particular situation as well as any tax consequences of the ownership and disposition of our common shares arising under the federal estate or gift tax rules or under the laws of any state, local, foreign or other taxing jurisdiction or under any applicable treaty.
Trading Symbol for Our Common Shares	Our common shares are traded on the NASDAQ Global Market under the symbol "SHIP".

Risk Factors	Investing in our securities involves substantial risks. In evaluating an investment in our securities, prospective investors should carefully consider, along with the other information set forth in this prospectus, the specific factors set forth under "Risk Factors" beginning on page 12 for risks involved with an investment in our securities.

Recent Developments

The BET Scouter's scheduled drydocking, which commenced on March 26, 2010, was completed on May 17, 2010. The total cost of the BET Scouter's drydocking amounted to approximately $1.2 million. On May 14, 2010, the BET Prince commenced its scheduled drydocking, which was completed on June 28, 2010. The cost of the BET Prince's drydocking amounted to approximately $1.1 million.

On May 20, 2010, the voting agreement expired between certain of our shareholders who are affiliated with members of the Restis family, on the one hand, and Seanergy Maritime's founding shareholders, composed of Mr. Georgios Koutsolioutsos, Mr. Alexios Komninos and Mr. Ioannis Tsigkounakis, three of our former directors, on the other hand.

On May 20, 2010, Mr. Komninos resigned from his position as a member of our Board of Directors following the expiration of the voting agreement and due to other professional engagements he has undertaken.

On May 28, 2010, after entering into a share purchase agreement with Maritime Capital, we completed the final documentation for the acquisition of a 51% ownership interest in MCS for consideration of $33.0 million. The consideration was paid to Maritime Capital from the proceeds of our recent equity offering completed in February 2010 and from our cash reserves. Maritime Capital retained a 49% ownership interest in MCS.

On June 2, 2010, we executed Addendum No. 3 to our loan agreement with Marfin and extended the waiver on our market value to loan covenant from January 1, 2011 through January 3, 2012. In connection with the addendum and extension of the waiver, Marfin made certain changes to the loan agreement including increasing the interest payable during the waiver period from LIBOR plus 3.00% to LIBOR plus 3.50% in respect of the term loan and from LIBOR plus 3.50% to LIBOR plus 4.00% in respect of the revolving facility and accelerating the due dates of certain of our principal installments.

On June 14, 2010, Mr. Dale Ploughman, who is our Chairman and Chief Executive Officer, purchased 50,000 of our common shares at a purchase price of $1.2399 per share. On June 30, 2010, Mr. Ploughman purchased another 50,000 of our common shares at a purchase price of $1.25 per share. On September 13, 2010, Mr. Dale Ploughman, purchased another 50,000 of our common shares at a purchase price of $1.06 per share. All three transactions were completed on the open market.

On July 20, 2010 Mr. George Koutsolioutsos resigned from his position as Director and Chairman of our Board. On July 21, 2010, following the resignation of Mr. Koutsolioutsos, our Board of Directors appointed Mr. Dale Ploughman as the Chairman of our Board.

On July 21, 2010, our shareholders approved an amendment to our Amended and Restated Articles of Incorporation to increase the number of authorized shares of common stock from 200,000,000 to 500,000,000 shares.

On August 24, 2010, we entered into a two year time charter agreement with respect to our Panamax vessel Hamburg Max, with a profit sharing arrangement at a base rate of $21,500 per day and a ceiling of $25,500 per day, with a 50% profit sharing arrangement to apply to any amount in excess of the ceiling less a 5% brokerage commission. The spread between floor and ceiling will accrue 100% to us. The base used for the calculation of the rate will be the Baltic Panamax 4TC route.

The BET Fighter's scheduled drydocking commenced on September 1, 2010 and is expected to complete on October 20, 2010. The total cost of the BET Fighter's drydocking is estimated to approximately $1.4 million. On August 27, 2010, the BET Intruder commenced its scheduled drydocking and it is expected to complete on October 5, 2010. The total cost of the BET Intruder's drydocking is estimated to approximately $1.3 million.

On September 3, 2010, we entered into share purchase agreements with each of Maritime Capital and Mineral Transport for the purchase by us of the remaining 49% and 50% ownership interests in MCS and BET, respectively. The agreed consideration for the 49% interest in MCS was $29.0 million, consisting of (i) $3.0 million in cash and (ii) shares of the Company's common stock totaling to $26.0 million at an agreed price of $1.05 per share. The agreed consideration for the 50% interest in BET is $33.0 million, consisting of (i) $7.0 million in cash and (ii) shares of the Company's common stock totaling to $26.0 million at an agreed price of $1.05 per share. The BET acquisition has not been finalized as of September 22, 2010.

On September 15, 2010, we completed the acquisition from Maritime Capital of the remaining 49% ownership interest in MCS for consideration of $29.0 million, which was paid in the form of: (i) $3.0 million in cash paid to Maritime Capital from our cash reserves and (ii) 24,761,905 of our common shares, with an aggregate value of $26.0 million, that were issued to the Restis affiliate shareholders as nominees of Maritime Capital. As a result of the acquisition of the 49% interest, the Company now has 100% ownership of MCS, and the wholly owned portion of the Company's operating fleet has increased from six to 15 vessels. The Company now owns or controls an operating fleet totaling 20 dry bulk vessels, consisting of four Capesize, three Panamax, two Supramax, one Handymax and 10 Handysize dry bulk carriers that have a combined cargo-carrying capacity of approximately 1,292,544 dwt and an average fleet age of 12.8 years.

SUMMARY HISTORICAL INFORMATION AND OTHER DATA

The following selected historical statement of operations and balance sheet data were derived from the unaudited financial statements and accompanying notes for the three and six months ended June 30, 2010 and 2009 and the audited financial statements and accompanying notes for the years ended December 31, 2009, 2008 and 2007 and for the period from August 15, 2006 (Inception) to December 31, 2006, which are included in this prospectus. The information is only a summary and should be read in conjunction with the section titled "Risk Factors" and the financial statements and related notes included in this prospectus. You should also read the section of this prospectus titled "Management's Discussion and Analysis of Financial Condition and Results of Operations for Seanergy Maritime Holdings Corp." The historical data included below and elsewhere in this prospectus is not necessarily indicative of our future performance.

All amounts in the tables below are in thousands of dollars, except for share and per 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,
	2010	2009	2010	2009	2009	2008	2007	2006
Statement of Operations Data:								
Vessel revenue — related party, net	10,578	22,067	23,242	48,309	81,677	34,453	-	-
Vessel revenue, net	12,034	-	17,579	-	6,220	-	-	-
Direct voyage expenses	(530)	(292)	(535)	(438)	(753)	(151)	-	-
Vessel operating expense	(7,476)	(3,010)	(12,090)	(5,821)	(16,222)	(3,180)	-	-
Voyage expenses — related party	(211)	(283)	(449)	(619)	(1,119)	(440)	-	-
Management fees	(58)	-	(58)	-	-	-	-	-
Management fees — related party	(568)	(315)	(1,171)	(617)	(1,715)	(388)	-	-
General and administration expenses	(1,886)	(1,617)	(2,622)	(2,807)	(5,928)	(1,840)	(445)	(5)

General and administration expenses — related party	(166)	(150)	(348)	(355)	(742)	(430)	-	-
Amortization of dry-docking costs	(769)	(9)	(1,467)	(9)	(1,045)	-	-	-
Depreciation	(6,950)	(7,758)	(12,917)	(15,430)	(26,812)	(9.929)	-	-
Gain from acquisition	-	-	-	-	6,813	-	-	-
Goodwill impairment loss	-	-	-	-	-	(44,795)	-	-
Vessels' impairment loss	-	-	-	-	-	(4,530)	-	-
Interest income	147	116	281	256	430	3,361	1,948	1
Interest and finance costs	(3,156)	(1,526)	(5,412)	(3,131)	(7,616)	(4,077)	(58)	-
Loss on interest rate swaps	(1,468)	-	(2,761)	-	(1,575)	-	-	-

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Foreign currency exchange (losses), net	(58)	(56)	90	(55)	(44)	(39)	-	-
Income taxes	(31)	-	(31)	-	-	-	-	-
Net (loss)/income	(568)	7,167	1,331	19,283	31,569	(31,985)	1,445	(4
Less: Net loss/(income) attributable to noncontrolling interest	510	-	(1,279)	-	1,517	-	-	-
Net (loss)/income attributable to Seanergy Maritime	(58)	7,167	52	19,283	30,052	-	-	-
Basic income (loss) per share	(0.00)	0.32	0.00	0.86	1.16	(1.21)	0.12	0
Diluted income (loss) per share	(0.00)	0.30	0.00	0.80	1.00	(1.21)	0.10	0
Basic weighted average number of shares	71,084,524	22,361,227	60,276,226	22,361,227	25,882,967	26,452,291	11,754,095	7
Diluted weighted average number of shares	71,084,524	24,621,227	60,276,226	24,621,227	30,529,281	26,452,291	15,036,283	7
Dividends per share	-	-	-	-	-	0.1842	-	-

	June 30,	December 31,			
	2010	2009	2008	2007	2006
Balance Sheet Data:					
Total current assets	87,248	67,473	29,814	235,213	376
Vessels, net	613,776	444,820	345,622	-	-
Total assets	727,861	538,452	378,202	235,213	632

Total current liabilities, including current portion of long-term debt	68,813	42,138	32,999	5,995	611
Other non-current liabilities	4,696	2,135	-	-	-
Common stock-subject to possible redemption	-	-	-	80,849	-
Long-term debt, net of current portion	372,997	267,360	213,638	-	-
Total equity	281,355	226,819	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 U.S. GAAP.

	Three Months Ended June 30, 2010	Six Months Ended June 30, 2010	Year Ended December 31, 2009
Fleet Data:			
Average number of vessels(1)	15.1	13.0	7.9
Ownership days(2)	1,370	2,360	2,895
Available days(3)	1,273	2,258	2,638
Operating days(4)	1,266	2,247	2,614

Fleet utilization(5)	92.4	%	95.2	%	90.3	%
Fleet utilization excluding drydocking off hire days(6)	99.5	%	99.5	%	99.1	%
Average Daily Results:						
Vessel TCE rate(7)	17,276		17,729		32,909	
Vessel operating expenses(8)	5,457		5,123		5,603	
Management fees(9)	457		521		592	
Total vessel operating expenses(10)	5,914		5,644		6,195	

(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, 2010, the Company incurred 97 off hire days for vessel scheduled drydocking. During the six months ended June 30, 2010, the Company incurred 102 off hire days for vessel scheduled drydocking. During the year ended December 31, 2009, we incurred 257 off-hire days for scheduled vessel drydocking.

(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) Fleet utilization excluding drydocking off hire days is calculated by dividing the number of the fleet's operating days during a period by the number of available days during that period. The shipping industry uses fleet utilization excluding drydocking off hire days to measure a Company's efficiency in finding suitable employment for its vessels and excluding the amount of days that its vessels are off-hire for reasons such as scheduled repairs, vessel upgrades, or dry dockings or special or intermediate surveys.

(7) 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.

(8) 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.

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

(10) 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.

RISK FACTORS

An investment in our securities involves a high degree of risk. Before making an investment decision, you should carefully consider the risks and other information set forth below. Some of the following risks relate principally to the industry in which we operate and others relate to our business in general. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently know to us or that we currently deem immaterial also may impair our business operations. If any of the following risks actually occurs, our business, financial condition, operating results and cash flows could be materially adversely affected. In that case, the trading price of our common stock, including any Public Warrant Shares, Underwriter Warrant Shares, Unit Shares or Unit Warrant Shares, or the trading price of our warrants, including any Public Warrants, Underwriter Warrants or Unit Warrants, could fall, and consequently you may lose all or part of the money you paid to buy our common stock, including any Public Warrant Shares, Underwriter Warrant Shares, Unit Shares or Unit Warrant Shares, or our warrants, including any Public Warrants, Underwriter Warrants or Unit Warrants.

Risk Factors Relating to our Industry

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. During 2009, the BDI remained volatile, reaching a low of 772 on January 5, 2009 and a high of 4,661 on November 19, 2009. It has since fallen to 2,628 as of September 20, 2010. The decline in charter rates is due to various factors, including the decrease in available trade financing for purchases of commodities carried by sea, which has resulted in a significant decline in cargo shipments. There is no certainty that the dry bulk charter market will experience any further recovery over the next several months and the market could decline from its current level. These circumstances, which result from the economic dislocation worldwide and the disruption of the credit markets, have had a number of adverse consequences for dry bulk shipping, including, among other things:

- a decrease in available financing for vessels;
- no active secondhand market for the sale of vessels;
- a sharp decline in charter rates, particularly for vessels employed in the spot market;
- charterers seeking to renegotiate the rates for existing time and bareboat 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 further 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, which could have a material adverse effect on our business, financial condition and results of operations.

While the dry bulk carrier charter market has recently strengthened, it remains significantly below its high in 2008, which has and may continue to adversely affect our revenues, earnings and profitability and our ability to comply with our loan covenants.

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 BDI fell 94% from a peak of 11,793 in May 2008 to a low of 663 in December 2008. During 2009, the BDI remained volatile, reaching a low of 772 on January 5, 2009 and a high of 4,661 on November 19, 2009. It has since fallen to 2,628 as of September 20, 2010. The decline and volatility in charter rates has been 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 (which has since recovered somewhat), and the excess supply of iron ore in China, which has resulted in falling iron ore prices and increased stockpiles in Chinese ports. The decline and volatility in charter rates in the dry bulk market also affects the value of our dry bulk vessels, which follows the trends of dry bulk charter rates, and earnings on our charters, and similarly affects our cash flows, liquidity and compliance with the covenants contained in our loan agreements.

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 affect 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.

Future growth in dry bulk shipping will depend on a return to economic growth in the world economy that exceeds growth in vessel capacity, and 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.

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 and bareboat 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.

The market supply of dry bulk vessels has been increasing and 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 June 30, 2010, newbuildings orders had been placed for an aggregate of approximately 16% of the then-existing global dry bulk fleet on a deadweight basis with deliveries expected during the next 30 months. 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 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.

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.

Technological innovation could reduce our charterhire income and the value of our vessels.

The charterhire rates and the value and operational life of a vessel are determined by a number of factors including the vessel's efficiency, operational flexibility and physical life. Efficiency includes speed, fuel economy and the ability to load and discharge cargo quickly. Flexibility includes the ability to enter harbors, utilize related docking facilities and pass through canals and straits. The length of a vessel's physical life is related to its original design and construction, its maintenance and the impact of the stress of operations. If new dry bulk carriers are built that are more efficient or more flexible or have longer physical lives than our vessels, competition from these more technologically advanced vessels could adversely affect the amount of charterhire payments we receive for our vessels once their initial charters expire, and the resale value of our vessels could significantly decrease. As a result, our business, results of operations, cash flows and financial condition could be adversely affected.

If we acquire additional dry bulk carriers and those vessels are not delivered on time or are delivered with significant defects, our earnings and financial condition could suffer.

We expect to acquire additional vessels in the future. A delay in the delivery of any of these vessels to us or the failure of the contract counterparty to deliver a vessel at all could cause us to breach our obligations under a related time charter and could adversely affect our earnings, our financial condition and the amount of dividends, if any, that we pay in the future. The delivery of these vessels could be delayed or certain events may arise which could result in us not taking delivery of a vessel, such as a total loss of a vessel, a constructive loss of a vessel, or substantial damage to a vessel prior to delivery. In addition, the delivery of any of these vessels with substantial defects could have similar consequences.

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. Upon redelivery of vessels at the end of a period time or trip time charter, we may be obligated to repurchase bunkers on board at prevailing market prices, which could be materially higher than fuel prices at the inception of the charter period. In addition, although we rarely deploy our vessels on voyage charters, fuel is a significant, if not the largest, expense that we would incur with respect to vessels operating on voyage charter.

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 and bareboat 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 complex laws and regulations, including environmental regulations that can adversely affect the cost, manner or feasibility of doing business.

Our operations are subject to numerous laws and regulations in the form of international conventions and treaties, national, state and local laws and national and international regulations in force in the jurisdictions in which our vessels operate or are registered, which can significantly affect the ownership and operation of our vessels. These requirements include, but are not limited to, conventions of the International Maritime Organization, or IMO, such as the International Convention for the Prevention of Marine Pollution from Ships, 1973, as modified by the Protocol of 1978 relating thereto, the IMO International Convention for the Safety of Life at Sea of 1974, the International Convention on Load Lines of 1966, the U.S. Oil Pollution Act of 1990, or OPA, the U.S. Clean Air Act, U.S. Clean Water Act and the U.S. Marine Transportation Security Act of 2002. Compliance with such laws, regulations and standards, where applicable, may require installation of costly equipment or operational changes and may affect the resale value or useful lives of our vessels. We may also incur additional costs in order to comply with other existing and future regulatory obligations, including, but not limited to, costs relating to air emissions including greenhouse gases, the management of ballast waters, maintenance and inspection, elimination of tin-based paint, development and implementation of emergency procedures and insurance coverage or other financial assurance of our ability to address pollution incidents. These costs could have a material adverse effect on our business, results of operations, cash flows and financial condition. A failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of our operations. Environmental laws often impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject us to liability without regard to whether we were negligent or at fault. Under OPA, for example, owners, operators and bareboat charterers are jointly and severally strictly liable for the discharge of oil within the 200-mile exclusive economic zone around the United States. An oil spill could result in significant liability, including fines, penalties and criminal liability and remediation costs for natural resource damages under other federal, state and local laws, as well as third-party damages. Under OPA, we are required to satisfy insurance and financial responsibility requirements for potential oil (including marine fuel) spills and other pollution incidents. Although we have arranged insurance to cover certain environmental risks, there can be no assurance that such insurance will be sufficient to cover all such risks or that any claims will not have a material adverse effect on our business, results of operations, cash flows, financial condition or our ability to pay dividends.

We are subject to international safety regulations and the failure to comply with these regulations may subject us to increased liability, may adversely affect our insurance coverage and may result in a denial of access to, or detention in, certain ports.

The operation of our vessels is affected by the requirements set forth in the United Nation's International Maritime Organization's International Management Code for the Safe Operation of Ships and Pollution Prevention, or the ISM Code. The ISM Code requires shipowners, ship 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 shipowner 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 the vessels that has been delivered to us is ISM Code-certified and we expect that each other vessel that we have agreed to purchase will be ISM Code-certified when delivered to us.

In addition, vessel classification societies also impose significant safety and other requirements on our vessels. In complying with current and future environmental requirements, vessel-owners and operators may also incur significant additional costs in meeting new maintenance and inspection requirements, in developing contingency arrangements for potential spills and in obtaining insurance coverage. Government regulation of vessels, particularly in the areas of safety and environmental requirements, can be expected to become stricter in the future and require us to incur significant capital expenditures on our vessels to keep them in compliance.

The operation of our vessels is also affected by other government regulation in the form of international conventions, national, state and local laws and regulations in force in the jurisdictions in which the 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 adversely affect our operations. We are required by various governmental and quasi-governmental agencies to obtain certain permits, licenses, certificates, and financial assurances with respect to our operations.

Increased inspection procedures, tighter import and export controls and survey requirements could increase costs and disrupt our business.

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

It is possible that changes to inspection procedures could impose additional financial and legal obligations on us. Furthermore, changes to inspection procedures could also impose additional costs and obligations on our customers and may, in certain cases, render the shipment of certain types of cargo impractical. Any such changes or developments may have a material adverse effect on our business, financial condition and results of operations.

The hull and machinery of every commercial vessel must be certified as safe and seaworthy in accordance with applicable rules and regulations, and accordingly vessels must undergo regular surveys. If any vessel does not maintain its class and/or fails any annual survey, intermediate survey or special survey, the vessel will be unable to trade between ports and will be unemployable and we would be in violation of certain covenants in our credit facilities. This would also negatively impact our revenues.

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. If these piracy attacks result in regions in which our vessels are deployed being characterized as "war risk" zones by insurers 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 and results of operations.

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 and results of operations. 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 totaled approximately $7,119,000. See "Description of Indebtedness – Capital Requirements" for our anticipated dry-docks.

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 Seanergy

We are currently in compliance with the terms of our loan agreements only because we have received waivers and/or amendments to these loan agreements waiving our compliance with a certain covenant for certain periods of time. Our ability to conduct our business may be affected if we are unable to obtain waiver extensions or covenant modifications from our lenders and, in addition, any extensions of these waivers, if needed, could contain additional restrictions and might not be granted at all.

Our various loan agreements require 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 some of these covenants. While we have currently received waivers from our lenders in connection with our Marfin, UOB, HSBC and DVB loan agreements, which waivers have expiration dates of January 2, 2012, March 31, 2011, December 31, 2012, and March 31, 2011, respectively, if we are not able to remedy such non-compliance by the time the waivers expire, our lenders could 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 our loan covenants, sell vessels in our fleet, or they could also accelerate our indebtedness and foreclose on their collateral. The exercise of any of these remedies could materially adversely impair our ability to continue to conduct our business.

As a result of the waivers we have obtained from our lenders, we are not currently in default under our various loan agreements. If conditions in the dry bulk charter market remain depressed or worsen, we may need to request additional extensions of these waivers. There can be no assurance that our lenders will provide such extensions, and their willingness to provide any such extensions may be limited by their financial condition, business strategy and outlook for the shipping industry at the time of any such request, all of which are outside of our control. If we require extensions to the waivers and are unable to obtain them, as described above, we would be in default under our various loan agreements, and your investment in our shares could lose most or all of its value.

In addition, as a result of these waivers, our lenders imposed operating and financial restrictions on us. If we need to extend these waivers, our lenders may impose additional restrictions. In addition to the above restrictions, our lenders may require the payment of additional fees, require prepayment of a portion of our indebtedness to them, accelerate the amortization schedule for our indebtedness, and increase the interest rates they charge us on our outstanding indebtedness. These potential restrictions and requirements may further 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, Citibank, UOB, HSBC and DVB loan agreements, 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;
- Cash to net debt;
- 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.

In addition to the minimum financial standards, under the terms of the Marfin loan agreement, we must also ensure that members of the Restis family and the family of our former chairman Mr. George Koutsolioutsos (or companies affiliated with them) together own at all times an aggregate of at least 10% of our issued share capital. A violation of this covenant constitutes an event of default under our credit facility and would provide Marfin with various remedies.

Under the Citibank 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 Citibank 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.

Under the UOB, HSBC and DVB loan agreements, the MCS subsidiaries are subject to operating and financial covenants that may affect MCS's business. These restrictions may, subject to certain exceptions, limit the MCS subsidiaries' ability to engage in many of the activities listed above. Furthermore, the MCS subsidiaries must assure the lenders that the aggregate market value of the MCS vessels is not less than 100%, 125% and 133% of the outstanding amount of each of the UOB, HSBC and DVB loans; however, we have received from each of UOB, HSBC and DVB waivers from compliance of these security requirements until March 31, 2011, December 31, 2012, March 31, 2011, respectively. If the market value of the vessels is less than this amount, the MCS 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, absent any extensions of our current waivers, cause us, BET or MCS to fail to meet the market value covenants in the loan agreements 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.

The derivative contracts we have entered into to hedge our exposure to fluctuations in interest rates could result in higher than market interest rates and charges against our income.

Through the BET and MCS acquisitions, we have three and four, respectively, interest rate swaps for purposes of managing our exposure to fluctuations in interest rates applicable to the BET and MCS loan facilities, which were advanced at a floating rate based on LIBOR. Our hedging strategies, however, may not be effective and we may incur substantial losses if interest rates move materially differently from our expectations. Since our existing interest rate swaps do not, and future derivative contracts may not, qualify for treatment as hedges for accounting purposes, we recognize fluctuations in the fair value of such contracts in our income statement. In addition, our financial condition could be materially adversely affected to the extent we do not hedge our exposure to interest rate fluctuations under our financing arrangements. Any hedging activities we engage in may not effectively manage our interest rate exposure or have the desired impact on our financial conditions or results of operations.

Our ability to successfully implement our business plans depends on our ability to obtain additional financing, which may affect the value of your investment in the Company.

We will require substantial additional financing to fund the acquisition of additional vessels and to implement our business plans. We cannot be certain that sufficient financing will be available on terms that are acceptable to us or at all. If we cannot raise the financing we need in a timely manner and on acceptable terms, we may not be able to acquire the vessels necessary to implement our business plans and consequently you may lose some or all of your investment in the Company.

While we expect that a significant portion of the financing resources needed to acquire vessels will be through long-term debt financing, we may raise additional funds through additional equity offerings. New equity investors may dilute the percentage of the ownership interest of existing shareholders in the Company. Sales or the possibility of sales of substantial amounts of shares of our common stock in the public markets could adversely affect the market price of our common stock.

We cannot assure you that we will be able to refinance indebtedness incurred under our credit facilities.

For so long as we have outstanding indebtedness under our credit facilities, we will have to dedicate a portion of our cash flow from operations to pay the principal and interest of this indebtedness. We cannot assure you that we will be able to generate cash flow in amounts that are sufficient for these purposes. If we are not able to satisfy these obligations, we may have to undertake alternative financing plans or sell our assets. The actual or perceived credit quality of our charterers, any defaults by them, and the market value of our fleet, among other things, may materially affect our ability to obtain alternative financing. If we are not able to find alternative sources of financing on terms that are acceptable to us or at all, our business, financial condition, results of operations and cash flows may be materially adversely affected.

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

Our current operating and financial systems may not be adequate as we implement our plan to expand the size of our fleet, and EST's attempts to improve those systems may be ineffective. In addition, as we expand our fleet, we will have to rely on EST to recruit additional seafarers and shoreside administrative and management personnel. EST may not be able to continue to hire suitable employees or a sufficient number of employees as we expand our fleet. If EST's unaffiliated crewing agents encounter business or financial difficulties, we may not be able to adequately staff our vessels. We may also have to increase our customer base to provide continued employment for most of our new vessels. If we are unable to operate our financial system, EST is unable to operate our operations systems effectively or to recruit suitable employees in sufficient numbers or we are unable to increase our customer base as we expand our fleet, our performance may be adversely affected.

Unless we set aside reserves for vessel replacement, at the end of a vessel's useful life, our revenue will decline, which would adversely affect our cash flows and income.

As of June 30, 2010, the vessels in our current fleet had an average age of 12.8 years. Unless we maintain cash reserves for vessel replacement, we may be unable to replace the vessels in our fleet upon the expiration of their useful lives. We estimate the useful life of our vessels to be 30 years from the date of initial delivery from the shipyard. Our cash flows and income are dependent on the revenues we earn by chartering our vessels to customers. If we are unable to replace the vessels in our fleet upon the expiration of their useful lives, our business, financial condition and results of operations will be materially adversely affected. Any reserves set aside for vessel replacement would not be available for other cash needs or dividends.

The aging of our fleet may result in increased operating costs in the future, which could adversely affect our ability to operate our vessels profitably.

In general, the costs to maintain a vessel in good operating condition increase with the age of the vessel. As of June 30, 2010, the average age of the vessels in our current fleet was 12.8 years. As our vessels age, they may become less fuel efficient and more costly to maintain and will not be as advanced as more recently constructed vessels due to improvements in design and engine technology. Rates for cargo insurance, paid by charterers, also 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 our 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.

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

The market value of our vessels can and have fluctuated significantly based on general economic and market conditions affecting the shipping industry and prevailing charter hire rates. Since the end of 2008, the market value of our vessels has dropped significantly due to, among other things, the substantial decline in charter rates. During the year ended December 31, 2008, we recorded an impairment charge of $4.5 million on our vessels. No indication of impairment existed as of December 31, 2009. 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, sizes and ages of vessels;
- other modes of transportation;
- competition from other shipping companies;
- cost of newbuildings;
- technological advances;
- 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, whenever events or changes in circumstances indicate potential impairment, 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, respectively, of our current fleet.

On September 15, 2010, following our May 2010 acquisition of 51% of the ownership interests in MCS, we completed our acquisition of the remaining 49% ownership interest in MCS, pursuant to which we now have 100% ownership of MCS's nine vessels. MCS arranges its time and bareboat charters in-house and negotiates the terms of the charters based on market conditions. The commercial management of the MCS fleet with respect to its vessels under time charter is also carried out in-house while the technical management has been contracted out to M/S Fleet and Wallem, which are both unrelated third party management companies.

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. If a charterer defaults on a charter, we will seek the remedies available to us, which may include arbitration or litigation to enforce the contract, although such efforts may not be successful. Should a charterer default on a period time charter or bareboat charter, we may have to enter into a charter at a lower charter rate, which would reduce our revenues. If we cannot enter into a new period time charter or bareboat charter, we may have to secure a charter in the spot market, where charter rates are volatile and revenues are less predictable. It is also possible that we would be unable to secure a charter at all, which would also reduce our revenues, and could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We face strong competition, and 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 obtain charters for our vessels in highly competitive markets in which our market share is insufficient to enforce any degree of pricing discipline. Although we believe that no single competitor has a dominant position in the markets in which we compete, we are aware that certain competitors may be able to devote greater financial and other resources to their activities than we can, resulting in a significant competitive threat to us. Competition for the transportation of dry bulk cargoes can be intense and depends on price, customer relationships, operating expertise, professional reputation and size, 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.

We cannot give assurances that we will continue to compete successfully with our competitors or that these factors will not erode our competitive position in the future.

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

We are required to dedicate a substantial portion of our cash flow from operations to pay the principal and interest on the Marfin, Citibank, UOB, HSBC and DVB debt. These payments limit funds otherwise available for capital expenditures and other purposes, including payment of dividends, make it more difficult to obtain additional financing on favorable terms and make us more vulnerable to economic downturns. We may 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, November 13, 2009 and June 2, 2010 we executed addenda no. 1, no. 2 and no. 3, respectively, to the loan agreement with Marfin and obtained a waiver of this loan covenant through January 3, 2012. 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 3.00% to LIBOR plus 3.50% in respect of the term loan and from LIBOR plus 3.50% to LIBOR plus 4.00% in respect of the revolving facility, accelerating the due dates of certain of our principal installments and limiting our ability to pay dividends without their prior consent. The Citibank restated loan agreement as amended by the supplemental agreement dated September 30, 2009 contains a similar covenant. If the market value of the BET vessels is less than 125% of the outstanding amount of the Citibank 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. The Citibank supplemental agreement dated August 4, 2010 provides that BET maintains a minimum amount of no less than $7.5 million in the BET account with Citibank. 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 Citibank 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, Citibank, UOB, HSBC and DVB 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.

Rising crew costs may adversely affect our profits.

Crew costs are a significant expense for us under our charters. Recently, the limited supply of and increased demand for well-qualified crew, due to the increase in the size of the global shipping fleet, has created upward pressure on crewing costs, which we generally bear under our period time and spot charters. Increases in crew costs may adversely affect our profitability.

We may not be able to take advantage of favorable opportunities in the current spot market, if any, because our vessels are employed on medium-term time charters and bareboat charters.

14 of our vessels are employed under medium-term time charters expiring between September 2010 and August 2012. Four of the MCS vessels are employed under bareboat charters expiring between November 2013 and February 2014. Although medium-term time charters and bareboat charters provide relatively steady streams of revenue, vessels committed to medium-term charters and bareboat 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 we are able to re-charter them at all. If rates are significantly lower or if we are unable to recharter our vessels, our earnings may be adversely affected.

Because we obtain some of our insurance through protection and indemnity associations, we may also be subject to calls, or premiums, in amounts based not only on our own claim records, but also on the claim records of all other members of the protection and indemnity associations.

We may be subject to calls, or premiums, in amounts based not only on our claim records but also on the claim records of all other members of the protection and indemnity associations through which we receive insurance coverage for tort liability, including pollution-related liability. Our payment of these calls could result in significant expenses to us, which could have a material adverse effect on our business, results of operations and financial condition and our ability to pay interest on, or the principal of, the senior notes.

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.

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 acquisitions of BET and MCS 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 and MCS vessels, is approximately 12.7 years, out of the expected useful life of 30 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 include 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. Furthermore, in the future, we may not be able to obtain adequate insurance coverage at reasonable rates for our vessels. 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.

We depend on our commercial and technical managers to operate our business and our business could be harmed if they fail to perform their services satisfactorily.

Pursuant to our management agreements, EST provides us with technical, general administrative and support services (including vessel maintenance, crewing, purchasing, shipyard supervision, insurance, assistance with regulatory compliance, freight management, accounting related to vessels, provisions, bunkering and operation) and M/S Fleet and Wallem provide us with technical management services. Our operational success depends significantly upon EST's, M/S Fleet's and Wallem's satisfactory performance of these services. Our business would be harmed if EST, M/S Fleet or Wallem failed to perform these services satisfactorily. In addition, if the management agreement were to be terminated or if its terms were to be altered, our business could be adversely affected, as we may not be able to immediately replace such services, and even if replacement services were immediately available, the terms offered could be less favorable than those under our management agreement.

Our ability to compete for and enter into new period time and spot charters and to expand our relationships with our existing charterers will depend largely on our relationship with our commercial manager, Safbulk, and its reputation and relationships in the shipping industry. If Safbulk suffers material damage to its reputation or relationships, it may harm our ability to:

- renew existing charters upon their expiration;
- obtain new charters;
- obtain financing on commercially acceptable terms;
- maintain satisfactory relationships with our charterers and suppliers; and
- successfully execute our business strategies.

If our ability to do any of the things described above is impaired, it could have a material adverse effect on our business, financial condition and results of operations.

Although we may have rights against EST if it defaults on its obligations to us, investors in us will have no recourse against EST.

Further, we will need to seek approval from our lenders to change our manager from EST.

Management fees are payable to our technical manager regardless of our profitability, which could have a material adverse effect on our business, financial condition and results of operations.

Pursuant to our management agreement with EST, we pay a fee of EUR 425 per day per vessel for providing technical, support and administrative services. The management fees do not cover expenses such as voyage expenses, vessel operating expenses, maintenance expenses, crewing costs, insurance premiums, commissions and certain public company expenses such as directors and officers' liability insurance, legal and accounting fees and other similar third party expenses, which are reimbursed by us. The management fees are payable whether or not our vessels are employed, and regardless of our profitability, and we have no ability to require EST to reduce the management fees if our profitability decreases, which could have a material adverse effect on our business, financial condition and results of operations.

Risk Factors Relating to Conflicts of Interest

We are dependent on each of EST and Safbulk for the management and commercial brokerage of part of our fleet.

We subcontract the management and commercial brokerage of part 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 from EST.

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 continue 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 continue to outsource, the management and commercial brokerage of part 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.

Because South African Marine Corporation, S.A. is the sole counterparty on the time charters for six 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.

One of our six initial vessels and all five BET vessels are chartered to South African Marine Corporation, S.A., or 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 annual report. 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.

The Restis affiliate shareholders hold approximately 67.4% of our outstanding common stock. This may limit your ability to influence our actions.

As of September20, 2010, Restis affiliate shareholders own approximately 67.4%, excluding shares issuable upon exercise of warrants, 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 52.8% of our outstanding capital stock on a fully diluted basis, assuming exercise of all outstanding warrants. 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.

Furthermore, under the terms of the Citibank loan agreement, the Restis family or affiliated companies must be the ultimate beneficial owners of at least 50.1% of our issued voting share capital or, in certain circumstances, not less than 40% of our issued voting capital. Additionally, under the terms of the Marfin loan agreement, we must also ensure that members of the Restis family and the family of our former chairman Mr. George Koutsolioutsos (or companies affiliated with them) together own at all times an aggregate of at least 10% of our issued share capital. Under the UOB, DVB and HSBC loan agreements, no other person other than the Restis family or affiliated companies with the Restis family or Seanergy may become the beneficial owner of more than 30% of MCS's issued voting share capital.

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The majority of the members of our shipping committee and the majority of 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. Two of the members of our shipping committee 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 Dimitris Panagiotopoulos currently serve on our shipping committee and Messrs. Dale Ploughman and Kostas Koutsoubelis also serve 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.

Risk Factors Relating to Our Common Stock

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.

Our common stock could be delisted from the NASDAQ Global Market, which could negatively impact the price of our common stock and our ability to access the capital markets.

Our common stock is currently listed on the NASDAQ Global Market. Our ability to retain our listing is contingent upon compliance with NASDAQ listing requirements. The listing standards of the NASDAQ Global Market provide, among other things, that a company may be delisted if the bid price of its stock drops below $1.00 for a period of 30 consecutive business days. We are currently in compliance with the NASDAQ listing rules and our common stock is currently trading above the minimum bid price. However, during August and September 2010, the price of our stock recently dropped below $1.00 for a period of seven consecutive business days, and if the bid price for our stock were to drop again below $1.00, our common stock listing may be moved to the NASDAQ Capital Market, which is a lower tier market, or our common stock may be delisted and traded on the over-the-counter bulletin board network. Moving our listing to the NASDAQ Capital Market could adversely affect the liquidity of our common stock and the delisting of our common stock would significantly affect the ability of investors to trade our securities and could significantly negatively affect the value of our common stock. In addition, the delisting of our common stock could further depress our stock price and materially adversely affect our ability to raise further capital on terms acceptable to us, or at all. Delisting from NASDAQ could also have other negative results, including the potential loss of confidence by suppliers and employees, the loss of institutional investor interest and fewer business development opportunities.

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 on 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. 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, our 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 company incorporated in a U.S. jurisdiction.

It may be difficult to serve us with legal process or enforce judgments against us, our directors or our management.

We are incorporated under the laws of the Republic of the Marshall Islands, and our business is operated primarily from our offices in Athens, Greece. In addition, a majority of our directors and officers are or will be non-residents of the United States, and all of our assets and 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

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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, you may have difficulty enforcing, both within and outside of the United States, judgments you may obtain in the United States courts against us or these persons in any action, including actions based upon the civil liability provisions of United States federal or state securities laws. There is also substantial doubt that the courts of the Republic of the Marshall Islands or Greece would enter judgments in original actions brought in those courts predicated on United States federal or state securities laws. Although you may bring an original action against us or our affiliates in the courts of the Marshall Islands based on U.S. laws, and the courts of the Marshall Islands may impose civil liability, including monetary damages, against us, or our affiliates for a cause of action arising under Marshall Islands laws, it may impracticable for you to do so given the geographic location of the Marshall Islands. For more information regarding the relevant laws of the Marshall Islands, please read "Enforceability of Civil Liabilities."

Anti-takeover provisions in our amended and restated articles of incorporation and by-laws 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 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 not be exempt from Liberian taxation which would materially reduce our net income and cash flow by the amount of the applicable tax.

The Republic of Liberia enacted a new income tax act effective as of January 1, 2001, or the New Act. In contrast to the income tax law previously in effect since 1977, or the Prior Law, which the New Act repealed in its entirety, the New Act does not distinguish between the taxation of a non-resident Liberian corporation, such as the Company's Liberian subsidiaries, which conduct no business in Liberia and were wholly exempted from tax under the Prior Law, and the taxation of ordinary resident Liberian corporations.

In 2004, the Liberian Ministry of Finance issued regulations pursuant to which a non-resident domestic corporation engaged in international shipping, such as the Company's Liberian subsidiaries, will not be subject to tax under the New Act retroactive to January 1, 2001, or the New Regulations. In addition, the Liberian Ministry of Justice issued an opinion that the New Regulations were a valid exercise of the regulatory authority of the Ministry of Finance. Therefore, assuming that the New Regulations are valid, the Company's Liberian subsidiaries will be wholly exempt from Liberian income tax as under the Prior Law.

If the Company's Liberian subsidiaries were subject to Liberian income tax under the New Act, the Company's Liberian subsidiaries would be subject to tax at a rate of 35% on its worldwide income. As a result, their, and subsequently the Company's, net income and cash flow would be materially reduced by the amount of the applicable tax. In addition, the Company, as shareholder of the Liberian subsidiaries, would be subject to Liberian withholding tax on dividends paid by the Liberian subsidiaries at rates ranging from 15% to 20%.

In 2009, the Liberian Congress enacted the Economic Stimulus Taxation Act of 2009, which reinstates the treatment of non-resident Liberian corporations, such as our Liberian subsidiaries, under the Prior Law retroactive to January 1, 2001. This legislation will become effective when it is finally published by the Liberian government.

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

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

We should not be a PFIC with respect to any taxable year. Based upon our operations as described herein, our income from time charters should not be treated as passive income for purposes of determining whether we are a PFIC. Accordingly, our income from our time chartering activities should not constitute "passive income," and the assets that we own and operate in connection with the production of that income should not constitute passive assets.

There is substantial legal authority supporting this position consisting of case law and U.S. Internal Revenue Service, or IRS, pronouncements concerning the characterization of income derived from time charters and voyage charters as services income for other tax purposes. However, it should be noted that there is also authority which characterizes time charter income as rental income rather than services income for other tax purposes. Accordingly, no assurance can be given that the IRS or a court of law will accept this position, and there is a risk that the IRS or a court of law could determine that we are a PFIC. Moreover, no assurance can be given that we would not constitute a PFIC for any future taxable year if the nature and extent of our operations changed.

If the IRS were to find that we are or have been a PFIC for any taxable year, our U.S. shareholders would face adverse U.S. federal income tax consequences and certain information reporting requirements. Under the PFIC rules, unless those shareholders make an election available under the United States Internal Revenue Code of 1986 as amended, or the Code (which election could itself have adverse consequences for such shareholders, as discussed below under "Tax Considerations – U.S. Federal Income Taxation – U.S. Federal Income Taxation of U.S. Holders"), such shareholders would be liable to pay U.S. federal income tax at the then prevailing income tax rates on ordinary income plus interest upon excess distributions and upon any gain from the disposition of their common shares, as if the excess distribution or gain had been recognized ratably over the shareholder's holding period of the common shares. See "Tax Considerations – U.S. Federal Income Taxation – U.S. Federal Income Taxation of U.S. Holders" for a more comprehensive discussion of the U.S. federal income tax consequences to U.S. shareholders if we are treated as a PFIC.

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

Under the Code, 50% of the gross shipping income of a vessel owning or chartering corporation, such as us and our subsidiaries, 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.

We believe that we qualify for the benefits of Section 883. 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. In addition, such shareholders will also be required to comply 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.

Due to the factual nature of the issues involved, we can give no assurances on the tax-exempt status of ours or that of any of our other subsidiaries. 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 such companies derive during the year that are attributable to the transport of cargoes to or from the United States. 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 Securities Exchange Act of 1934, as amended, 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 and by-laws, the BCA and the common law of the Republic of the Marshall Islands. We provide reports under the Securities Exchange Act of 1934, as amended, or 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 on Form 10-K within 75 days after the end of each fiscal year. However, in August 2008, the Commission 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 U.S. domestic 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 Commission 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 Global 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 Commission'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 Global 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. domestic 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 conduct all of our operations and own all of our operating assets. We have no significant assets other than the equity interests in our subsidiaries. As a result, our ability to make dividend payments depends on our subsidiaries and their ability to distribute funds to us. The ability of a subsidiary to make these distributions could be affected by a claim or other action by a third party, including a creditor, and the laws of the Marshall Islands, Liberia and the British Virgin Islands, where our vessel-owning subsidiaries are incorporated, which regulate the payment of dividends by companies. If we are unable to obtain funds from our subsidiaries, our board of directors may exercise its discretion not to pay dividends.

Although we consolidate our operating results with those of BET, we own only 50% of BET and, in certain circumstances, we could be required to sell our interest in BET or acquire the interest that we do not currently own.

Since the date of our acquisition of a controlling interest in BET, we have consolidated its results with ours. However, our equity interest is only 50%, and the other shareholder of BET is entitled to 50% of BET's assets, earnings and any dividends paid by BET. Beginning in August 2010, the shareholders agreement between us and BET's other shareholder, Mineral Transport, permits us or Mineral Transport to require the other shareholder to sell all of its BET shares or buy all of the shares of the offering party at a price set by the offering party. As a result of these provisions, we could be forced to sell our shares of BET at a price determined by Mineral Transport if we were unwilling or unable to purchase Mineral Transport's shares at that price. We cannot assure you that we would have adequate funds to acquire Mineral Transport's shares at the time any such offer were made.

Future sales of our common stock may depress our stock price.

The market price of our common stock could decline as a result of sales of substantial amounts of our common stock in the public market or the perception that these sales could occur. In addition, these factors could make it more difficult for us to raise funds through future equity offerings.

Issuance of preferred stock may adversely affect the voting power of our shareholders and have the effect of discouraging, delaying or preventing a merger or acquisition, which could adversely affect the market price of our common stock.

Our articles of incorporation currently authorize our Board to issue preferred shares in one or more series and to determine the rights, preferences, privileges and restrictions, with respect to, among other things, dividends, conversion, voting, redemption, liquidation and the number of shares constituting any series subject to prior shareholders' approval. If our Board determines to issue preferred shares, such issuance may discourage, delay or prevent a merger or acquisition that shareholders may consider favorable. The issuance of preferred shares with voting and conversion rights may also adversely affect the voting power of the holders of common shares. This could substantially impede the ability of public 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.

You may experience dilution as a result of the exercise of our warrants.

We have 38,984,667 Public Warrants issued and outstanding with an exercise price of $6.50 per share. In addition, we have 1,138,917 Underwriter Warrants issued and outstanding with an exercise price of $1.32 per share in connection with the public offering of our common shares that we completed on February 3, 2010. Finally, we have assumed Seanergy Maritime's obligation to issue up to 1,000,000 Units, consisting of up to 1,000,000 Unit Shares and 1,000,000 Unit Warrants with an exercise price of $6.50 to purchase the 1,000,000 Unit Warrant Shares, under the Unit Purchase Option that Seanergy Maritime granted to the original underwriter. You may experience dilution if any of these warrants are exercised.

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 expressions may identify 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 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.

CAPITALIZATION

The following table sets forth our capitalization as of June 30, 2010 and the "As adjusted" column reflects material changes as of September 17, 2010:

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

- as adjusted to reflect the prepayment of the Marfin term loan facility of amount $8,450,000, the repayment of the HSBC loan facility of amount $2,606,000, and the repayment of the UOB loan facility of amount $703,000.

There have been no other material changes in our capitalization since June 30, 2010.

You should read this table in conjunction with our historical consolidated financial statements, together with the respective notes thereto, included in this prospectus.

(All figures in thousands of dollars, except for share amounts)

Debt:		As of June 30, 2010	As Adjusted
Long-term revolving credit financing (secured)	$	54,845	54,845
Long-term term facility financing (secured), including current portion of $48,585 and $36,826 (as adjusted)		366,737	354,978
Total debt		421,582	409,823
Shareholders' equity:			
Preferred stock, $0.0001 par value; 1,000,000 shares authorized; none issued		--	--
Common stock, $0.0001 par value; 500,000,000 authorized shares; 60,200,170 and 84,962,075 shares issued and outstanding as of June 30, 2010 and as adjusted, respectively		6	8
Additional paid-in capital		266,434	266,432
Accumulated deficit		(4,694)	(4,694)
Noncontrolling interest		19,609	19,609
Total equity		281,355	281,355
Total capitalization		702,937	691,178

The "As Adjusted" column includes the effect on common stock of the 24,761,905 shares issued in September 2010 for the 49% acquisition of MCS.

SELECTED FINANCIAL AND OTHER DATA

The following selected historical statement of operations and balance sheet data were derived from the unaudited financial statements and accompanying notes for the three and six months ended June 30, 2010 and 2009 and the audited financial statements and accompanying notes for the years ended December 31, 2009, 2008 and 2007 and for the period from August 15, 2006 (Inception) to December 31, 2006, which are included in this prospectus. The information is only a summary and should be read in conjunction with the section titled "Risk Factors" and the financial statements and related notes included in this prospectus. You should also read the section of this prospectus titled "Management's Discussion and Analysis of Financial Condition and Results of Operations for Seanergy Maritime Holdings Corp." The historical data included below and elsewhere in this prospectus is not necessarily indicative of our future performance.

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

	Three Months Ended June 30,		Six Months Ended June 30,		Years Ended December 31,		
	2010	2009	2010	2009	2009	2008	2007
Statement of Operations Data:							
Vessel revenue — related party, net	10,578	22,067	23,242	48,309	81,677	34,453	-
Vessel revenue, net	12,034	-	17,579	-	6,220	-	-
Direct voyage expenses	(530)	(292)	(535)	(438)	(753)	(151)	-
Vessel operating expense	(7,476)	(3,010)	(12,090)	(5,821)	(16,222)	(3,180)	-
Voyage expenses — related party	(211)	(283)	(449)	(619)	(1,119)	(440)	-
Management fees	(58)	-	(58)	-	-	-	-
Management fees — related party	(568)	(315)	(1,171)	(617)	(1,715)	(388)	-
General and administration expenses	(1,886)	(1,617)	(2,622)	(2,807)	(5,928)	(1,840)	(445)
General and administration expenses — related party	(166)	(150)	(348)	(355)	(742)	(430)	-
Amortization of dry-docking costs	(769)	(9)	(1,467)	(9)	(1,045)	-	-
Depreciation	(6,950)	(7,758)	(12,917)	(15,430)	(26,812)	(9.929)	-

Gain from acquisition	-	-	-	-	6,813	-	-
Goodwill impairment loss	-	-	-	-	-	(44,795)	-
Vessels' impairment loss	-	-	-	-	-	(4,530)	-
Interest income	147	116	281	256	430	3,361	1,948
Interest and finance costs	(3,156)	(1,526)	(5,412)	(3,131)	(7,616)	(4,077)	(58)
Loss on interest rate swaps	(1,468)	-	(2,761)	-	(1,575)	-	-
Foreign currency exchange (losses), net	(58)	(56)	90	(55)	(44)	(39)	-
Income taxes	(31)	-	(31)	-	-	-	-
Net (loss)/income	(568)	7,167	1,331	19,283	31,569	(31,985)	1,445
Less: Net loss/(income) attributable to noncontrolling interest	510	-	(1,279)	-	1,517	-	-
Net (loss)/income attributable to Seanergy Maritime	(58)	7,167	52	19,283	30,052	-	-
Basic income (loss) per share	(0.00)	0.32	0.00	0.86	1.16	(1.21)	0.12
Diluted income (loss) per share	(0.00)	0.30	0.00	0.80	1.00	(1.21)	0.10
Basic weighted average number of shares	71,084,524	22,361,227	60,276,226	22,361,227	25,882,967	26,452,291	11,754,095
Diluted weighted average number of shares	71,084,524	24,621,227	60,276,226	24,621,227	30,529,281	26,452,291	15,036,283
Dividends per share	-	-	-	-	-	0.1842	-

	June 30, 2010	December 31, 2009	2008	2007	2006
Balance Sheet Data:					
Total current assets	87,248	67,473	29,814	235,213	376
Vessels, net	613,776	444,820	345,622	-	-
Total assets	727,861	538,452	378,202	235,213	632
Total current liabilities, including current portion of long-term debt	68,813	42,138	32,999	5,995	611
Other non-current liabilities	4,696	2,135	-	-	-
Common stock-subject to possible redemption	-	-	-	80,849	-
Long-term debt, net of current portion	372,997	267,360	213,638	-	-
Total equity	281,355	226,819	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 U.S. GAAP.

	Three Months Ended June 30, 2010	Six Months Ended June 30, 2010	Year Ended December 31, 2009
Fleet Data:			
Average number of vessels(1)	15.1	13.0	7.9
Ownership days(2)	1,370	2,360	2,895
Available days(3)	1,273	2,258	2,638
Operating days(4)	1,266	2,247	2,614
Fleet utilization(5)	92.4 %	95.2 %	90.3 %
Fleet utilization excluding drydocking off hire days(6)	99.5 %	99.5 %	99.1 %
Average Daily Results:			
Vessel TCE rate(7)	17,276	17,729	32,909
Vessel operating expenses(8)	5,457	5,123	5,603
Management fees(9)	457	521	592
Total vessel operating expenses(10)	5,914	5,644	6,195

(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, 2010, the Company incurred 97 off hire days for vessel scheduled drydocking. During the six months ended June 30, 2010, the Company incurred 102 off hire days for vessel scheduled drydocking. During the year ended December 31, 2009, we incurred 257 off-hire days for scheduled vessel drydocking.

(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) Fleet utilization excluding drydocking off hire days is calculated by dividing the number of the fleet's operating days during a period by the number of available days during that period. The shipping industry uses fleet utilization excluding drydocking off hire days to measure a Company's efficiency in finding suitable employment for its vessels and excluding the amount of days that its vessels are off-hire for reasons such as scheduled repairs, vessel upgrades, or dry dockings or special or intermediate surveys.

(7) 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.

(8) 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.

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

(10) 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR SEANERGY MARITIME HOLDINGS CORP.

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 U.S. 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 Republic of the Marshall Islands on January 4, 2008. We were initially formed as a wholly-owned subsidiary of Seanergy Maritime, which was incorporated in the Republic of 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 income from August 28, 2008.

The aggregate acquisition cost, including direct acquisition costs and excluding contingent consideration, 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 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.

We tested our goodwill for potential impairment, and concluded that no indication of impairment existed as of December 31, 2009. The fair value for goodwill impairment testing was estimated using the expected present value of future cash flows, applying 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 non-fixed days (based on a combination of 2-year forward freight agreements and the 10-year average historical charter rates available for each type of vessel). The weighted average cost of capital used was 7.6%.

The contingent consideration forming part of the business combination consisted of the issuance of 4,308,075 shares of common stock subject to Seanergy meeting certain target EBITDA during the twelve month period ended September 30, 2009. This target was met and on September 30, 2009, we recorded additional consideration of $17,275,000, equal to the fair value of the 4,308,075 shares.

Since our vessel operations began upon the consummation of our business combination in August 2008, and with the further acquisitions of a 50% controlling ownership interest in BET in August 2009, pursuant to which we acquired an additional five vessels and the acquisition of MCS, pursuant to which we acquired an additional nine vessels, we cannot provide a meaningful comparison of our results of operations for the years ended December 31, 2009 and 2008 to 2007. During the period from our inception to the date of our business combination, we were a development stage enterprise.

As of June 30, 2010, we controlled and operated a total fleet of 20 dry bulk carrier vessels, consisting of three Panamax vessels, one Handymax vessel, ten Handysize vessels, two Supramax vessels and four Capesize vessels. These ships have a combined carrying capacity of 1,292,544 dwt and an average age of approximately 12.8 years, out of an expected useful life of 30 years.

We generate revenues by charging customers for the transportation of dry bulk cargo using our vessels. Sixteen of our vessels are currently employed under time charters and four of our vessels are currently employed under bareboat charters. Six 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. A bareboat charter is a contract for the use of a vessel for a specific period of time during which the charterer pays all of the voyage and vessel operating expenses.

Recent Developments

Vessel employment and charter rates:

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 BDI fell 94% from a peak of 11,793 in May 2008 to a low of 663 in December 2008. During 2009, the BDI remained volatile, reaching a low of 772 on January 5, 2009 and a high of 4,661 on November 19, 2009. It has since fallen to 2,628 as of September 20, 2010. 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.

Pursuant to addenda dated July 24, 2009 to the individual charter party agreements dated May 26, 2008 between SAMC and each of Martinique International Corp. (vessel Bremen Max) and Harbour Business International 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 are $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 Pty, 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 us.

Following the expiration of the previous charter party for the Hamburg Max in August 2010 and pursuant to a time charter party agreement dated August 24, 2010, the mv Hamburg Max is now chartered to a first class charterer for a two year term under a time charter agreement with a profit sharing arrangement at a base rate of $21,500 per day and a ceiling of $25,500 per day, with a 50% profit sharing arrangement to apply to any amount in excess of the ceiling, inclusive of a brokerage commission of 1.25% payable to Safbulk Pty and to Arrow Chartering Ltd. UK, each, and 3.75%% payable to the charterers.

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. We are also entitled to receive a 50% adjusted profit share calculated on the average spot Time Charter Routes derived from the Baltic Supramax. The charters commenced on July 17, 2009 and July 20, 2009 for the African Oryx and the African Zebra, respectively. All charter rates are inclusive of a commission of 1.25% payable to Safbulk as commercial broker.

Following the expiration of its charter party agreement in September 2009, the Delos Ranger was chartered in the spot market until January 14, 2010. On January 16, 2010, pursuant to a charter party agreement dated November 20, 2009, the vessel commenced employment for a period of 11 to 13 months with Bunge S.A. at a daily charter rate of $20,000, inclusive of a brokerage commission of 1.25% payable to each of Arrow Shipping (Monaco) S.A.M. and Safbulk Pty. and a charterer commission of 3.75%.

Following the expiration of its charter party agreement in November 2009, the Davakis G. commenced a charter for a period of 11 to 13 months with Sangamon Transportation Group (Louis Dreyfus) at a daily charter rate of $21,000, inclusive of a brokerage commission of 1.25% payable to each of SSY NY and Safbulk Pty, and a charterer commission of 3.75%.

Pursuant to charter party agreements dated July 7, 2009, each of the BET Commander, the BET Prince, the BET Fighter, the BET Scouter and the BET Intruder are chartered to SAMC at daily charter rates of $24,000, $25,000, $25,000, $26,000 and $15,500, respectively, for charters expiring in December 2011, January 2012, September 2011, October 2011 and September 2011, respectively, assuming latest redelivery. All charter rates for the BET fleet are inclusive of a commission of 1.25% payable to Safbulk Maritime as commercial broker and 3.75% 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 BET.

Pursuant to charter party agreements dated May 24, 2007, each of the Fiesta, Pacific Fighter, Pacific Fantasy and Clipper Freeway is chartered on a bareboat basis to Oldendorff Carriers at daily charter rates as per average time charter routes of the Baltic Handysize Index increased by 100.63% and reduced by fixed daily operating costs, as specified in the respective charter agreements, for charters expiring in November 2013, November 2013, January 2014 and February 2014, respectively, assuming latest redelivery. Each of Fiesta, Pacific Fighter, and Pacific Fantasy were novated from their previous owners to each of the relative MCS ship-owning subsidiaries on August 16, 2007 and the Clipper Freeway was novated from its previous owner to the relative MCS ship-owning subsidiary on October 3, 2007.

Pursuant to charter party agreements dated February 4, 2008, February 6, 2008 and March 26, 2010, each of the African Joy, African Glory and Asian Grace is chartered to MUR Shipping BV at daily charter rates of $13,600, $14,500 and $13,500, respectively, as specified in the respective charter agreements, for charters expiring in August 2010, December 2010 and October 2010, respectively, assuming latest redelivery. All charter rates for these vessels are inclusive of a commission of 1.25% payable to HSBC Shipping Services Limited, London as commercial broker and 3.75% to MUR Shipping BV as charterer.

Pursuant to charter party agreements dated April 7, 2008, each of the Clipper Glory and Clipper Grace is chartered to CF Bulk Carriers Ltd. at a daily charter rate of $25,000, as specified in the respective charter agreements, for charters expiring in August 2012, assuming latest redelivery. All charter rates for these vessels are inclusive of a commission of 1.00% payable to Arrow Asia Shipbrokers Ltd. as commercial broker and 4.00% to CF Bulk Carriers Ltd. as charterer.

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 26 months periods including charters of the BET vessels (expiring between September 2010 and January 2012). We have contractually secured time charter agreements with our longest time charter expiring January 16, 2012. Time charters cover 95% of 2010 days and 51% of 2011 days. For the calculation of contract coverage, we are using the latest expiration date of our vessels' time charters as presented in the "Our Fleet" table on page 2. For 2010, we expect our average daily operating expenses per vessel to be approximately $5,500, and we expect our average daily general and administrative expenses to be approximately $1,000. Our expectations regarding 2010 operating expenses and general and administrative statements are forward-looking statements. Our actual results could vary. See "Risk Factors" for information regarding factors, many of which are outside of our control, that could cause our actual expenses to differ from expectations. 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 $4.32 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 are 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.

MCS acquisition:

On May 28, 2010, after entering into a share purchase agreement with Maritime Capital, we completed the final documentation for the acquisition of a 51% ownership interest in MCS for a consideration of $33.0 million. The consideration was paid to Maritime Capital from the proceeds our recent equity offering completed in February 2010 and from our cash reserves. On September 15, 2010, we completed the acquisition from Maritime Capital of the remaining 49% ownership interest in MCS for consideration of $29.0 million which was paid in the form of: (i) cash in the amount of $3.0 million paid to Maritime Capital from our cash reserves and (ii) 24,761,905 shares of our common stock with of an aggregate value of $26.0 million that were issued to the Restis affiliate shareholders as nominees of Maritime Capital. As a result of the acquisition, the size our fleet increased from 11 to 20 dry bulk vessels, consisting of four Capesize, three Panamax, two Supramax, one Handymax and 10 Handysize dry bulk carriers, with a combined cargo-carrying capacity of approximately 1,292,544 dwt and an average fleet age of 12.8 years.

Amendment and conversion of Note:

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.

Increase in authorized stock:

On July 21, 2010, our shareholders approved an amendment to our amended and restated articles of incorporation to increase our authorized common stock to from 200,000,000 to 500,000,000 shares, par value $0.0001 per share. We expect this increase will 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 January 3, 2012.

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 and for the period commencing on July 1, 2010 and at all other times thereafter, zero point seven five per cent (0.75%) 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 from 125% to 100% and following the expiration of the amendment period the security requirement is 125%; 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 and following the expiration of the amendment period the minimum equity ratio requirement of the principal corporate guarantee is 0.30:1.0.

Additionally, the Restis family (or companies affiliated with the Restis family) must be the beneficial owners of at least 50.1% of our issued share capital (or any lower percentage not less than 40% resulting solely from a rights issue or increase of our issued share capital) and must also be the beneficial owners of the remaining 50% of BET's issued share capital that we do not own. Failure to satisfy this condition would constitute an event of default under the BET loan agreement.

Pursuant to a supplemental agreement dated August 4, 2010 with Citibank, BET has undertaken to maintain a minimum amount of no less than $7.5 million in the BET account with Citibank.

Following MCS's supplemental agreement on the UOB loan facility, dated May 24, 2010, $10.0 million was converted into subordinated debt, $13.1 million was prepaid from the original loans, and the remaining loan amounts are repayable in twenty five quarterly installments, out of which one quarterly installment of principal amounting to $0.2 million, twenty two quarterly installments of principal amounting to an aggregate of $0.7million each, one quarterly installment of principal amounting to an aggregate of $0.9 million concurrently with balloon payments amounting to an aggregate of $11.1 million, and a final quarterly installment of principal amounting to $0.2 million concurrently with a balloon payment of $5.7 million. The applicable margin prior to the voluntary prepayment was LIBOR plus (i) 1.40% per annum if the loan-to-value ratio was equal to or greater than 70%, (ii) 1.25% if the loan-to-value ratio was equal to or greater than 60% but less than 70%, or (iii) 1.10% if the loan-to-value ratio was less than 60%. The applicable margin following the voluntary prepayment is LIBOR plus 2.50% per annum in relation to the senior loan and LIBOR plus 3.50% per annum in relation to the subordinated loan.

Following MCS's supplemental agreement on the DVB loan facility, dated May 20, 2010 and prepayment of $7.4 million, no further principal installments are due until the second quarter of 2011, at which point $6.2 million will be paid. The next eight quarterly installments of principal will be equal to an aggregate of $2.1 million each, the next seven will be equal to an aggregate amount of $1.6 million each, the next quarterly installment will be equal to $1.6 million along with balloon payments equal to an aggregate of $12.2 million, and the final quarterly installment will be equal to $0.5 million and a balloon payment amount of $6.1 million. The applicable margin before the supplemental agreement was LIBOR plus 1.10% per annum on the senior loan and LIBOR plus 2.85% per annum on the junior loan. The applicable margin following the supplemental agreement is LIBOR plus 2.10% per annum on the senior loan and LIBOR plus 4.90% per annum on the junior loan.

Following MCS's supplemental agreement on the HSBC loan facility, dated May 21, 2010 and prepayment of $7.6 million, the remaining loan repayment period has been shortened to fourteen quarterly installments. Nine of the remaining fourteen quarterly installments of principal will be equal to an aggregate of $2.6 million each, the final five quarterly installments of principal will be equal to an aggregate of $1.2 million each, with balloon payments equal to an aggregate of $11.0 million due concurrently with the final principal installments. The applicable margin to the later of July 21, 2011 and the date of compliance with the security requirement covenant is LIBOR plus 3.25% per annum and thereafter is LIBOR plus 2.75% per annum unless there is breach of the compliance of the security requirement or there is an event of default under the loan agreement.

The UOB, HSBC and DVB loan facilities are secured by the following: first priority mortgages on each of the MCS vessels; MCS guaranties on each of the loans; 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 and undertakings by the technical managers of the MCS vessels, 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 100%, 125% and 133% of the outstanding amount under each of the UOB, HSBC and DVB loans as described above. MCS was in compliance with all of its debt covenants as of June 30, 2010. The vessels' insurance is to include as a minimum cover fire and usual marine risks, war risk and protection and indemnity insurance, and oil pollution. In addition, the borrowers agree to reimburse the mortgagee for mortgagees' interest insurance on the vessels in an amount of 100% to 120%of the outstanding amount under the loan.

In addition, if a vessel is sold or becomes a total loss, MCS 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 relevant minimum security covenant in the loan agreements.

Dry-dock of vessels:

The BET Scouter's scheduled drydocking, which commenced on March 26, 2010, was completed on May 17, 2010. The total cost of the BET Scouter's drydocking amounted to $1.5 million. On May 14, 2010, the BET Prince commenced its scheduled drydocking, which was completed on June 28, 2010. The cost of the BET Prince's drydocking amounted to $1.0 million.

Recent Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board, or FASB, issued new guidance concerning the transfer of financial assets. This guidance amends the criteria for a transfer of a financial asset to be accounted for as a sale, creates more stringent conditions for reporting a transfer of a portion of a financial asset as a sale, changes the initial measurement of a transferor's interest in transferred financial assets, eliminates the qualifying special-purpose entity concept and provides for new disclosures. This new guidance is effective from January 1, 2010 and its adoption did not have any significant impact Seanergy's consolidated financial statements.

In June 2009, FASB issued new guidance concerning the determination of the primary beneficiary of a variable interest entity, or VIE. This new guidance amends current U.S. GAAP by: requiring ongoing reassessments of whether an enterprise is the primary beneficiary of a VIE; amending the quantitative approach previously required for determining the primary beneficiary of the VIE; modifying the guidance used to determine whether an equity is a VIE; adding an additional reconsideration event (e.g. troubled debt restructurings) for determining whether an entity is a VIE; and requiring enhanced disclosures regarding an entity's involvement with a VIE. This new guidance is effective from January 1, 2010 its adoption did not have any significant impact on our consolidated financial statements. Seanergy will continue to consider the impacts of this new guidance on an on-going basis.

In August 2009, the FASB released new guidance concerning measuring liabilities at fair value. The new guidance provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using certain valuation techniques. Additionally, it clarifies that a reporting entity is not required to adjust the fair value of a liability for the existence of a restriction that prevents the transfer of the liability. This new guidance is effective for the first reporting period after its issuance, however earlier application is permitted. The application of this new guidance did not have a significant impact on the condensed consolidated financial statements.

In January 2010, FASB issued amended standards requiring additional fair value disclosures. The amended standards require disclosures of transfers in and out of Levels 1 and 2 of the fair value hierarchy, as well as requiring gross basis disclosures for purchases, sales, issuances and settlements within the Level 3 reconciliation. Additionally, the update clarifies the requirement to determine the level of disaggregation for fair value measurement disclosures and to disclose valuation techniques and inputs used for both recurring and nonrecurring fair value measurements in either Level 2 or Level 3. The new guidance was effective in the first quarter of fiscal 2010, except for the disclosures related to purchases, sales, issuance and settlements, which will be effective in the first quarter of fiscal 2012. The adoption of the new standards did not have any significant impact on our consolidated financial statements.

In February 2010, FASB issued amended guidance on subsequent events. Commission filers are no longer required to disclose the date through which subsequent events have been evaluated in originally issued and revised financial statements. This guidance was effective immediately.

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 of our initial fleet from the Restis family. 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 income 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 contingent consideration forming part of the business combination consisted of the issuance of 4,308,075 shares of common stock subject to Seanergy meeting certain target EBITDA during the twelve month period ended September 30, 2009. This target was met and on September 30, 2009, the Company recorded additional consideration of $17,275,000, which was equal to the fair value of the 4,308,075 shares, with an increase in goodwill and equity.

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 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 acquisition of BET, the fair value of the vessels was $126 million while the fair value of total assets acquired amounted to $168.1 million and liabilities assumed to $154.5 million.

We have estimated that the fair values of assets acquired and liabilities assumed at acquisition were as follows (amounts in table in thousands):

Cash	36,374
Restricted cash	1,381
Trade and other receivables	2,844
Inventories	1,476
Vessels	126,000
Current portion of long term debt	(16,573)
Accounts payable and accruals	(5,722)
Acquired time charters	(710)
Derivative instruments	(4,917)
Long term debt net of current portion	(126,527)
Noncontrolling interest	(6,813)
Excess of fair value of assets acquired and liabilities assumed over consideration paid	(6,813)

The excess of fair value of assets acquired and liabilities assumed over consideration has been recorded as bargain purchase gain and recorded in line "Gain from acquisition" in our consolidated statement of income. The bargain purchase gain was a result of the sellers' intent to divest from shipping operations. BET is a provider of worldwide ocean transportation services through the ownership of five dry bulk carriers. BET was incorporated in December 18, 2006 under the laws of the Republic of the Marshall Islands.

On May 20, 2010, a voting agreement between certain of our shareholders expired, and from that date, the Restis affiliate shareholders became controlling shareholders. On May 28, 2010, we acquired 51% of MCS, a company wholly owned by the members of the Restis family, for consideration of $33.0 million. The acquisition was treated as a transaction between entities under common control and as such we consolidated MCS from the first day that both entities were under common control, May 20, 2010, using MCS' historical balances. Inclusion of MCS in our consolidated financial statements resulted to a debit of $2.05 million in our additional paid-in capital and a credit of $29.73 million in noncontrolling interest. The opening balances of MCS on May 20, 2010 were as follows:

Cash	48,860
Restricted cash	3,453
Inventories	263
Other current assets	762
Vessels	181,861
Other non-current assets	192
Other liabilities	(4,304)
Debt	(166,923)
Financial instruments	(3,485)
Net assets	60,679
51% of net assets acquired	30,946
Consideration paid	(33,000)
Deemed distribution to shareholder	(2,054)

On September 15, 2010, we acquired the remaining 49% of MCS for consideration of $29.0 million which was paid by us to Maritime Capital in the form of cash amounting to $3.0 million and 24,761,905 shares of our common stock totaling $26.0 million at an agreed price of $1.05 per share. The transaction has been retrospectively recorded as of May 20, 2010 and resulted in the following:

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Acquisition of remaining 49% of net assets of MCS	29,733
Due to non controlling shareholder	(3,000)
Issuance of common shares at fair value (additional paid-in capital)	(26,743)
Deemed distribution to shareholder	(10)

In addition, net income of $1.5 million was reclassified from non-controlling interest to net income attributable to shareholders of Seanergy for the three and six months ended June 30, 2010. For purposes of the earnings per share calculation in Note 14, the 24,761,905 shares were considered to be issued and outstanding as of May 20, 2010.

Impairment of long-lived assets

We apply FASB guidance for the impairment and 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 performed the annual impairment test as of December 31, 2009. No indication of impairment existed as of that date. 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

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 FASB guidance for impairment of intangible assets. 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. The residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis. If the fair value of the reporting unit exceeds it carrying value, step two does not have to be performed. We recorded a goodwill impairment loss of $44,795,000 in 2008. We tested our goodwill for potential impairment, and we concluded that there was no impairment as of December 31, 2009. 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 non fixed days (based on a combination of 2-year forward freight agreements and the 10-year average historical charter rates available for each type of vessel). The weighted average cost of capital used was 7.6%.

Vessel depreciation

Depreciation is computed using the straight-line method over the estimated useful lives of the vessels, after considering the estimated salvage value. We estimate salvage value by taking the cost of steel times the vessels lightweight. The estimated salvage value at December 31, 2009 was $270 per lightweight ton. Through June 30, 2009, management estimated the useful life of our vessels at 25 years from the date of their delivery from the shipyard. In July 2009, we successfully executed a time charter contract for one of our vessels that expires on its 26th anniversary, and based on the projected necessary dry-docking costs and understanding of the charterer's needs, we believe that the vessel will complete the next dry-docking following the expiration of such charter and that we will be able to charter the vessel up to its 30th anniversary. Based on this event as well as considering that it is not uncommon for vessels to be operable to their 30th anniversary, effective July 1, 2009, we have changed the estimated useful life of our fleet to 30 years. This change reduced depreciation expense by approximately $8 million for the year ended December 31, 2009.

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:

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- 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 our 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. One of our vessels operated in the spot market during the year ended December 31, 2009.

A standard maritime industry performance measure is the 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 rates for 2009 and 2008 were $32,909 and $49,944, 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. We estimate salvage value by taking the cost of steel times the vessels lightweight. The estimated salvage value is $270 per lightweight ton. Through June 30, 2009, management estimated the useful life of our vessels at 25 years from the date of their delivery from the shipyard. In July 2009, we successfully executed a time charter contract for one of our vessels that expires on its 26th anniversary, and based on the projected necessary dry-docking costs and understanding of the charterer's needs, we believe that the vessel will complete the next dry-docking following the expiration of such charter and that we will be able to charter the vessel up to its 30th anniversary. Based on this event as well as considering that it is not uncommon for vessels to be operable to their 30th anniversary, effective July 1, 2009, we have changed the estimated useful life of our fleet to 30 years. This change reduced depreciation expense by approximately $8 million for the year ended December 31, 2009.

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 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 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 U.S. GAAP.

	Three Months Ended June 30, 2010		Six Months Ended June 30, 2010		Year Ended December 31, 2009	
Fleet Data:						
Average number of vessels(1)	15.1		13.0		7.9	
Ownership days(2)	1,370		2,360		2,895	
Available days(3)	1,273		2,258		2,638	
Operating days(4)	1,266		2,247		2,614	
Fleet utilization(5)	92.4	%	95.2	%	90.3	%
Fleet utilization excluding drydocking off hire days(6)	99.5	%	99.5	%	99.1	%
Average Daily Results:						
Vessel TCE rate(7)	17,276		17,729		32,909	
Vessel operating expenses(8)	5,457		5,123		5,603	
Management fees(9)	457		521		592	

Total vessel operating expenses(10)	5,914	5,644	6,195

(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, 2010, the Company incurred 97 off hire days for vessel scheduled drydocking. During the six months ended June 30, 2010, the Company incurred 102 off hire days for vessel scheduled drydocking. During the year ended December 31, 2009, we incurred 257 off-hire days for scheduled vessel drydocking.

(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) Fleet utilization excluding drydocking off hire days is calculated by dividing the number of the fleet's operating days during a period by the number of available days during that period. The shipping industry uses fleet utilization excluding drydocking off hire days to measure a Company's efficiency in finding suitable employment for its vessels and excluding the amount of days that its vessels are off-hire for reasons such as scheduled repairs, vessel upgrades, or dry dockings or special or intermediate surveys.

(7) 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.

(In thousand of U.S. dollars, except operating day amounts)	Three Months Ended June 30, 2010	Six Months Ended June 30, 2010	Year Ended December 31, 2009
Net revenue from vessels	$ 22,612	$ 40,821	$ 87,897
Voyage expenses	(530)	(535)	(753)
Voyage expenses – related party	(211)	(449)	(1,119)
Net operating revenues	$ 21,871	$ 39,837	$ 86,025
Operating days	1,266	2,247	2,614
Time charter equivalent rate	$ 17,276	$ 17,729	$ 32,909

(8) 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	Six Months

(In thousand of U.S. dollars, except	Ended	Ended	Year Ended