EUROSEAS LTD.
Form 424B5
November 07, 2007

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Registration No. 333-142794

PROSPECTUS SUPPLEMENT

(To Prospectus dated May 16, 2007)

6,325,000 Shares

Common Stock

We are offering 5,825,000 shares of our common stock in this offering and the selling shareholder identified in this prospectus supplement is offering 500,000 shares of our common stock. We will not receive any of the proceeds from any shares of common stock sold by the selling shareholder. Our common stock is quoted on the NASDAQ Global Market under the symbol ESEA. On November 6, 2007, the closing price of our common stock was $18.14 per share.

Investing in our common stock involves risks. See Risk Factors beginning on page S-11 of this prospectus supplement.

	Per Share	Total
Public Offering Price	$17.0000	$107,525,000
Underwriting Discounts and Commissions	$0.8925	$5,645,063
Proceeds to Euroseas Ltd.	$16.1075	$93,826,187
Proceeds to the Selling Shareholder	$16.1075	$8,053,750

Delivery of the shares of common stock will be made on or about November 9, 2007.

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 supplement or accompanying prospectus. Any representation to the contrary is a criminal offense.

We have granted the underwriters an option to purchase a maximum of 948,750 additional shares of our common stock to cover over-allotments of shares, exercisable at any time until 30 days after the date of this prospectus supplement.

Wachovia Securities Oppenheimer & Co.

The date of this prospectus supplement is November 6, 2007.

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We have not authorized anyone to give any information or to make any representations other than those contained in this prospectus supplement and the accompanying prospectus. Do not rely upon any information or representations made outside of this prospectus supplement and the accompanying prospectus. This prospectus supplement and the accompanying prospectus is not an offer to sell, and it is not soliciting an offer to buy (1) any securities other than shares of our common stock or (2) shares of our common stock in any circumstances in which our offer or solicitation is unlawful. The information contained in this prospectus and the accompanying prospectus supplement may change after the date of this prospectus supplement. Do not assume after the date of this prospectus supplement that the information contained in this prospectus supplement and the accompanying prospectus is still correct.

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ENFORCEABILITY OF CIVIL LIABILITIES

We are a Marshall Islands company and our executive offices are located outside of the United States of America in Maroussi, Greece. Some of our directors and officers named herein reside outside the United States of America. In addition, a substantial portion of our assets and the assets of our directors and officers are located outside of the United States of America. As a result, you may have difficulty serving legal process within the United States of America upon us or any of these persons. You may also have difficulty enforcing, both in and outside the United

States of America, judgments you may obtain in United States of America courts against us or these persons in any action, including actions based upon the civil liability provisions of United States of America federal or state securities laws. Furthermore, there is substantial doubt that the courts of the Marshall Islands or Greece would enter judgments in original actions brought in those courts predicated on United States of America federal or state securities laws.

ABOUT THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of common stock. The second part, the base prospectus, gives more general information, some of which may not apply to this offering. Generally, when we refer only to the prospectus, we are referring to both parts combined, and when we refer to the accompanying prospectus, we are referring to the base prospectus only. If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

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PROSPECTUS SUMMARY

This section summarizes some of the information that appears later in this prospectus supplement. As an investor or prospective investor, you should review carefully the risk factors and the more detailed information that appear later in this prospectus supplement and the accompanying prospectus. In this prospectus supplement, references to Euroseas, Company, we, our, ours and us refer to Euroseas Ltd. and its subsidiaries, unless otherwise stated or the context requires.

We use the term deadweight tons, or dwt, in describing the capacity of our drybulk 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. We use the term twenty foot equivalent unit, or teu, the international standard measure of containers, in describing the capacity of our container ships. For the definition of certain shipping terms used in this prospectus supplement, see the Glossary of Shipping Terms on page S-54 of this prospectus supplement. Drybulk carriers are categorized as Capesize, Panamax, Handymax and Handysize. The carrying capacity of a Capesize drybulk carrier is 80,000 dwt and above. The carrying capacity of a Panamax drybulk carrier ranges from 60,000 to 79,999 dwt. The carrying capacity of a Handymax drybulk carrier ranges from 40,000 to 59,999 dwt and that of a Handysize drybulk carrier ranges from 10,000 to 39,999 dwt. Container ships are categorized as Deep Sea, Intermediate, Handysize and Feeder. The carrying capacity of a Deep Sea container ship is 3,000 teu and above. The carrying capacity of an Intermediate container ship ranges from 2,000 to 2,999 teu. The carrying capacity of a Handysize container ship ranges from 1,300 to 1,999 teu and that of a Feeder container ship is less than 1,300 teu. Unless otherwise indicated, all references to currency amounts in this prospectus supplement are in U.S. dollars and all share numbers and per share data give effect to a 1-for-3 reverse stock split effected on October 6, 2006.

Our Company

We are a provider of worldwide ocean-going transportation services. We own and operate drybulk carriers that transport major bulks such as iron ore, coal and grains, and minor bulks such as bauxite, phosphate and fertilizers. We also own and operate container ships and multipurpose vessels that transport dry and refrigerated containerized cargoes, principally manufactured products and perishables.

Since January 1, 2007, we have acquired seven vessels for approximately $148 million. During this period, we have increased our drybulk carrier capacity 34% to 277,316 dwt and our container ship capacity 126% to 16,271 teu, including our multipurpose vessel, which can carry 950 teu or 22,568 dwt. Following the delivery of m/v *Ioanna P*, our fleet consists of a total of 15 vessels consisting of five drybulk carriers, comprised of three Panamax drybulk carriers and two Handysize drybulk carriers, nine container ships and one multipurpose vessel with an average age of approximately 17.5 years. Given current market conditions, we believe that middle-age vessels offer the most compelling value proposition, particularly in light of the expertise of our affiliated management company in evaluating, operating and maintaining middle-age vessels.

We intend to strategically employ our fleet with time and spot charters. We actively pursue time charters to obtain adequate cash flow to cover our fleet s fixed costs, consisting of vessel operating expenses, management fees, general and administrative expenses, interest expense and dry-docking costs for the upcoming 12-month period. We look to employ the remainder of our fleet through time charters, spot charters, shipping pools or contracts of affreightment, depending on our view of the direction of the markets and other tactical or strategic considerations. Eleven of the 15 vessels in our fleet are currently employed under time charters, one vessel participates in a shipping pool, which provide us with both stable cash flow and high utilization rates that help us generate steady earnings and enhance our ability to pay dividends to our shareholders and two vessels are currently undergoing scheduled dry-docking. The staggered maturities of our time charters enable us to constantly reevaluate the market and adjust the balance of our charter book accordingly. We believe this employment strategy provides us with more predictable operating cash flows and sufficient downside protection, while allowing us to participate in the potential upside of the spot market during periods of rising charter rates.

During the fiscal year ended December 31, 2006 and the six month period ended June 30, 2007:

- We had a fleet utilization of 98.9% and 99.8%, respectively;
- We generated voyage revenues of $42.1 million and $30.5 million, respectively;

- Our net income was $20.1 million and $15.9 million, respectively; and
- Our Adjusted EBITDA was $29.5 million and $24.9 million, respectively.

Our operations generate significant cash, which provides us with flexibility in our growth, operating and financial strategy. Our policy is to use this cash to aggressively pay down debt, maintain financial flexibility, finance future vessel acquisitions and provide an attractive dividend to our shareholders. Since August 2005, we have declared and paid dividends in a total amount of $1.67 per common share. On October 16, 2007, we declared our ninth consecutive quarterly dividend on our common stock in the amount of $0.29 per share, a 16% increase over our prior quarter s dividend of $0.25 per share declared on July 18, 2007. This dividend will be paid on November 28, 2007 to our shareholders of record as of November 5, 2007. We believe we will generate sufficient cash from operations to enable us to pay at least the current dividend level for each quarter through December 31, 2008.

Our Fleet

Our objective is to expand our fleet with selective acquisitions of cargo carrying vessels while enhancing return on invested capital. The profile of our fleet is as follows:

Name	Type	Dwt	TEU	Year Built	Employment	TCE Rate ($/day)
Drybulk Vessels						
IRINI[1]	Panamax	69,734		1988	Baumarine Pool - until end 2008	$17,000 to $20,000
ARISTIDES N.P.	Panamax	69,268		1993	Time Charter until Jan-08	$29,000
IOANNA P (ex-TRUST JAKARTA)	Panamax	64,873		1984	Time Charter until Aug-08	$35,500
NIKOLAOS P.	Handysize	34,750		1984	Time Charter until late Nov-07	$21,300
GREGOS	Handysize	38,691		1984	Spot	$57,000 until Jan-08
Drybulk Total		**277,316**				
Multipurpose Vessels						
TASMAN TRADER	Multipurpose	22,568	950	1990	Time Charter until Mar-12	$8,850 until Dec-08 $9,500 until Dec-10 $9,000 until Mar-12
Container Carriers						
TIGER BRIDGE	Intermediate	31,627	2,228	1990	Time Charter until Jul-09	$16,500
ARTEMIS	Intermediate	29,693	2,098	1987	Time Charter until Dec-08	$19,000
DESPINA P	Handysize	33,667	1,932	1990	Undergoing scheduled dry-docking[2]	
JONATHAN P	Handysize	33,667	1,932	1990	Undergoing scheduled dry-docking[3]	
CLAN GLADIATOR	Handysize	30,007	1,742	1992	Time Charter until Apr-08	$19,000
YM XINGANG I	Handysize	23,596	1,599	1993	Time Charter until Jul-09	$26,650
MANOLIS P	Handysize	20,346	1,452	1995	Time Charter until Mar-08	$13,450
NINOS	Feeder	18,253	1,169	1990	Time Charter until Apr-08	$12,800
KUO HSIUNG	Feeder	18,154	1,169	1993	Time Charter until Feb-09	$12,000 until Dec-07 $15,800 until Feb-09
Container Total		**239,010**	**15,321**			
Fleet Grand Total	**15**	**538,894**	**16,271**			

[1] *Irini* is employed in the Baumarine pool that is managed by Klaveness, a major global charterer in the dry bulk area, and also participates in two short funds (contracts to carry cargo at agreed rates), minimizing its exposure to the spot

market (covered at 77% for 2007 and 42% for 2008, approximately). The rate mentioned above corresponds only to the fixed portion of the vessels employment. The remaining portion earns the spot market rate.

[2] *Despina P* is currently undergoing scheduled dry-docking. The vessel will be re-chartered after its dry-docking is complete.

[3] *Jonathan P* is currently undergoing scheduled dry-docking. The vessel will be re-chartered after its dry-docking is complete.

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Management of Our Fleet

The operations of our vessels are managed by Eurobulk Ltd., or Eurobulk, an affiliated company founded in 1994 by members of the Pittas family, under a master management agreement with us and separate management agreements with each ship-owning company. Under our master management agreement, Eurobulk is responsible for providing us with executive services and commercial management services, which include obtaining employment for our vessels and managing our relationships with charterers. Eurobulk also performs technical management services, which include managing day-to-day vessel operations, performing general vessel maintenance, ensuring regulatory and classification society compliance, supervising the maintenance and general efficiency of vessels, arranging our hire of qualified officers and crew, arranging and supervising dry-docking and repairs, arranging insurance for vessels, purchasing stores, supplies, spares and new equipment for vessels, appointing supervisors and technical consultants and providing technical support and shoreside personnel who carry out the management functions described above and certain accounting services.

Our Competitive Strengths

We believe that we possess the following competitive strengths:

Experienced Management Team. Our management team has significant experience in all aspects of commercial, technical, operational and financial areas of our business. Aristides J. Pittas, our Chairman and Chief Executive Officer, holds a dual graduate degree in Naval Architecture and Marine Engineering and Ocean Systems Management from the Massachusetts Institute of Technology. He has worked in various technical, shipyard and ship management capacities and since 1991 has focused on the ownership and operation of vessels carrying dry cargoes. Dr. Anastasios Aslidis, our Chief Financial Officer, holds a Ph.D. in Ocean Systems Management also from Massachusetts Institute of Technology and has over 19 years of experience in the maritime industry.

Cost Effective Vessel Operations. We believe that because of the efficiencies afforded to us through Eurobulk, the strength of our management team and the quality of our fleet, we are, and will continue to be, a reliable, low-cost vessel operator, without compromising our high standards of performance, reliability and safety. Despite the average age of our fleet being approximately 17 years as of June 30, 2007, the sum of our vessel operating expenses, management fees and general and administrative expenses were $4,911 per day for the six months ended June 30, 2007. We consider this amount to be among the lowest of the publicly listed dry cargo shipping companies in the U.S. Our technical and operating expertise allows us to efficiently manage and transport a wide range of cargoes with a flexible trade route profile, helping to reduce ballast time between voyages and minimize off-hire days. Our professional, well-trained masters, officers and on-board crews further help us to control costs and ensure consistent vessel operating performance. We actively manage our fleet and strive to maximize utilization and minimize maintenance expenditures. For the year ended December 31, 2006 and the six month period ended June 30, 2007, our fleet utilization was 98.9% and 99.8%, respectively, and since 2002 our utilization rate (or, the utilization of the ship-owning companies that formed Euroseas) has averaged in excess of 99%.

Strong Relationships with Customers and Financial Institutions. We have developed strong industry relationships and have gained acceptance with charterers, lenders and insurers because of our long-standing reputation for safe and reliable service and financial responsibility through various shipping cycles. We offer reliable service and cargo carrying flexibility that enables us to attract customers and obtain repeat business. We also believe that the established customer base and reputation of Eurobulk and the Pittas family helps us to secure favorable employment for our vessels with well known charterers.

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Our Business Strategy

Our business strategy is focused on providing consistent shareholder returns by carefully timing and structuring acquisitions of drybulk carriers and container ships and by reliably, safely and competitively operating our vessels. We continuously evaluate purchase and sale opportunities, as well as employment opportunities for our vessels. With the proceeds from this offering, we plan to expand our fleet to increase our revenues and earnings and add scale to our operations. We believe the following describe our business strategy:

Renew and Expand our Fleet. We expect to grow our fleet in a disciplined manner through timely and selective acquisitions of quality vessels. We perform in-depth technical review and financial analysis of each potential acquisition and only purchase vessels as market conditions and developments present themselves. We will be focused on purchasing well-maintained, middle-aged vessels, which should provide a significant value proposition given the charter rates that exist currently. However, we will also consider purchasing younger vessels or newbuildings if warranted by charter market conditions and vessel prices. Furthermore, as part of our fleet renewal, we will continue to sell certain vessels when we believe it is in the best interests of the Company and our shareholders.

Maintain Balanced Employment. Although a significant portion of our fleet currently operates under time charters, we intend to strategically employ our fleet between time and spot charters relative to developments in market conditions. We actively pursue time charters to obtain adequate cash flow to cover our fleet s fixed costs, consisting of vessel operating expenses, management fees, general and administrative expenses, interest expense and dry-docking costs for the upcoming 12-month period. We also employ a portion of our fleet through spot charters, shipping pools or contracts of affreightment depending on our view of the direction of the markets and other tactical or strategic considerations. The staggered maturities of our time charters enable us to constantly reevaluate the market and adjust the balance of our charter book accordingly. We believe this balanced employment strategy will provide us with more predictable operating cash flows and sufficient downside protection, while allowing us to participate in the potential upside of the spot market during periods of rising charter rates. On the basis of our fixed spot and existing time charter, approximately 92% of our vessel capacity in the fourth quarter of 2007 and approximately 46% in 2008 are fixed, which will help protect us from market fluctuations, enable us to make significant principal and interest payments on our debt and pay dividends to our shareholders.

Operate a Fleet in Two Sectors. We intend to remain focused on, and to continue to develop, a diversified fleet of drybulk carriers and container ships. A diversified fleet, in addition to enhancing the stability of our cash flows, will help us to reduce our exposure to unfavorable developments in any one shipping sector and to benefit from upswings in any one shipping sector experiencing rising charter rates. We will remain focused on the smaller size ship segment of the container market, which has not experienced the same level of expansion in vessel supply that has occurred with larger vessels in these sectors.

Optimize Use of Financial Leverage. We will use bank debt to partly fund our vessel acquisitions and increase financial returns for our shareholders. We actively assess the level of debt we incur in light of our ability to repay that debt based on the level of cash flow generated from our balanced chartering strategy and efficient operating cost structure. Our debt repayment schedule as of September 30, 2007 calls for a reduction of more than 40% of our outstanding debt over the next two years (inclusive of the new loan to partly finance m/v *Ioanna P* drawn on November 1, 2007). We expect this will increase our ability to borrow funds to make additional vessel acquisitions in order to grow our fleet and pay consistent and possibly higher dividends to our shareholders.

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Our Corporate History

The Pittas family, the principal owners of Eurobulk and the largest shareholder of Friends Investment Company Inc., or Friends, our largest shareholder and the selling shareholder in this offering, has operated vessels well over the past 135 years. The vessels have been operated through various partnerships and different entities over these years. The Company s roots go back four generations to the 19th century when the first Pittas shipowner was Nikolaos F. Pittas. The first Pittas family shore office centralizing ship management was established by Nikolaos younger son, Aristides, in 1926. Before the onset of World War II, the second generation of the Pittas family had acquired and disposed of a total of at least six vessels. In 1960, the sons of Aristides, Nikolaos and John, set up an office in London together with the Caroussis family. By the early 1990s, they had acquired, traded and sold 14 vessels. In late 1991, John Pittas sons, Aristides, our Chief Executive Officer, and Nikos, together with their cousin Aristides P. Pittas, joined forces with Petros Pappas of Oceanbulk Maritime S.A., or Oceanbulk, and decided to gradually shift the Pittas family interests to Piraeus, Greece. This was the beginning of the active involvement of the fourth Pittas generation in shipping. From 1991, when the Pittas family joined Oceanbulk, to 1994, Oceanbulk dramatically expanded from a fleet of five vessels to a fleet of up to 15 vessels.

At the end of 1994, Aristides and Nikos Pittas, together with their brother Manolis Pittas, decided to separate the Pittas family interests from Oceanbulk and formed Eurobulk to continue the Pittas family presence in shipping. In June 2005, the Pittas family owned the majority of the shares in seven vessels and on June 28, 2005, the shareholders of these vessels transferred their shares in each of the vessel-owning companies in exchange for shares in Friends. On June 29, 2006, Friends exchanged all of the shares in the vessel-owning companies for shares in Euroseas, thus becoming the 100% owner of Euroseas at that time. Since the involvement of the fourth Pittas generation in shipping, they have owned and operated approximately 45 vessels. Since the inception of Eurobulk in 1995, all vessel acquisitions have been profitable and the group s results, on a consolidated basis, have been profitable for each of the last five years.

We are a Marshall Islands company incorporated in May 2005. Our executive offices are located at 40 Ag. Konstantinou Street, 151 24, Maroussi, Greece. Our telephone number is 011 30 211 1804005. The primary residence of our Chief Financial Officer, Dr. Anastasios Aslidis, is in the United States. Our website address is http://www.euroseas.gr. The information on our website is not a part of this prospectus supplement.

Recent Developments

Vessel Acquisitions

On November 1, 2007, we took delivery of the Panamax drybulk carrier, m/v *Trust Jakarta* (to be re-named m/v *Ioanna P*), of 64,873 dwt, built in 1984 in Japan, for a purchase price of $28.6 million. The *Ioanna P* was delivered to the Company with a time charter until July 2008 at a rate of $35,500 per day. We financed the purchase of this vessel with cash reserves and bank debt.

On October 8, 2007, we took delivery of an intermediate container ship, m/v *Tiger Bridge*, of 31,627 dwt and 2,228 teu, built in 1990 in Korea, for a purchase price of $24.0 million. The *Tiger Bridge* was delivered with a time charter until July 2009 at a rate of $16,500 per day.

On August 7, 2007 and on August 13, 2007, respectively, we took delivery of m/v *Jonathan P* (ex *Honor River*) and m/v *Despina P* (ex *Beauty River*), two Handysize container ships, each with a capacity of 33,667 dwt and 1,932 teu. The vessels are sister ships built in 1990 in South Korea and were each acquired for a purchase price of $18.7 million.

Credit Facility

In connection with our acquisition of m/v *Ioanna P*, we entered into a new $15.0 million bank loan, which was drawn on November 1, 2007 when the vessel was delivered. This loan is repayable in four quarterly installments of $1.85 million each, four quarterly installments of $750,000 each, four quarterly installments of $550,000 each, plus a balloon payment of $2.4 million which is due with the last quarterly installment payment. The interest rate margin for this loan is 0.90% above LIBOR. This credit facility has similar covenants and guarantees to the rest of our loans.

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THE OFFERING

The Company	Euroseas Ltd.
Common Stock to be Offered	5,825,000 shares (6,773,750 shares if the underwriters over-allotment option is exercised in full)
Common Stock to be Offered by the Selling Shareholder	500,000 shares
Common Stock to be Outstanding After This Offering(1)	30,103,334 shares
Use of Proceeds	We estimate that we will receive net proceeds of approximately $93.4 million from this offering, after deducting underwriting discounts and commissions, and assuming the underwriters over-allotment option is not exercised. We intend to use the proceeds to acquire additional vessels and for general corporate purposes. We will not receive any of the proceeds from any sale of our common stock by the selling shareholder. See Use of Proceeds.
Listing	Our common stock is listed on the NASDAQ Global Market under the symbol ESEA.
Current Dividend Rate	On October 16, 2007, we declared a quarterly dividend for the third quarter ended September 30, 2007, in the amount of $0.29 per share, a 16% increase over our prior quarter s dividend of $0.25 per share declared on July 18, 2007. We expect to declare our next dividend in January 2008, subject to the approval of our Board of Directors. Although our Board of Directors has set a minimum quarterly dividend target of $0.24 per share, we expect to be able to maintain at least the current quarterly dividend for each quarter through December 31, 2008. Declaration and payment of any dividend is subject to the discretion of our Board of Directors.
Risk Factors	See Risk Factors beginning on page S-11 of this prospectus supplement and other information included or incorporated by reference into this prospectus supplement and the accompanying prospectus, for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.

(1) The number of shares of common stock outstanding after this offering excludes the following:

600,000 shares of common stock reserved for issuance upon the exercise of stock options or other stock awards that may be granted under our stock incentive plan;

427,405 shares of common stock reserved for issuance upon the exercise of outstanding warrants, with an exercise price of $10.80 per share; and

948,750 shares that may be issued pursuant to the underwriters over-allotment option.

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SUMMARY FINANCIAL INFORMATION AND DATA

The following summary financial information and data were derived from our audited financial statements for the years ended December 31, 2002, 2003, 2004, 2005, 2006, and unaudited financial statements for the six month periods ended June 30, 2006 and 2007, which have been prepared in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP, and included elsewhere in this prospectus or previously filed with the Securities and Exchange Commission, or the Commission. The information is only a summary and should be read in conjunction with our historical financial statements and related notes included in this prospectus or previously filed with the Commission and the section of this prospectus entitled Management s Discussion and Analysis of Financial Condition and Results of Operations. The historical data included below and elsewhere in this prospectus are not necessarily indicative of our future performance.

	Year Ended December 31,					Six Months Ended June 30,	
	2002	2003	2004	2005	2006	2006	2007
	(all amounts in U.S. dollars, except share data)						
Income Statement Data							
Voyage revenues	$15,291,761	$25,951,023	$45,718,006	$44,523,401	$42,143,361	$20,421,220	$30,524,348
Commissions	(420,959)	(906,017)	(2,215,197)	(2,388,349)	(1,829,534)	(895,968)	(1,421,101)
Net revenue	$14,870,802	$25,045,006	$43,502,809	$42,135,052	$40,313,827	$19,525,252	$29,103,247
Voyage expenses	(531,936)	(436,935)	(370,345)	(670,551)	(1,154,738)	(866,365)	(328,623)
Vessel operating expenses	(7,164,271)	(8,775,730)	(8,906,252)	(8,610,279)	(10,368,817)	(5,055,753)	(6,350,159)
Amortization of dry-docking and special survey expense and vessel depreciation(1)	(4,053,049)	(4,757,933)	(3,461,678)	(4,208,252)	(7,292,838)	(3,195,074)	(6,163,131)
Management fees	(1,469,690)	(1,722,800)	(1,972,252)	(1,911,856)	(2,266,589)	(1,112,850)	(1,451,378)
Other general and administration expenses				(420,755)	(1,076,884)	(521,940)	(683,916)
Net gain on sale of vessels			2,315,477		4,445,856	2,165,799	3,411,397
Operating income	$1,651,856	$9,351,608	$31,107,759	$26,313,359	$22,599,817	$10,939,069	$17,537,437
Interest and other financing costs	(799,970)	(793,257)	(708,284)	(1,495,871)	(3,398,858)	(1,391,947)	(2,358,105)
Interest income	6,238	36,384	187,069	460,457	870,046	470,341	695,981
	2,849	(690)	25,221	(99,491)	(1,598)	(2,007)	60

Other income (expense)							
Equity in earnings (losses) in associates	30,655	(167,433)					
Net income	$891,628	$8,426,612	$30,611,765	$25,178,454	$20,069,407	$10,015,456	$15,875,373
Earnings per share, basic & diluted	$0.09	$0.85	$3.09	$2.34	$1.60	$0.80	$0.92
Dividends declared	$687,500	$1,276,000	$25,435,501	$30,175,223	$9,465,082	$4,543,240	$7,185,754
Weighted average number of shares outstanding during period, basic & diluted	9,918,056	9,918,056	9,918,056	10,739,476	12,535,365	12,449,194	17,258,629
Balance Sheet Data							
Current assets	$3,192,345	$9,409,339	$16,461,159	$25,350,707	$9,975,596	$23,535,104	$11,317,248
Vessels, net	45,254,226	41,096,067	34,171,164	52,334,897	95,494,342	59,679,713	148,009,983
Deferred assets and other long term assets	1,812,551	952,613	2,205,178	1,855,829	12,035,321	1,461,348	13,012,433
Total assets	50,259,121	51,458,019	52,837,501	79,541,433	117,505,259	84,676,165	172,339,664
Current liabilities including current portion of long term debt	10,878,488	8,481,773	13,764,846	18,414,877	21,665,399	18,917,393	25,805,015
Long term debt, including current portion	23,845,000	20,595,000	13,990,000	48,560,000	74,950,000	47,120,000	75,580,000
Total liabilities	28,973,488	23,971,773	21,724,846	52,544,877	79,493,599	52,197,393	82,291,424
Share capital	297,542	297,542	297,542	367,812	378,605	378,605	551,165
Total shareholders equity	$21,285,634	$27,486,246	$31,112,655	$26,996,556	$38,011,660	$32,478,772	$90,048,240
Common shares outstanding	9,918,056	9,918,056	9,918,056	12,260,387	12,620,150	12,620,150	18,372,172

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	Year Ended December 31,					Six Months Ended June 30,	
	2002	2003	2004	2005	2006	2006	2007
	(all amounts in U.S. dollars, except share data)						
Other Financial Data							
Adjusted EBITDA(2)	$5,738,409	$13,941,418	$34,594,658	$30,422,120	$29,539,688	$14,048,896	$24,932,254
	5,631,343	10,956,132	34,208,693	20,594,782	20,968,824	11,508,281	21,323,087

Net cash provided by operating activities							
Net cash received from (paid to) related party	177,169	(482,778)	3,541,236	(7,638,780)	363,461	1,184,073	1,770,370
Net cash provided by (used in) investing activities	(17,036,079)	214,832	6,756,242	(21,833,616)	(55,367,015)	(5,735,387)	(53,638,575)
Net cash provided by (used in) financing activities	12,247,355	(4,778,000)	(33,567,500)	6,188,653	16,741,997	(6,014,490)	36,751,656
Cash paid for common dividend / return of capital	687,500	1,200,000	26,962,500	46,875,223 (3)	9,465,082	4,543,240	7,185,754
Cash dividends / return of capital, declared per common share	$0.07	$0.12	$2.72	$4.36	$0.76	$0.36	$0.46

	Year Ended December 31,					Six Months Ended June 30,	
	2002	2003	2004	2005	2006	2006	2007
Fleet Data	(all amounts in U.S. dollars, except fleet data)						
Average number of vessels	6.82	8.00	7.31	7.10	8.09	8.19	9.55
Calendar days	2,490	2,920	2,677	2,591	2,942	1,483	1,728
Available days	2,448	2,867	2,554	2,546	2,895	1,459	1,629
Voyage days	2,440	2,846	2,542	2,508	2,864	1,455	1,626
Utilization rate	99.7 %	99.3 %	99.5 %	98.5 %	98.9 %	99.7 %	99.8 %
Average Daily Statistics							
Average TCE rate	$6,049	$8,965	$17,839	$17,485	$14,313	$13,434	$18,567
Running cost	2,877	3,005	3,327	3,323	3,524	3,409	3,675
Management fee	590	590	737	738	770	750	840
G&A expenses				162	366	352	396
Total operating expenses	$3,467	$3,595	$4,064	$4,223	$4,660	$4,511	$4,911

(1) In 2004, the estimated scrap value of the vessels was increased from $170 to $300 per light ton to reflect market price developments in the scrap metal market. The effect of this change in estimate was to reduce 2004 depreciation expense by $1,400,010 and increase 2004 net income by the same amount. In addition, in 2004, the estimated useful life of the vessel m/v *Ariel* was extended from 28 years to 30 years since the vessel performed dry-docking in the current year. The vessel was sold in February 2007. The m/v *Widar* was sold in April 2004. Depreciation expenses for m/v *Widar* for the year ended December 31, 2004 amounted to $136,384 compared to $409,149 in 2003.

(2) We consider Adjusted EBITDA to represent net earnings before interest, taxes, depreciation and amortization after adjusted for the amortization of deferred revenue from above or below market time charters acquired. Adjusted EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations, as determined by United States generally accepted accounting principles, or U.S. GAAP, and our calculation of Adjusted EBITDA may not be comparable to that reported by other companies. Adjusted EBITDA is

included herein because it is a basis upon which we assess our liquidity position and because we believe that it presents useful information to investors regarding a company s ability to service and/or incur indebtedness. The Company s definition of Adjusted EBITDA may not be the same as that used by other companies in the shipping or other industries.

(3) This amount reflects a dividend in the amount of $30,175,223 and a return of capital in the amount of $16,700,000. The total payment to shareholders made in 2005 is in excess of previously retained earnings because the Company decided to distribute to its original shareholders in advance of going public most of the profits relating to the Company s operations up to that time and to recapitalize the Company. This one-time dividend cannot be considered indicative of future dividend payments and the Company refers you to the other sections in this prospectus for a clearer understanding of the Company s dividend policy.

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Adjusted EBITDA Reconciliation to Net Income

	Year Ended December 31,					Six Months Ended June 30,	
	2002	2003	2004	2005	2006	2006	2007
	(all amounts in U.S. dollars)						
Net income	$891,628	$8,426,612	$30,611,765	$25,178,454	$20,069,407	$10,015,456	$15,875,373
Amortization of dry-docking and special survey expense and vessel depreciation	4,053,049	4,757,933	3,461,678	4,208,252	7,292,838	3,195,074	6,163,131
Interest and finance cost, net	793,732	756,873	521,215	1,035,414	2,528,812	921,606	1,662,124
Amortization of deferred revenue of below market charters acquired					(731,372)	(83,240)	(231,791)
Amortization of deferred revenue of above market charters acquired					380,003		1,463,417
Adjusted EBITDA	$5,738,409	$13,941,418	$34,594,658	$30,422,120	$29,539,688	$14,048,896	$24,932,254

Adjusted EBITDA Reconciliation to Cash Flow from Operations

	Year Ended December 31,				Six Months Ended June 30,
	2002	2003	2004	2005	