

Seanergy Maritime Holdings Corp.

Form 424B1

July 31, 2009

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Registration Statement Nos. 333-154952 and 333-157270

PROSPECTUS

Seanergy Maritime Holdings Corp.

22,968,000 Shares of Common Stock underlying the Warrants

1,000,000 Shares of Common Stock issuable upon exercise of the underwriters' unit purchase option

1,000,000 Warrants issuable upon exercise of the underwriters' unit purchase option

1,000,000 shares of Common Stock underlying the Warrants issuable upon exercise of the underwriters' unit purchase option

5,500,000 Shares of Common Stock

2,260,000 Shares of Common Stock issuable upon Conversion of a Convertible Note

4,308,075 Shares of Common Stock issuable upon Meeting Certain EBITDA Targets

16,016,667 Private Common Stock Purchase Warrants

16,016,667 Shares of Common Stock underlying the Private Warrants

This prospectus relates to (a) (i) up to an aggregate of 22,968,000 shares of common stock issuable upon the exercise of the Public Warrants (the "Public Warrant Shares"), (ii) 1,000,000 shares of common stock issuable upon exercise of the underwriters' unit purchase option, (iii) 1,000,000 Public Warrants issuable upon exercise of the underwriters' unit purchase option and (iv) 1,000,000 Public Warrant Shares underlying the Public Warrants issuable upon exercise of the underwriters' unit purchase option; and (b) the resale by certain selling security holders of (i) up to an aggregate of 5,500,000 shares of common stock, (ii) 2,260,000 shares of common stock issuable upon conversion of a convertible note, (iii) 4,308,075 shares of common stock issuable upon meeting certain EBITDA targets, (iv) up to an aggregate of 16,016,667 of common stock purchase warrants (the "Private Warrants"), and (v) up to an aggregate of 16,016,667 shares of common stock issuable upon the exercise of the Private Warrants (the "Private Warrant Shares" and collectively with the Public Warrant Shares, the "Warrant Shares").

We will not receive any proceeds from the sale of the shares of common stock, the Private Warrants or the Public Warrants by the selling security holders. However, we will receive the proceeds from any exercise of the Public Warrants to the extent that they are exercised, and may receive the proceeds from any exercise of Private Warrants if the holders do not exercise the Private Warrants on a cashless basis. See "Use of Proceeds."

We will be paying the expenses in connection with the registration of the shares and underwriter's purchase option and the resale of the shares of common stock and the Private Warrants.

Our common stock and warrants are listed on Nasdaq Stock Market under the symbols "SHIP" and "SHIP.W", respectively. On March 31, 2009, the closing price of our common stock and warrants was \$3.82 and \$0.08, respectively.

Investing in our common stock involves risk. You should carefully consider the risk factors beginning on page 12 of this prospectus before acquiring our common stock.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THESE SECURITIES, OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is April 9, 2009

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

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

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ENFORCEABILITY OF CIVIL LIABILITIES

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

Furthermore, there is substantial doubt that the courts of the Marshall Islands or Greece would enter judgments in original actions brought in those courts predicated on U.S. federal or state securities laws.

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PROSPECTUS SUMMARY

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

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.

The Company

Incorporation of Seanergy and Seanergy Maritime

We are an international company providing worldwide transportation of dry bulk commodities through our vessel-owning subsidiaries. We were incorporated under the laws of the Republic of the Marshall Islands pursuant to the Marshall Islands Business Corporation Act, or the BCA, on January 4, 2008, originally under the name Seanergy Merger Corp., as a wholly owned subsidiary of Seanergy Maritime Corp., a Marshall Islands corporation, or Seanergy Maritime. We changed our name to Seanergy Maritime Holdings Corp. on July 11, 2008.

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

Seanergy Maritime is our predecessor. See Dissolution and Liquidation.

Initial Public Offering of Seanergy Maritime

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

Vessel Acquisition by Seanergy

We are a holding company that owns our vessels through separate wholly owned subsidiaries. We acquired the six dry bulk carriers we currently own from the Restis family (which were originally purchased for an aggregate purchase price of \$143 million), including two newly built vessels, for an aggregate purchase price of (i) \$367,030,750 in cash, (ii) \$28,250,000 (face value) in the form of a convertible promissory note, or the Note, and (iii) up to an aggregate of 4,308,075 shares of our common stock, subject to us meeting an Earnings Before Interest, Taxes, Depreciation and Amortization, or EBITDA, target of \$72 million to be earned between October 1, 2008 and September 30, 2009. We believe the earn-out can be achieved with the current charters provided that the ships have a utilization rate of more than 90% (no down time due to breakdowns and no slow steaming due to poor maintenance) and assuming that the operating expenses reflect the expected budgeted amounts. This acquisition was made pursuant to the terms and conditions of a Master Agreement dated May 20, 2008 by and among us, Seanergy Maritime, our former parent, the several sellers parties thereto who are affiliated with members of the Restis family, and the several investors parties thereto who are affiliated with members of the Restis family, and six separate memoranda of agreement, which we collectively refer to as the MOAs, between our vessel-owning subsidiaries

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and each seller, each dated as of May 20, 2008. The acquisition was completed with funds from the Seanergy Maritime Trust Account and with financing provided by Marfin Egnatia Bank S.A. of Greece, or Marfin.

On August 28, 2008, we completed our business combination and took delivery, through our designated nominees (which are wholly owned subsidiaries) of three of the six dry bulk vessels, which included two 2008-built Supramax vessels and one 1997-built Handysize vessel. On that date, we took delivery of the M/V Davakis G, the M/V Delos Ranger and the M/V African Oryx. On September 11, 2008, we took delivery, through our designated nominee, of the fourth vessel, the M/V Bremen Max, a 1993-built Panamax vessel. On September 25, 2008, we took delivery, through our designated nominees, of the final two vessels, the M/V Hamburg Max, a 1994-built Panamax vessel, and the M/V African Zebra, a 1985-built Handymax vessel. The purchase price paid does not include any amounts that would result from the earn-out of the 4,308,075 shares of our common stock. The business combination was accounted for under the purchase method of accounting and accordingly the assets (vessels) acquired have been recorded at their fair values. No liabilities were assumed nor were other tangible assets acquired. The results of the vessel operations are included in our consolidated statement of operations from August 28, 2008.

The aggregate acquisition cost, including direct acquisition costs, amounted to \$404,876,000. The fair value of our tangible assets acquired as of August 28, 2008 amounted to \$360,081,000. The premium, non-tax deductible goodwill, over the fair value of our vessels acquired amounting to \$44,795,000 arose 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 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. As a result of the impairment test performed on goodwill at December 31, 2008, we recorded an impairment charge of \$44,795,000.

We outsource the commercial brokerage and management of our fleet to companies that are affiliated with members of the Restis family. The commercial brokerage of our fleet has been contracted out to Safbulk Pty Ltd., or Safbulk, and the management of our fleet has been contracted out to Enterprises Shipping and Trading, S.A., or EST. Both of these entities are controlled by members of the Restis family.

All of our vessels are chartered to South African Marine Corporation S.A., an affiliate, or SAMC, with time charter agreements for 11-13 month periods expiring in September 2009, at time charter daily rates of between \$30,000 and \$65,000. The time charter agreements also provide for an address commission of 2.5% payable to SAMC.

We generated \$25,700,000 of cash flows from our operations for the year ended December 31, 2008. However, our results for the year ended December 31, 2008 were a net loss of \$31,985,000, which included the impairment loss recorded on our goodwill and vessels of \$44,795,000 and \$4,530,000, respectively.

Despite the recent economic crisis, Seanergy is currently able to meet its working capital needs and debt obligations. Seanergy has a short-term contractually secured cash flow and is currently well positioned to endure the current down turn in charter rates. The current plunge in charter rates may not affect Seanergy's revenue as it has the charters locked in for an 11-13 month period (expiring in September 2009) and, therefore, absent a default by its charterer, Seanergy has secured approximately \$110 million of revenues, net of commissions payable to Safbulk and SAMC (as mentioned above), for the period from August 28, 2008 to September 30, 2009. Therefore, Seanergy has covered 100% of its projected fleet revenue for the period up to September 2009. When the current charter terms end, Seanergy could renew the charters with SAMC at the prevailing market rates at that time. Although Seanergy has not currently done so, it intends to charter its vessels to a broader charter base for the 2009-2010 period. However, if the current market conditions persist after the third quarter of 2009, Seanergy will have to make use of its cash flows not committed to the repayment of the term loan and revolving facility mentioned above to meet its financial obligations and put its expansion plans on hold, unless new capital is raised from the capital markets, in the form of rights offerings or private placements and the warrants are exercised in which case it will use capital

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generated from the capital markets and the warrants for expansion purposes. We make no assurances that funds will be raised through capital markets or that the warrants will be exercised, or if exercised, the quantity which will be exercised or the period in which they will be exercised. Exercise of the warrants is not likely considering current market prices. Furthermore, 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 covenant, so long as the vessels continue to be under charter, and dividends and repayments of shareholders loans are not made without the prior written consent of Marfin.

Dissolution and Liquidation

On August 26, 2008, shareholders of Seanergy Maritime also approved a proposal for the dissolution and liquidation of Seanergy Maritime (the dissolution and liquidation, which was originally filed with the SEC on June 17, 2008, subsequently amended on July 31, 2008 and supplemented on August 22, 2008). Seanergy Maritime proposed the dissolution and liquidation because following the vessel acquisition, Seanergy Maritime was no longer needed and its elimination would save substantial accounting, legal and compliance costs related to the U.S. federal income tax filings necessary because of Seanergy Maritime's status as a partnership for U.S. federal income tax purposes.

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

The Vessel Purchase

The following chart illustrates the structure of the vessel acquisition and shows our corporate structure after the dissolution and liquidation of Seanergy Maritime:

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* Enterprises Shipping and Trading, S.A., South African Marine Corporation S.A., Waterfront S.A., or Waterfront, and Safbulk Pty Ltd., are each affiliated with members of the Restis family.

** Upon dissolution and liquidation of Seanergy Maritime on January 27, 2009, Seanergy became the parent company.

Our Fleet

We own and operate, through our vessel-owning subsidiaries, six dry bulk carriers, including two newly built vessels that transport a variety of dry bulk commodities. On May 26, 2008, we entered into time charter agreements for 11-13 month periods, expiring in September 2009, for the vessels with SAMC, a company beneficially owned by certain members of the Restis family. The charter agreements provide for an address commission of 2.5% in favor of SAMC. The following table provides summary information about our fleet:

Vessel(1)	Vessel-Owning Subsidiary(2)	Type	Dwt	Year Built	Term of Time Charter Party (3)	Daily Time Charter Hire Rate(4)(5)
African Oryx	Cynthera Navigation Ltd.	Handysize	24,110	1997	11-13 months	\$ 30,000
African Zebra	Waldeck Maritime Co.	Handymax	38,623	1985	11-13 months	\$ 36,000
Bremen Max	Martinique Int 1 Corp.	Panamax	73,503	1993	11-13 months	\$ 65,000
Hamburg Max	Harbour Business Int 1 Corp.	Panamax	72,338	1994	11-13 months	\$ 65,000
Davakis G.	Amazons Management Inc.	Supramax	54,051	2008	11-13 months	\$ 60,000
Delos Ranger	Lagoon Shipholding Ltd.	Supramax	54,051	2008	11-13 months	\$ 60,000

Total

316,676

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- (1) Each vessel is registered in the Bahamas except the M/V Bremen Max and the M/V Hamburg Max, which are registered in the Isle of Man.
- (2) These are our vessel-owning subsidiaries that own and operate the vessels and which were incorporated specifically for the acquisition of the respective vessels.
- (3) The charters expire in September 2009.
- (4) Daily time charter rates represent the hire rates that SAMC pays to charter the respective vessels from Seanergy's vessel-owning subsidiaries.
- (5) All charter hire rates are inclusive of a commission of 1.25% payable to Safbulk, as commercial broker, and 2.5% address commission payable to

SAMC, as
charterer.

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

Panamax. Panamax vessels have a carrying capacity of between 60,000 and 100,000 deadweight tons, or dwt. These vessels are designed to meet the physical restrictions of the Panama Canal locks (hence their name Panamax – the largest vessels able to transit the Panama Canal, making them more versatile than larger vessels). These vessels carry coal, grains, and, to a lesser extent, minerals such as bauxite/alumina and phosphate rock. As the availability of capesize vessels has dwindled, panamaxes have also been used to haul iron ore cargoes.

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

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

Management of our Fleet

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

We outsource the commercial brokerage and management of our fleet to companies that are affiliated with members of the Restis family. The commercial brokerage of our fleet has been contracted out to Safbulk, and the management of our fleet has been contracted out to EST. Both of these entities are controlled by members of the Restis family.

Brokerage Agreement

Under the terms of the Brokerage Agreement entered into by Safbulk, as exclusive commercial broker, with Seanergy Management Corp., or Seanergy Management, Safbulk provides commercial brokerage services to our subsidiaries, which include, among other things, seeking and negotiating employment for the vessels owned by the vessel-owning subsidiaries in accordance with the instructions of Seanergy Management, one of our wholly owned subsidiaries that oversees the provision of certain services to our vessel-owning subsidiaries. Safbulk is entitled to

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receive a commission of 1.25% calculated on the collected gross hire/freight/demurrage payable when such amounts are collected. The Brokerage Agreement is for a term of two years and is automatically renewable for consecutive periods of one year, unless either party is provided with three months written notice prior to the termination of such period.

Management Agreement

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

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

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

The Management Agreement is for a term of two years, and is automatically renewable for consecutive periods of one year, unless either party is provided with three months written notice prior to the termination of such period.

Restis Industry History and Relationship

- * Each of these affiliates involved with Seanergy are indirectly owned by the named Restis family member or members through one or more intermediary entities.

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Safbulk, EST, SAMC, Waterfront, the sellers of the vessels that Seanergy acquired and certain of our shareholders are affiliates of members of the Restis family. As of March 30, 2009, the total beneficial ownership of the Restis family, including shares actually owned, shares issuable upon exercise of warrants exercisable within 60 days and shares governed by the voting agreement described elsewhere in the prospectus, in us was 84.12%. Between the period commencing on May 20, 2008 when the Restis affiliate shareholders became shareholders of Seanergy Maritime and the date of this prospectus, the Restis affiliate shareholders beneficial ownership interest has increased as a result of the following: (i) the determination to purchase shares of Seanergy Maritime's common stock because substantial number of shareholders were likely to vote against the approval of the proposed vessel acquisition in which the Restis affiliate shareholders had an interest, which resulted in the purchase of 8,929,781 shares of Seanergy Maritime common stock; (ii) the decrease in the number of shares outstanding for Seanergy Maritime resulting from shareholders electing to have their shares redeemed upon the consummation of the vessel acquisition; (iii) the increase of 8,008,334 shares deemed beneficially owned resulting from the warrants becoming exercisable upon the consummation of the vessel acquisition; and (iv) the determination to purchase shares for investment purposes, which resulted in the purchase of 4,454,134 shares of our common stock.

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

Shipping Committee

We have established a shipping committee. The purpose of the shipping committee is to consider and vote upon all matters involving shipping and vessel finance. The shipping industry often demands very prompt review and decision-making with respect to business opportunities. In recognition of this, and in order to best utilize the experience and skills that the Restis family board appointees bring to us, our board of directors has delegated all such matters to the shipping committee. Transactions that involve the issuance of our securities or transactions that involve a related party, however, will not be delegated to the shipping committee but instead will be considered by the entire board of directors. The shipping committee is comprised of three directors. In accordance with the Voting Agreement dated as of May 20, 2008 among Seanergy Maritime Corp., Mr. Panagiotis Zafet, Mr. Simon Zafet, certain of our shareholders who are affiliated with members of the Restis family, or referred to as Restis affiliate shareholders, Seanergy Maritime's founding shareholders, and Messrs. Georgios Koutsolioutsos, Alexios Komninos, Ioannis Tsigkounakis, Dale Ploughman, Kostas Koutsoubelis, Elias M. Culucundis, Christina Anagnostara, George Taniskidis, Kyriakos Dermatis, Alexander Papageorgiou, Dimitrios N. Panagiotopoulos, and George Tsimpis, as amended (the "Voting Agreement"), the Master Agreement and our amended and restated by-laws, two of the directors are nominated by the Restis affiliate shareholders and one of the directors is nominated by the founding shareholders of Seanergy Maritime, comprised of Mr. Georgios Koutsolioutsos, our chairman of the board of directors, Mr. Alexios Komninos, one of our directors, and Mr. Ioannis Tsigkounakis, one of our directors and our secretary. The Voting Agreement requires that the directors appoint the selected nominees.

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

Voting Agreement

Pursuant to the Voting Agreement, our board of directors is required to consist of 13 persons. Until May 20, 2010, the Restis affiliate shareholders, on the one hand, and certain founding shareholders on the other have agreed to vote or cause to be voted certain shares they own or control in Seanergy so as to cause (i) six people named by the Restis affiliate shareholders to be elected to our board of directors, (ii) six people named by the

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founding shareholders to be elected to our board of directors, and (iii) one person jointly selected by the Restis affiliate shareholders and the founding shareholders to be elected to our board of directors.

SUMMARY FINANCIAL DATA**Selected Historical Financial Information and Other Data**

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

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

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

	Years Ended December		From Inception
	31,		(August 15,
	2008	2007	2006) to
			December 31,
			2006
Statement of Operations Data:			
Vessel revenue – related party, net	\$ 34,453	\$	\$
Direct voyage expenses	\$ (151)	\$	\$
Vessel operating expenses	\$ (3,180)	\$	\$
Voyage expenses – related party	\$ (440)	\$	\$
Management fees – related party	\$ (388)	\$	\$
General and administration expenses	\$ (1,840)	\$ (445)	\$ (5)
General and administration expenses – related party	\$ (430)	\$	\$
Depreciation	(9,929)		\$
Goodwill impairment loss	\$ (44,795)	\$	\$
Vessels' impairment loss	\$ (4,530)	\$	\$
Interest income – money market funds	\$ 3,361	\$ 1,948	\$ 1
Interest and finance costs	\$ (4,077)	\$ (58)	\$
Foreign currency exchange (losses), net	\$ (39)	\$	\$
Net (loss)/income	\$ (31,985)	\$ 1,445	\$ (4)

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	2008	December 31, 2007	2006
Balance Sheet Data:			
Total current assets	\$ 29,814	\$ 235,213	\$ 376
Vessels, net	\$ 345,622	\$	\$
Total assets	\$ 378,202	\$ 235,213	\$ 632
Total current liabilities, including current portion of long- term debt	\$ 32,999	\$ 5,995	\$ 611
Long-term debt, net of current portion	\$ 213,638	\$	\$
Total shareholders equity	\$ 131,565	\$ 148,369	\$ 20

The figures shown below are non-GAAP statistical ratios used by management to measure performance of the Company's vessels and are not included in financial statements prepared under United States generally accepted accounting principles (US GAAP).

Performance Indicators

	Year Ended December 31, 2008
Fleet Data:	
Average number of vessels(1)	5.5
Ownership days(2)	686
Available days(3)	686
Operating days(4)	678
Fleet utilization(5)	98.9%
Average Daily Results:	
Average TCE rate(6)	\$ 49,362
Vessel operating expenses(7)	\$ 4,636
Management fees(8)	\$ 566
Total vessel operating expenses(9)	\$ 5,202

(1) Average number of vessels is the number of vessels that constituted the Company's fleet for the relevant period (from August 28, 2008 through December 31, 2008), as measured by the

sum of the number of days each vessel was a part of the Company's fleet during the relevant period divided by the number of available 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 the Company's fleet over a period and affect both the amount of revenues and the amount of expenses that the Company recorded during a period.

- (3) Available days are the number of ownership days less the aggregate number of days that vessels are off-hire due to major repairs, dry dockings or special or intermediate surveys. The shipping industry uses available days

to measure the number of ownership days in a period during which vessels should be capable of generating revenues.

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

(5) Fleet utilization is determined by dividing the number of operating days during a period by the number of available 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.

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- (6) Time charter equivalent, or TCE, rates are defined as our time charter revenues, net of address commission, 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.

(In thousands of US Dollars, except per diem amounts)

	Year Ended December 31, 2008
Net revenues from vessels	\$ 34,453
Voyage expenses	(151)
Voyage expenses related party	(440)
Net operating revenues	\$ 33,862
Available days	686
Time charter equivalent rate	\$ 49,362
(7) Average daily vessel operating expenses, which includes crew costs, and related costs,	

chemicals and lubricating oil, insurance, maintenance and repairs, is calculated by dividing vessel operating expenses by ownership days for the relevant time periods:

(In thousands of US Dollars, except per diem amounts)

	Year Ended December 31, 2008
Operating expenses	\$ 3,180
Ownership days	686
Daily vessel operating expenses	\$ 4,636

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

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

by fleet
ownership days
for the relevant
time period.

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

	Common Stock		Warrants		Units	
	High	Low	High	Low	High	Low
Annual highs and lows						
2007	\$ 9.67	\$9.26	\$1.66	\$1.13	\$10.94	\$ 9.83
2008	\$10.00	\$3.15	\$2.62	\$0.11	\$11.90	\$ 6.50
Quarterly highs and lows						
2007						
Quarter ended 12/31/2007	\$ 9.48	\$9.08	\$1.66	\$1.13	\$10.94	\$10.17
2008						
Quarter ended 03/31/2008	\$ 9.48	\$9.01	\$1.35	\$0.37	\$10.61	\$ 9.45
Quarter ended 06/30/2008	\$10.00	\$9.15	\$2.62	\$0.42	\$12.31	\$ 9.47
Quarter ended 09/30/2008	\$10.00	\$7.21	\$2.50	\$0.75	\$11.90	\$ 8.70
Quarter ended 12/31/2008	\$ 8.55	\$3.15	\$0.92	\$0.11	\$ 9.10	\$ 6.50
Monthly highs and lows						
2008						
October 2008*	\$ 8.65	\$3.15	\$0.92	\$0.15	\$ 9.10	\$ 6.50
November 2008*	\$ 5.90	\$4.25	\$0.30	\$0.15	N/A	N/A
December 2008*	\$ 6.50	\$4.25	\$0.27	\$0.11	N/A	N/A
2009						
January 2009**	\$ 5.35	\$4.98	\$0.22	\$0.12	N/A	N/A
February 2009**	\$ 4.99	\$4.02	\$0.12	\$0.06	N/A	N/A
March 2009**	\$ 4.20	\$3.68	\$0.10	\$0.06	N/A	N/A

* Seanergy Maritime's common stock, warrants and units were previously listed on the American Stock Exchange. On October 15, 2008, Seanergy Maritime's common stock and warrants commenced trading on the Nasdaq Stock Market. Seanergy Maritime's units were separated prior to being

listed on the Nasdaq Stock Market and, therefore, were not listed on the Nasdaq Stock Market.

Seanergy Maritime's units stopped trading on the American Stock Exchange on October 14, 2008 and were not listed on the Nasdaq Stock Market.

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

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RISK FACTORS

An investment in our securities involves a high degree of risk. You should consider carefully all of the material risks described below, together with the other information contained in this prospectus before making a decision to invest in our securities. 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.

Risk Factors Relating to Seanergy

If we fail to manage our planned growth properly, we may not be able to successfully expand our fleet, adversely affecting our overall financial position.

While we have no plans to immediately expand our fleet, we do intend to continue to expand our fleet in the future. Growth will depend on:

locating and acquiring suitable vessels;

identifying and consummating acquisitions or joint ventures;

identifying reputable shipyards with available capacity and contracting with them for the construction of new vessels;

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 and integrating newly acquired operations into existing infrastructures. We have not identified expansion opportunities, and the nature and timing of any such expansion is uncertain. We may not be successful in growing and may incur significant expenses and losses.

Our management made certain assumptions about our future operating results that may differ significantly from our actual results, which may result in shareholder claims against us or our directors.

In connection with our business combination described above, our management made certain assumptions about the future operating results for our business. To the extent our actual results are significantly lower than the projected results, there could be adverse consequences to us. These consequences could include potential claims by our shareholders against our directors for violating their fiduciary duties to our shareholders in recommending a transaction that was not fair to shareholders. Any such claims, even if ultimately unsuccessful, would divert financial resources and management's time and attention from operating our business.

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

The debt financing that our subsidiaries entered into with Marfin on August 28, 2008 in connection with the vessel acquisition imposes, and any future loan agreements we or our subsidiaries may execute may impose,

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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 our current loan agreement include financial restrictions setting:

The ratio of total liabilities to total assets;

The ratio of total net debt owed to LTM (last twelve months) EBITDA;

The ratio of LTM EBITDA to net interest expense;

The ratio of cash deposits held to total debt; and

A security margin, or the Security Margin Clause, whereby the aggregate market value of the vessels and the value of any additional security 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. A waiver from Marfin has been received with respect to this clause, so long as the vessels continue to be under charter and dividends and repayments of shareholders' loans are not made without the prior written consent of Marfin.

The financial ratios are required to be tested by us on a quarterly basis on an LTM basis.

Therefore, we may need to seek permission from our lenders in order to engage in some important corporate actions. 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.

We may recognize an impairment of our vessels and other long-lived assets due to declining charter values and oversupply of dry bulk carrier capacity.

Dry bulk vessel values have declined both as a result of a slowdown in availability of global credit and the significant deterioration in charter rates. Charter rates and vessel values have been affected in part by the lack of availability of credit to finance both vessel purchases and purchases of commodities carried by sea, resulting in a decline in cargo shipments, and the charter rates. The decline in cargo shipments and charter rates has in turn resulted in a decline in the value of second hand vessels. During the year ended December 31, 2008, we recorded an impairment charge of \$4,530,000 on our vessels. There can be no assurance as to how long charter rates and vessel values will remain at the current low levels or whether they will improve to any significant degree. Consequently we may have to record further impairments of our vessels.

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

Marfin has extended to us pursuant to a financial agreement dated August 28, 2008, a term loan of up to \$165,000,000 and a revolving facility in an amount equal to the lesser of \$90,000,000 and an amount in dollars which when aggregated with the amount already drawn down under the term loan did not exceed 70% of the aggregate market value of our vessels. We have currently drawn down the full amount of the term loan and \$54,845,000 of the revolving facility. We are required to dedicate a portion of our cash flow from operations to pay the principal and interest on our debt. These payments limit funds otherwise available for working capital expenditures and other purposes, including payment of dividends. We have not yet determined whether to purchase additional vessels or incur debt in the near future for additional vessel acquisitions. If we are unable to service our 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 been experiencing extreme volatility and disruption for more than 12 months. Most recently, the volatility and disruption have reached unprecedented levels. In many cases, the markets have limited credit capacity for certain issuers, and lenders have requested shorter terms. The market for new debt financing is extremely limited and in some cases not available at all. In addition, the markets have increased the uncertainty that lenders will be able to comply with their previous commitment. 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 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. A waiver from Marfin has been received against this clause, so long as the vessels continue to be under charter and dividends and repayments of shareholders' loans are not made without the prior written consent of Marfin. We may need to seek permission from our lenders in order to make further use of our revolving credit facility, depending on the aggregate market value of 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 variable rate indebtedness. Changes in interest rate 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 we do not currently have hedging arrangements for our variable rate indebtedness, we expect to hedge interest rate exposure at the appropriate time. However, these arrangements may prove inadequate or ineffective.

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

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

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Because SAMC is the sole counterparty on the time charters for all six vessels in our initial fleet, the failure of such counterparty to meet its obligations could cause us to suffer losses on such contracts, thereby decreasing revenues, operating results and cash flows.

We have chartered all six vessels acquired as part of the vessel acquisition to SAMC, a company affiliated with members of the Restis family, and therefore will be dependent on performance by our charterer. Our charters may terminate earlier than the dates indicated in this prospectus. Under our charter agreements, the events or occurrences that will cause a charter to terminate or give the charterer the option to terminate the charter generally include a total or constructive total loss of the related vessel, the requisition for hire of the related vessel or the failure of the related vessel to meet specified performance criteria. In addition, the ability of our charterer to perform its obligations under a charter will depend on a number of factors that are beyond our control. These factors may include general economic conditions, the condition of the dry bulk shipping industry, the charter rates received for specific types of vessels, the ability of the charterer to obtain letters of credit from its customers and various operating expenses. It is Seanergy's understanding that SAMC operates three of the vessels on period charters and three vessels on 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 costs and delays associated with the default by a charterer of a vessel may be considerable and may adversely affect our business, results of operations, cash flows, financial condition and our ability to pay dividends.

We cannot predict whether our charterer will, upon the expiration of its charters, re-charter our vessels on favorable terms or at all. If our charterer decides not to re-charter our vessels, we may not be able to re-charter them on terms similar to our current charters or at all. In the future, we may also employ our vessels in the spot charter 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, the amounts available, if any, to pay dividends to our shareholders may be significantly reduced or eliminated.

We will not be able to take advantage of favorable opportunities in the current spot market with respect to our vessels, all of which are employed on 11 to 13 month time charters.

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

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 four executive officers, our chief executive officer, chief financial officer, secretary and general counsel and a small support staff. Our success will depend upon our ability to retain key members of our management team and the ability of our management to recruit and hire suitable employees. The loss of any of these individuals could adversely affect our business prospects and financial condition. Difficulty in hiring and retaining personnel could adversely affect our results of operations.

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

Mr. Dale Ploughman, our chief executive officer, Ms. Christina Anagnostara, our chief financial officer, Mr. Ioannis Tsigkounakis, our secretary, and Ms. Theodora Mitropetrou, our general counsel, are our only officers, and we currently have no plans to hire additional officers. As we subcontract the management and commercial brokerage of our fleet, including crewing, maintenance and repair, to each of EST and Safbulk, both affiliates of

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members of the Restis family, the loss of services of, or the failure to perform by, either of these entities could materially and adversely affect our results of operations. Although we may have rights against either of these entities if they default on their obligations to us, you will have no recourse directly against them. Further, we expect that we will need to seek approval from our lenders to change our manager.

EST, Safbulk and SAMC 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 and for SAMC to continue performing under the charters 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, Safbulk or SAMC, even though these problems could have a material adverse effect on us.

We 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 the management and commercial brokerage of our fleet to EST and Safbulk, companies that are affiliated with members of the Restis family. Companies affiliated with members of the Restis family own and may acquire vessels that compete with our fleet. Both EST and Safbulk have responsibilities and relationships to owners other than us which could create conflicts of interest between us, on the one hand, and EST or Safbulk, on the other hand. These conflicts may arise in connection with the chartering of the vessels in our fleet versus dry bulk carriers managed by other companies affiliated with members of the Restis family.

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. 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.

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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 sellers 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. Except for the two 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 the four second hand vessels in our initial fleet of six dry bulk carriers that we acquired from the sellers is approximately 11 years. The two newly built vessels have a useful life of 25 years. Older vessels 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.

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

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

Rising fuel prices may adversely affect our profits.

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

Our worldwide operations will expose us to global risks that may interfere with the operation of our vessels.

We conduct our operations worldwide. Changing economic, political and governmental conditions in the countries where we are engaged in business or in the countries where we have registered our vessels, affect our operations. In the past, political conflicts, particularly in the Persian Gulf, resulted in attacks on vessels, mining of waterways and other efforts to disrupt shipping in the area. Acts of terrorism and piracy have also affected vessels trading in regions such as the South China Sea and off the coast of Somalia. The likelihood of future acts of terrorism may increase, and our vessels may face higher risks of being attacked. In addition, future hostilities or

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other political instability in regions where our vessels trade could have a material adverse effect on our trade patterns and adversely affect our operations and performance.

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

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

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

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

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

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

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

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Several provisions of our amended and restated articles of incorporation and by-laws, as well as the terms and conditions of the Voting Agreement could make it difficult for shareholders to change the composition of our board of directors in any one year, preventing them from changing the composition of our management. In addition, the same provisions may discourage, delay or prevent a merger or acquisition that shareholders may consider favorable.

These provisions include those that:

authorize our board of directors to issue blank check preferred stock without shareholder approval;

provide for a classified board of directors with staggered, three-year terms;

require a super-majority vote in order to amend the provisions regarding our classified board of directors with staggered, three-year terms;

permit the removal of any director from office at any time, with or without cause, at the request of the shareholder group entitled to designate such director;

allow vacancies on the board of directors to be filled by the shareholder group entitled to name the director whose resignation or removal led to the occurrence of the vacancy;

require that our board of directors fill any vacancies on the shipping committee with the nominees selected by the party that nominated the person whose resignation or removal has caused such vacancies; and

prevent our board of directors from dissolving the shipping committee or altering the duties or composition of the shipping committee without an affirmative vote of not less than 80% of the board of directors.

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

Our shipping committee is controlled by 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. Affiliates of members of the Restis family have the right to appoint two of the three members of the shipping committee and as a result such affiliates will effectively control all decisions with respect to our shipping operations that do not involve a transaction with a Restis affiliate. Messrs. Dale Ploughman, Kostas Koutsoubelis and Elias Culucundis currently serve on our shipping committee. 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.

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

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

We, or any of our vessel-owning subsidiaries, may become subject to U.S. federal income taxation on our U.S. source shipping income.

Each of the vessels acquired is operated under a time charter or voyage charter that allows the charterer to determine the vessel's ports of call. If a vessel operates to or from the United States, a portion of the charter income from the vessel attributable to such trips may constitute United States source gross transportation income. We cannot predict whether we or any of our vessel-owning subsidiaries will earn any such income. United States source gross transportation income generally is subject to U.S. federal income tax at a 4% rate, unless exempt under Section 883 of the Internal Revenue Code of 1986, as amended, or the Code. Section 883 of the Code generally provides an exemption from U.S. federal income tax in respect of gross income earned by certain foreign corporations from the international operation of ships, but only if a number of requirements are met (including requirements concerning the ownership of the foreign corporation). Because of the factual nature of determining whether this tax exemption applies, it is unclear at this time whether the exemption will be available to us or any of our vessel-owning subsidiaries for any United States source gross transportation income that we or our subsidiaries might earn. In addition, the US legislature is considering bills that may have an affect on the tax imposed on us. You should consult with your own tax advisors as to the risk that we or our vessel-owning subsidiaries may be subject to U.S. federal income tax.

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

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

However, if a foreign private issuer makes interim reports available to shareholders, the foreign private issuer will be required to submit copies of such reports to the SEC on a Form 6-K. Foreign private issuers are also

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

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

a majority of our board of directors must be independent directors;

the compensation of our chief executive officer must be determined or recommended by a majority of the independent directors or a compensation committee comprised solely of independent directors;

our director nominees must be selected or recommended by a majority of the independent directors or a nomination committee comprised solely of independent directors; and

certain issuances of 20% or more of our common stock would be subject to shareholder approval.

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

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

The Republic of Marshall Islands has no bankruptcy act.

The Republic of Marshall Islands has no bankruptcy, insolvency or any similar act that governs the liquidation or rehabilitation of an insolvent debtor, and thus the Marshall Islands may not have a sound legal framework and corresponding caliber of professional legal infrastructure to adequately address or recognize the rights and needs of domestic or foreign creditors and investors. It does have a little-used device pursuant to which, at the request of a judgment creditor, a court can appoint a receiver to either run or wind up the affairs of a corporation. A court can also appoint a trustee if a corporation files for dissolution to wind up the affairs. Finally, it would be possible for a Marshall Islands court to apply the law of any jurisdiction with laws similar to those of the Marshall Islands, such as those of the United States. There can be no assurance, however, that a Marshall Islands court would apply the insolvency laws, including, without limitation, the priority schemes, of the United States or of any other foreign country, in the event of the Company's insolvency, and thus it is difficult to predict the outcome of any such proceedings. Additionally, to the extent the Company has creditors or assets in countries other than the Marshall Islands, there can be no assurance that a foreign court would recognize and extend comity to the Marshall Islands insolvency proceedings.

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Investors should not rely on an investment in us if they require dividend income. It is not certain that we will pay a dividend and the only return on an investment in us may come from appreciation of our common stock, if any.

Although we had initially expressed an intent to pay dividends, we have temporarily suspended the payment of all dividends based on restrictions placed on us by our senior lender and our board's determination that such suspension would be in the best interest of our shareholders. We believe that this suspension will enhance our future flexibility by permitting cash flow that would have been devoted to dividends to be used for opportunities that may arise in the current marketplace, such as funding our operations, acquiring vessels or servicing debt.

In addition, the declaration and payment of dividends will be subject at all times to the discretion of our board of directors. The timing and amount of dividends will be in the discretion of our board of directors and be dependent on our earnings, financial condition, cash requirements and availability, fleet renewal and expansion, restrictions in our loan agreements, the provisions of Marshall Islands law affecting the payment of dividends and other factors. Marshall Islands law generally prohibits the payment of dividends other than from surplus or while a company is insolvent or would be rendered insolvent upon the payment of such dividends, or if there is no surplus, dividends may be declared or paid out of net profits for the fiscal year in which the dividend is declared and for the preceding fiscal year.

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

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

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

We have 38,984,667 warrants to purchase shares of our common stock issued and outstanding at an exercise price of \$6.50 per share. In addition, we have assumed Seanergy Maritime's obligation to issue 1,000,000 shares of common stock and warrants to purchase 1,000,000 shares of our common stock under the unit purchase option it granted the underwriter in its initial public offering at an exercise price of \$12.50 per unit. We also have outstanding the Note that is convertible into 2,260,000 shares of our common stock and are required to issue up to 4,308,075 shares of our common stock contingent upon meeting certain EBITDA thresholds. As a result, you may experience dilution if our outstanding warrants, the underwriter's unit purchase option or the warrants underlying the underwriter's unit purchase option are exercised, the Note is converted or the EBITDA threshold is met.

The Restis affiliate shareholders hold approximately 71.93% of our outstanding common stock and the founding shareholders of Seanergy Maritime hold approximately 14.72% of our outstanding common stock. If we achieve certain earnings targets and the Restis affiliate shareholders convert the Note into shares of our common stock, the Restis affiliate shareholders may receive an additional 6,568,075 of our outstanding common stock within two years after the closing of the vessel acquisition. This may limit your ability to influence our actions.

As of March 30, 2009, the total beneficial ownership of the Restis family, including shares actually owned, shares issuable upon exercise of warrants exercisable within 60 days and shares governed by the Voting Agreement, in Seanergy was 84.12%. Between the period commencing on May 20, 2008 when the Restis affiliate shareholders became shareholders of Seanergy Maritime and the date of this prospectus, the Restis affiliate shareholders beneficial ownership interest has increased as a result of the following: (i) the determination to purchase shares of Seanergy Maritime's common stock because a substantial number of shareholders were likely to vote against the approval of the proposed vessel acquisition in which the Restis affiliate shareholders had an interest, which resulted in the purchase of 8,929,781 shares of our common stock; (ii) the decrease in the number of shares outstanding for Seanergy resulting from shareholders electing to have their shares redeemed upon the consummation of the vessel

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acquisition; (iii) the increase of 8,008,334 shares deemed beneficially owned resulting from the warrants becoming exercisable upon the consummation of the vessel acquisition; and (iv) the determination to purchase shares for investment purposes, which resulted in the purchase of 4,454,134 shares of our common stock.

The Restis affiliate shareholders own approximately 71.93% 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 39.49% of our outstanding capital stock on a fully diluted basis, assuming exercise of all outstanding Warrants. Assuming issuance of the earn-out shares and conversion of the Note, the Restis affiliate shareholders will own approximately 78.28% of our outstanding common stock, or approximately 45.17% of our outstanding common stock on a fully diluted basis, assuming exercise of all outstanding Warrants. The founding shareholders of Seanergy Maritime own approximately 14.72% of our outstanding common stock, or 17.83% of our outstanding capital stock on a fully diluted basis. In addition, we have entered into the Voting Agreement with the Restis affiliate shareholders and the founding shareholders of Seanergy Maritime whereby the Restis affiliate shareholders and founding shareholders will jointly nominate our board of directors. Collectively, the parties to the Voting Agreement own 86.65% of our outstanding common stock, or approximately 57.32% on a fully diluted basis. 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.

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

The market price of our common stock 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 could in the future affect our stock price are:

Quarterly variations in our results of operations;

changes in sales or earnings estimates or publication of research reports by analysts;

speculation in the press or investment community about our business or the shipping industry generally;

changes in market valuations of similar companies and stock market price and volume fluctuations generally;

strategic actions by us or our competitors such as acquisitions or restructurings;

regulatory developments;

additions or departures of key personnel;

general market conditions; and

domestic and international economic, market and currency factors unrelated to our performance.

In addition, in recent months, the stock market has experienced significant price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in the dry bulk shipping industry. The changes frequently appear to occur without regard to the operating performance of the affected companies. Hence, the price of our common stock could fluctuate based upon factors that have little or nothing to do with us, and these fluctuations could materially reduce our share price.

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Because we expect to generate all of our revenues in U.S. dollars but incur a portion of our expenses in other currencies, exchange rate fluctuations could have an adverse impact on our results of operations.

We expect to generate substantially all of our revenues in U.S. dollars but certain of our expenses will be incurred in currencies other than the U.S. dollar. This difference could lead to fluctuations in net income due to changes in the value of the U.S. dollar relative to these other currencies, in particular the Euro. Expenses incurred in foreign currencies against which the U.S. dollar falls in value could increase, decreasing our net income and cash flow from operations. For example, during 2007, the value of the U.S. dollar declined by approximately 10.51% as compared to the Euro and increased approximately 4.26% during 2008.

Industry Risk Factors Relating to Seanergy

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

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

Factors that influence demand for seaborne transportation of cargo include:

demand for and production of dry bulk products;

the distance cargo is to be moved by sea;

global and regional economic and political conditions;

environmental and other regulatory developments; and

changes in seaborne and other transportation patterns, including changes in the distances over which cargo is transported due to geographic changes in where commodities are produced and cargoes are used.

The factors that influence the supply of vessel capacity include:

the number of new vessel deliveries;

the scrapping rate of older vessels;

vessel casualties;

price of steel;

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

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of the world's dry bulk carrier fleet and the sources and supply of cargo to be transported by sea. If the global vessel capacity increases in the dry bulk shipping market, but the demand for vessel capacity in this market does not increase or increases at a slower rate, the charter rates could materially decline. Adverse economic, political, social or other developments could have a material adverse effect on our business, financial condition, results of operations and ability to pay dividends.

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

Charter rates for the 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 is expected to increase in 2009 as a result of scheduled deliveries of newly constructed vessels but will be leveled off by higher forecasts for scrapping of existing vessels as compared to 2008. 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.

Despite Seanergy's current strong charter revenue as a result of current charter agreements being secured for 11-13 months which are currently at above market value, there is a risk that 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, significant drop in demand for goods being shipped, reduction in volumes of goods and cancellation of orders, there is a possibility that charterers could seek to renegotiate the time charter rates either currently or at the time the charters expire in September 2009. 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.

Significant volatility in the world economy could have a material adverse effect on our business, financial position and results of operations.

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

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

The market supply of dry bulk carriers, primarily Capesize and Panamax vessels, has been increasing, and the number of such dry bulk carriers on order is near historic highs. Newly constructed vessels were delivered and are expected to continue in significant numbers starting at the beginning of 2006 through 2009. As of December 2008, newly constructed vessels orders had been placed for an aggregate of more than 72% of the current global dry bulk fleet, with deliveries expected during the next 36 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.

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

An 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, in recent months, 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, any slowdown in the economies of the United States, the European Union or certain Asian countries may adversely effect economic growth in China and elsewhere. Our business, financial position and results of operations, as well as our future prospects, will likely be materially and adversely affected by an economic downturn in any of these countries.

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

Our operations are subject to seasonal fluctuations, which could affect our operating results and the amount of available cash with which we can pay dividends.

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, which could affect the amount of dividends that we pay to our shareholders from period to period. 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

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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 and cash available for dividends.

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

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

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

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

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

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

If any of our vessels fails to maintain its class certification and/or fails any annual survey, intermediate survey, dry docking or special survey, it 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

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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.

Currently, the African Zebra entered its scheduled dry dock on February 24, 2009, which is expected to be completed by mid-April 2009, and the Hamburg Max is scheduled to be dry docked in April 2009. The costs of such dry dockings are expected to aggregate between \$2.1 million and \$2.7 million.

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.

Because we operate our vessels worldwide, 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

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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. Acts of terrorism and piracy have also affected vessels trading in regions such as the South China Sea and off the coast of Somalia. 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.

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 are used to 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:

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 value of our vessels;

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 to 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;

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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.

USE OF PROCEEDS

We will not receive any proceeds from the sale of our common stock or warrants by the selling security holders.

We will receive the proceeds from the exercise of the Public Warrants and may receive proceeds from the exercise of the Private Warrants to the extent that the Private Warrants are exercised for cash. The Private Warrants, however, may be exercised on a cashless basis. If all of the Warrants were exercised for cash in full, the proceeds would be approximately \$253,400,350. We expect to use the proceeds, if any, for working capital. We can make no assurances that any of the Warrants will be exercised, or if exercised, that the Private Warrants will be exercised for cash, the quantity which will be exercised or in the period in which they will be exercised.

Table of Contents**CAPITALIZATION**

The following table sets forth the capitalization of Seanergy Maritime as of December 31, 2008.

There are no significant adjustments to the capitalization of Seanergy Maritime since December 31, 2008, other than the scheduled repayment of \$7.5 million on our term facility on March 26, 2009. You should read this capitalization table together with the section entitled, Management's Discussion and Analysis of Financial Condition and Results of Operations for Seanergy Maritime and Seanergy and the financial statements of Seanergy and related notes appearing elsewhere in this prospectus. Following the dissolution and liquidation on January 27, 2009, our capitalization is identical to Seanergy Maritime's capitalization.

We have not provided an as adjusted column to this table because there are no changes to this table that are likely to occur in the next year as a result of this offering. For instance, because the Warrants, underwriters' purchase option and the Note are out-of-the-money, they are not likely to be exercised or converted, as the case may be, in the next year.

	As of December 31, 2008
	Actual (1)(2)
	(In thousands)
Debt:	
Convertible promissory note payable to Restis family	\$ 29,043
Long-term revolving credit financing (secured)	\$ 54,845
Long-term term facility financing (secured), including current portion of \$27,750 actual	\$ 157,500
Total debt	\$ 241,388
Shareholders' equity:	
Preferred stock, \$0.0001 par value; 1,000,000 shares authorized, none issued	
Common stock, \$0.0001 par value, authorized 89,000,000 shares; issued and outstanding 22,361,227 shares actual	2
Additional paid-in capital	166,361
Accumulated deficit	(34,798)
Total shareholders' equity	\$ 131,565
Total capitalization	\$ 372,953

(1) The Company has not included the proceeds to be received from (i) the exercise of 22,968,000 Public Warrants at \$6.50 per warrant; (ii) the exercise of 16,016,667 Private

Warrants at \$6.50 per warrant; (iii) the exercise of the underwriter's purchase option at \$12.50 per purchase option; and (iv) the conversion of the Note into 2,260,000 shares of our common stock at a conversion price of \$12.50 per share as it has determined it is unlikely such Warrants and underwriter's purchase option will be exercised or that such Note will be converted given the closing price of the Company's common stock at \$4.00 per share on March 30, 2009 and the exercise price of the Warrants at \$6.50 per share and the conversion price of the Note at \$12.50 per share.

- (2) The Company has not included the effect of the issuance of 4,308,075 of common stock if certain

EBITDA
thresholds for
the period
between
October 1, 2008
and
September 30,
2009 are met.

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OUR BUSINESS

We were formed under the laws of the Republic of the Marshall Islands on January 4, 2008, as a wholly owned subsidiary of Seanergy Maritime. Seanergy Maritime was formed on August 15, 2006, under the laws of the Republic of the Marshall Islands and has its principal offices located in Athens, Greece. Since the consummation of the business acquisition, we have provided global transportation solutions in the dry bulk shipping sector through our vessel-owning subsidiaries for a broad range of dry bulk cargoes, including coal, iron ore, and grains, or major bulks, as well as bauxite, phosphate, fertilizers and steel products, or minor bulks.

Vessel Acquisition

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

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

On August 28, 2008, we completed the acquisition, through our designated nominees, of three of the six dry bulk vessels, which included two 2008-built Supramax vessels and one Handysize vessel. On that date, we took delivery of the M/V Davakis G, the M/V Delos Ranger and the M/V African Oryx. On September 11, 2008, we took delivery, through our designated nominee, of the fourth vessel, the M/V Bremen Max, a 1993-built Panamax vessel. On September 25, 2008, Seanergy took delivery, through its designated nominees, of the final two vessels, the M/V Hamburg Max, a 1994-built Panamax vessel, and the M/V African Zebra, a 1985-built Handymax vessel. These purchase prices do not include any amounts that would result from the earn-out of the 4,308,075 shares of our common stock.

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

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

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

Seanergy's Fleet

We own and operate, through our vessel-owning subsidiaries, six dry bulk carriers, including two newly built vessels, that transport a variety of dry bulk commodities. The following table provides summary information about our fleets.

<u>Vessel(1)</u>	<u>Vessel-Owning Subsidiary(2)</u>	<u>Type</u>	<u>Dwt</u>	<u>Year Built</u>	<u>Term of Time Charter Party(3)</u>	<u>Daily Time Charter Hire Rates(4)(5)</u>
African Oryx	Cynthera Navigation Ltd.	Handysize	24,110	1997	11-13 months	\$ 30,000
African Zebra	Waldeck Maritime Co.	Handymax	38,623	1985	11-13 months	\$ 36,000
Bremen Max	Martinique Int'l Corp.	Panamax	73,503	1993	11-13 months	\$ 65,000
Hamburg Max	Harbour Business Int'l Corp.	Panamax	72,338	1994	11-13 months	\$ 65,000
Davakis G.	Amazons Management Inc.	Supramax	54,051	2008	11-13 months	\$ 60,000
Delos Ranger	Lagoon Shipholding Ltd.	Supramax	54,051	2008	11-13 months	\$ 60,000
Total			316,676			

(1) Each vessel is registered in the Bahamas except the M/V Bremen Max and the M/V Hamburg Max, which are registered in the

Isle of Man.

- (2) These are the vessel-owning subsidiaries that own and operate the vessels.
- (3) The charters expire in September 2009.
- (4) Daily time charter rates represent the hire rates that SAMC pays to charter the respective vessels from Seanergy's vessel-owning subsidiaries.
- (5) All charter hire rates are inclusive of a commission of 1.25% payable to Safbulk, as commercial broker, and 2.5% address commission payable to SAMC, as charterer. Address commission is a commission payable by the ship owner to the charterer, expressed as a percentage of freight or hire. Address commission is a standard commission that most charterers invoke when they

enter into a contract with a tonnage supplier. The commission is used by the charterer to defray some of his voyage management costs. In return, the charterers agents, which owners are obliged to use, invariably do not charge the owners for their services when handling the owners normal husbandry matters.

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

Panamax. Panamax vessels have a carrying capacity of between 60,000 and 100,000 dwt. These vessels are designed to meet the physical restrictions of the Panama Canal locks (hence their name Panamax the largest vessels able to transit the Panama Canal, making them more versatile than larger vessels). These vessels carry coal, grains, and, to a lesser extent, minerals such as bauxite/alumina and phosphate rock. As the availability of capesize vessels has dwindled, panamax vessels have also been used to haul iron ore cargoes.

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

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

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

Charter Party Agreements

Pursuant to individual charter party agreements dated May 26, 2008 between SAMC and each of Seanergy's vessel-owning subsidiaries, Cynthera Navigation Ltd. (vessel African Oryx), Waldeck Maritime Co. (vessel African Zebra), Martinique Intl. Corp. (vessel Bremen Max), Harbour Business Intl. Corp. (vessel Hamburg Max), Amazons Management Inc. (vessel Davakis G.) and Lagoon Shipholding Ltd. (vessel Delos Ranger), all of Seanergy's vessels are chartered under daily fixed rates from the time of their delivery and for a period of 11-13 months time charter, at the charterer's option. The daily gross charter rates paid by SAMC are \$30,000, \$36,000, \$65,000, \$65,000, \$60,000 and \$60,000, respectively. All charter rates are inclusive of a commission of 1.25% payable to Safbulk as commercial broker and 2.5% to SAMC as charterer. SAMC sub charters these vessels in the market and takes the risk that the rate it receives is better than the period rate it is paying Seanergy. SAMC, like other operators, manages its tonnage operations through a mix of time period charters (medium to long) and spot charters. It is Seanergy's understanding that SAMC operates three of the vessels on period charters and three vessels in the spot market.

A vessel trading in the spot market may be employed under a voyage charter or a time charter of short duration, generally less than three months. A time charter is a contract to charter a vessel for an agreed period of time at a set daily rate. A voyage charter is a contract to carry a specific cargo for a per ton carry amount. Under voyage charters, Seanergy would pay voyage expenses such as port, canal and fuel costs. Under time charters, the charterer would pay these voyage expenses. Under both types of charters, Seanergy would pay for vessel operating expenses, which include crew costs, provisions, deck and engine stores, lubricating oil, insurance, maintenance and repairs. Seanergy would also be responsible for each vessel's intermediate dry docking and special survey costs. Alternatively, vessels can be chartered under bareboat contracts whereby the charterer is responsible for the vessel's maintenance and operations, as well as all voyage expenses. Currently, we have employed our vessels for 11 to 13 month time charters, expiring on September 30, 2009.

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

SAMC is an affiliate of the Restis family. It is involved in the chartering of a fleet of 15 vessels, including the Seanergy fleet.

Management of the Fleet

We currently have only four executive officers, Mr. Dale Ploughman, our chief executive officer, Ms. Christina Anagnostara, our chief financial officer, Mr. Ioannis Tsigkounakis, our secretary, and Ms. Theodora Mitropetrou, our general counsel and a small support staff. We intend to employ such number of additional shore-based executives and employees as may be necessary to ensure the efficient performance of our activities.

We outsource the commercial brokerage and management of our fleet to companies that are affiliated with members of the Restis family. The commercial brokerage of our fleet has been contracted out to Safbulk and the management of our fleet has been contracted out to EST. Both of these entities are controlled by members of the Restis family.

Brokerage Agreement

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

Management Agreement

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

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

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

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The Management Agreement is for a term of two years, and is automatically renewable for consecutive periods of one year, unless either party is provided with three months' written notice prior to the termination of such period.

Safbulk, EST, SAMC, Waterfront, the sellers of the vessels that we acquired and the Restis affiliate shareholders are affiliates of members of the Restis family. The Restis family has been engaged in the international shipping industry for more than 40 years, including the ownership and operation of more than 60 vessels in various segments of the shipping industry, including cargo and chartering interests. The separate businesses controlled by members of the Restis family, when taken together, comprise one of the largest independent shipowning and management groups in the dry bulk sector of the shipping industry. We believe we benefit from their extensive industry experience and established relationships of the separate businesses controlled by members of the Restis family in respect of the management and chartering of the vessels in our initial fleet. We believe that Safbulk has achieved a strong reputation in the international shipping industry for efficiency and reliability that should create new employment opportunities for us with a variety of well known charterers.

Shipping Committee

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

Distinguishing Factors and Business Strategy

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

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

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

Experienced and Dedicated Management Team. Seanergy believes that the members of its management team have developed strong industry relationships with leading charterers, shipbuilders, insurance underwriters, protection and indemnity associations and financial institutions. Additionally, Seanergy's management team comes equipped with extensive public company experience and with a successful track record of creating

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

Highly efficient operations. Seanergy believes that its directors' and executive officers' long experience in third-party technical management of dry bulk carriers enable Seanergy to maintain cost-efficient operations. Seanergy actively monitors and controls vessel operating expenses while maintaining the high quality of its fleet through regular inspections, comprehensive planned maintenance systems and preventive maintenance programs and by retaining and training qualified crew members.

Balanced Chartering Strategies. All of Seanergy's vessels are under medium-term charters with terms of 11 to 13 months and provide for fixed semi-monthly payments in advance. Seanergy believes that these charters will provide it with high fleet utilization and stable revenues. Seanergy may in the future pursue other market opportunities for its vessels to capitalize on favorable market conditions, including entering into short-term time and voyage charters, pool arrangements or bareboat charters.

Focused Fleet Profile. Seanergy focuses on the medium size segments of the dry bulk sector such as Panamax, Handymax/Supramax and Handysize dry bulk carriers. However, it may consider dry bulk carriers of other sizes if the market conditions and other financial considerations make the acquisition of such vessel sizes attractive. Furthermore, Seanergy's targeted fleet profile enables it to serve its customers in both major and minor bulk trades. Seanergy's vessels are able to trade worldwide in a multitude of trade routes carrying a wide range of cargoes for a number of industries. Seanergy's dry bulk carriers can carry coal and iron ore for energy and steel production as well as grain and steel products, fertilizers, minerals, forest products, ores, bauxite, alumina, cement and other cargoes. Seanergy's fleet includes sister ships. Operating sister and similar ships provides Seanergy with operational and scheduling flexibility, efficiencies in employee training and lower inventory and maintenance expenses. Seanergy believes that operating sister ships allows it to maintain lower operating costs and streamline its operations.

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

Fleet Growth Potential. Seanergy has the right of first refusal to acquire two additional vessels from affiliates of members of the Restis family on or prior to the second anniversary of the initial closing of the vessel acquisition. However, given the current situation of the dry bulk market it is unlikely that these vessels will be offered up for sale. Furthermore, Seanergy intends to acquire additional dry bulk carriers or enter into new vessel construction contracts through timely and selective acquisitions of vessels in a manner that it determines would be accretive to cash flow. Seanergy is currently in a period of consolidation as it transitions into an operating company, and it has not identified any expansion opportunities. Accordingly, the timing and terms of any such expansion are uncertain. Seanergy expects to fund acquisitions of additional vessels using amounts borrowed under its credit facility, future borrowings under other agreements as well as with proceeds from the exercise of the Warrants, if any, or through other sources of debt and equity. However, there can be no assurance that Seanergy will be successful in obtaining future funding or that any or all of the Warrants will be exercised.

The Dry Bulk Shipping Industry

The supply of dry bulk carriers is dependent on the delivery of new vessels and the removal of vessels from the global fleet, either through scrapping or loss. The level of scrapping activity is generally a function of scrapping prices in relation to current and prospective charter market conditions, as well as operating, repair and survey costs.

The demand for dry bulk carrier capacity is determined by the underlying demand for commodities transported in dry bulk carriers, which in turn is influenced by trends in the global economy. Demand for dry bulk carrier capacity is also affected by the operating efficiency of the global fleet, with port congestion, which has been a feature of the market since 2004, absorbing tonnage and therefore leading to a tighter balance between supply and

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demand. In evaluating demand factors for dry bulk carrier capacity, the Company believes that dry bulk carriers can be the most versatile element of the global shipping fleets in terms of employment alternatives.

Charter Hire Rates

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

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

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

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

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

Recent Significant Decline in Dry Bulk Charter Hire Rates

The Baltic Dry Index, or BDI, a daily average of charter rates in 26 shipping routes measured on a time charter and voyage basis and covering Supramax, Panamax and Handymax dry bulk carriers, declined from a high of 11,793 in May 2008 to a low of 663 in December 2008, which represents a decline of 94%. The BDI fell over 70% during the month of October alone. The general decline in the dry bulk carrier charter market is due to various factors, including the lack of trade financing for purchases of commodities carried by sea, which has resulted in a significant decline in cargo shipments, and the excess supply of iron ore in China, which has resulted in falling iron ore prices and increased stockpiles in Chinese ports.

Vessel Prices

Dry bulk vessel values have declined both as a result of a slowdown in the availability of global credit and the significant deterioration in charter rates. Charter rates and vessel values have been affected in part by the lack of availability of credit to finance both vessel purchases and purchases of commodities carried by sea, resulting in a decline in cargo shipments, and the excess supply of iron ore in China which resulted in falling iron ore prices and increased stockpiles in Chinese ports. Consistent with these trends, the market value of our dry bulk carriers has declined. There can be no assurance as to how long charter rates and vessel values will remain at their currently low levels or whether they will improve to any significant degree. Charter rates may remain at depressed levels for some time which will adversely affect our revenue and profitability.

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Properties

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

Competition

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

Environmental and Other Regulations

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

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

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

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

International Maritime Organization

The IMO has negotiated international conventions that impose liability for oil pollution in international waters and in each signatory's territorial waters. In September 1997, the IMO adopted Annex VI to the International Convention for the Prevention of Pollution from Ships to address air pollution from ships. Annex VI was ratified in May 2004, and became effective in May 2005. Annex VI set limits on sulfur oxide and nitrogen oxide emissions from ship exhausts and prohibits deliberate emissions of ozone depleting substances, such as chlorofluorocarbons. Annex VI also includes a global cap on the sulfur content of fuel oil and allows for special areas to be established with more stringent controls on sulfur emissions. Seanergy's fleet has conformed to the Annex VI regulations. In February 2007, the United States proposed a series of amendments to Annex VI regarding particulate matter, NOx and SOx emission standards. The proposed emission program would reduce air pollution from ships by establishing a new tier of performance-based standards for diesel engines on all vessels and stringent emission requirements for

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ships that operate in coastal areas with air-quality problems. On June 28, 2007, the World Shipping Council announced its support for these amendments. If these amendments are formally adopted and implemented, Seanergy may incur costs to comply with the proposed standards. Additional or new conventions, laws and regulations may also be adopted that could adversely affect Seanergy's ability to operate its vessels.

The operation of Seanergy's vessels is also affected by the requirements set forth in the ISM Code. The ISM Code requires shipowners and bareboat charterers to develop and maintain an extensive Safety Management System that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation and describing procedures for dealing with emergencies. The failure of a shipowner or management company to comply with the ISM Code may subject such party to increased liability, may decrease available insurance coverage for the affected vessels, and may result in a denial of access to, or detention in, certain ports. Each of Seanergy's vessels is ISM Code-certified. However, there can be no assurance that such certification will be maintained indefinitely.

The United States Oil Pollution Act of 1990

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

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

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

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

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

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

Table of Contents***The United States Clean Water Act***

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

Currently, under U.S. Environmental Protection Agency, or EPA, regulations that have been in place since 1978, vessels are exempt from the requirement to obtain CWA permits for the discharge in U.S. ports of ballast water and other substances incidental to their normal operation. However, on March 30, 2005, the United States District Court for the Northern District of California ruled in *Northwest Environmental Advocate v. EPA*, 2005 U.S. Dist. LEXIS 5373, that the EPA exceeded its authority in creating an exemption for ballast water. On September 18, 2006, the court issued an order invalidating the blanket exemption in the EPA's regulations for all discharges incidental to the normal operation of a vessel as of September 30, 2008, and directing the EPA to develop a system for regulating all discharges from vessels by that date. Under the court's ruling, owners and operators of vessels visiting U.S. ports would be required to comply with any CWA permitting program to be developed by the EPA or face penalties. Although the EPA has appealed this decision to the Ninth Circuit Court of Appeals, the outcome of this litigation cannot be predicted. If the District Court's order is ultimately upheld, Seanergy will incur certain costs to obtain CWA permits for its vessels and meet any treatment requirements.

Other Environmental Initiatives

The European Union is considering legislation that will affect the operation of vessels and the liability of owners for oil pollution. It is difficult to predict what legislation, if any, may be promulgated by the European Union or any other country or authority. In 2005, the European Union adopted a directive on ship-source pollution, imposing criminal sanctions for intentional, reckless or negligent pollution discharges by ships. The directive could result in criminal liability for pollution from vessels in waters of European countries that adopt implementing legislation. Criminal liability for pollution may result in substantial penalties or fines and increased civil liability claims.

Although the United States is not a party thereto, many countries have ratified and currently follow the liability plan adopted by the IMO and set out in the International Convention on Civil Liability for Oil Pollution Damage of 1969, or the 1969 Convention. Under this convention, and depending on whether the country in which the damage results is a party to the 1992 Protocol to the International Convention on Civil Liability for Oil Pollution Damage, a vessel's registered owner is strictly liable for pollution damage caused in the territorial waters of a contracting state by discharge of persistent oil, subject to certain complete defenses. The limits on liability outlined in the 1992 Protocol use the International Monetary Fund currency unit of Special Drawing Rights, or SDR. Under an amendment to the 1992 Protocol that became effective in November 2003, for vessels of 5,000 to 140,000 gross tons, liability is limited to approximately 4.51 million SDR plus 631 SDR for each additional gross ton over 5,000. For vessels of over 140,000 gross tons, liability is limited to 89.77 million SDR. The exchange rate between SDRs and U.S. dollars was 0.670276 SDR per U.S. dollar on January 30, 2009. Under the 1969 Convention, the right to limit liability is forfeited where the spill is caused by the owner's actual fault; under the 1992 Protocol, a shipowner cannot limit liability where the spill is caused by the owner's intentional or reckless conduct. Vessels trading in jurisdictions that are parties to these conventions must provide evidence of insurance covering the liability of the owner. In jurisdictions where the 1969 Convention has not been adopted, including the United States, various legislative schemes or common law govern, and liability is imposed either on the basis of fault or in a manner similar to that convention. Seanergy believes that its protection and indemnity insurance will cover the liability under the plan adopted by the IMO.

The U.S. National Invasive Species Act, or NISA, was enacted in 1996 in response to growing reports of harmful organisms being released into U.S. ports through ballast water taken on by ships in foreign ports. The U.S. Coast Guard adopted regulations under NISA, which became effective in August 2004, that impose mandatory ballast water management practices for all vessels equipped with ballast water tanks entering U.S. waters. These requirements can be met by performing mid-ocean ballast exchange, which is the exchange of ballast water on the waters beyond the exclusive economic zone from an area more than 200 miles from any shore, by retaining ballast

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water on board the ship, or by using environmentally sound alternative ballast water management methods approved by the U.S. Coast Guard. (However, mid-ocean ballast exchange is mandatory for ships heading to the Great Lakes or Hudson Bay, or vessels engaged in the foreign export of Alaskan North Slope crude oil.) Mid-ocean ballast exchange is the primary method for compliance with the U.S. Coast Guard regulations, since holding ballast water can prevent ships from performing cargo operations upon arrival in the United States, and alternative methods are still under development. Vessels that are unable to conduct mid-ocean ballast exchange due to voyage or safety concerns may discharge minimum amounts of ballast water (in areas other than the Great Lakes and the Hudson River), provided that they comply with recordkeeping requirements and document the reasons they could not follow the required ballast water management requirements. The U.S. Coast Guard is developing a proposal to establish ballast water discharge standards, which could set maximum acceptable discharge limits for various invasive species, and/or lead to requirements for active treatment of ballast water. A number of bills relating to regulation of ballast water management have been recently introduced in the U.S. Congress, but it is difficult to predict which, if any, will be enacted into law.

The IMO adopted an International Convention for the Control and Management of Ships' Ballast Water and Sediments, or the BWM Convention, in February 2004. The BWM Convention's implementing regulations call for a phased introduction of mandatory ballast water exchange requirements (beginning in 2009), to be replaced in time with mandatory concentration limits. The BWM Convention will not be in force until 12 months after it has been adopted by 30 countries, the combined merchant fleets of which represent not less than 35% of the gross tonnage of the world's merchant shipping. As of December 31, 2008, the BWM Convention had been adopted by 30 states, representing 35% of world tonnage.

Vessel Security Regulations

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

- on-board installation of automatic information systems to enhance vessel-to-vessel and vessel-to-shore communications;

- on-board installation of ship security alert systems;

- the development of vessel security plans; and

- compliance with flag state security certification requirements.

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

Inspection by Classification Societies

The hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with

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the applicable rules and regulations of the country of registry of the vessel and the SOLAS. Seanergy's vessels are classed with a classification society that is a member of the International Association of Classification Societies.

A vessel must undergo annual surveys, intermediate surveys, dry dockings and special surveys. In lieu of a special survey, a vessel's machinery may be on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. Seanergy's vessels are on special survey cycles for hull inspection and continuous survey cycles for machinery inspection. Every vessel is also required to be dry docked every two to three years for inspection of the underwater parts of such vessel. The following table sets forth information regarding the next scheduled dry dock for the existing vessels in the fleet and the estimated cost for each next scheduled dry dock.

Vessel	Next Schedule Dry dock	Estimated Cost
African Oryx	October 2010	\$ 500,000
African Zebra*	February 2011	\$ 900,000
Bremen Max	June 2011	\$ 800,000
Hamburg Max	April 2009	\$ 1,100,000 - \$1,200,000
Davakis G.	May 2011	\$ 450,000
Delos Ranger	August 2011	\$ 450,000

* On February 24, 2009, the African Zebra commenced its scheduled dry-docking which is estimated to be completed by mid-April 2009 at an estimated cost of between \$1,000,000 and \$1,500,000.

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

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

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

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

Risk of Loss and Liability Insurance**General**

The operation of any cargo vessel includes risks such as mechanical failure, physical damage, collision, property loss, cargo loss or damage and business interruption due to political circumstances in foreign countries, hostilities and

labor strikes. In addition, there is always an inherent possibility of marine disaster, including oil spills and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade. OPA, which imposes virtually unlimited liability upon owners, operators and demise charterers of any vessel trading in the United States exclusive economic zone for certain oil pollution accidents in the United States, has made liability insurance more expensive for ship owners and operators trading in the United States market. While Seanergy believes that its insurance coverage is adequate, not all risks can be insured, and there can be no guarantee that any specific claim will be paid, or that it will always be able to obtain adequate insurance coverage at reasonable rates.

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Hull and Machinery Insurance

Seanergy maintains marine hull and machinery and war risk insurance, which includes the risk of actual or constructive total loss, for all of its vessels. The vessels are covered up to at least fair market value, with deductibles in amounts of approximately \$120,000 to \$140,000.

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

Protection and Indemnity Insurance

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

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

Legal Proceedings

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

Exchange Controls

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

Table of Contents**SELECTED FINANCIAL DATA FOR SEANERGY MARITIME AND SEANERGY**

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

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

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

	Years Ended December 31,		From Inception (August 15, 2006) to
	2008	2007	December 31, 2006
Statement of Operations Data:			
Vessel revenue related party, net	\$ 34,453	\$	\$
Direct voyage expenses	\$ (151)	\$	\$
Vessel operating expenses	\$ (3,180)	\$	\$
Voyage expenses related party	\$ (440)	\$	\$
Management fees related party	\$ (388)	\$	\$
General and administration expenses	\$ (1,840)	\$ (445)	\$ (5)
General and administration expenses related party	\$ (430)	\$	\$
Depreciation	(9,929)		\$
Goodwill impairment loss	\$ (44,795)	\$	\$
Vessels impairment loss	\$ (4,530)	\$	\$
Interest income money market funds	\$ 3,361	\$ 1,948	\$ 1
Interest and finance costs	\$ (4,077)	\$ (58)	\$
Foreign currency exchange (losses), net	\$ (39)	\$	\$
Net (loss)/income	\$ (31,985)	\$ 1,445	\$ (4)

	2008	December 31, 2007	2006
Balance Sheet Data:			
Total current assets	\$ 29,814	\$ 235,213	\$ 376
Vessels, net	\$ 345,622	\$	\$
Total assets	\$ 378,202	\$ 235,213	\$ 632

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Total current liabilities, including current portion of long- term debt	\$ 32,999	\$ 5,995	\$ 611
Long-term debt, net of current portion	\$ 213,638	\$	\$
Total shareholders' equity	\$ 131,565	\$ 148,369	\$ 20

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS FOR SEENERGY MARITIME AND SEENERGY**

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. Seenergy's consolidated financial statements have been prepared in conformity with US GAAP. This discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. Actual results may differ materially from those anticipated in these forward-looking statements.

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

Overview

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

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

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

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

On January 27, 2009, our parent company was liquidated and dissolved and we became its successor.

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

As of December 31, 2008, we operated a total fleet of six vessels, consisting of two Panamax vessels, one Handymax vessel, one Handysize vessel and two Supramax vessels. Of these six vessels, three were delivered on August 28, 2008 and the remaining three in September 2008. As of December 31, 2008, our operating fleet had a combined carrying capacity of 316,676 dwt and an average age of approximately 11 years.

We generate revenues by charging customers for the transportation of dry bulk cargo using our vessels. All our vessels are currently employed under time charters for a period of 11-13 months (ending in September 2009) with SAMC, a company affiliated with members of the Restis family. A time charter is a contract for the use of a

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vessel for a specific period of time during which the charterer pays substantially all of the voyage expenses, including port and canal charges and the cost of bunkers, but the vessel owner pays the vessel operating expenses.

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, both as a result of a slowdown in the availability of global credit and the significant deterioration in charter rates; conditions that we also consider as indicators of a potential impairment of our vessels and therefore impairment testing was performed resulting in an impairment loss of \$4,530,000 for the period ended December 31, 2008.

We cannot predict whether our charterer will, upon the expiration of its 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 charterer decides 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.

In the period ended December 31, 2008, our fleet had a utilization of 98.9%. We calculate fleet utilization by dividing the number of our operating days during a period by the number of our available days during the 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 reasons other than scheduled repairs or repairs under guarantee, vessel upgrades, special surveys or vessel positioning.

EST is responsible for all commercial and technical management functions of our vessels. EST is affiliated with members of the Restis family.

Recent Developments

On January 27, 2009, Seanergy Maritime was liquidated and 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. Our authorized capital amounts to 100,000,000 shares of common stock with a par value of \$0.0001.

Despite the recent economic crisis, Seanergy is currently able to meet its working capital needs and debt obligations. Seanergy has a short-term contractually secured cash flow and is currently well positioned to endure the current down turn in charter rates. The current plunge in charter rates may not affect Seanergy's revenue as it has the charters locked in for an 11-13 month period (expiring in September 2009) and, therefore, absent a default by its charterer, Seanergy has secured approximately \$110 million of revenues, net of commissions payable to Safbulk and SAMC (as mentioned above), for the period from August 28, 2008 to September 30, 2009. Therefore, Seanergy has covered 100% of its projected fleet revenue for the period up to September 2009. When the current charter terms end, Seanergy could renew the charters with SAMC at the prevailing market rates at that time. Although Seanergy has not currently done so, it intends to charter its vessels to a broader charter base for the 2009-2010 period. However, if the current market conditions persist after the third quarter of 2009, Seanergy will have to make use of its cash flows not committed to the repayment of the term loan and revolving facility mentioned above to meet its financial obligations and put its expansion plans on hold, unless new capital is raised from the capital markets, in the form of rights offerings or private placements and the warrants are exercised in which case it will use capital generated from the capital markets and the warrants for expansion purposes. We make no assurances that funds will be raised through capital markets or that the warrants will be exercised, or if exercised, the quantity which will be exercised or the period in which they will be exercised. Exercise of the warrants is not likely considering current market prices. Furthermore, 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

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be required or additional security may be requested. A waiver from Marfin has been received with respect to this covenant, so long as the vessels continue to be under charter, and dividends and repayments of shareholders loans are not made without the prior written consent of Marfin.

On February 24, 2009, the African Zebra commenced its scheduled dry docking which is estimated to be completed by mid-April 2009 at an estimated cost of \$1.0 million to \$1.5 million.

Recent Accounting Pronouncements

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

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

In June 2008, the FASB ratified Emerging Issues Task Force (EITF) 07-5, Determining Whether an Instrument (or Embedded Feature) is Indexed to an Entity's Own Stock (EITF 07-5). EITF 07-5 addresses the determination of whether a financial instrument (or an embedded feature) is indexed to an entity's own stock. EITF 07-5 is effective for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Seanergy has determined that its financial instruments and warrants are indexed to its own stock and equity classified and therefore the adoption of this standard will not have a material effect on its consolidated financial statement presentation or disclosure.

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

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On January 1, 2008, the Company adopted the provisions of FASB Statement No. 157, Fair Value Measurements, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. FASB Statement No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB Statement No. 157 also establishes a framework for measuring fair value and expands disclosures about fair value measurements (Note 24). FASB Staff Position FAS 157-2, Effective Date of FASB Statement No. 157, delays the effective date of FASB Statement No. 157 until fiscal years beginning after November 15, 2008 for all nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. In accordance with FSP FAS 157-2, the Company has not applied the provisions of FASB Statement No. 157 to such assets and liabilities. The Company is in the process of evaluating the impact, if any, of applying these provisions on its financial position and results of operations.

Critical Accounting Policies and Estimates

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

Business combination allocation of the purchase price in a business combination

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

The allocation of the purchase price to the assets acquired on the date of the business combination is a critical area due to the subjectivity involved in identifying and allocating the purchase price to tangible and 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 the determination of the fair market value allocated to tangible assets and whether there were any values associated with intangible assets such as customer relationships, right of first refusal agreements and charter agreements.

Impairment of long-lived assets

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

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

Vessel depreciation

Depreciation is computed using the straight-line method over the estimated useful lives of the vessels, after considering the estimated salvage value. Each vessel's salvage value is equal to the product of its lightweight tonnage and estimated scrap rate. Management estimates the useful lives of our vessels to be 25 years from the date of initial delivery from the shipyard. Secondhand vessels are depreciated from the date of their acquisition through their remaining estimated useful lives. However, when regulations place limitations over the ability of a vessel to trade on a worldwide basis, its useful life is adjusted to end at the date such regulations become effective. The estimated salvage value at December 31, 2008 was \$270 per light weight ton.

The above four policies are considered to be critical accounting policies because assessments need to be made due to the shipping industry being highly cyclical experiencing volatility in profitability, and changes in vessel value and fluctuations in charter rates resulting from changes in the supply and demand for shipping capacity. At present, the dry bulk market is affected by the current international financial crisis which has slowed down world trade and caused drops in charter rates. The lack of financing, global steel production cuts and outstanding agreements between iron ore producers and Chinese industrial customers have temporarily brought the market to a stagnation. In addition, there are significant assumptions used in applying these policies such as possible future new charters, future charter rates, future on-hire days, future market values and the time value of money. Consequently, actual results could differ from these estimates and assumptions used and the Company 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

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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 the determination is made that the Company is the primary beneficiary, then that entity is included in our consolidated financial statements. At present, the Company does not hold a majority voting interest in any other entity other than its fully owned subsidiaries and this not expected to change in the future.

Important Measures for Analyzing Results of Operations Following the Vessel Acquisition

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

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

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

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

Fleet utilization. Fleet utilization is determined by dividing the number of operating days during a period by the number of available 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. Off-hire periods typically include days spent undergoing unscheduled repairs and unscheduled dry docking.

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 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.

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Revenues

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

The nature and duration of the Company charters;

The amount of time that the Company spent repositioning its vessels;

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

Maintenance and upgrade work;

The age, condition and specifications of the Company vessels;

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

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

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

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

Vessels operating in the spot charter market generate revenues that are less predictable, but can yield increased profit margins during periods of improvements in dry bulk rates. Spot charters also expose vessel owners to the risk of declining dry bulk rates and rising fuel costs. The Company vessels were chartered on period time charters during the year ended December 31, 2008.

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

Vessel Operating Expenses

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

Depreciation

Depreciation is computed using the straight-line method over the estimated useful lives of the vessels, after considering the estimated salvage value. Each vessel's salvage value is equal to the product of its lightweight tonnage and estimated scrap rate. Management estimates the useful lives of our vessels to be 25 years from the date of initial delivery from the shipyard. Secondhand vessels are depreciated from the date of their acquisition through

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their remaining estimated useful lives. However, when regulations place limitations over the ability of a vessel to trade on a worldwide basis, its useful life is adjusted to end at the date such regulations become effective. The estimated salvage value at December 31, 2008 was \$270 per light weight ton.

Seasonality

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

Principal Factors Affecting Our Business Following the Vessel Acquisition

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

Number of vessels owned and operated;

Charter market rates and periods of charter hire;

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

Depreciation expenses, which were a function of the cost, any significant post-acquisition improvements, estimated useful lives and estimated residual scrap values of Company 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 the Company's vessels and are not included in financial statements prepared under US GAAP.

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