EUROSEAS LTD.
Form F-1
November 17, 2006

As filed with the Securities and Exchange Commission on November 16, 2006

File No. 333-

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

FORM F-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

EUROSEAS LTD.
(Exact name of registrant as specified in its charter)

Republic of the Marshall Islands	**4412**	**N/A**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

Euroseas Ltd.
Aethrion Center
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151 24 Maroussi, Greece
011 30 211 1804005
(Address and telephone number of Registrant's principal executive offices)

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Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this Registration Statement.

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

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

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Security(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Series A Mandatory Convertible Limited Preferred Stock, par value $0.01 per share			$46,000,000	$4,922
Common Stock, par value $0.03 per share		—	—	—

(1) Includes shares of convertible preferred stock that may be sold to cover the exercise of an over-allotment option granted to the underwriters. Also includes, pursuant to Rule 416 under the Securities Act of 1933, an indeterminant number of shares that may be issued, offered or sold to prevent dilution resulting from stock splits, stock dividends or similar transactions.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457 under the Securities Act of 1933, based on the offering price of the convertible preferred stock.

(3) The shares of common stock issuable upon conversion of the convertible preferred stock will be issued for no additional consideration, and therefore no registration fee is required pursuant to Rule 457(i).

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

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

Subject to Completion Dated November 16, 2006

Shares

Series A Mandatory Convertible Limited Preferred Stock

We are offering shares of our Series A Mandatory Convertible Limited Preferred Stock, or convertible preferred stock, in this offering.

We will pay cash dividends on the convertible preferred stock, when, as and if, declared by our Board of Directors, out of funds legally available therefore, in the minimum amount of $ per share, quarterly in arrears on each , , and until , 2008. We will pay a partial dividend of $ on , 2007. After , 2008, there will be no fixed minimum dividends on the convertible preferred stock, however, dividends we pay on the convertible preferred stock will be no less than the dividends we pay on our common stock. Dividends on the convertible preferred stock will be cumulative from the date of issuance until , 2008; thereafter dividends will no longer be cumulative.

Prior to this offering, there has been no public market for our convertible preferred stock. We will apply to list our shares of convertible preferred stock on the NASDAQ Global Market upon completion of this offering.

Each share of convertible preferred stock will have a liquidation preference of $ plus accrued and unpaid dividends until , 2008; thereafter, the liquidation preference will be reduced to $ per share.

Each share of the convertible preferred stock will mandatorily convert into one share of our common stock, subject to specified adjustments, on , 2008 if our common stock has been approved for listing on the NASDAQ Global Market or another comparable U.S. national securities exchange. If not converted on that date, the convertible preferred stock will convert on the first date thereafter on which our common stock is approved for listing. At any time prior to , ,2008, you may elect to convert your convertible preferred stock into our common stock, but only if our common stock is then so listed. The convertible preferred stock will not otherwise be convertible into our common stock.

For a more detailed description of the convertible preferred stock, see "Description of Convertible Limited Preferred Stock" beginning on page 117.

Our common stock is quoted on the Over the Counter Bulletin Board ("OTCBB") under the symbol EUSEF.OB. On November 15, 2006 the closing price of our common stock on the OTCBB was $8.35 per share.

See the section of this prospectus entitled "Risk Factors" beginning on page 13 to read about the risks you should consider before buying shares of our convertible preferred stock.

	Per Share	Total
Public Offering Price	$	$

Underwriting Discount	$	$
Proceeds, Before Expenses, To Us	$	$

The underwriters have a 30-day option to purchase up to additional shares of our convertible preferred stock from us to cover any over-allotments.

Delivery of shares will be made on or about , 2006.

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

The date of this prospectus is , 2006

Cantor Fitzgerald & Co. **Oppenheimer & Co.**

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

ENFORCEABILITY OF CIVIL LIABILITIES

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

INTERNATIONAL DRYBULK AND CONTAINER SHIPPING INDUSTRY DATA

The discussions contained under the sections of this prospectus entitled “Prospectus Summary Industry Trends,” “Business” and “The International Drybulk and Container Shipping Industry” have been reviewed by Maritime Strategies International Ltd. (“MSI”), which has confirmed to us that they accurately describe the international drybulk and container shipping industry, subject to the reliability of the data supporting the statistical and graphical information presented in this prospectus.

The statistical and graphical information we use in this prospectus has been compiled by MSI from its database. MSI compiles and publishes data for the benefit of its clients. Its methodologies for collecting data, and therefore the data collected, may differ from those of other sources, and its data does not reflect all or even necessarily a comprehensive set of the actual transactions occurring in the market.

CURRENCY TRANSLATION

All references in this prospectus to “Dollars” or “$” are to the lawful currency of the United States of America and all references to “Euros” or “€” are to the single currency introduced on January 1, 1999 by those member states of the European Union who participate in the European Economic and Monetary Union. For the convenience of the reader, this prospectus contains translations of certain amounts from Euros into Dollars. Unless otherwise indicated, prior to June 30, 2006, such amounts are based on the U.S. Dollar exchange in effect at such time and, following June 30, 2006, such amounts are based on a U.S. Dollar exchange rate of €1.00 = U.S.$1.268 as in effect on September 29, 2006.

PROSPECTUS SUMMARY

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

We use the term "deadweight tons," or dwt, in describing the capacity of our drybulk carriers. Dwt, expressed in metric tons, each of which is equivalent to 1,000 kilograms, refers to the maximum weight of cargo and supplies that a vessel can carry. We use the term "twenty foot equivalent unit," or teu, the international standard measure of containers, in describing the capacity of our container ships. For the definition of certain shipping terms used in this prospectus, see the "Glossary of Shipping Terms" at the end of this prospectus. Drybulk carriers are categorized as Capesize, Panamax, Handymax and Handysize. The carrying capacity of a Capesize drybulk carrier is 80,000 dwt and above. The carrying capacity of a Panamax drybulk carrier ranges from 60,000 to79,999 dwt. The carrying capacity of a Handymax drybulk carrier ranges from 40,000 to 59,999 dwt and that of a Handysize drybulk carrier ranges from 10,000 to 39,999 dwt. Container ships are categorized as Deep Sea, Intermediate, Handysize and Feeder. The carrying capacity of a Deep Sea container ship is 3,000 teu and above. The carrying capacity of an Intermediate container ship ranges from 2,000 to 2,999 teu. The carrying capacity of a Handysize container ship ranges from 1,300 to 1,999 teu and that of a Feeder container ship is less than 1,300 teu. Unless otherwise indicated, all references to currency amounts in this prospectus are in U.S. dollars and all share numbers and per share data give effect to a 1-for-3 reverse stock split effected on October 6, 2006.

Our Company

We are a Marshall Islands company incorporated in May 2005. We are a provider of worldwide ocean-going transportation services. We own and operate drybulk carriers that transport major bulks such as iron ore, coal and grains, and minor bulks such as bauxite, phosphate and fertilizers. We also own and operate container ships and multipurpose vessels that transport dry and refrigerated containerized cargoes, mainly including manufactured products and perishables.

As of November 15, 2006, our fleet consisted of nine vessels, including two Panamax drybulk carriers, two Handysize drybulk carriers, four container ships and one multipurpose vessel with an average fleet age of approximately 18 years. The total cargo carrying capacity of our four drybulk carriers and our four container ships is 207,464 dwt and 6,235 teu, respectively. Our multipurpose vessel can carry 22,568 dwt or 950 teu, or a combination thereof.

We intend to strategically employ our fleet with period and spot charters. We actively pursue period charters to obtain adequate cash flow to cover our fleet's fixed costs, consisting of vessel operating expenses, management fees, general and administrative expenses, interest expense and drydocking costs for the upcoming 12-month period. We look to employ the remainder of our fleet through period charters, spot charters, shipping pools or contracts of affreightment depending on our view of the direction of the markets and other tactical or strategic considerations. Six of the nine vessels in our fleet are currently employed under period charters which provide us with both stable cash flow and high utilization rates that help us generate steady earnings and enhance our ability to pay dividends to our shareholders. We believe this balanced employment strategy provides us with more predictable operating cash flows and sufficient downside protection, while allowing us to participate in the potential upside of the spot market during periods of rising charter rates.

During the fiscal year ended December 31, 2005 and the six month period ended June 30, 2006:

We had a fleet utilization of 98.5% and 99.9%, respectively;

We generated voyage revenues of $44.5 million and $20.4 million, respectively;

Our net income was $25.2 million and $10.0 million, respectively; and

Our Adjusted EBITDA was $30.4 million and $14.0 million, respectively.

Our operations generate significant cash flow, which provides us with flexibility in our growth, operating and financial strategy. Since August 2005, we have declared and paid four consecutive quarterly dividends in a total amount of $0.75 per common share. On November 9, 2006, we declared our fifth consecutive dividend on our common stock in the amount of $0.21 per share, a 16.6% increase over our prior quarter's dividend of $0.18 per share.

Our Fleet

Since August 2005, as part of our fleet growth and renewal strategy, we purchased four vessels with an average age of approximately 15 years for an aggregate purchase price of approximately $82.5 million. During the same period of time, we sold two of our oldest drybulk carriers with an average age of 25 years, thus significantly reducing the average age of our fleet. We sold these two drybulk carriers for an aggregate sales price of approximately $9.6 million, realizing a net gain of approximately $4.5 million.

Our objective is to expand our fleet with selective acquisitions of cargo carrying vessels. In furtherance of our objective, on October 12, 2006, we contracted to acquire a 1,599 teu, 1993-built handysize container ship, m/v *YM Xingang I*. The vessel was purchased with a charter to Yang Ming at the gross charter rate of $26,650 per day. The charter will expire between July 2009 and September 2009. We took delivery of this container ship on November 15, 2006. We will pay for a portion of this vessel with $20.0 million under a new credit facility and the remainder in cash. We expect to repay $7.0 million of the debt under this new credit facility with a portion of the proceeds from this offering.

As of November 15, 2006, the profile and employment of our fleet was the following:

Name	**Type**	**DWT**	**TEU**	**Year Built**	**Employment**	**TCE Rate ($ per day)**
Drybulk Carriers						
ARISTIDES N.P.	Panamax	69,268	—	1993	Spot Charter until Jan. 2007	$26,000
IRINI	Panamax	69,734	—	1988	Baumarine Pool until end 2008	$17,000 to $20,000 (*)
NIKOLAOS P.	Handysize	34,750	—	1984	Spot Charter until Nov. 2006	$14,000
ARIEL	Handysize	33,712	—	1977	Spot Charter until Dec. 2006	$12,150
Total Drybulk Carriers	**4**	**207,464**				