EUROSEAS LTD.
Form F-1/A
January 17, 2007

As filed with the Securities and Exchange Commission on January 17, 2007

File No. 333-138780

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 3

TO

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** **40 Ag. Konstantinou Street** **151 24 Maroussi, Greece** **011 30 211 1804005**	**Seward & Kissel LLP** **Attn: Lawrence Rutkowski, Esq.** **One Battery Park Plaza** **New York, New York 10004** **(212) 574-1200**
(Address and Telephone Number of Registrant s Principal Executive Offices)	(Name, Address and Telephone Number of Agent for Service)

Copies to:

Lawrence Rutkowski, Esq. **Seward & Kissel LLP** **One Battery Park Plaza** **New York, New York 10004** **(212) 574-1200** (telephone number)	**Stephen P. Farrell, Esq.** **Morgan, Lewis & Bockius LLP** **101 Park Avenue** **New York, New York 10178** **(212) 309-6000** (telephone number)

(212) 480-8421 (facsimile number) **(212) 309-6001** (facsimile number)

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. ¨

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. ¨

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. ¨

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. ¨

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 jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION DATED JANUARY 17, 2007

Prospectus

5,000,000 Shares

Common Stock

We are offering 5,000,000 shares of our common stock. Our common stock is currently quoted on the Over the Counter Bulletin Board (OTCBB) under the symbol EUSEF.OB. On January 12, 2007, the closing price of our common stock was $8.25 per share. We have made application to have our common stock listed on the NASDAQ Global Market upon completion of this offering.

Investing in our common stock involves a high degree of risk. See the section of this prospectus entitled Risk Factors beginning on page 12 to read about the risks you should consider before buying shares of our common stock.

	Per Share	**Total**
Public Offering Price	$	$
Underwriting Discounts and Commissions(1)	$	$
Proceeds, Before Expenses, To Us	$	$

(1)

Excludes: (i) a financial advisory fee of 0.5% of the gross proceeds of this offering payable to Cantor Fitzgerald & Co. and (ii) $50,000 non-accountable expense allowance payable to the underwriters for the reimbursement of certain out of pocket expenses.

The underwriters have a 30-day option to purchase up to 750,000 additional shares of our common stock from us to cover any over-allotments, if any, at the offering price, less underwriting discounts and commissions.

Delivery of shares will be made on or about , 2007.

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

Oppenheimer & Co.

Ferris, Baker Watts
Incorporated

Cantor Fitzgerald & Co.

Fortis Securities LLC

The date of this prospectus is , 2007

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We have not authorized anyone to give any information or to make any representations other than those contained in this prospectus. 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 common stock or (2) shares of our common stock in any circumstances in which our offer or solicitation is unlawful. The information contained in this prospectus 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 September 30, 2006, such amounts are based on the U.S. Dollar exchange in effect at such time and, following September 30, 2006, such amounts are based on a U.S. Dollar exchange rate of €1.00 = U.S.$1.308 as in effect on December 18, 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 contex 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 on page 121 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 December 31, 2006, our fleet consisted of nine vessels, including two Panamax drybulk carriers, two Handysize drybulk carriers, four container ships and one multipurpose vessel. 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 and one participates in a shipping pool which provide us with both stable cash flow and high utilization rates that help us generate steady earnings and enhance our ability to pay dividends to our shareholders. 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 nine month period ended September 30, 2006:

•

We had a fleet utilization of 98.5% and 98.7%, respectively;

•

We generated voyage revenues of $44.5 million and $29.7 million, respectively;

•

Our net income was $25.2 million and $15.3 million, respectively; and

•

Our Adjusted EBITDA was $30.4 million and $21.5 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 dividends in a total amount of $1.18 per common share. On January 8, 2007, we declared our sixth consecutive dividend on our common stock in the amount of $0.22 per share, a 4.8% increase over our prior quarter s dividend of $0.21 per share and a $0.04 or 22% increase from the prior year s fourth quarter dividend of $0.18 per share. We believe we will generate sufficient cash flow from operations to enable us to pay at least the full amount of our current quarterly dividend of $0.22 for each quarter through December 31, 2007.

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 $4.4 million. In continuation of our fleet renewal strategy we have also signed a memorandum of agreement to sell our oldest vessel m/v *Ariel* for $5.4 million, realizing a net gain of $3.4 million. The m/v *Ariel* is expected to be delivered to the buyers on or about February 15, 2007 after which the average age of our fleet will be approximately 17 years.

Our objective is to expand our fleet with selective acquisitions of cargo carrying vessels while enhancing return on invested capital. The last vessel we acquired was 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 a 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 paid a portion of the purchase price for 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 January 9, 2007, the profile and employment of our fleet was the following:

Vessel Name	**Type**	**Size DWT**	**Size TEU**	**Year Built**	**Employment**	**Charter Rate ($ per day) (*)**
Drybulk Carriers						
ARISTIDES N.P.	Panamax	69,268		1993	Period Charter until Jan. 2008	$29,000
IRINI	Panamax	69,734		1988	Baumarine Pool until Dec. 2008	$17,000 to $20,000 (**)
NIKOLAOS P.	Handysize	34,750		1984	Spot Charter until Jan. 2007	$19,000
ARIEL (***)	Handysize	33,712		1977	Spot Charter until Jan. 2007	$15,000
Total Drybulk Carriers	**4**	**207,464**				
Container Ships						
YM XINGANG I	Handysize	23,596	1,599	1993	Period Charter until July 2009	$26,650

KUO HSIUNG	Feeder	18,154	1,269	1993	Period Charter until Nov. 2007	$12,000
YM QINGDAO I	Feeder	18,253	1,269	1990	Period Charter until Mar. 2007	$11,900
ARTEMIS	Intermediate	29,693	2,098	1987	Period Charter until Dec. 2008	$19,000
Total Container Ships	**4**	**89,696**	**6,235**			
Multipurpose Vessels						
TASMAN TRADER	Multipurpose	22,568	950	1990	Period Charter until Mar. 2012	$8,850 until Dec. 2008; $9,950 until Dec. 2010; $9,000 until Mar. 2012
Total Multipurpose Vessels	**1**	**22,568**	**950**			
TOTAL FLEET	**9**	**319,728**	**7,185**			

(*)

Represents gross charter rates.

(**)

Our subsidiary that owns m/v *Irini*, participates in three short funds (contracts of affreightment to carry cargo) that provide an effective coverage of 77% in 2007 and 42% in 2008. The combination of the short funds and shipping pool employment secures the stated rate for the respective percentages for each year. For the remaining portion of 2007 and 2008, the vessel will effectively earn the spot rate through its employment in the shipping pool. See “Business Our Fleet” for more information.

(***)

The m/v *Ariel* has been contracted for sale with delivery expected to take place on or about February 15, 2007.

Management of Our Fleet

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

Our Competitive Strengths

We believe that we possess the following competitive strengths:

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

- *Cost Effective Vessel Operations*. We believe that because of the efficiencies afforded to us through Eurobulk, the strength of our management team and the quality of our fleet, we are, and will continue to be, a reliable, low cost vessel operator, without compromising our high standards of performance, reliability and safety. Despite the average age of our fleet being approximately 18.5 years, our total vessel operating expenses, including management fees and general and administrative expenses were $4,632 per day for the nine month period ended September 30, 2006. We consider this amount to be among the lowest of the publicly listed drybulk shipping companies in the U.S. Our technical and operating expertise allows us to efficiently manage and transport a wide range of cargoes with a flexible trade route profile, which helps reduce ballast time between voyages and minimize off-hire days. Our professional, well-trained masters, officers and on board crews further help us to control costs and ensure consistent vessel operating performance. We actively manage our fleet and strive to maximize utilization and minimize maintenance expenditures. For the nine month period ended September 30, 2006, our fleet utilization was 98.7% and since 2002 our utilization rate has averaged in excess of 99.0%.

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

Our Business Strategy

Our business strategy is focused on providing consistent shareholder returns by carefully timing and structuring acquisitions of drybulk carriers and container ships and by reliably, safely and competitively operating our vessels through Eurobulk. We continuously evaluate purchase and sale opportunities, as well as long term employment opportunities for our vessels. Additionally, with the proceeds from this offering, we plan to expand our fleet to increase our revenues and earnings and make our drybulk carrier and container ship fleet more cost efficient and attractive to our customers. We believe the following describe our business strategy:

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

- *Maintain Balanced Employment*. We intend to strategically employ our fleet between 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 deploy 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. We believe this balanced employment strategy will provide us with more predictable operating cash flows and sufficient downside protection, while allowing us to participate in the potential upside of the spot market during periods of rising charter rates. On the basis of our existing contracts, our current period charter coverage for 2007 (assuming m/v *Ariel* is sold on February 15, 2007) is 75% and for 2008 is 42%, which will help protect us from market fluctuations, enable us to make significant principal and interest payments on our debt and pay dividends to our shareholders.

- *Operate a Fleet in Two Sectors*. While remaining focused on the dry cargo segment of the shipping industry, we intend to continue to develop a diversified fleet of drybulk carriers and container ships of up to Panamax size. A diversified drybulk fleet profile will allow us to better serve our customers in both major and minor bulk trades, as well as to reduce any dependency on any one cargo, trade route or customer. We will remain focused on the smaller size ship segment of the container market, which has not experienced the same level of expansion in vessel supply that has occurred with larger container ships. A diversified fleet, in addition to enhancing the stability of our cash flows, will also help us to reduce our exposure to unfavorable developments in any one shipping sector and to benefit from upswings in any one shipping sector experiencing rising charter rates.

- *Optimize Use of Financial Leverage*. We will use bank debt to partly fund our vessel acquisitions and increase financial returns for our shareholders. We actively assess the level of debt we incur in light of our ability to repay that debt based on the level of cash flow generated from our balanced chartering strategy and efficient operating cost structure. Our debt repayment schedule as of December 31, 2006 calls for a reduction of more than 40% of our then outstanding debt by the end of 2008. We expect this will increase our ability to borrow funds to make additional vessel acquisitions in order to grow our fleet and pay consistent and possibly higher dividends to our shareholders.

Industry Trends

The maritime shipping industry is fundamental to international trade with ocean-going vessels representing the most efficient and often the only method of transporting large volumes of many essential drybulk commodities, finished goods as well as crude oil and refined petroleum products between the continents and across the seas. It is a global industry whose performance is closely tied to the level of economic activity in the world.

Drybulk Shipping Industry

Drybulk cargoes are used in many basic industries and in construction, and can be divided into major bulk commodities and minor bulk commodities. Major bulks consist of iron ore, coal and grains. Minor bulks cover a wide variety of commodities, such as forest products, iron and steel products, fertilizers, agricultural products, non-ferrous ores, minerals and petcoke, cement, other construction materials and salt. Grains include wheat, coarse grains and soybeans.

According to Maritime Strategies International Ltd., or MSI, since the fourth quarter of 2002, the drybulk shipping industry has experienced the highest charter rates and vessel values in its modern history due to the favorable imbalance between the supply of drybulk carriers and demand for drybulk transportation. However after reaching a peak in mid-2005, both charter rates and vessel values decreased through mid-2005 before another peak in October to November of that year. Subsequently they trended lower before recovering significantly in August 2006.

For drybulk shipping, factors that affect the supply of drybulk carriers and demand for transportation of drybulk cargo include:

Supply:

- Shipyards where new ships are constructed are fully booked through 2008, limiting the number of new drybulk carriers that will enter the market in coming years. In 2006 the drybulk fleet was estimated to increase by 7% while in 2007 and 2008, it is expected to increase by 5% and 4.4%, respectively (assuming a low scrapping rate of 1% for those three years); and

- Port congestion worldwide as a result of increased shipping activity and the implementation of stringent security measures has increased the number of days vessels are waiting to load or discharge their cargo, effectively reducing the supply of drybulk carriers that are available for hire at any particular time.

Demand:

- In general, the effects of the expansion of world trade and increasing global production and consumption have driven the strong demand for ships; and

- China and India have helped drive demand for drybulk carriers as they continue to expand iron ore imports and steel production, become net importers of coal, and increase their grain inventories.

Container Shipping Industry

The container shipping industry is responsible for the movement of a wide range of goods from one part of the world to another in a unitized form by performing regular port calls. It represents an important and increasingly significant part of the global seaborne movement of finished goods and perishables. The performance of the container shipping industry is closely tied to the level of worldwide economic trade.

According to MSI, the container shipping industry had been on an upward trend from early 2002 through early 2005, bolstered by relatively rapid increases in demand. However, from mid-2005 into 2006, container freight rates out of Asia, and to Europe in particular, saw some downward movement.

For container shipping, recent developments in factors that affect the supply of container vessels and demand for transportation of containers include:

Supply:

- Overall container ship capacity expanded at an annual average of 10% in the period 2003-2005. As of December 1, 2006, scheduled deliveries through the end of 2008 for large container ships (3,000 + teu) represented 43% of the existing fleet, while intermediate, handysize and feeder (500-2,999 teu) container ships represented 24% of the existing fleet; and

- The greatest portion of the capacity growth has been and is expected to be provided by the large container ship sectors of the fleet operating in the transpacific and Europe to Far East routes. Capacity growth in intermediate and feeder container ships that operate in separate intermediate and intra-regional container trades has and is expected to be more restrained.

Demand:

- In the last three years demand for container shipping has accelerated strongly. Estimated global container trade increased at a compound average annual growth rate of 12% in the period 2003-2005. This growth has been relatively rapid in comparison with other major shipping sectors, such as tankers and bulk carriers; and

- In recent years, container volumes to, from and within Asia have driven most of the increase in container trade largely influenced by the growth of the Chinese economy. Other recent growth areas include trade out of Brazil, as well as trade in and out of Russia and the Baltic.

We cannot offer assurances as to charter rates or vessel values in any period or that the industry trends described above will continue following the completion of this offering.

Our Corporate History

The Pittas family, the principal owners of Eurobulk and the largest shareholder of Friends Investment Company Inc., or Friends, our largest shareholder, has operated vessels over the past 136 years. The vessels have been operated through various partnerships and different entities over these years. The Company s roots go back four generations to the 19th century when the first Pittas shipowner was Nikolaos F. Pittas. The first Pittas family shore office centralizing ship management was established by Nikolaos younger son, Aristides, in 1926. Before the onset of World War II, the second generation of the Pittas family had acquired and disposed of a total of at least six vessels. In 1960, the sons of Aristides, Nikolaos and John, set up an office in London together with the Caroussis family. By the early 1990 s, they had acquired, traded and sold 14 vessels. In late 1991, John Pittas sons, Aristides, our Chief Executive Officer, and Nikos, together with their cousin Aristides P. Pittas, joined forces with Petros Pappas of Oceanbulk Maritime S.A., or Oceanbulk, and decided to gradually shift the Pittas family interests to Piraeus, Greece. This was the beginning of the active involvement of the fourth Pittas generation in shipping. From 1991, when the Pittas family joined Oceanbulk, to 1994, Oceanbulk dramatically expanded from a fleet of five vessels to a fleet of up to 15 vessels.

At the end of 1994, Aristides and Nikos Pittas, together with their brother Manolis Pittas, decided to separate the Pittas family interests from Oceanbulk and formed Eurobulk to continue the Pittas family presence in shipping. In June 2005, the Pittas family owned the majority of the shares in seven vessels and on June 28, 2005, the shareholders of these vessels transferred their shares in each of the vessel-owning companies in exchange for shares in Friends. On June 29, 2006, Friends exchanged all of the shares in the vessel-owning companies for shares in Euroseas, thus becoming the 100% owner of Euroseas at that time. Since the beginning of the Pittas family s involvement in shipping, they have owned and operated approximately 40 vessels. Since the inception of Eurobulk in 1995, all vessel acquisitions have been profitable and the group s results, on a consolidated basis, have been profitable for each of the last five years.

Formation of Euroseas Ltd.

Euroseas Ltd. was organized in May 2005 in the Marshall Islands to consolidate the ownership of the seven vessel-owning companies referred to above. On August 25, 2005, we raised a net amount of approximately $17.5 million from a private placement transaction in which we issued securities to a number of institutional and accredited investors (the Private Placement). In the Private Placement, we issued 2,342,331 shares of common stock at a price of

$9.00 per share, as well as warrants to purchase 585,581 shares of common stock at an exercise price of $10.80 per share. At the same time, a subsidiary of ours executed a merger agreement with Cove Apparel, Inc., or Cove, a public shell company. The merger was consummated on March 27, 2006.

On May 5, 2006, our common stock began trading on the OTCBB under the symbol ESEAF.OB. On October 6, 2006, we effected a 1-for-3 reverse stock split in order to increase our share price to satisfy the price per share listing requirements of the NASDAQ Global Market and our symbol was changed to EUSEF.OB. We have made application to have our shares listed on the NASDAQ Global Market upon completion of this offering.

Our executive offices are located at 40 Ag. Konstantinou Street, 151 24, Maroussi, Greece. Our telephone number is 011 30 211 1804005. The primary residence of our Chief Financial Officer, Dr. Anastasios Aslidis, is in the United States.

The Offering

Common stock offered by us	5,000,000 shares
Underwriters over-allotment option	Up to 750,000 shares
Common stock outstanding after this offering(1)	17,620,114 shares
Use of proceeds	We estimate that we will receive net proceeds of approximately $ million from this offering assuming an offering price of $ per share of common stock, after deducting underwriting discounts and commissions, offering expenses and the financial advisory fee payable to Cantor Fitzgerald and Co., and assuming the underwriters over-allotment option is not exercised. We intend to use approximately $7.0 million of the net proceeds to repay a portion of the debt that was used to acquire m/v *YM Xingang I*, with the remaining proceeds being used to acquire additional vessels. Any amounts not so used will be applied to general corporate purposes.
Current OTCBB symbol listing	EUSEF.OB
Proposed NASDAQ Global Market symbol	ESEA
Current dividend rate	$0.22 per share on a quarterly basis. We expect to declare our next dividend in May 2007, subject to the approval of our Board of Directors. On January 8, 2007, we declared our quarterly dividend for the quarter ended December 31, 2006 in the amount of $0.22 per share. The record date of our dividend attributable to the fourth quarter 2006 is expected to be January 29, 2007 and it will precede the closing of this offering. Accordingly, you will not be entitled to receive a dividend attributable to the fourth quarter 2006. We believe we will generate sufficient cash flow from operations to enable us to pay at least the full amount of the current quarterly dividend of $0.22 on all shares for each quarter through December 31, 2007, or $0.88 per share on an annualized basis.

Risk factors	Investing in our common stock involves substantial risk. You should carefully consider all the information in this prospectus prior to investing in our common stock. In particular, we urge you to consider carefully the factors set forth in the section of this prospectus entitled Risk Factors beginning on page 12. Some of these risk factors relate principally to the industry in which we operate and our business in general. Other risks relate to the securities market for and ownership of our common stock. Any of these risk factors could significantly and negatively affect our business, financial condition, operating results and common stock price.

(1)

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

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

- 585,581 shares of common stock reserved for issuance upon the exercise of outstanding warrants, with an exercise price of $10.80 per share; and

- 750,000 shares that may be issued pursuant to the underwriters over-allotment option.

Summary Financial Information and Data

The following summary financial information and data were derived from our audited financial statements for the years ended December 31, 2003, 2004 and 2005, and our unaudited financial statements for the nine months ended September 30, 2005 and 2006 included elsewhere in this prospectus or previously filed with the Securities and Exchange Commission. The information is only a summary and should be read in conjunction with our historical financial statements and related notes included in this prospectus and the section of this prospectus entitled Management s Discussion and Analysis of Financial Condition and Results of Operations. The historical data included below and elsewhere in this prospectus are not necessarily indicative of our future performance.

	Year Ended December 31,			Nine-Months Ended September 30,	
	2003	**2004**	**2005**	**2005**	**2006**
Income Statement Data:					
Voyage revenues	$ 25,951,023	$ 45,718,006	$ 44,523,401	$ 34,091,505	$ 29,701,945
Commissions	(906,017)	(2,215,197)	(2,388,349)	(1,847,900)	(1,280,405)
Voyage expenses	(436,935)	(370,345)	(670,551)	(136,224)	(1,014,383)
Vessel operating expenses (exclusive of depreciation and amortization expenses shown separately below)	(8,775,730)	(8,906,252)	(8,610,279)	(6,322,677)	(7,599,948)
Management fees	(1,722,800)	(1,972,252)	(1,911,856)	(1,430,464)	(1,643,142)
General and administrative expenses			(420,755)	(130,864)	(758,281)
Depreciation and amortization(1)	(4,757,933)	(3,461,678)	(4,208,252)	(2,806,348)	(4,989,757)
Net gain on sale of vessel		2,315,477			4,445,856
Interest and finance cost, net	(756,873)	(521,215)	(1,035,414)	(860,562)	(1,538,399)
Other income/(expenses), net	(690)	25,221	(99,491)	(99,490)	(1,064)
Equity in net gain (loss) of an associate	(167,433)				