

Seanergy Maritime Holdings Corp.  
Form 20-F/A  
April 30, 2015  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 20-F/A

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
Date of event requiring this shell company report: Not applicable

Commission file number: 001-34848

SEANERGY MARITIME HOLDINGS CORP.  
(Exact name of Registrant as specified in its charter)

(Translation of Registrant's name into English)

Republic of the Marshall Islands  
(Jurisdiction of incorporation or organization)

16 Grigoriou Lambraki Street, 2<sup>nd</sup> Floor, 166 74 Glyfada, Athens, Greece  
(Address of principal executive offices)

Stamatis Tsantanis, Chairman & Chief Executive Officer  
Seanergy Maritime Holdings Corp.  
16 Grigoriou Lambraki Street, 2<sup>nd</sup> Floor, 166 74 Glyfada, Athens, Greece  
Telephone: 011-30 210 9638450, Fax: 011-30 210 9638404  
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)



Securities registered or to be registered pursuant to Section 12(b) of the Act:

|  |                                      |
|--|--------------------------------------|
| Title of class                                       | Name of exchange on which registered |
| Shares of common stock, par value \$0.0001 per share | NASDAQ Capital Market                |

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: As of December 31, 2014, there were 19,889,271 shares of the registrant's common stock, \$0.0001 par value, outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
 Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.  Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months.  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See the definitions of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

|                                     |   |                          |
|-------------------------------------|---|--------------------------|
| U.S. GAAP                           | International Financial Reporting Standards as issued by the International Accounting Standards Board | Other                    |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>  | <input type="checkbox"/> |

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

|                                  |                          |
|----------------------------------|--------------------------|
| <input type="checkbox"/>         | <input type="checkbox"/> |
| <input type="checkbox"/> Item 17 | Item 18                  |

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

---

EXPLANATORY NOTE

This Amendment No. 1 amends our Annual Report on Form 20-F for the year ended December 31, 2014, as filed with the U.S. Securities and Exchange Commission on April 21, 2015 (the "Annual Report") and is being filed solely to include as exhibits the certifications of the Company's Principal Executive Officer and Principal Financial Officer filed as Exhibits 12.1, 12.2, 13.1 and 13.2. These exhibits were not previously filed.

Other than as expressly set forth above, this amendment does not, and does not purport to amend, restate, or update the information contained in the Annual Report, or reflect any events that have occurred after the Annual Report was filed. As a result, our Annual Report, as amended hereby, continues to speak as of the initial filing date of our Annual Report.

---

TABLE OF CONTENTS

|   |    |
|---|----|
| Page  |    |
|   |    |
| CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS                             | 1  |
| PART I  | 2  |
| ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS                         | 2  |
| ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE                                       | 2  |
| ITEM 3. KEY INFORMATION   | 2  |
| ITEM 4. INFORMATION ON THE COMPANY  | 26 |
| ITEM 4A. UNRESOLVED STAFF COMMENTS  | 40 |
| ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS                                  | 40 |
| ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES                                    | 60 |
| ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS                             | 63 |
| ITEM 8. FINANCIAL INFORMATION   | 67 |
| ITEM 9. THE OFFER AND LISTING   | 68 |
| ITEM 10. ADDITIONAL INFORMATION   | 69 |
| ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK                   | 77 |
| ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES                       | 77 |
| PART II   | 78 |
| ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES                              | 78 |
| ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS | 78 |
| ITEM 15. CONTROLS AND PROCEDURES  | 78 |
| ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT  | 79 |
| ITEM 16B. CODE OF ETHICS  | 79 |
| ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES                                      | 79 |
| ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES                  | 79 |
| ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS      | 80 |
| ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT                                | 80 |
| ITEM 16G. CORPORATE GOVERNANCE  | 80 |
| ITEM 16H. MINE SAFETY DISCLOSURE  | 80 |
| PART III  | 81 |
| ITEM 17. FINANCIAL STATEMENTS   | 81 |
| ITEM 18. FINANCIAL STATEMENTS   | 81 |
| ITEM 19. EXHIBITS   | 81 |

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This annual report contains certain forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. 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 "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this annual report may include, for example, statements about:

- our ability to continue as a going concern;
- our future operating or financial results;
- our financial condition and liquidity, including our ability to pay amounts that we owe, obtain additional financing in the future to fund capital expenditures, acquisitions and other general corporate activities;
- our ability to come to a satisfactory resolution with our lenders in our ongoing debt restructuring process;
- our ability to pay dividends in the future;
- shipping industry trends, including charter rates and factors affecting vessel supply and demand;
- future, pending or recent acquisitions and disposition, business strategy, areas of possible expansion or contraction, and expected capital spending or operating expenses;
- the useful lives and changes in the value of our vessels and their impact on our compliance with loan covenants;
- availability of crew, number of off-hire days, classification survey requirements and insurance costs;
- global and regional economic and political conditions;
- our ability to leverage the relationships and reputation in the dry bulk shipping industry of V.Ships Greece Ltd., or V.Ships Greece, and Fidelity Marine Inc., or Fidelity;
- changes in seaborne and other transportation patterns;
  - changes in governmental rules and regulations or actions taken by regulatory authorities;
- potential liability from future litigation and incidents involving our vessels;
- acts of terrorism and other hostilities;
- the number of newbuildings under construction in the dry bulk industry;
- future charter hire rates and vessel values;
- loss of our customers, charters or vessels;
- the aging of our fleet and increases in operating costs;
- damage to our vessels; and
- other factors discussed in "Item 3.D. Risk Factors."

The forward-looking statements contained in this annual report 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 "Item 3.D. 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.

## PART I

References in this annual report to "Seanergy," "we," "us," "our company" or "Company" refer to Seanergy Maritime Holdings Corp. and its subsidiaries, but, if the context otherwise requires, may refer only to Seanergy Maritime Holdings Corp. References in this annual report to "Seanergy Maritime" refer to our predecessor, Seanergy Maritime Corp. References in this annual report to "BET" refer to our former wholly-owned subsidiary Bulk Energy Transport (Holdings) Limited. References in this annual report to "MCS" refer to our wholly-owned subsidiary Maritime Capital Shipping Limited.

### ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

### ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

### ITEM 3. KEY INFORMATION

#### A. Selected Financial Data

The following table sets forth our selected consolidated financial data. The selected consolidated financial data in the table as of December 31, 2014, 2013, 2012, 2011 and 2010 are derived from our audited consolidated financial statements and notes thereto which have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). The following data should be read in conjunction with Item 5. "Operating and Financial Review and Prospects", the consolidated financial statements and related notes included elsewhere in this annual report.



Edgar Filing: Seanergy Maritime Holdings Corp. - Form 20-F/A

Amounts in the tables below are in thousands of U.S. dollars, except for share and per share data.

|  | Year Ended December 31, |            |            |            |           |
|--|-------------------------|------------|------------|------------|-----------|
|  | 2014                    | 2013       | 2012       | 2011       | 2010      |
| Statement of Income Data:  |                         |            |            |            |           |
| Vessel revenue, net  | 2,010                   | 23,079     | 55,616     | 104,060    | 95,856    |
| Direct voyage expenses   | (1,274 )                | (8,035 )   | (13,587 )  | (2,541 )   | (2,399 )  |
| Vessel operating expenses  | (1,006 )                | (11,086 )  | (26,983 )  | (34,727 )  | (30,667 ) |
| Voyage expenses - related party                                      | (24 )                   | (313 )     | (532 )     | (661 )     | (434 )    |
| Management fees - related party                                      | (122 )                  | (743 )     | (1,625 )   | (2,415 )   | (2,328 )  |
| Management fees  | -                       | (194 )     | (588 )     | (576 )     | (316 )    |
| General and administration expenses                                  | (2,987 )                | (3,966 )   | (6,337 )   | (8,070 )   | (7,606 )  |
| General and administration expenses - related party                  | (309 )                  | (412 )     | (402 )     | (603 )     | (697 )    |
| Loss on bad debts  | (38 )                   | -          | (327 )     | -          | -         |
| Amortization of deferred dry-docking costs                           | -                       | (232 )     | (3,648 )   | (7,313 )   | (3,657 )  |
| Depreciation   | (3 )                    | (982 )     | (15,606 )  | (28,856 )  | (29,328 ) |
| Loss on sale of vessels  | -                       | -          | (15,590 )  | -          | -         |
| Impairment loss for goodwill   | -                       | -          | (4,365 )   | (12,910 )  | -         |
| Impairment loss for vessels and deferred charges                     | -                       | (3,564 )   | (147,143 ) | (188,995 ) | -         |
| Gain on disposal of subsidiaries                                     | -                       | 25,719     | -          | -          | -         |
| Gain on restructuring  | 85,563                  | -          | -          | -          | -         |
| Operating income (loss)  | 81,810                  | 19,271     | (181,117 ) | (183,607 ) | 18,424    |
| Interest and finance costs   | (1,463 )                | (8,389 )   | (12,480 )  | (13,482 )  | (12,931 ) |
| Interest income  | 14                      | 13         | 59         | 60         | 358       |
| Loss on interest rate swaps  | -                       | (8 )       | (189 )     | (641 )     | (4,164 )  |
| Foreign currency exchange (losses) gains, net                        | (13 )                   | 19         | (43 )      | (46 )      | 14        |
| Net income / (loss) before taxes                                     | 80,348                  | 10,906     | (193,770 ) | (197,716 ) | 1,701     |
| Income taxes   | -                       | 1          | 2          | (40 )      | (60 )     |
| Net income / (loss)  | 80,348                  | 10,907     | (193,768 ) | (197,756 ) | 1,641     |
| Less: Net income attributable to the noncontrolling interest         | -                       | -          | -          | -          | (1,509 )  |
| Net income / (loss) attributable to Seanergy Maritime Holdings Corp. | 80,348                  | 10,907     | (193,768 ) | (197,756 ) | 132       |
| Net income / (loss) per common share                                 |                         |            |            |            |           |
| Basic and diluted  | 6.01                    | 0.91       | (16.74 )   | (27.04 )   | 0.02      |
| Weighted average common shares outstanding                           |                         |            |            |            |           |
| Basic  | 13,364,723              | 11,958,140 | 11,576,576 | 7,314,636  | 5,861,129 |
| Diluted  | 13,364,750              | 11,959,276 | 11,576,576 | 7,314,636  | 5,861,129 |
| Dividends declared per share   | -                       | -          | -          | -          | -         |

As of December 31,

|                      | 2014 | 2013  | 2012   | 2011    | 2010    |         |
|----------------------|------|-------|--------|---------|---------|---------|
| Balance Sheet Data:  |      |       |        |         |         |         |
| Total current assets |      | 3,207 | 66,350 | 52,086  | 43,432  | 68,459  |
| Vessels, net         |      | -     | -      | 68,511  | 381,129 | 597,372 |
| Total assets         |      | 3,268 | 66,350 | 120,960 | 436,476 | 696,401 |

Edgar Filing: Seanergy Maritime Holdings Corp. - Form 20-F/A

|  |       |           |           |         |         |
|--|-------|-----------|-----------|---------|---------|
| Total current liabilities, including current portion of long-term debt | 592   | 157,045   | 222,577   | 58,697  | 72,791  |
| Long-term debt, net of current portion                                 | -     | -         | -         | 300,586 | 346,168 |
| Common stock   | 2     | 1         | 1         | 1       | 1       |
| Total equity / (deficit)   | 2,676 | (90,695 ) | (101,617) | 76,923  | 274,665 |

3

---

|   | Year Ended December 31, |         |          |          |          |
|---|-------------------------|---------|----------|----------|----------|
|   | 2014                    | 2013    | 2012     | 2011     | 2010     |
| Cash Flow Data:                                     |                         |         |          |          |          |
| Net cash (used in) provided by operating activities | (14,858 )               | 1,030   | 2,418    | 26,439   | 31,537   |
| Net cash provided by investing activities           | 105,895                 | 993     | 55,402   | -        | 7,885    |
| Net cash used in financing activities               | (91,239 )               | (3,246) | (71,256) | (62,492) | (49,242) |

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Some of the following risks relate principally to the industry in which we operate and our business in general. If any of the following risks occur, our business, financial condition, operating results and cash flows could be materially adversely affected and the trading price of our securities could decline.

Industry Specific Risk Factors

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

In March 2015, we acquired a second hand Capesize vessel, and we may acquire additional vessels in the future. A delay in the delivery of any of these vessels to us or the failure of the contract counterparty to deliver a vessel at all could cause us to breach our obligations under a related time charter and could adversely affect our earnings, our financial condition and the amount of dividends, if any, that we pay in the future. The delivery of these vessels could be delayed or certain events may arise which could result in us not taking delivery of a vessel, such as a total loss of a vessel, a constructive loss of a vessel, or substantial damage to a vessel prior to delivery. In addition, the delivery of any of these vessels with substantial defects could have similar consequences.

The market values of vessels we may acquire in the future may decrease, which could limit the amount of funds that we can borrow or trigger certain financial covenants under our future credit facilities and we may incur a loss if we sell vessels following a decline in their market value.

The fair market values of vessels we may acquire in the future are related to prevailing freight charter rates. While the fair market value of vessels and the freight charter market have a very close relationship as the charter market moves from trough to peak, the time lag between the effect of charter rates on market values of ships can vary. A decrease in the market value of vessels we may acquire in the future would require us to raise additional capital in order to remain compliant with our future loan covenants, and could result in the loss of vessels we may acquire in the future and adversely affect our earnings and financial condition.

The fair market value of vessels we may acquire in the future may increase and decrease depending on a number of factors including:

- prevailing level of charter rates;
- general economic and market conditions affecting the shipping industry;
- types and sizes of vessels;
- supply and demand for vessels;
- other modes of transportation;
- cost of newbuildings;

4

---

- governmental and other regulations; and
- technological advances.

In addition, as vessels grow older, they generally decline in value. If the fair market value of vessels we may acquire in the future declines, we may not be in compliance with certain security margin covenants of our future credit facilities. We expect that we will enter into more secured credit facilities in connection with the future acquisition of vessels. For more information regarding our current Alpha Bank loan facility, please see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Credit Facilities."

In addition, if we sell any of the vessels we may acquire in the future at a time when prices are depressed, we could incur a loss and our business, results of operations, cash flow and financial condition could be adversely affected. If we sell vessels at a time when vessel prices have fallen and before we have recorded an impairment adjustment to our financial statements, the sale may be at less than the vessel's carrying amount in our financial statements, resulting in a loss and a reduction in earnings. For example, in April 2013, the sale of the African Oryx, a Handysize bulk carrier, to an unrelated third party for \$4.1 million resulted in an impairment loss of \$0.9 million recorded in the first quarter of 2013.

Charter hire rates for dry bulk carriers are highly volatile and remain significantly below the highs of 2008, which has adversely affected our revenues, earnings and profitability and our ability to pay dividends in the future.

The abrupt and dramatic downturn in the dry bulk charter market, from which we have derived substantially all of our revenues, has severely affected the dry bulk shipping industry and has harmed our business. The Baltic Dry Index, or BDI, declined from a high of 11,793 in May 2008 to a low of 647 in February 2012, which represents a decline of 95%. Over the comparable period of May 2008 through February 2012, the high and low of the Baltic Capesize Index, the Baltic Panamax Index, the Baltic Supramax Index and the Baltic Handysize Index represent declines of 96%, 96%, 94% and 92%, respectively. Since 2008, the BDI has remained volatile. In 2014, the BDI ranged from a low of 723 on July 22, 2014 to a high of 2,113 on January 02, 2014, and to date in 2015, has ranged from a low of 509 on February 18, 2015 to a high of 771 on January 02, 2015. The decline and volatility in charter rates have been due to various factors, including the lack of trade financing for purchases of commodities carried by sea, which resulted in a significant decline in cargo shipments, trade disruptions caused by natural disasters, and increased vessel deliveries. Dry bulk charter rates are at depressed levels and may decline further. These circumstances, which result from the economic situation worldwide and the multiple disruptions to the operation of global credit markets, have had a number of adverse consequences for dry bulk shipping, including, among other developments:

- decrease in available financing for vessels;
- sharp decline in charter rates, particularly for vessels employed in the spot market;
- charterers seeking to renegotiate the rates for existing time charters;
- widespread loan covenant defaults in the dry bulk shipping industry due to the substantial decrease in vessel values; and
- declaration of bankruptcy by some operators, charterers and ship owners.

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.

An over-supply of drybulk carrier capacity may prolong or further depress the current low charter rates and, in turn, adversely affect our profitability.

Fluctuations in charter rates and vessel values result from changes in the supply and demand for dry bulk cargoes carried internationally at sea, including coal, iron, ore, grains and minerals. The market supply of drybulk carriers has been increasing, and the number of drybulk carriers on order was near historic highs. These newbuildings were delivered in significant numbers starting at the beginning of 2006 and continued to be delivered in significant numbers through 2014. As of the end of February 2015, newbuilding orders were placed for an aggregate of approximately 20.6% of the current global dry bulk fleet. While vessel supply will continue to be affected by the delivery of new vessels and the removal of vessels from the global fleet, either through scrapping or accidental losses, an over-supply of dry bulk carrier capacity, particularly in conjunction with the current low level of demand, could exacerbate the recent decrease in charter rates or prolong the period during which low charter rates prevail. If the current low charter rate environment persists, or a further reduction occurs, during a period when the current charters for our dry bulk carriers expire or are terminated, we may only be able to recharter vessels we may acquire in the future at reduced rates or we may not be able to charter them at all. Because 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 could influence demand for seaborne transportation of cargo include:

- demand for and production of dry bulk products;
- distance that cargo is to be transported 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.
- factors that influence the supply of vessel capacity include:
  - number of new vessel deliveries;
  - 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.

In addition to the prevailing and anticipated freight rates, factors that affect the rate of newbuilding, scrapping and laying-up include newbuilding prices, secondhand vessel values in relation to scrap prices, costs of bunkers and other operating costs, costs associated with classification society surveys, maintenance and insurance coverage, the efficiency and age profile of the existing dry bulk fleet in the market and government and industry regulations of maritime transportation practices, particularly environmental protection laws and regulations. These factors influencing the supply and demand for shipping capacity are outside of our control, and we may not be able to correctly assess the nature, timing and degree of changes in industry conditions.

We anticipate that the future demand for vessels we may acquire in the future will be dependent upon continued economic growth in the world's economies, including China and India, seasonal and regional changes in demand, changes in the capacity of the world's dry bulk carrier fleet and the sources and supply of cargo to be transported by sea. If the global vessel capacity increases in the dry bulk shipping market, but the demand for vessel capacity in this market does not increase or increases at a slower rate, the charter rates could materially decline, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.



If economic conditions throughout the world do not improve, it will impede our results of operations, financial condition and cash flows, and could cause the market price of our common shares to decline.

Negative trends in the global economy that emerged in 2008 continue to adversely affect global economic conditions. In addition, the world economy continues to face a number of new challenges, including uncertainty related to the continuing discussions in the United States regarding the federal debt ceiling and recent turmoil and hostilities in the Middle East, North Africa and other geographic areas and countries and continuing economic weakness in the European Union. The deterioration in the global economy has caused, and may continue to cause, a decrease in worldwide demand for certain goods and, thus, shipping. We cannot predict how long the current market conditions will last. However, recent and developing economic and governmental factors, together with the concurrent decline in charter rates and vessel values, have had a material adverse effect on our results of operations, financial condition and cash flows, have caused the price of our common shares to decline and could cause the price of our common shares to decline further.

The United States, the European Union and other parts of the world have recently been or are currently in a recession and continue to exhibit weak economic trends. The credit markets in the United States and Europe have experienced significant contraction, deleveraging and reduced liquidity, and the U.S. federal and state governments and European authorities have implemented and are considering a broad variety of governmental action and/or new regulation of the financial markets and may implement additional regulations in the future. Securities and futures markets and the credit markets are subject to comprehensive statutes, regulations and other requirements. The SEC, other regulators, self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies, and may effect changes in law or interpretations of existing laws. Global financial markets and economic conditions have been, and continue to be, volatile. Credit markets and the debt and equity capital markets have been distressed and the uncertainty surrounding the future of the global credit markets has resulted in reduced access to credit worldwide.

Continued economic slowdown in the Asia Pacific region, particularly in China, may exacerbate the effect on us of the recent slowdown in the rest of the world. Before the global economic financial crisis that began in 2008, China had one of the world's fastest growing economies in terms of gross domestic product, or GDP, which had a significant impact on shipping demand. The growth rate of China's GDP is estimated to have decreased to approximately 7.4% for the year ended December 31, 2014, which is China's lowest growth rate for the past five years, and continues to remain below pre-2008 levels. China has recently imposed measures to restrain lending, which may further contribute to a slowdown in its economic growth. It is possible that China and other countries in the Asia Pacific region will continue to experience slowed or even negative economic growth in the near future. Moreover, the current economic slowdown in the economies of the United States, the European Union and other Asian countries may further adversely affect economic growth in China and elsewhere. Our results of operations and ability to grow our fleet would be impeded by a continuing or worsening economic downturn in any of these countries.

The instability of the euro or the inability of countries to refinance their debts could have a material adverse effect on our revenue, profitability and financial position.

As a result of the credit crisis in Europe, in particular in Greece, Cyprus, Italy, Ireland, Portugal and Spain, the European Commission created the European Financial Stability Facility, or the EFSF, and the European Financial Stability Mechanism, or the EFSM, to provide funding to Eurozone countries in financial difficulties that seek such support. In March 2011, the European Council agreed on the need for Eurozone countries to establish a permanent stability mechanism, the European Stability Mechanism, or the ESM, which was established on September 27, 2012 to assume the role of the EFSF and the EFSM in providing external financial assistance to Eurozone countries. Furthermore, in July 2012, the European Central Bank stated its commitment to take necessary action within its



mandate in order to save the Euro. Despite these measures, concerns persist regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations and the overall stability of the euro. An extended period of adverse development in the outlook for European countries could reduce the overall demand for drybulk cargoes and for our services. These potential developments, or market perceptions concerning these and related issues, could affect our financial position, results of operations and cash flow.

Disruptions in world financial markets and the resulting governmental action in the United States, Europe, including Cyprus, and in other parts of the world could have a material adverse impact on our results of operations, financial condition and cash flows, and could cause the market price of our common stock to further decline.

In recent years, the United States, Europe, and other parts of the world exhibited deteriorating economic trends and significant contraction, de-leveraging and reduced liquidity of the credit markets. The United States federal government and state governments, the European Union, and other foreign governments have implemented and are continuing to implement a broad variety of governmental action and/or new regulation of the financial markets. Securities and futures markets and the credit markets are subject to comprehensive statutes, regulations and other requirements. The Securities and Exchange Commission, or the Commission, other regulators, self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies, and may effect changes in law or interpretations of existing laws.

7

---

A number of financial institutions experienced serious financial difficulties and, in some cases, have entered bankruptcy proceedings or are in regulatory enforcement actions. These difficulties have resulted, in part, from declining markets for assets held by such institutions, particularly the reduction in the value of their mortgage and asset-backed securities portfolios. These difficulties have been compounded by a general decline in the willingness by banks and other financial institutions to extend credit or refinance our debt. In addition, these difficulties may adversely affect the financial institutions that provide our credit facilities and may impair their ability to continue to perform under their financing obligations to us, which could have an impact on our ability to fund current and future obligations.

For example, on March 25, 2013, two of our former credit facilities with CPB, one of Cyprus's largest banks, with outstanding indebtedness of \$138.8 million, were taken over by Piraeus Bank S.A., or Piraeus Bank. As part of the Cypriot international bail-in plan, Piraeus Bank took over the operations of the Cypriot Banks in Greece, including CPB. Our loan facilities and operating accounts were transferred to Piraeus Bank, with whom we concluded the process of restructuring our outstanding indebtedness.

In addition, the world economy is currently facing a number of other challenges. This includes (i) uncertainty related to the European sovereign debt crisis and certain countries' ability to refinance their sovereign debt, such as Greece, Spain, Portugal, Ireland, and Italy, (ii) uncertainty related to the course of the economic recovery in the United States and (iii) the possibility of an economic slowdown in Asian economies such as China, Japan and South Korea.

We face risks attendant to changes in economic environments, changes in interest rates, and instability in the banking and securities markets around the world, among other factors. Major market disruptions and the current adverse changes in market conditions and regulatory climate in the United States and worldwide may adversely affect our business or impair our ability to borrow amounts under our credit facilities or any future financial arrangements. We cannot predict how long the current market conditions will last. However, these recent and developing economic and governmental factors, together with the concurrent decline in charter rates and vessel values, may have a material adverse effect on our results of operations, financial condition or cash flows, could cause the trading price of our common shares on the NASDAQ Capital Market to decline precipitously and could cause the price of our common shares to continue to decline or impair our ability to make distributions to our shareholders.

We maintain cash with a limited number of financial institutions including financial institutions that may be located in Greece, which will subject us to credit risk.

We maintain all of our cash with a limited number of financial institutions, including institutions that are located in Greece. These financial institutions located in Greece may be subsidiaries of international banks or Greek financial institutions. Economic conditions in Greece have been, and continue to be, severely disrupted and volatile, and as a result of sovereign weakness, Moody's Investor Services Inc. has downgraded the bank financial strength ratings, as well as the deposit and debt ratings, of several Greek banks to reflect their weakening stand-alone financial strength and the anticipated additional pressures stemming from the country's challenged economic prospects.

Changes in the economic and political environment in China and policies adopted by the government to regulate its economy may have a material adverse effect on our business, financial condition and results of operations.

The Chinese economy differs from the economies of most countries belonging to the Organization for Economic Cooperation and Development, 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. Annual and five-year state plans are adopted by the Chinese government in connection with the development of the economy. Although

state-owned enterprises still account for a substantial portion of the Chinese industrial output, in general, the Chinese government is reducing the level of direct control that it exercises over the economy through state plans and other measures. 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. Limited price reforms were undertaken with the result that prices for certain commodities are principally determined by market forces. Many of the reforms are unprecedented or experimental and may be subject to revision, change or abolition based upon the outcome of such experiments. If the Chinese government does not 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 by the Chinese government, 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, operating results and financial condition.

Risks involved with operating ocean-going vessels could affect our business and reputation, which would adversely affect our revenues and expenses.

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.

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. Further, fuel may become much more expensive in the future, which may reduce the profitability and competitiveness of our business versus other forms of transportation, such as truck or rail.

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

We may employ vessels we acquire in the future on the spot charter market. Spot charter contracts generally provide that the vessel owner bears the cost of fuel in the form of bunkers, which is a material operating expense. We do not intend to hedge our fuel costs thus an increase in the price of fuel beyond our expectations may affect in a negative way our profitability and our cash flows.

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 vessels we acquire in the future on the spot charter market. 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. When we spot charter vessels we may acquire in the future, there can be no assurance that we will be successful in keeping all the vessels fully employed in these short-term markets or that future spot rates will be sufficient to enable the vessels to be operated profitably. A significant decrease in charter rates could affect the value of our fleet and could adversely affect our profitability and cash flows with the result that our ability to pay debt service to our lenders could be further impaired.

Our operations are subject to seasonal fluctuations, which could affect our operating results and ability to service our debt or pay dividends in the future.

We will operate vessels we may acquire in the future in markets that have historically exhibited seasonal variations in demand and, as a result, in charter hire rates. To the extent we operate vessels in the spot market, this seasonality may

result in quarter-to-quarter volatility in our operating results. The dry bulk carrier market is typically stronger in the fall and winter months in anticipation of increased consumption of coal and other raw materials in the northern hemisphere during the winter months. In addition, unpredictable weather patterns in these months tend to disrupt vessel schedule and supplies of certain commodities. As a result, our revenues may be weaker during the fiscal quarters ending June 30 and September 30, and, conversely, our revenues may be stronger in fiscal quarters ending December 31 and March 31. While this seasonality will not affect our operating results as long as our fleet is employed on period time charters, if our vessels are employed in the spot market in the future, seasonality may materially affect our operating results.

9

---

Vessels we may acquire in the future may call on ports located in countries that are subject to restrictions imposed by the United States, the European Union or other governments that could adversely affect our reputation and the market price of our common stock.

From time to time, on charterers' instructions, vessels may call on ports located in countries subject to sanctions and embargoes imposed by the U.S. government and countries identified by the U.S. government as state sponsors of terrorism including Cuba, Iran, Sudan and Syria. The U.S. sanctions and embargo laws and regulations vary in their application, as they do not all apply to the same covered persons or proscribe the same activities, and such sanctions and embargo laws and regulations may be amended or strengthened over time. In 2010, the U.S. enacted the Comprehensive Iran Sanctions Accountability and Divestment Act, or CISADA, which expanded the scope of the former Iran Sanctions Act. Among other things, CISADA expanded the application of the prohibitions to additional activities of non-U.S. companies and introduced limits on the ability of companies and persons to do business or trade with Iran when such activities relate to the investment, supply or export of refined petroleum or petroleum products. In addition, in 2012, President Obama signed Executive Order 13608 which prohibits foreign persons from violating or attempting to violate, or causing a violation of any sanctions in effect against Iran or facilitating any deceptive transactions for or on behalf of any person subject to U.S. sanctions. Any persons found to be in violation of Executive Order 13608 will be deemed a foreign sanctions evader and will be banned from all contacts with the United States, including conducting business in U.S. dollars. Also in 2012, President Obama signed into law the Iran Threat Reduction and Syria Human Rights Act of 2012, or the Iran Threat Reduction Act, which created new sanctions and strengthened existing sanctions. Among other things, the Iran Threat Reduction Act intensifies existing sanctions regarding the provision of goods, services, infrastructure or technology to Iran's petroleum or petrochemical sector. The Iran Threat Reduction Act also includes a provision requiring the President of the United States to impose five or more sanctions from Section 6(a) of the Iran Sanctions Act, as amended, on a person the President determines is a controlling beneficial owner of, or otherwise owns, operates, or controls or insures a vessel that was used to transport crude oil from Iran to another country and (1) if the person is a controlling beneficial owner of the vessel, the person had actual knowledge the vessel was so used or (2) if the person otherwise owns, operates, or controls, or insures the vessel, the person knew or should have known the vessel was so used. Such a person could be subject to a variety of sanctions, including exclusion from U.S. capital markets, exclusion from financial transactions subject to U.S. jurisdiction, and exclusion of that person's vessels from U.S. ports for up to two years.

On November 24, 2013, the P5+1 (the United States, United Kingdom, Germany, France, Russia and China) entered into an interim agreement with Iran entitled the "Joint Plan of Action" ("JPOA"). Under the JPOA it was agreed that, in exchange for Iran taking certain voluntary measures to ensure that its nuclear program is used only for peaceful purposes, the U.S. and E.U. would voluntarily suspend certain sanctions for a period of six months.

On January 20, 2014, the U.S. and E.U. indicated that they would begin implementing the temporary relief measures provided for under the JPOA. These measures include, among other things, the suspension of certain sanctions on the Iranian petrochemicals, precious metals, and automotive industries from January 20, 2014 until July 20, 2014. The U.S. initially extended the JPOA until November 24, 2014, and has since extended it until June 30, 2015. These regulations and U.S. sanctions may be amended over time, and the U.S. retains the authority to revoke the aforementioned relief if Iran fails to meet its commitments under the JPOA.

Although it is our intention to comply with the provisions of the JPOA, there can be no assurance that we will be in compliance in the future as such regulations and U.S. Sanctions may be amended over time, and the U.S. retains the authority to revoke the aforementioned relief if Iran fails to meet its commitments under the JPOA.

We believe that we are currently in compliance with all applicable sanctions and embargo laws and regulations. In order to maintain compliance, we are monitoring and reviewing the movement of our vessels on a frequent basis. During 2013, two of our chartered vessels made two port calls to Iran, representing approximately 1.4% of the

approximately 140 total calls on worldwide ports made by our vessels during 2013. These two port calls occurred while the respective vessels were chartered to third parties and operated at the instructions of the charterers or sub-charterers. During 2014, none of our chartered vessels made port calls to Iran.

All or most of our future charters shall include provisions and trade exclusion clauses prohibiting the vessels from calling on ports where there is an existing U.S embargo. Furthermore as of the date hereof, neither the Company nor its subsidiaries have ever entered into or have any future plans to enter into, directly or indirectly, any contracts, agreements or other arrangements with the governments of Iran, Syria, Sudan or Cuba or any entities controlled by the governments of these countries, including any entities organized in these countries.

Due to the nature of our business and the evolving nature of the foregoing sanctions and embargo laws and regulations, there can be no assurance that we will be in compliance at all times in the future, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations. Any such violation could result in fines, penalties or other sanctions that could severely impact our ability to access U.S. capital markets and conduct our business, and could result in some investors deciding, or being required, to divest their interest, or not to invest, in us. In addition, certain institutional investors may have investment policies or restrictions that prevent them from holding securities of companies that have contracts with countries identified by the U.S. government as state sponsors of terrorism. The determination by these investors not to invest in, or to divest from, our common stock may adversely affect the price at which our common stock trades. Moreover, our charterers may violate applicable sanctions and embargo laws and regulations as a result of actions that do not involve us or our vessels, and those violations could in turn negatively affect our reputation. In addition, our reputation and the market for our securities may be adversely affected if we engage in certain other activities, such as entering into charters with individuals or entities in countries subject to U.S. sanctions and embargo laws that are not controlled by the governments of those countries, or engaging in operations associated with those countries pursuant to contracts with third parties that are unrelated to those countries or entities controlled by their governments. Investor perception of the value of our common stock may be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in these and surrounding countries.

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 vessels we may acquire in the future 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 the vessels operate, as well as in the country or countries of their registration, including those governing oil spills, discharges to air and water, ballast water management, and the handling and disposal of hazardous substances and wastes. These requirements include, but are not limited to, European Union Regulations, the U.S. Oil Pollution Act of 1990, or OPA, the U.S. Comprehensive Environmental Response, Compensation and Liability Act of 1980, or CERCLA, the U.S. Clean Air Act, U.S. Clean Water Act and the U.S. Marine Transportation Security Act of 2002, and regulations of the International Maritime Organization, or the IMO, including but not limited to, the International Convention for the Prevention of Pollution from Ships of 1975, the International Convention for the Prevention of Marine Pollution of 1973, the IMO International Convention for the Safety of Life at Sea of 1974 and the International Convention on Load Lines of 1966. We may also incur additional costs in order to comply with other existing and future regulatory obligations, including, but not limited to, costs relating to air emissions including greenhouse gases, the management of ballast water, maintenance and inspection, development and implementation of emergency procedures and insurance coverage or other financial assurance of our ability to address pollution incidents. Furthermore, the explosion of the Deepwater Horizon and the subsequent release of oil into the Gulf of Mexico, or other events, may result in further regulation of the shipping industry, and modifications to statutory liability schemes, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. These costs could have a material adverse effect on our business, results of operations, cash flows and financial condition and our available cash. 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 price or useful life of vessels we may acquire in the future. Additional conventions, laws and regulations may be adopted which could limit our ability to do business or increase the cost of our doing business and which may materially adversely affect our operations. We are required by various governmental and quasi-governmental agencies to obtain certain permits, licenses and certificates with respect to our operations.

Increased inspection procedures, tighter import and export controls and new security regulations could increase costs and disrupt our business.



International shipping is subject to security and customs inspection and related procedures in countries of origin, destination and trans-shipment points. Since the events of September 11, 2001, there have been a variety of initiatives intended to enhance vessel security, such as the Maritime Transportation Security Act of 2002, or MTSA. 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. These security procedures can result in delays in the loading, discharging or trans-shipment and the levying of customs duties, fines or other penalties against exporters or importers and, in some cases, carriers. Future changes to the existing security procedures may be implemented that could affect the dry bulk sector. These changes have the potential to impose additional financial and legal obligations on carriers and, in certain cases, to render the shipment of certain types of goods uneconomical or impractical. These additional costs could reduce the volume of goods shipped, resulting in a decreased demand for vessels and have a negative effect on our business, revenues and customer relations.

Acts of piracy on ocean-going vessels have recently increased in frequency, which could adversely affect our business.

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the South China Sea, the Indian Ocean and in the Gulf of Aden off the coast of Somalia. Although the frequency of sea piracy worldwide decreased during 2012 and 2013 to its lowest level since 2009, sea piracy incidents continue to occur, particularly in the Gulf of Aden off the coast of Somalia and increasingly in the Gulf of Guinea and the West Coast of Africa, with drybulk vessels particularly vulnerable to such attacks. If these piracy attacks result in regions in which vessels we may acquire in the future are deployed being characterized as "war risk" zones by insurers, as the Gulf of Aden temporarily was in May 2008, or Joint War Committee "war and strikes" listed areas, premiums payable for such coverage could increase significantly and such insurance coverage may be more difficult to obtain. In addition, crew costs, including due to employing onboard security guards, could increase in such circumstances. Furthermore, while we believe the charterer remains liable for charter payments when a vessel is seized by pirates, the charterer may dispute this and withhold charter hire until the vessel is released. A charterer may also claim that a vessel seized by pirates was not "on-hire" for a certain number of days and is therefore entitled to cancel the charter party, a claim that we would dispute. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on us. In addition, any detention hijacking as a result of an act of piracy against our vessels, or an increase in cost, or unavailability, of insurance for our vessels, could have a material adverse impact on our business, financial condition and results of operations.

World events could affect our results of operations and financial condition.

Past terrorist attacks, as well as the threat of future terrorist attacks around the world, continue to cause uncertainty in the world's financial markets and may affect our business, operating results, and financial condition. Continuing conflicts and recent developments in Russia, Ukraine, the Korean Peninsula, the Middle East, including Egypt, and North Africa, and the presence of U.S. and other armed forces in the Middle East, 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 adversely affect 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 the Gulf of Aden off the coast of Somalia. Any of these occurrences could have a material adverse impact on our operating results.

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 unique 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 discharging 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 discharging procedures may affect a vessel's seaworthiness while at sea. Hull fractures in dry bulk carriers may lead to the flooding of the vessels' holds. If a dry bulk carrier suffers flooding in her 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 negatively impact our business, financial condition, results of operations and our ability to pay dividends in the future.

If any of the vessels we may acquire in the future fails to maintain its class certification and/or fails any annual survey, intermediate survey, or special survey, or if any scheduled class survey takes longer or is more expensive than

anticipated, this could have a material adverse impact on our financial condition and results of operations.

The hull and machinery of every commercial vessel must be certified by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and the International Convention for the Safety of Life at Sea, or SOLAS.

A vessel must undergo annual, intermediate and special surveys. The vessel's machinery may be on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. At the beginning, in between and in the end of this cycle, every vessel is required to undergo inspection of her underwater parts that usually includes dry-docking. These surveys and dry-dockings can be costly and can result in delays in returning a vessel to operation. We did not incur any surveys costs in 2014.

If any vessel does not maintain its class, the vessel will not be allowed to carry cargo between ports and cannot be employed or insured. 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 seafaring employees we may employ in the future 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 future vessel-owning subsidiaries shall 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 vessels we may acquire in the future, which could interrupt our 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 the vessels we may acquire in the future 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 vessels we may acquire in the future for claims relating to another of our vessels.

Governments could requisition vessels we may acquire in the future during a period of war or emergency, resulting in loss of earnings.

A government could requisition for title or seize vessels we may acquire in the future. Requisition for title occurs when a government takes control of a vessel and becomes the owner. Also, a government could requisition vessels we may acquire in the future 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 vessels we may acquire in the future could have a material adverse effect on our financial condition and results of operations.

The shipping industry has inherent operational risks that may not be adequately covered by our insurance.

We procure insurance for our fleet against risks commonly insured against by vessel owners and operators. Our current insurance includes hull and machinery insurance, war risks insurance and protection and indemnity insurance (which includes environmental damage and pollution). We may not be adequately insured against all risks or our insurers may not pay a particular claim. Even if our insurance coverage is adequate to cover our losses, we may not be able to timely obtain a replacement vessel in the event of a loss. Furthermore, in the future, we may not be able to obtain adequate insurance coverage at reasonable rates for our fleet. We may also be subject to calls, or premiums, in amounts based not only on our own claim records but also the claim records of all other members of the protection and indemnity associations through which we receive indemnity insurance coverage for tort liability. Our insurance policies also contain deductibles, limitations and exclusions which, although we believe are standard in the shipping industry, may nevertheless increase our costs.

Company Specific Risk Factors

Our independent auditors have expressed doubt about our ability to continue as a going concern. The existence of such report may adversely affect our stock price, our business relationships and our ability to raise capital. There is no assurance that we will not receive a similar report for the year ended December 31, 2015.

Our financial statements have been prepared assuming that we will continue as a going concern and do not include any adjustments that might be necessary if we are unable to continue as a going concern. Accordingly, the financial statements did not include any adjustments relating to the recoverability and classification of recorded asset amounts, the amounts and classification of liabilities, or any other adjustments that might result in the event we are unable to continue as a going concern, except for the current classification of debt. However, there are material uncertainties related to events or conditions which raise substantial doubt on our ability to continue as a going concern and, therefore, we may be unable to realize our assets and discharge our liabilities in the normal course of business.

Our independent registered public accounting firm has issued their opinion with an explanatory paragraph in connection with our audited financial statements included in this annual report that expresses substantial doubt about our ability to continue as a going concern. Following our restructuring, the Company has initiated a process of reviewing the market in order to identify suitable vessel acquisitions. We expect to finance these acquisitions with equity provided through capital markets transactions and our shareholders and/or new loan arrangements. Although we believe that as a result of our acquisition efforts, we may overcome such doubt in the future, we cannot provide any assurance that we will in fact operate our business profitably or obtain sufficient financing to sustain our business, generate sufficient revenue and operating cash flow. Accordingly, there can be no assurance that our independent registered public accounting firm's report on our future financial statements for any future period will not include a similar explanatory paragraph if we are unable to successfully implement our acquisition plan. Ernst & Young's, or any successor's expression of such doubt or our inability to overcome the factors leading to such doubt could have a material adverse effect on our stock price, our business relationships and ability to raise capital and therefore could have a material adverse effect on our business and financial prospects.

If we fail to manage our planned growth properly, we may not be able to successfully expand our market share.

We intend to acquire vessels in the future. Our future growth will primarily depend on our ability to:

- generate excess cash flow so that we can invest without jeopardizing our ability to cover current and foreseeable working capital needs (including debt service);
- raise equity and obtain required financing for our existing and new operations;
- locate and acquire suitable vessels;
- identify and consummate acquisitions or joint ventures;
- integrate any acquired business successfully with our existing operations;
- hire, train and retain qualified personnel and crew to manage and operate our growing business and fleet;
- enhance our customer base; and
- manage expansion.

Growing any business by acquisition presents numerous risks such as undisclosed liabilities and obligations, difficulty in obtaining additional qualified personnel, managing relationships with customers and suppliers and integrating newly acquired operations into existing infrastructures. We may not be successful in executing our growth plans and we may incur significant additional expenses and losses in connection therewith.

Newbuilding projects are subject to risks that could cause delays.

We may enter into newbuilding contracts in connection with our vessel acquisition strategy. Newbuilding construction projects are subject to risks of delay inherent in any large construction project from numerous factors, including shortages of equipment, materials or skilled labor, unscheduled delays in the delivery of ordered materials and equipment or shipyard construction, failure of equipment to meet quality and/or performance standards, financial or operating difficulties experienced by equipment vendors or the shipyard, unanticipated actual or purported change orders, inability to obtain required permits or approvals, design or engineering changes and work stoppages and other labor disputes, adverse weather conditions or any other events of force majeure. Yards' failure to complete the project on time may result in the delay of revenue from the vessel. Any such failure or delay could have a material adverse effect on our operating results as we will continue to incur other costs to operate our business.

Purchasing and operating secondhand vessels may result in increased operating costs and vessel off-hire, which could adversely affect our earnings.

Our inspection of secondhand vessels prior to purchase does not provide us with the same knowledge about their condition and cost of any required or anticipated repairs that we would have had if these vessels had been built for and

operated exclusively by us. We will not receive the benefit of warranties on secondhand vessels.

Typically, the costs to maintain a vessel in good operating condition increase with the age of the vessel. Older vessels are typically less fuel efficient and more costly to maintain than more recently constructed vessels. Cargo insurance rates increase with the age of a vessel, making older vessels less desirable to charterers.

14

---

Governmental regulations, safety or other equipment standards related to the age of vessels may require expenditures for alterations, or the addition of new equipment, to our vessels and may restrict the type of activities in which the vessels may engage. As our vessels age, market conditions may not justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives.

We inspected our second hand vessel, which we acquired from an unrelated third party, considered the age and condition of the vessel in budgeting for its operating, insurance and maintenance costs, and if we acquire additional secondhand vessels in the future, we may encounter higher operating and maintenance costs due to the age and condition of those additional vessels.

Substantial debt levels could limit our flexibility to obtain additional financing and pursue other business opportunities.

As of December 31, 2014, we had no outstanding debt. As of the date of this annual report, we have \$8.75 million outstanding debt. However, we anticipate that we may incur significant future secured indebtedness in connection with the acquisition of vessels, although there can be no assurance that we will be successful in identifying such vessels or securing such debt financing. Significant levels of debt could have important consequences to us, including the following:

- our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may be unavailable on favorable terms;
- we may need to use a substantial portion of our cash from operations to make principal and interest payments on our debt, reducing the funds that would otherwise be available for operations, future business opportunities and any future dividends to our shareholders;
- our debt level could make us more vulnerable than our competitors with less debt to competitive pressures or a downturn in our business or the economy generally; and
- our debt level may limit our flexibility in responding to changing business and economic conditions.

Our ability to service our future indebtedness will depend upon, among other things, our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond our control, as well as the level of future interest rates applicable to our outstanding indebtedness. If our operating income is not sufficient to service our future indebtedness, we will be forced to take actions, such as reducing or delaying our business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing our debt or seeking additional equity capital. We may not be able to effect any of these remedies on satisfactory terms, or at all. In addition, a lack of liquidity in the debt and equity markets could hinder our ability to refinance our debt or obtain additional financing on favorable terms in the future.

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

The market value of our vessels has historically fluctuated significantly based on general economic and market conditions affecting the shipping industry and prevailing charter hire rates. Since the end of 2008, the market value of our vessels dropped significantly due to, among other things, the substantial decline in charter rates. During the year ended December 31, 2008, we recorded an impairment charge of \$44.8 million on goodwill and an impairment charge of \$4.5 million on our vessels. No indication of impairment existed as of December 31, 2009, or December 31, 2010. During the year ended December 31, 2011, we recorded an impairment charge of \$12.9 million on goodwill and



\$188.9 million on our vessels. During the year ended December 31, 2012, we recorded an impairment charge of \$4.4 million on goodwill and \$147.1 million on our vessels. During the year ended December 31, 2013, we recorded a net impairment charge of \$3.6 million on our vessels. We did not incur any impairment charges during the year ended December 31, 2014. 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 vessels we may acquire in the future and goodwill.

The market value of vessels we may acquire in the future may increase or decrease in the future depending on the following factors:

- economic and market conditions affecting the shipping industry in general;
- supply of dry bulk vessels, including newbuildings;
- demand for dry bulk vessels;
- scrap values;
- types, sizes and ages of vessels;
- other modes of transportation;
- competition from other shipping companies;
- cost of newbuildings;
- technological advances;
- new regulatory requirements from governments or self-regulated organizations; and
- prevailing level of charter rates.

In addition, because the market value of vessels we may acquire in the future may fluctuate significantly, we may incur losses when we sell vessels, which may adversely affect our earnings. In addition, whenever events or changes in circumstances indicate potential impairment, we test the carrying value of the vessels in our financial statements, based upon their earning capacity and remaining useful lives. Earning capacity is measured by the vessels' expected earnings under their charters. If we determine that the vessels' carrying values should be reduced, we would recognize an impairment charge on our financial statements that would result in a potentially significant charge against our earnings and a reduction in our shareholders' equity. Such impairment adjustment could also hinder our ability to raise capital. If for any reason we sell our vessels at a time when prices have fallen, the sale proceeds may be less than that vessel's carrying amount on our financial statements, and we would incur a loss and a reduction in earnings. Finally, a decline in vessel values would likely cause us to violate certain covenants in our loan agreement that require vessel values to equal or exceed a stated percentage of the amount of our loans. Such violations could result in a default under our loan agreements.

The failure of our counterparties to meet their obligations under our time charter agreements could cause us to suffer losses or otherwise adversely affect our business.

The ability and willingness of each of our counterparties to perform its obligations under a time charter agreement with us will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the dry bulk shipping industry and the overall financial condition of the counterparties. In addition, in challenging market conditions, there have been reports of charterers, including some of our charterers, renegotiating their charters or defaulting on their obligations under charter agreements and our customers may fail to pay charterhire or attempt to renegotiate charter rates. Should a counterparty fail to honor its obligations under agreements with us, it may be difficult to secure substitute employment for such vessel, and any new charter arrangements we secure in the spot market or on time charters would be at lower rates given the currently decreased charter rate levels, particularly in the dry bulk carrier market. If our charterers fail to meet their obligations to us or attempt to renegotiate our charter agreements, we could suffer significant losses which could have a material adverse effect on our business, financial condition, results of operations and cash flows, as well as our ability to pay dividends in the future and comply with covenants in our loan agreements.

Rising crew costs may adversely affect our profits.

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



The aging of a fleet we may acquire in the future may result in increased operating costs in the future, which could adversely affect our earnings.

As of the date of this annual report, we do not own a fleet of vessels. Should we proceed to acquire vessels in the future, as vessels age, they may become less fuel efficient and more costly to maintain and will not be as advanced as recently constructed vessels due to improvements in design, technology and engineering. Rates for cargo insurance, paid by charterers, also increase with the age of a vessel, making older vessels less desirable to charterers. Governmental regulations, safety or other equipment standards related to the age of vessels may require expenditures for conversions, or the addition of new equipment, to our vessels and may restrict the type of activities in which our vessels may engage. As vessels age, market conditions may not justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives.

Also, charterers actively discriminate against hiring older vessels. For example, Rightship, the ship vetting service founded by Rio Tinto and BHP-Billiton which has become the major vetting service in the dry bulk shipping industry, ranks the suitability of vessels based on a scale of one to five stars. Most major carriers will not charter a vessel that Rightship has vetted with fewer than three stars. Therefore, as vessels age, we may not be able to operate these vessels profitably during the remainder of their useful lives.

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

Vessels we may acquire in the future may suffer damage and we may face unexpected repair costs, which could adversely affect our cash flow and financial condition.

If vessels we may acquire in the future suffer damage, they may need to be repaired at a shipyard facility. The costs of repairs are unpredictable and can be substantial. The loss of earnings while our vessels are being repaired and repositioned, as well as the actual cost of these repairs, would decrease our earnings and reduce the amount of dividends in the future. We may not have insurance that is sufficient to cover all or any of these costs or losses and may have to pay repair costs not covered by our insurance.

We are exposed to U.S. Dollar and foreign currency fluctuations and devaluations that could harm our reported revenue and results of operations.

We generate all of our revenues and incur the majority of our operating expenses in U.S. Dollars, but we currently incur many of our general and administrative expenses in currencies other than the U.S. Dollar, primarily the Euro. Because such portion of our expenses is incurred in currencies other than the U.S. Dollar, our expenses may from time to time increase relative to our revenues as a result of fluctuations in exchange rates, particularly between the U.S. Dollar and the Euro, which could affect the amount of net income that we report in future periods. We may use financial derivatives to operationally hedge some of our currency exposure. Our use of financial derivatives involves certain risks, including the risk that losses on a hedged position could exceed the nominal amount invested in the instrument and the risk that the counterparty to the derivative transaction may be unable or unwilling to satisfy its contractual obligations, which could have an adverse effect on our results.

If the recent volatility in LIBOR continues, it could affect our profitability, earnings and cash flow.

LIBOR has recently been volatile, with the spread between LIBOR and the prime lending rate widening significantly at times. These conditions are the result of the recent disruptions in the international credit markets. Because the interest rates borne by our outstanding indebtedness fluctuate with changes in LIBOR, if this volatility were to continue, it would affect the amount of interest payable on our debt, which in turn, could have an adverse effect on our profitability, earnings and cash flow.

Furthermore, interest in most loan agreements in our industry has been based on published LIBOR rates. Recently, however, lenders have insisted on provisions that entitle the lenders, in their discretion, to replace published LIBOR as the base for the interest calculation with their cost-of-funds rate. If we are required to agree to such a provision in future loan agreements, our lending costs could increase significantly, which would have an adverse effect on our profitability, earnings and cash flow.

We are a holding company, and we depend on the ability of our subsidiaries to distribute funds to us in order to satisfy financial obligations or to pay dividends.

We are a holding company and our subsidiaries, which are all 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. The ability of a subsidiary to make these distributions could be affected by a claim or other action by a third party, including a creditor, and the laws of Bermuda, the British Virgin Islands, Hong Kong and the Republic of the Marshall Islands, where our vessel-owning subsidiaries are incorporated, and the laws of Liberia where some of our formerly owned subsidiaries were incorporated, which regulate the payment of dividends by companies. If we are unable to obtain funds from our subsidiaries, our board of directors may not exercise its discretion to pay dividends in the future.

In addition, the declaration and payment of dividends in the future will depend on the provisions of Marshall Islands law affecting the payment of dividends. Marshall Islands law generally prohibits the payment of dividends if the company is insolvent or would be rendered insolvent upon payment of such dividend and dividends may be declared and paid out of our operating surplus; but in this case, there is no such 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. Our ability to pay dividends in the future will also be subject to our satisfaction of certain financial covenants contained in our credit facilities and certain waivers related thereto. We may be unable to pay dividends in the anticipated amounts or at all.

If we fail to manage our growth properly, we may not be able to expand our fleet if we desire to do so, adversely affecting our overall financial position.

We may acquire vessels in the future and expand our fleet further if desirable opportunities arise. Our growth will depend on:

- locating and acquiring suitable vessels at competitive prices;
- identifying and consummating acquisitions or joint ventures;
- integrating any acquired vessels successfully with our existing operations;
- enhancing our customer base;
- managing our expansion; and
- obtaining required financing, which could include debt, equity or combinations thereof.

Growing any business by acquisition presents numerous risks such as undisclosed liabilities and obligations, difficulty experienced in obtaining additional qualified personnel, managing relationships with customers and suppliers, integrating newly acquired operations into existing infrastructures, identifying new and profitable charter opportunities for vessels, and complying with new loan covenants. We have not identified further expansion opportunities at this time, and the nature and timing of any such expansion is uncertain. We may not be successful in growing further and may incur significant expenses and losses.

We face strong competition, and we may not be able to compete for charters with new entrants or established companies with greater resources, which may adversely affect our results of operations.

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

vessel and its managers to the charterers. Due in part to the highly fragmented market, competitors with greater resources could operate larger fleets through consolidations or acquisitions that may be able to offer better prices and fleets.

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

18

---

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

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

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 one executive officer, our Chief Executive Officer and Interim Chief Financial Officer, one general counsel and a support staff of thirteen employees. Effective October 1, 2012, our current chief executive officer succeeded our former chief executive officer, effective October 1, 2013 our current Chief Executive Officer succeeded our former Chairman in his position as Chairman and effective November 1, 2013 our current Chief Executive Officer succeeded our former Chief Financial Officer as Interim Chief Financial Officer. 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 may not have adequate insurance to compensate us if we lose vessels we may acquire in the future, which may have a material adverse effect on our financial condition and results of operations.

We have procured hull and machinery insurance and protection and indemnity insurance, which include environmental damage and pollution insurance coverage and war risk insurance for our fleet. We do not expect to maintain for all of vessels we may acquire in the future insurance against loss of hire, which covers business interruptions that result from the loss of use of a vessel. We may not be adequately insured against all risks. We may not be able to obtain adequate insurance coverage for our fleet in the future. The insurers may not pay particular claims. Our insurance policies may contain deductibles for which we will be responsible and limitations and exclusions which may increase our costs or lower our revenue. Moreover, insurers may default on claims they are required to pay. Furthermore, in the future, we may not be able to obtain adequate insurance coverage at reasonable rates for vessels we may acquire in the future. 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 may be subject to litigation that, if not resolved in our favor and not sufficiently insured against, could have a material adverse effect on us.

We may be, from time to time, involved in various litigation matters. These matters may include, among other things, contract disputes, personal injury claims, environmental claims or proceedings, asbestos and other toxic tort claims, employment matters, governmental claims for taxes or duties, and other litigation that arises in the ordinary course of our business. Although we intend to defend these matters vigorously, we cannot predict with certainty the outcome or effect of any claim or other litigation matter, and the ultimate outcome of any litigation or the potential costs to resolve them may have a material adverse effect on us. Insurance may not be applicable or sufficient in all cases and/or insurers may not remain solvent which may have a material adverse effect on our financial condition.



Failure to comply with the U.S. Foreign Corrupt Practices Act could result in fines, criminal penalties, and an adverse effect on our business.

We may operate in a number of countries throughout the world, including countries known to have a reputation for corruption. We are committed to doing business in accordance with applicable anti-corruption laws and have adopted a code of business conduct and ethics which is consistent and in full compliance with the U.S. Foreign Corrupt Practices Act. We are subject, however, to the risk that we, our affiliated entities or our or their respective officers, directors, employees and agents may take action determined to be in violation of such anti-corruption laws, including the U.S. Foreign Corrupt Practices Act of 1977. Any such violation could result in substantial fines, sanctions, civil and/or criminal penalties, curtailment of operations in certain jurisdictions, and might adversely affect our business, results of operations or financial condition. In addition, actual or alleged violations could damage our reputation and ability to do business. Furthermore, detecting, investigating, and resolving actual or alleged violations is expensive and can consume significant time and attention of our senior management.

The Public Company Accounting Oversight Board is currently unable to inspect the audit work and practices of auditors operating in Greece, including our auditor.

Auditors of U.S. public companies are required by law to undergo periodic Public Company Accounting Oversight Board, or PCAOB, inspections that assess their compliance with U.S. law and professional standards in connection with the performance of audits of financial statements filed with the Commission. Certain European Union countries, including Greece, do not currently permit the PCAOB to conduct inspections of accounting firms established and operating in such European Union countries, even if they are part of major international firms. The PCAOB has concluded cooperative agreements within the European Union with the United Kingdom, Germany, the Netherlands, Spain and, most recently, Finland and France. Additionally, the PCAOB has entered into cooperative agreements with Switzerland and Norway, and with several non-European regulators in North America, the Middle East, Asia, and Australia. Accordingly, unlike for most U.S. public companies, the PCAOB is currently prevented from evaluating our auditor's performance of audits and its quality control procedures, and, unlike the shareholders of most U.S. public companies, our shareholders are deprived of the possible benefits of such inspections. The PCAOB continues to pursue additional agreements with audit oversight authorities in other European Union countries and jurisdictions around the world.

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

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

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

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

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

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

Pursuant to our management agreement with V.Ships Greece, we pay a monthly fee of \$10,800 per vessel for providing technical, support and administrative services. The management fees do not cover expenses such as voyage expenses, vessel operating expenses, maintenance expenses, crewing costs, insurance premiums, commissions and certain public company expenses such as directors' and officers' liability insurance, legal and accounting fees and

other similar third party expenses, which are reimbursed by us. The management fees are payable whether or not our vessels are employed, and regardless of our profitability, and we have no ability to require our technical managers to reduce the management fees if our profitability decreases, which could have a material adverse effect on our business, financial condition and results of operations.

20

---

The majority of the members of our shipping committee are appointees nominated by affiliates of members of the Restis family, which could create conflicts of interest detrimental to us.

Our board of directors has created a shipping committee, which has been delegated exclusive authority to consider and vote upon all matters involving shipping and vessel finance, subject to certain limitations. 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. Mr. Stamatis Tsantanis, Ms. Christina Anagnostara and Mr. Elias Culucundis currently serve on our shipping committee.

The Restis affiliate shareholders hold approximately 92.6% of our outstanding common stock which limits your ability to influence our actions.

As of the date of this annual report, the Restis affiliate shareholders own approximately 92.6% of our outstanding common stock. 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.

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

Our corporate affairs are governed by our amended and restated articles of incorporation, our amended and restated by-laws and by the Marshall Islands Business Corporations Act, or 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.

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

We are incorporated under the laws of the Republic of the Marshall Islands, and 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, you may have difficulty enforcing, both within and outside of the United States, judgments you may obtain in the United States courts against us or these persons in any action, including actions based upon the civil liability provisions of United States federal or state securities laws. There is also substantial doubt that the courts of the Republic of the Marshall Islands or Greece would enter judgments in original actions brought in those courts predicated on United States federal or state securities laws. Although you may bring an original action against us or our affiliates in the courts of the Marshall Islands based on U.S. laws, and the courts of the Marshall Islands may impose civil liability, including monetary damages, against us, or our affiliates for a cause of action arising under Marshall Islands laws, it may 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."

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.

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

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

21

---

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

If the IRS were to find that we are or have been a PFIC for any taxable year, our U.S. shareholders would face adverse U.S. federal income tax consequences and certain information reporting requirements. Under the PFIC rules, unless those shareholders make an election available under the United States Internal Revenue Code of 1986 as amended, or the Code (which election could itself have adverse consequences for such shareholders, such shareholders would be liable to pay U.S. federal income tax at the then prevailing income tax rates on ordinary income plus interest upon excess distributions and upon any gain from the disposition of their shares of our common stock, as if the excess distribution or gain had been recognized ratably over the shareholder's holding period of the shares of our common stock. See Item 10.E "Taxation – U.S. Federal Income Tax Consequences – U.S. Federal Income Taxation of U.S. Holders - Passive Foreign Investment Company Rules" for a more comprehensive discussion of the U.S. federal income tax consequences to U.S. shareholders if we are treated as a PFIC.

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 each such taxable year. Accordingly there can be no assurances regarding our status as a PFIC for any future taxable year. See the discussion in the section entitled "Taxation — U.S. Federal Income Tax Consequences — U.S. Federal Income Taxation of 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 may have to pay tax on U.S. source income, which would reduce our earnings.

Under the Code, 50% of the gross shipping income of a vessel owning or chartering corporation, such as us and our subsidiaries, that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States, exclusive of certain U.S. territories and possessions, may be subject to a 4% U.S. federal income tax without allowance for deduction, unless that corporation qualifies for exemption from tax under Section 883 of the Code and the applicable Treasury Regulations promulgated thereunder.

We believe that we qualify for the benefits of Section 883 of the Code. However, there are factual circumstances beyond our control that could cause us or any one of our ship-operating companies to fail to qualify for this tax exemption and thereby subject us to U.S. federal income tax on our U.S. source shipping income. For example, we would fail to qualify for exemption under Section 883 of the Code for a particular tax year if shareholders, each of whom owned, actually or under applicable constructive ownership rules, a 5% or greater interest in the vote and value of the outstanding shares of our common stock, owned in the aggregate, 50% or more of the vote and value of the outstanding shares of our common stock, and "qualified shareholders" as defined by the applicable Treasury Regulations did not own, directly or under applicable constructive ownership rules, sufficient shares in our closely-held block of common stock to preclude the shares in the closely-held block that are not so owned from representing 50% or more of the value of our common stock for more than half of the number of days during the taxable year.

For the 2014 taxable year, we believe that 50% or more of the vote and value of our common stock was held by 5% shareholders. Although we believe that each of our 5% shareholders is a "qualified shareholder" for purposes of

Section 883, we would not qualify for the Section 883 exemption unless we received from those shareholders, and each intermediary entity in the chain of ownership, certain beneficial ownership and intermediary statements substantiating those shareholder's beneficial ownership and status as "qualified shareholders."

Due to the factual nature of the issues involved, we can give no assurances on the tax-exempt status of ourselves or that of any of our subsidiaries. If we or our subsidiaries are not entitled to exemption under Section 883 for any taxable year, we or our subsidiaries could be subject for those years to a 4% U.S. federal income tax on the shipping income such companies derived during the year that is attributable to the transport of cargoes to or from the United States. The imposition of this taxation would have a negative effect on our business and would result in decreased earnings available for distribution to our shareholders.

For the 2014 taxable year, because we did not derive any U.S. source gross shipping income, we will not be subject to the 4% U.S. federal income tax on our shipping income.

22

---

## Risks Relating to Our Common Stock

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

The market price of our common stock has been and may in the future be subject to significant fluctuations as a result of many factors, some of which are beyond our control. Among the factors that have in the past and could in the future affect our stock price are:

- quarterly variations in our results of operations;
- our lenders' willingness to extend our loan covenant waivers, if necessary;
- changes in market valuations of similar companies and stock market price and volume fluctuations generally;
- changes in earnings estimates or publication of research reports by analysts;
- speculation in the press or investment community about our business or the shipping industry generally;
- strategic actions by us or our competitors such as acquisitions or restructurings;
- the thin trading market for our common stock, which makes it somewhat illiquid;
- the current ineligibility of our common stock to be the subject of margin loans because of its low current market price;
- regulatory developments;
- additions or departures of key personnel;
- general market conditions; and
- domestic and international economic, market and currency factors unrelated to our performance.

The stock markets in general, and the markets for dry bulk shipping and shipping stocks in particular, have experienced extreme volatility that has sometimes been unrelated to the operating performance of individual companies. These broad market fluctuations may adversely affect the trading price of our common stock.

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

Our common stock was listed on the NASDAQ Global Market until December 20, 2012 and effective December 21, 2012 the Company transferred its stock listing to the Nasdaq Capital Market. Our common stock trades under the symbol "SHIP." Our ability to retain our listing is contingent upon compliance with NASDAQ listing requirements. The listing standards of the NASDAQ Capital Market provide, among other things, that a company may be delisted if the bid price of its stock drops below \$1.00 for a period of 30 consecutive business days.

On January 28, 2011, we were notified by NASDAQ that we were no longer in compliance with NASDAQ Listing Rule 5450(a)(1) because the closing bid price of our common stock for 30 consecutive business days, from December 14, 2010 to January 26, 2011, had been below the minimum \$1.00 per share bid price requirement for continued listing on the NASDAQ Global Market. In response, we conducted a 1-for-15 reverse stock split on June 24, 2011, or the Reverse Stock Split, which was approved at a special meeting of our shareholders on January 4, 2011. We regained compliance during July 2011 when, during the applicable grace period, the closing bid price of our common stock was at least \$1.00 per share for a minimum of ten consecutive business days.

On January 24, 2012, we were notified by NASDAQ that we were no longer in compliance with NASDAQ Listing Rule 5450(b)(1)(C) because the market value of the publicly held shares of our common stock for 30 consecutive business days, from December 6, 2011 to January 23, 2012 had been below the minimum \$5.0 million market value of publicly held shares requirement for continued listing on the NASDAQ Global Market. This notification had no effect on the listing of the Company's common stock, and the applicable grace period to regain compliance was 180 calendar days, expiring on July 23, 2012. The Company regained compliance at the end of February 2012, when during the applicable grace period the Company's minimum market value of our publicly held shares was \$5.0 million or greater for a minimum of ten consecutive business days.





On June 29, 2012, we were notified by NASDAQ that we were no longer in compliance with NASDAQ Listing Rule 5450(b)(1)(C) because the market value of the publicly held shares of our common stock for 30 consecutive business days, from May 16, 2012 to June 28, 2012 had been below the minimum \$5.0 million market value of publicly held shares requirement for continued listing on the NASDAQ Global Market. The applicable grace period to regain compliance was 180 calendar days, expiring on December 26, 2012. Prior to the expiration of this grace period, we transferred the listing of our common stock to the NASDAQ Capital Market, effective on December 21, 2012. Our common stock continues to trade under the symbol "SHIP" and this matter is now closed.

On October 30, 2013, the Company received a Staff Delisting Determination letter from the NASDAQ Stock Market LLC ("NASDAQ") notifying the Company that, due to non-compliance with the minimum \$2.5 million stockholders' equity requirement for continued listing set forth in NASDAQ Listing Rule 5550(b), trading of the Company's common stock will be suspended unless the Company requests an appeal of this delisting determination by November 6, 2013.

In connection to the delisting determination the Company requested an appeal and was granted a hearing before the NASDAQ Hearings Panel (the "Panel"). The request stayed the suspension of trading and delisting of the Company's common shares from the NASDAQ Capital Market pending the Panel's decision.

On December 11, 2013, the Company presented to the Panel the status of its previously announced financial restructuring plan and its plan to establish compliance with the minimum \$2.5 million stockholders' equity requirement.

On January 9, 2014, the Panel granted the request of the Company for extension on the continued listing on the NASDAQ Stock Market until April 28, 2014 in order for the Company to demonstrate compliance with the minimum \$2.5 million stockholders' equity requirement.

On January 28, 2015, we received written notification from the NASDAQ Stock Market, indicating that because the closing bid price of our common stock for 30 consecutive business days, from December 12, 2014 to January 27, 2015, was below the minimum \$1.00 per share bid price requirement for continued listing on the Nasdaq Capital Market, we were not in compliance with Nasdaq Listing Rule 5550(a)(2). Pursuant to Nasdaq Listing Rule 5810(c)(3)(A), the applicable grace period to regain compliance is 180 days, or until July 27, 2015. We intend to monitor the closing bid price of its common stock between now and July 27, 2015 and are considering our options, including a reverse stock split, in order to regain compliance with the Nasdaq Capital Market minimum bid price requirement. We can cure this deficiency if the closing bid price of our common stock is \$1.00 per share or higher for at least ten consecutive business days during the grace period. In the event we do not regain compliance within the 180-day grace period and we meet all other listing standards and requirements, we may be eligible for an additional 180-day grace period. We intend to cure the deficiency within the prescribed grace period. During this time, our common stock will continue to be listed and trade on the Nasdaq Capital Market. Our business operations are not affected by the receipt of this notification.

The outcome could negatively impact the trading of our common shares and our ability to remain listed on NASDAQ. See "Item 5 – Operating and Financial Review and Prospects—Recent Developments."

The declaration and payment of dividends will always be subject to the discretion of our board of directors and will depend on a number of factors. Our board of directors may not declare dividends in the future.

The declaration and payment of dividends, if any, will always be subject to the discretion of our board of directors. The timing and amount of any dividends declared will depend on, among other things, 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 to shareholders, overall market conditions, and other factors. Our board of directors may not declare dividends in the future.

There may be a high degree of variability from period to period in the amount of cash, if any, that is available for the payment of dividends based upon, among other things:

- the rates we obtain from future charters;
- the level of our operating costs;
- the level of our general and administrative costs;
- the number of unscheduled off-hire days and the timing of, and number of days required for, scheduled drydocking of vessels we may acquire in the future;
- vessel acquisitions and related financings;

24

---

- restrictions in any future debt facilities;
- prevailing global and regional economic and political conditions;
- the effect of governmental regulations and maritime self-regulatory organization standards on the conduct of our business;
- the amount of cash reserves established by our board of directors; and
- restrictions under Marshall Islands law.

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

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

These provisions include those that:

- authorize our board of directors to issue "blank check" preferred stock without shareholder approval;
- provide for a classified board of directors with staggered, three-year terms;
- require a super-majority vote in order to amend the provisions regarding our classified board of directors with staggered, three-year terms;
- permit the removal of any director from office at any time, with or without cause, at the request of the shareholder group entitled to designate such director;
  - allow vacancies on the board of directors to be filled by the shareholder group entitled to name the director whose resignation or removal led to the occurrence of the vacancy; 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.

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

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

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

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



#### ITEM 4. INFORMATION ON THE COMPANY

##### A. History and Development of the Company

###### Incorporation of Seanergy and Seanergy Maritime

We were incorporated under the laws of the Republic of the Marshall Islands on January 4, 2008, originally under the name Seanergy Merger Corp., as a wholly owned subsidiary of Seanergy Maritime Corp., or Seanergy Maritime. We changed our name to Seanergy Maritime Holdings Corp. on July 11, 2008. Our executive offices are located at 16 Grigoriou Lambraki Street, 2<sup>nd</sup> Floor, 166 74 Glyfada, Athens, Greece and our telephone number is 011 30 210 9638450.

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 initial business combination, had not commenced any business operations and was considered a development stage enterprise. Seanergy Maritime is our predecessor. See "Dissolution and Liquidation of Our Predecessor."

###### Initial Public Offering of Seanergy Maritime and Initial Business Combination

On September 28, 2007, Seanergy Maritime consummated its initial public offering of 23,100,000 units, 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. As a result of the Reverse Stock Split, each unit holder is entitled to a one-fifteenth share upon the exercise of each unit. The initial public offering generated \$227.1 million in net proceeds, after deducting certain deferred offering costs, that was held in a trust account maintained by Continental Stock Transfer & Trust Company, which we refer to as the Seanergy Maritime Trust Account.

We acquired our initial fleet of six dry bulk carriers from the Restis family for an aggregate purchase price of (i) \$367 million in cash, (ii) \$28.3 million (face value) in the form of a convertible promissory note, or the Note, and (iii) an aggregate of 4,308,075 shares of our common stock (or 287,205 shares as adjusted for the Reverse Stock Split), subject to us meeting an Earnings Before Interest, Taxes, Depreciation and Amortization, or EBITDA, target of \$72.0 million to be earned between October 1, 2008 and September 30, 2009, which target was achieved and the additional consideration was recorded as an increase in goodwill of \$17.3 million. This acquisition was made pursuant to the terms and conditions of a Master Agreement dated May 20, 2008 among us, Seanergy Maritime, our former parent, the several selling parties who are affiliated with members of the Restis family, and the several investing parties who are affiliated with members of the Restis family, and six separate memoranda of agreement, which we collectively refer to as the "MOAs," between our vessel-owning subsidiaries and each seller, each dated as of May 20, 2008. The acquisition was completed with funds from the Seanergy Maritime Trust Account and with financing provided by Piraeus Bank.

On August 28, 2008, we completed our initial business combination with the acquisition, through our designated nominees, of the six dry bulk vessels. 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. On September 25, 2008, we took delivery, through our designated nominees, of the final two vessels, the M/V Hamburg Max and the M/V African Zebra.

###### Dissolution and Liquidation of Our Predecessor

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

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

#### BET acquisition and subsequent disposition

On August 12, 2009, we closed on the acquisition of a 50% interest in Bulk Energy Transport (Holdings) Limited ("BET") from Constellation Bulk Energy Holdings, Inc., or Constellation. Following this acquisition, we controlled BET through our right to appoint a majority of the BET board of directors pursuant to a shareholder agreement with Mineral Transport Holdings, Inc., or Mineral Transport, a company controlled by members of the Restis family. The purchase price consisted of \$1.00 and the acquisition of assets and the assumption of liabilities. The stock purchase was accounted for under the purchase method of accounting and accordingly the assets (vessels) acquired and the liabilities assumed have been recorded at their fair values. In addition to the vessels, the other assets acquired include \$37.75 million in cash and restricted cash and \$4.32 million in current receivables and inventories. The fair value of the vessels as of the closing of the acquisition was \$126.0 million, and BET owed \$143.01 million under its credit facility as of such date. The results of operations of BET are included in our consolidated statement of operations commencing on August 12, 2009. On October 22, 2010, we purchased the remaining 50% non-controlling ownership interest in BET from Mineral Transport for consideration that was paid in the form of: (i) \$7.0 million in cash paid to Mineral Transport and (ii) 24,761,905 shares of our common stock (or 1,650,793 shares as adjusted for the Reverse Stock Split) totaling \$26.0 million determined based upon an agreed price of \$1.05 per share (or \$15.75 per share as adjusted for the Reverse Stock Split) and having a fair value of \$30.95 million. The acquisition was treated as a transaction between entities under common control, and as such, the transaction was retrospectively reported as of May 20, 2010, due to the expiration on May 20, 2010 of a voting agreement between certain of our shareholders who are affiliated with members of the Restis family, and Seanergy Maritime's founding shareholders, composed of our former directors Messrs. Georgios Koutsolioutsos, Alexios Komninos, and Ioannis Tsigkounakis, and from that date our majority shareholders, the Restis family, also became our controlling shareholders. The excess of the consideration paid to acquire the remaining equity interest over its carrying value was recorded as a deemed distribution in equity amounting to \$18.11 million. We sold BET in December 2012. See "Restructuring—BET Sale" below.

#### MCS acquisition and subsequent disposition of certain subsidiaries

On May 28, 2010, after entering into a share purchase agreement with Maritime Capital Shipping (Holdings) Limited, or Maritime Capital, a company controlled by members of the Restis family, we completed the final documentation for the acquisition of a 51% ownership interest in MCS for consideration of \$33.0 million. The consideration was paid to Maritime Capital from the proceeds of our equity offering completed in February 2010 and from our cash reserves. On September 15, 2010, we completed the acquisition from Maritime Capital of the remaining 49% ownership interest in MCS for consideration that was paid in the form of: (i) cash in the amount of \$3.0 million paid to Maritime Capital from our cash reserves and (ii) 24,761,905 shares of our common stock (or 1,650,793 shares as adjusted for the Reverse Stock Split) totaling \$26.0 million at an agreed price of \$1.05 per share (or \$15.75 per share as adjusted for the Reverse Stock Split) and having a fair value of \$26.74 million. The acquisition was treated as a transaction between entities under common control, and as such, the transaction was recorded at historical cost and was retrospectively reported as of May 20, 2010. Accordingly, the excess of the consideration paid to acquire MCS over its carrying value was recorded as a deemed distribution in equity amounting to \$2.06 million. On January 29, 2013, we closed the sale of the four MCS subsidiaries which owned the vessels Fiesta, Pacific Fantasy, Pacific Fighter and Clipper Freeway. See "Restructuring—Sale of MCS Subsidiaries" below.

#### Reverse Stock Split

We conducted a 15-for-1 reverse stock split effectuated on June 24, 2011, pursuant to which every fifteen shares of our common stock issued and outstanding were converted into one share of common stock, which was approved at a special meeting of our shareholders on January 4, 2011.



### Equity Injection Plan

On January 31, 2012, we completed an equity injection plan with four entities affiliated with the Restis family. In exchange for \$10 million, we issued an aggregate of 4,641,620 of our common shares to the four entities at a price of \$2.15442. The price was determined as the average closing price of the five trading days preceding the execution of the purchase plan.

On June 24, 2014 we entered into a share purchase agreement with Plaza Shipholding Corp., or Plaza, and Comet Shipholding Inc., or Comet, companies affiliated with the Restis family, under which we sold 1,890,000 of our common shares for \$1.134 million.

On September 29, 2014 we entered into a share purchase agreement with Plaza and Comet, which are all companies affiliated with the Restis family, under which we sold 1,600,000 of our common shares for \$0.96 million.

On December 19, 2014 we entered into a share purchase agreement with Jelco Delta Holding Corp., or Jelco, an entity affiliated with one of the Company's major shareholders, under which we sold 4,440,000 of our common shares for \$1.11 million.

27

---

On March 12, 2015 we entered into a share purchase agreements with Jelco and our CEO, under which we sold 25,000,500 of our common shares to Jelco, for \$4.5 million and 1,667,000 of our common shares to our CEO, for \$0.3 million.

Following the issuance of the shares and as of the date of this annual report we have 46,556,771 outstanding common shares.

#### Appointment of Chief Executive Officer, Chairman and Interim Chief Financial Officer

Effective as of October 1, 2012, our board of directors appointed Stamatis Tsantanis to succeed Dale Ploughman as our Chief Executive Officer and effective October 1, 2013, our board of directors appointed Stamatis Tsantanis to succeed Dale Ploughman as our Chairman. Effective November 1, 2013, Christina Anagnostara resigned from her position as Chief Financial Officer. Ms. Anagnostara has remained as a member of our Board of Directors. Effective November 1, 2013, Mr. Stamatis Tsantanis was appointed as the Company's Interim Chief Financial Officer.

#### Restructuring

Since August 2012, we have been engaged in restructuring discussions with our lenders to finalize the satisfaction and release of our obligations under certain of our loan facility agreements and the amendment of the terms of certain of our loan facility agreements. Since January 1, 2012, we have sold all 20 of our vessels, in some cases by transferring ownership of certain of our vessel-owning subsidiaries to third parties nominated by our lenders in connection with our restructuring. As of the date of this annual report, we own one vessel, the M/V Leadership.

#### BET Sale

On November 9, 2012, we entered into an agreement with I.M.I. Holdings Corp., or IMI, a company controlled by members of the Restis family, to sell our 100% ownership interest in Bulk Energy Transport (Holdings) Limited ("BET"), for a nominal cash consideration of \$1.00. In addition, we released BET from all of its obligations and liabilities towards us, which accrued to \$3.5 million as of the date of sale. The transaction was consummated on December 30, 2012 upon finalization of all the required documentation. On December 18, 2012, at the direction of IMI, we sold the vessel BET Prince for gross proceeds of \$8.3 million, which were used to repay part of the then outstanding debt. As a result of the transaction, our overall indebtedness was reduced by approximately \$46.7 million. In connection with the sale, our board of directors obtained a fairness opinion from an independent third party.

#### Sale of MCS subsidiaries

On January 29, 2013, we closed the sale of the four MCS subsidiaries which owned the vessels Fiesta, Pacific Fantasy, Pacific Fighter and Clipper Freeway, financed under the facility agreement with DVB, to a third party entity nominated by DVB. In exchange for the sale, \$31.9 million of outstanding debt as of December 31, 2012 and all the liabilities and obligations under our facility agreement with DVB were discharged and the guarantee provided by MCS was fully released. In connection with the sale of these subsidiaries, our board of directors obtained a fairness opinion from an independent third party.

On July 19, 2013, MCS sold its 100% ownership interest in the three subsidiaries that owned the Handysize dry bulk carriers African Joy, African Glory and Asian Grace. The buyer was a third-party nominee of the lenders under the senior and the subordinated credit facility with United Overseas Bank Limited, or UOB. MCS had provided a guarantee under this facility, and in exchange for the sale, \$39.5 million of outstanding debt, accrued interest and swap liabilities were discharged. In addition, the guarantee provided by MCS was fully released. In connection with the sale of these subsidiaries, our board of directors obtained a fairness opinion from an independent third party.

#### Sale of African Oryx

On April 10, 2013, we sold the African Oryx. Gross proceeds amounted to \$4.1 million and were used to repay debt.

#### Sale of Piraeus Bank vessels

On February 12, 2014, we entered into a delivery and settlement agreement with Piraeus Bank for the sale of our four remaining vessels, to a nominee of the lender, in exchange for a nominal cash consideration and full satisfaction of the underlying loan. On March 6, 2014 we sold the Davakis G., on March 7, 2014 we sold the Hamburg Max, on March 10, 2014 we sold the Bremen Max and on March 11, 2014 we sold the Delos Ranger. On March 11, 2014, following the closing of the transaction, approximately \$146 million of outstanding debt and accrued interest were discharged and the guarantee provided by the Company has been fully released. Furthermore, on March 5, 2014, the Company entered into an agreement with its technical management company, EST, and its commercial manager, Safbulk Pty, in exchange of a full and complete release of all their claims upon the completion of the delivery of the last four remaining vessels and settlement agreement with Piraeus Bank. The transaction was completed successfully on March 11, 2014 and total liabilities amounting to \$9.8 million were released.

28

---

#### Acquisition of new Capesize vessel

On March 19, 2015, we acquired a 2001 Capesize, 171,199 DWT vessel, which was renamed M/V Leadership, from an unaffiliated third party. The acquisition of the vessel was financed by (i) a convertible promissory note dated March 12, 2015 of \$4 million from an entity affiliated with one of our major shareholders, Jelco, (ii) a loan agreement dated March 06, 2015 of \$8.75 million with Alpha Bank A.E., or Alpha Bank, and (iii) a share purchase agreement dated March 12, 2015 of \$4.5 million from Jelco in exchange for the issuance of 25,000,500 newly issuance shares of our common stock. This acquisition was made pursuant to the terms and conditions of a memorandum of agreement among, Leader Shipping Co., or Leader, our wholly owned subsidiary, and a third party seller, which we refer to as the "MOA," between our vessel-owning subsidiary and the seller, dated December 23, 2014. On March 19, 2015 we took delivery of the M/V Leadership.

#### B. Business Overview

We are an international shipping company specializing in the worldwide seaborne transportation of dry bulk commodities. We currently own one Capesize vessel, the M/V Leadership.

On December 11, 2013, the Company presented to the NASDAQ Hearings Panel its plan to re-establish compliance with the NASDAQ stockholders' equity requirement. On January 9, 2014, the Panel granted the request of the Company for an extension of time to allow the Company to demonstrate compliance with the stockholders' equity requirement and successfully implement its plan. The main elements of the plan include the finalization of the unwinding of debt with the Company's remaining lender, the write-off of liabilities to related parties, an equity contribution from Company's major shareholders for working capital purposes, a follow-on public offering and a purchase of secondhand vessels, funded by the net proceeds of the public offering.

To date, the Company has completed the acquisition of its first vessel, the 2001 Capesize M/V Leadership and the Company has initiated a process of reviewing the market in order to identify suitable vessel acquisitions. We expect to finance these acquisitions with equity provided through capital markets transactions and our shareholders and/or new loan arrangements.

We believe we have established a reputation in the international ocean transport industry for operating and maintaining vessels with high standards of performance, reliability and safety. We have assembled a management team comprised of executives who have extensive experience operating large and diversified fleet, and who have strong ties to a number of international charterers.

#### Our Business Strategy

We currently own one Capesize vessel. We intend to continue to review the market in order to identify potential acquisition targets which will be accretive to our earnings per share. Our acquisition strategy focuses on newbuilding or secondhand dry bulk carriers, although we may acquire vessels in other sectors which we believe offer attractive investment opportunities.

#### Management of Our Fleet

V.Ships Greece performs the technical management of our new vessel. V.Ships Greece's main objective is to ensure responsible and ethical management of services and processes from the point of view of health, safety and environmental aspects. Towards this end it has increased its self-regulation by adopting various models (EFQM, EBEN) standards (ISO 9001, ISO 14001, and OHSAS 18001) and codes (ISM Code).

Our vessel's insurances, bunkering and operation are provided through Seanergy Shipmanagement Corp., or Seanergy Shipmanagement, one of our wholly-owned subsidiaries.

#### Management Agreements

Leader has entered into a technical management agreement with V.Ships Greece with respect to our new vessel. Pursuant to this management agreement, V.Ships Greece performs certain duties that include general administrative and support services necessary for the operation of such vessel, including, without limitation, crewing and other technical management, accounting related to vessels, provisions, and, subject to our instructions, operation and sale and purchase of vessels. The Company shall pay a monthly management fee per vessel of \$10,800.

The technical management agreement between Leader and V.Ships Greece is for a minimum period of three (3) months and shall continue thereafter until terminated by either party giving to the other notice in writing, in which event this Agreement shall, subject as after mentioned terminate on the expiry of a period of one (1) month from the date upon which such notice is received.

29

---

Seanergy Shipmanagement has entered into an agreement with Leader, the owner of the M/V Leadership, for the provision of the vessel's insurances, bunkering and operation. Leader shall reimburse Seanergy Shipmanagement for all reasonable running and/or out of pocket expenses in relation to this agreement. The agreement between Leader and Seanergy Shipmanagement is for an indefinite period until terminated by either party giving to the other notice in writing.

#### Brokerage Agreement

Seanergy Management Corp., or Seanergy Management, one of our wholly-owned subsidiaries, has entered into a commercial management agreement with Fidelity with respect to our new vessel, the M/V Leadership. Pursuant to this commercial management agreement, Fidelity Greece performs the commercial management of the vessel and her employment. The Company shall reimburse Fidelity for all reasonable running and/or out of pocket expenses, including but not limited to, telephone, fax, stationary and printing expenses, as well as any pre-approved travelling expenses in relation to this agreement.

The commercial management agreement between Leader and Fidelity is for a minimum period of one (1) year and shall continue thereafter until terminated by either party giving to the other notice in writing, in which event this Agreement shall, subject as after mentioned terminate on the expiry of a period of one (1) month from the date upon which such notice is received.

#### Former Brokerage Agreements

Safbulk served as exclusive commercial broker for our initial fleet of six pursuant to a brokerage agreement with Seanergy Management. Safbulk Maritime S.A., or Safbulk Maritime, an affiliate of members of the Restis family, performed the commercial management of the BET fleet pursuant to a brokerage agreement with BET. Commercial management services 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 and BET, as applicable. Pursuant to the brokerage agreements, Safbulk was 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 with Safbulk was originally for a term of two years expiring in May 2010. The brokerage agreement with Safbulk Maritime was originally for a term of one year expiring in August 2010. Each brokerage agreement is automatically renewable annually, unless either party is provided with three months' written notice prior to the termination of such period. Both brokerage agreements were automatically renewed for another year. With the sale of BET, the BET fleet has been divested as of December 31, 2012 and with the sale of the Piraeus Bank vessels, the brokerage agreements have been automatically terminated as of the date each Piraeus Bank vessel was sold, namely on March 6, 2014 for the Davakis G., on March 7, 2014 for the Hamburg Max, on March 10, 2014 for the Bremen Max and on March 11, 2014 for the Delos Ranger.

#### 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 in order to accelerate the pace of our decision making in respect of shipping business opportunities, such as the acquisition of vessels or companies. 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 our directors 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, shall not be delegated to the shipping committee but instead shall be considered by the entire board of directors. The shipping committee consists of three directors. In accordance with the Amended and Restated

Charter of the Shipping Committee, two of the directors on the shipping committee are nominated by the Restis affiliate shareholders and one of the directors on the shipping committee is nominated by a majority of our board of directors and is an independent member of the board of directors. The members of the shipping committee are Mr. Stamatis Tsantanis and Ms. Christina Anagnostara, who are the Restis affiliate shareholders' nominees, and Mr. Elias Culucundis, who is the Board's nominee.

In order to assure the continued existence of the shipping committee, our board of directors has agreed that the shipping committee may not be dissolved and that the duties or composition of the shipping committee may not be altered without the affirmative vote of not less than 80% of our board of directors. In addition, the duties of our chief executive officer, who is currently Mr. Tsantanis, may not be altered without a similar vote. These duties and powers include voting the shares of stock that Seanergy owns in its subsidiaries. In addition to these agreements, we have amended certain provisions in its articles of incorporation and by-laws to incorporate these requirements.

As a result of these various provisions, in general, all shipping- related decisions will be made by the Restis family appointees to our board of directors unless 80% of the board members vote to change the duties or composition of the shipping committee.

## The Dry Bulk Shipping Industry

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

**Capesize.** Capesize vessels have a carrying capacity of exceeding 100,000d wt. Only the largest ports around the world possess the infrastructure to accommodate vessels of this size. Capesize vessels are primarily used to transport iron ore or coal and, to a much lesser extent, grains, primarily on long-haul routes.

**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, 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 discharging.

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 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.

31

---

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.

### Competition

We operate in markets that are highly competitive and based primarily on supply and demand. We compete 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. We compete primarily with other owners of drybulk carriers, many of which may have more resources than us and may operate vessels that are newer, and therefore more attractive to charterers, than vessels we may operate in the future. Ownership of dry bulk carriers is highly fragmented and is divided among publicly listed companies, state controlled and independent bulk carrier owners. We compete primarily with owners of drybulk vessels in the Handysize, Supramax and Panamax class sizes. Some of our publicly listed competitors include Baltic Trading Ltd (NYSE:BALT), Diana Shipping Inc. (NYSE:DSX), Eagle Bulk Shipping Inc. (NASDAQ: EGLE), Freeseas Inc. (NASDAQ: FREE), Globus Maritime Ltd (NASDAQ: GLBS), Knightsbridge Tankers Ltd (NASDAQ: VLCCF), Paragon Shipping Inc. (NYSE: PRGN), Safe Bulkers Inc. (NYSE: SB), Scorpio Bulkers Inc. and Star Bulk Carriers Corp. (NASDAQ: SBLK).

### Customers

Our customers include national, regional and international companies, such as Cargill International S.A. and Glencore International AG. Customers individually accounting for more than 10% of our revenues during the years ended December 31, 2014, 2013 and 2012 were:

| Customer | 2014 | 2013 | 2012 |
|----------|------|------|------|
| A        | 59%  | 18%  | -    |
| B        | 29%  | -    | -    |
| C        | -    | 16%  | -    |
| D        | -    | 12%  | 19%  |
| E        | -    | 10%  | -    |
| F        | -    | -    | 14%  |
| G*       | -    | -    | 14%  |
| Total    | 88%  | 56%  | 47%  |

\* Customer G is a related party.

### 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.

### Environmental and Other Regulations

Government regulation significantly affects the ownership and operation of the vessels we may acquire. We are subject to international conventions and treaties, national, state and local laws and regulations in force in the countries in which the vessels we may acquire may operate or are registered relating to safety and health and environmental protection including the storage, handling, emission, transportation and discharge of hazardous and non-hazardous materials, and the remediation of contamination and liability for damage to natural resources. Compliance with such laws, regulations and other requirements entails significant expense, including vessel modifications and implementation of certain operating procedures.

A variety of government and private entities subject vessels to both scheduled and unscheduled inspections. These entities include the local port authorities (United States Coast Guard, harbor master or equivalent), classification societies, flag state administrations (country of registry) and charterers, particularly terminal operators. Certain of these entities require us to obtain permits, licenses, certificates or approvals for the operation of the vessels. Failure to maintain necessary permits, licenses, certificates or approvals could require us to incur substantial costs or temporarily suspend the operation of one or more of the vessels we may acquire.

We believe that the heightened level of environmental and operational safety concerns among insurance underwriters, regulators and charterers have led 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 the stricter environmental standards. We are required to maintain operating standards for all of the vessels we may acquire that emphasize operational safety, quality maintenance, continuous training of our officers and crews and compliance with United States and international regulations.. However, because such laws and regulations are frequently changed and may impose increasingly stricter requirements, we cannot predict the ultimate cost of complying with these requirements, or the impact of these requirements on the resale value or useful lives of the vessels we may acquire. In addition, a future serious marine incident that causes significant adverse environmental impact, such as the 2010 Deepwater Horizon oil spill, could result in additional legislation or regulation that could negatively affect our profitability.

#### International Maritime Organization

The United Nations' International Maritime Organization (the "IMO") has adopted the International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 relating thereto (collectively referred to as MARPOL 73/78 and herein as "MARPOL"). MARPOL entered into force on October 2, 1983. It has been adopted by over 150 nations, therefore it may include jurisdictions in which the vessels we may acquire operate. MARPOL sets forth pollution-prevention requirements applicable to drybulk carriers, among other vessels, and is broken into six Annexes, each of which regulates a different source of pollution. Annex I relates to oil leakage or spilling; Annexes II and III relate to harmful substances carried, in bulk, in liquid or packaged form, respectively; Annexes IV and V relate to sewage and garbage management, respectively; and Annex VI, lastly, relates to air emissions. Annex VI was separately adopted by the IMO in September of 1997.

#### Air Emissions

In September of 1997, the IMO adopted Annex VI to MARPOL to address air pollution. Effective May 2005, Annex VI sets limits on nitrogen oxide emissions from ships whose diesel engines were constructed (or underwent major conversions) on or after January 1, 2000. It also prohibits "deliberate emissions" of "ozone depleting substances," defined to include certain halons and chlorofluorocarbons. "Deliberate emissions" are not limited to times when the ship is at sea; they can for example include discharges occurring in the course of the ship's repair and maintenance. Emissions of "volatile organic compounds" from certain tankers, and the shipboard incineration (from incinerators installed after January 1, 2000) of certain substances (such as polychlorinated biphenyls (PCBs)) are also prohibited. 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 sulphur emissions, known as Emission Control Areas ("ECAs") (see below).

The IMO's Maritime Environment Protection Committee, or MEPC, adopted amendments to Annex VI on October 10, 2008, which entered into force on July 1, 2010. The amended Annex VI seeks to further reduce air pollution by, among other things, implementing a progressive reduction of the amount of sulphur contained in any fuel oil used on board ships. As of January 1, 2012, the amended Annex VI requires that fuel oil contain no more than 3.50% sulfur (from the previous cap of 4.50%). By January 1, 2020, sulfur content must not exceed 0.50%, subject to a feasibility review to be completed no later than 2018.

Sulfur content standards are even stricter within certain "Emission Control Areas" ("ECAs"). As of July 1, 2010, ships operating within an ECA were not permitted to use fuel with sulfur content in excess of 1.0% (from 1.50%), which was further reduced to 0.10% on January 1, 2015. Amended Annex VI establishes procedures for designating new ECAs. Currently, the Baltic Sea and the North Sea have been so designated. Effective August 1, 2012, certain coastal areas of North America were also designated ECAs. Effective January 1, 2014, applicable areas of the United States Caribbean Sea, including the coastal waters around Puerto Rico and the U.S. Virgin Islands were also designated

ECAs. Ocean-going vessels in these areas will be subject to stringent emissions controls and may cause us to incur additional costs. If other ECAs are approved by the IMO or other new or more stringent requirements relating to emissions from marine diesel engines or port operations by vessels are adopted by the EPA or the states where we operate, compliance with these regulations could entail significant capital expenditures or otherwise increase the costs of our operations. We cannot assure you that the jurisdictions in which the vessels we may acquire vessels operate will not adopt more stringent emissions standards independent of the IMO.

As of January 1, 2013, MARPOL made mandatory certain measures relating to energy efficiency for ships. This included the requirement that all new ships utilize the Energy Efficiency Design Index (EEDI) and all ships use the Ship Energy Efficiency Management Plan (SEEMP).

As of January 1, 2013, MARPOL made mandatory certain measures relating to energy efficiency for ships. It makes the Energy Efficiency Design Index for new ships mandatory and the Ship Energy Efficiency Management Plan apply to all ships.

Amended Annex VI also establishes new tiers of stringent nitrogen oxide emissions standards for new marine engines, depending on their date of installation. The U.S. Environmental Protection Agency promulgated equivalent (and in some senses stricter) emissions standards in late 2009.

### Safety Management System Requirements

The IMO also adopted the International Convention for the Safety of Life at Sea, or SOLAS, and the International Convention on Load Lines, or the LL Convention, which impose a variety of standards that regulate the design and operational features of ships. The IMO periodically revises the SOLAS and LL Convention standards. May 2012 SOLAS amendments entered into force as of January 1, 2014. The Convention on Limitation of Liability for Maritime Claims (LLMC) was recently amended and the amendments are expected to go into effect on June 8, 2015. The amendments alter the limits of liability for loss of life or personal injury claims and property claims against ship owners.

The operation of our ships is also affected by the requirements set forth in Chapter IX of SOLAS, which sets forth the IMO's International Management Code for the Safe Operation of Ships and Pollution Prevention, or the ISM Code. The ISM Code requires ship owners 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. We rely upon the safety management system that our technical manager has developed for compliance with the ISM Code. The failure of a ship owner or bareboat charterer 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.

The ISM Code requires that vessel operators obtain a safety management certificate, or SMC, for each vessel they operate. This certificate evidences compliance by a vessel's operators with the ISM Code requirements for a safety management system, or SMS. No vessel can obtain an SMC under the ISM Code unless its manager has been awarded a document of compliance, or DOC, issued in most instances by the vessel's flag state.

Noncompliance with the ISM Code or other IMO regulations may subject the ship owner or bareboat charterer to increased liability, may lead to decreases in available insurance coverage for affected vessels and may result in the denial of access to, or detention in, some ports.

### Pollution Control and Liability Requirements

The IMO adopted the 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, to be replaced in time with mandatory concentration limits. The BWM Convention will not enter into force until 12 months after it has been adopted by 30 states, the combined merchant fleets of which represent not less than 35% of the gross tonnage of the world's merchant shipping tonnage. To date, there has not been sufficient adoption of this standard for it to take force. Many of the implementation dates originally written into the BWM Convention have already passed, so that once the BWM Convention enters into force, the period for installation of mandatory ballast water exchange requirements would be extremely short, with several thousand ships a year needing to install ballast water management systems (BWMS). For this reason, on December 4, 2013, the IMO Assembly passed a resolution revising the application dates of the BWM Convention so that they are triggered by the entry into force date and not the dates originally in the BWM Convention. This in effect makes all vessels constructed before the entry into force date 'existing' vessels, and allows for the installation of a BWMS on such vessels at the first renewal survey following entry into force. If mid-ocean ballast exchange or ballast water treatment requirements become mandatory, the cost of compliance could increase for ocean carriers. Although we do not believe the costs of compliance with mandatory mid-ocean ballast exchange would be material, it is difficult to predict the overall impact of such a requirement on our operations.

The IMO adopted the International Convention on Civil Liability for Bunker Oil Pollution Damage, or the Bunker Convention, to impose strict liability on ship owners for pollution damage in jurisdictional waters of ratifying states caused by discharges of bunker fuel. The Bunker Convention requires registered owners of ships over 1,000 gross tons to maintain insurance for pollution damage in an amount equal to the limits of liability under the applicable national or international limitation regime (but not exceeding the amount calculated in accordance with the Convention on Limitation of Liability for Maritime Claims of 1976, as amended). With respect to non-ratifying states, liability for spills or releases of oil carried as fuel in ship's bunkers typically is determined by the national or other domestic laws in the jurisdiction where the events or damages occur.

In March 2006, the IMO amended Annex I to MARPOL, including a new regulation relating to oil fuel tank protection, which became effective August 1, 2007. The new regulation applies to various ships delivered on or after August 1, 2010. It includes requirements for the protected location of the fuel tanks, performance standards for accidental oil fuel outflow, a tank capacity limit and certain other maintenance, inspection and engineering standards.

The IMO continues to review and introduce new regulations. It is impossible to predict what additional regulations, if any, may be passed by the IMO and what effect, if any, such regulations might have on our operations. We believe that we are in substantial compliance with all applicable existing IMO requirements. In addition, we intend to comply with all future applicable IMO requirements.

The U.S. Oil Pollution Act of 1990 and Comprehensive Environmental Response, Compensation and Liability Act

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 with 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 around the United States. The United States has also enacted the Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, which applies to the discharge of hazardous substances other than oil, whether on land or at sea. OPA and CERCLA both define "owner and operator" in the case of a vessel as any person owning, operating or chartering by demise, the vessel. Both OPA and CERCLA impact our operations.

Under OPA, vessel owners and operators 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. OPA defines these other damages broadly to include:

- (i) injury to, destruction or loss of, or loss of use of, natural resources and related assessment costs;
- (ii) injury to, or economic losses resulting from, the destruction of real and personal property;
- (iii) net loss of taxes, royalties, rents, fees or net profit revenues resulting from injury, destruction or loss of real or personal property, or natural resources;
- (iv) loss of subsistence use of natural resources that are injured, destroyed or lost;
- (v) lost profits or impairment of earning capacity due to injury, destruction or loss of real or personal property or natural resources; and
- (vi) net cost of increased or additional public services necessitated by removal activities following a discharge of oil, such as protection from fire, safety or health hazards, and loss of subsistence use of natural resources.

OPA contains statutory caps on liability and damages; such caps do not apply to direct cleanup costs. Effective July 31, 2009, the U.S. Coast Guard adjusted the limits of OPA liability for non-tank vessels (e.g. drybulk) to the greater of \$1,000 per gross ton or \$854,400 (subject to periodic adjustment for inflation). These limits of liability do not apply if an incident was proximately caused by the violation of an applicable U.S. federal safety, construction or operating regulation by a responsible party (or its agent, employee or a person acting pursuant to a contractual relationship), or a responsible party's gross negligence or willful misconduct. The limitation on liability similarly does not apply if the responsible party fails or refuses to (i) report the incident where the responsibility party knows or has reason to know of the incident; (ii) reasonably cooperate and assist as requested in connection with oil removal activities; or (iii) without sufficient cause, comply with an order issued under the Federal Water Pollution Act (Section 311 (c), (e)) or the Intervention on the High Seas Act.

CERCLA contains a similar liability regime whereby owners and operators of vessels are liable for cleanup, removal and remedial costs, as well as damage for injury to, or destruction or loss of, natural resources, including the reasonable costs associated with assessing same, and health assessments or health effects studies. There is no liability if the discharge of a hazardous substance results solely from the act or omission of a third party, an act of God or an act of war. Liability under CERCLA is limited to the greater of \$300 per gross ton or \$5.0 million for vessels carrying a hazardous substance as cargo and the greater of \$300 per gross ton or \$500,000 for any other vessel. These limits do



not apply (rendering the responsible person liable for the total cost of response and damages) if the release or threat of release of a hazardous substance resulted from willful misconduct or negligence, or the primary cause of the release was a violation of applicable safety, construction or operating standards or regulations. The limitation on liability also does not apply if the responsible person fails or refused to provide all reasonable cooperation and assistance as requested in connection with response activities where the vessel is subject to OPA.

OPA and CERCLA both require owners and operators of vessels to establish and maintain with the U.S. Coast Guard evidence of financial responsibility sufficient to meet the maximum amount of liability to which the particular responsible person may be subject. Vessel owners and operators may satisfy their financial responsibility obligations by providing a proof of insurance, a surety bond, qualification as a self-insurer or a guarantee.

The 2010 Deepwater Horizon oil spill in the Gulf of Mexico may also result in additional regulatory initiatives or statutes, including the raising of liability caps under OPA. For example, on August 15, 2012, the U.S. Bureau of Safety and Economic Enforcement (BSEE) issued a final drilling safety rule for offshore oil and gas operations that strengthens the requirements for safety equipment, well control systems, and blowout prevention practices. The Final Rule took effect on October 22, 2012. On August 21, 2013, BSEE proposed a rule to revise existing federal regulations regarding oil and gas production safety systems to address technological advances. Compliance with any new requirements of OPA may substantially impact our cost of operations or require us to incur additional expenses to comply with any new regulatory initiatives or statutes. Additional legislation or regulations applicable to the operation of the vessels we may acquire that may be implemented in the future could adversely affect our business.

If the damages from a catastrophic spill were to exceed our insurance coverage it could have an adverse effect on our business and results of operation.

OPA specifically permits individual states to impose their own liability regimes with regard to oil pollution incidents occurring within their boundaries, provided they accept, at a minimum, the levels of liability established under OPA, and some states have enacted legislation providing for unlimited liability for oil spills. In some cases, states which have enacted such legislation have not yet issued implementing regulations defining vessel owners' responsibilities under these laws. We intend to comply with all applicable state regulations in the ports where our vessels may call. We believe that we are in substantial compliance with all applicable existing state requirements. In addition, we intend to comply with all future applicable state regulations in the ports where our vessels may call.

#### Other Environmental Initiatives

The CWA prohibits the discharge of oil, hazardous substances and ballast water in U.S. navigable waters unless authorized by a duly-issued permit or exemption, 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 OPA and CERCLA. In addition, many U.S. states that border a navigable waterway have enacted environmental pollution laws that impose strict liability on a person for removal costs and damages resulting from a discharge of oil or a release of a hazardous substance. These laws may be more stringent than U.S. federal law.

The EPA regulates the discharge of ballast water and other substances in U.S. waters under the CWA. EPA regulations require vessels 79 feet in length or longer (other than commercial fishing and recreational vessels) to comply with a Vessel General Permit authorizing ballast water discharges and other discharges incidental to the operation of vessels. The Vessel General Permit imposes technology and water-quality based effluent limits for certain types of discharges and establishes specific inspection, monitoring, recordkeeping and reporting requirements to ensure the effluent limits are met. On March 28, 2013, the EPA re-issued the VGP for another five years, which took effect December 19, 2013. The 2013 VGP contains numeric ballast water discharge limits for most vessels to reduce the risk of invasive species in US waters, more stringent requirements for exhaust gas scrubbers and the use of environmentally acceptable lubricants.

U.S. Coast Guard regulations adopted under the U.S. National Invasive Species Act, or NISA, also impose mandatory ballast water management practices for all vessels equipped with ballast water tanks entering or operating in U.S. waters. In 2009 the Coast Guard proposed new ballast water management standards and practices, including limits regarding ballast water releases. As of June 21, 2012, the U.S. Coast Guard implemented revised regulations on ballast water management by establishing standards on the allowable concentration of living organisms in ballast water discharged from ships in U.S. waters. The revised ballast water standards are consistent with those adopted by the IMO in 2004. The U.S. Coast Guard will review the practicability of implementing a more stringent ballast water discharge standard and publish results no later than January 1, 2016. Compliance with the EPA and the U.S. Coast

Guard regulations could require the installation of equipment on vessels we may acquire to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures at potentially substantial cost, and/or otherwise restrict vessels from entering U.S. waters.

The U.S. Clean Air Act of 1970 (including its amendments of 1977 and 1990) (the "CAA") requires the EPA to promulgate standards applicable to emissions of volatile organic compounds and other air contaminants. Vessels we may acquire will be subject to vapor control and recovery requirements for certain cargoes when loading, unloading, ballasting, cleaning and conducting other operations in regulated port areas. Vessels that operate in such port areas with restricted cargoes are equipped with vapor recovery systems that satisfy these requirements. The CAA also requires states to draft State Implementation Plans ("SIPs") designed to attain national health-based air quality standards in each state. Although state-specific, SIPs may include regulations concerning emissions resulting from vessel loading and unloading operations by requiring the installation of vapor control equipment.

## European Union Regulations

In October 2009, the European Union amended a directive to impose criminal sanctions for illicit ship-source discharges of polluting substances, including minor discharges, if committed with intent, recklessly or with serious negligence and the discharges individually or in the aggregate result in deterioration of the quality of water. Aiding and abetting the discharge of a polluting substance may also lead to criminal penalties. Member States were required to enact laws or regulations to comply with the directive by the end of 2010. Criminal liability for pollution may result in substantial penalties or fines and increased civil liability claims.

The European Union has adopted several regulations and directives requiring, among other things, more frequent inspections of high-risk ships, as determined by type, age, and flag as well as the number of times the ship has been detained. The European Union also adopted and then extended a ban on substandard ships and enacted a minimum ban period and a definitive ban for repeated offenses. The regulation also provided the European Union with greater authority and control over classification societies, by imposing more requirements on classification societies and providing for fines or penalty payments for organizations that failed to comply.

## Greenhouse Gas Regulation

Currently, the emissions of greenhouse gases from international shipping are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, which entered into force in 2005 and pursuant to which adopting countries have been required to implement national programs to reduce greenhouse gas emissions. However, in July 2011 the MEPC adopted two new sets of mandatory requirements to address greenhouse gas emissions from ships that entered into force in January 2013. Currently operating ships will be required to develop Ship Energy Efficiency Management Plans, and minimum energy efficiency levels per capacity mile, outlined in the Energy Efficiency Design Index, will apply to new ships. The MEPC is also considering market-based mechanisms to reduce greenhouse gas emissions from ships. The European Parliament and Council of Ministers are expected to endorse regulations that would require the monitoring and reporting of greenhouse gas emissions from marine vessels in 2015. For 2020, the EU made a unilateral commitment to reduce overall greenhouse gas emissions from its member states by 20% of 1990 levels. The EU also committed to reduce its emissions by 20% under the Kyoto Protocol's second period, from 2013 to 2020. If the strategy is adopted by the European Parliament and Council large vessels using European Union ports would be required to monitor, report, and verify their carbon dioxide emissions beginning in January 2018. In December 2013 the European Union environmental ministers discussed draft rules to implement monitoring and reporting of carbon dioxide emissions from ships. In the United States, the EPA has issued a finding that greenhouse gases endanger the public health and safety and has adopted regulations to limit greenhouse gas emissions from certain mobile sources and large stationary sources. Although the mobile source emissions regulations do not apply to greenhouse gas emissions from vessels, such regulation of vessels is foreseeable, and the EPA has in recent years received petitions from the California Attorney General and various environmental groups seeking such regulation. Any passage of climate control legislation or other regulatory initiatives by the IMO, European Union, the U.S. or other countries where we operate, or any treaty adopted at the international level to succeed the Kyoto Protocol, that restrict emissions of greenhouse gases could require us to make significant financial expenditures which we cannot predict with certainty at this time.

## International Labour Organization

The International Labour Organization (ILO) is a specialized agency of the UN with headquarters in Geneva, Switzerland. The ILO has adopted the Maritime Labor Convention 2006 (MLC 2006). A Maritime Labor Certificate and a Declaration of Maritime Labor Compliance will be required to ensure compliance with the MLC 2006 for all ships above 500 gross tons in international trade. The MLC 2006 will enter into force one year after 30 countries with a minimum of 33% of the world's tonnage have ratified it. On August 20, 2012, the required number of countries was

met and MLC 2006 entered into force on August 20, 2013. The ratification of MLC 2006 will require us to develop new procedures to ensure full compliance with its requirements.

#### Vessel Security Regulations

Since the terrorist attacks of September 11, 2001 in the United States, there have been a variety of initiatives intended to enhance vessel security such as the Maritime Transportation Security Act of 2002, or MTSA. 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. The regulations also impose requirements on certain ports and facilities, some of which are regulated by the U.S. Environmental Protection Agency (EPA).

Similarly, in December 2002, amendments to SOLAS created a new chapter of the convention dealing specifically with maritime security. The new Chapter V became effective in July 2004 and imposes various detailed security obligations on vessels and port authorities, and mandates compliance with the International Ship and Port Facilities Security Code, or the ISPS Code. The ISPS Code is designed to enhance the security of ports and ships against terrorism. To trade internationally, a vessel must attain an International Ship Security Certificate, or ISSC, from a recognized security organization approved by the vessel's flag state. Among the various requirements are:

- on-board installation of automatic identification systems to provide a means for the automatic transmission of safety-related information from among similarly equipped ships and shore stations, including information on a ship's identity, position, course, speed and navigational status;
- on-board installation of ship security alert systems, which do not sound on the vessel but only alert the authorities on shore;
- the development of vessel security plans;
- ship identification number to be permanently marked on a vessel's hull;
- a continuous synopsis record kept onboard showing a vessel's history including the name of the ship, the state whose flag the ship is entitled to fly, the date on which the ship was registered with that state, the ship's identification number, the port at which the ship is registered and the name of the registered owner(s) and their registered address; and
- compliance with flag state security certification requirements.

Ships operating without a valid certificate may be detained at port until it obtains an ISSC, or it may be expelled from port, or refused entry at port.

Furthermore, additional security measures could be required in the future which could have a significant financial impact on us. The U.S. Coast Guard regulations, intended to be aligned with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures, provided such vessels have on board a valid ISSC that attests to the vessel's compliance with SOLAS security requirements and the ISPS Code.

#### Inspection by Classification Societies

Every seagoing vessel must be "classed" by a classification society. The classification society certifies that the vessel is "in class," signifying that the vessel has been built and maintained in accordance with the rules of the classification society and complies with applicable rules and regulations of the vessel's country of registry and the international conventions of which that country is a member. In addition, where surveys are required by international conventions and corresponding laws and ordinances of a flag state, the classification society will undertake them on application or by official order, acting on behalf of the authorities concerned.

The classification society also undertakes on request other surveys and checks that are required by regulations and requirements of the flag state. These surveys are subject to agreements made in each individual case and/or to the regulations of the country concerned.

For maintenance of the class certification, regular and occasional surveys of hull, machinery, including the electrical plant, and any special equipment classed are required to be performed as follows:

**Annual Surveys.** For seagoing ships, annual surveys are conducted for the hull and the machinery, including the electrical plant, and where applicable for special equipment classed, within three months before or after each anniversary date of the date of commencement of the class period indicated in the certificate.

**Intermediate Surveys.** Extended annual surveys are referred to as intermediate surveys and typically are conducted two and one-half years after commissioning and each class renewal. Intermediate surveys are to be carried out at or

between the occasion of the second or third annual survey.

38

---

**Class Renewal Surveys.** Class renewal surveys, also known as special surveys, are carried out for the ship's hull, machinery, including the electrical plant and for any special equipment classed, at the intervals indicated by the character of classification for the hull. At the special survey the vessel is thoroughly examined, including audio-gauging to determine the thickness of the steel structures. Should the thickness be found to be less than class requirements, the classification society would prescribe steel renewals. Substantial amounts of money may have to be spent for steel renewals to pass a special survey if the vessel experiences excessive wear and tear. In lieu of the special survey, a ship owner has the option of arranging with the classification society for the vessel's hull or machinery to be on a continuous survey cycle, in which every part of the vessel would be surveyed within a five year cycle. 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. Vessels under five years of age can waive dry-docking in order to increase available days and decrease capital expenditures, provided the vessel is inspected underwater.

Most vessels are usually dry-docked every 30 to 36 months for inspection of the underwater parts and for repairs related to inspections. If any defects are found, the classification surveyor will issue a "recommendation" which must be rectified by the ship owner within prescribed time limits.

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 (the IACS). The IACS adopted harmonized Common Structure Rules that align with the IMO goal standards in 2013. All new and secondhand vessels that we purchase must be certified prior to their delivery under our standard purchase contracts and memorandum of agreement. If the vessel is not certified on the date of closing, we have no obligation to take delivery of the vessel.

#### Risk of Loss and Liability Insurance Generally

The operation of any cargo vessel includes risks such as mechanical failure, 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 for oil pollution accidents in the United States Exclusive Economic Zone, has made liability insurance more expensive for ship owners and operators trading in the United States market. While we will maintain hull and machinery insurance, war risks insurance, protection and indemnity cover and freight, demurrage and defense cover for our future operating fleet in amounts that we believe will be prudent to cover normal risks in our operations, we may not be able to achieve or maintain this level of coverage throughout a vessel's useful life. Furthermore, while we believe that our intended future insurance coverage will be adequate, not all risks can be insured, and there can be no guarantee that any specific claim will be paid, or that we will always be able to obtain adequate insurance coverage at reasonable rates.

#### C. Organizational Structure

We are the parent company of the following wholly-owned subsidiaries as of the date of this annual report:

| Subsidiary                    | Jurisdiction of Incorporation    |
|-------------------------------|----------------------------------|
| Seanergy Management Corp.     | Republic of the Marshall Islands |
| Seanergy Shipmanagement Corp. | Republic of the Marshall Islands |



|  |                                  |
|--|----------------------------------|
| Leader Shipping Co.                    | Republic of the Marshall Islands |
| Sea Glorius Shipping Co.               | Republic of the Marshall Islands |
| Sea Genius Shipping Co.                | Republic of the Marshall Islands |
| Sea Furious Shipping Co.               | Republic of the Marshall Islands |
| Sea Olympius Shipping Co.              | Republic of the Marshall Islands |
| Amazons Management Inc.                | Republic of the Marshall Islands |
| Lagoon Shipholding Ltd.                | Republic of the Marshall Islands |
| Cynthera Navigation Ltd.               | Republic of the Marshall Islands |
| Martinique International Corp.         | British Virgin Islands           |
| Harbour Business International Corp.   | British Virgin Islands           |
| Waldeck Maritime Co.                   | Republic of the Marshall Islands |
| Maritime Capital Shipping Limited      | Bermuda                          |
| Maritime Capital Shipping (HK) Limited | Hong Kong                        |
| Maritime Grace Shipping Limited        | British Virgin Islands           |
| Maritime Glory Shipping Limited        | British Virgin Islands           |
| Atlantic Grace Shipping Limited        | British Virgin Islands           |

D. Property, Plants and Equipment

We do not own any real estate property. We leased our executive office space in Athens, Greece pursuant to the terms of a sublease agreement between Seanergy Management and Waterfront S.A., a company affiliated with a member of the Restis family, up to and including March 15, 2015, at which point the Company relocated its executive office space to premises owned by an unaffiliated third party, and for MCS we lease office space in Hong Kong from a third party entity.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following management's discussion and analysis of the results of our operations and our financial condition should be read in conjunction with the financial statements and the notes to those statements included in "Item 18. Financial Statements." This discussion contains forward-looking statements that involve risks, uncertainties, and assumptions. Actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, such as those set forth in the "Risk Factors" section and elsewhere in this annual report.

A. Operating Results

Factors Affecting our Results of Operations Overview

We are an international provider of dry bulk marine transportation services. As of December 31, 2014, we did not own any operating vessels.

Over the past years, we have experienced significant losses, working capital deficiency and reduction in cash and cash equivalents, which has affected, and which we expect will continue to affect, our ability to satisfy our obligations. Due to the economic conditions and operational difficulties, we had entered into restructuring discussions with each of the lenders under our loan facility agreements that were completed on March 11, 2014.

As a result, we had no vessels in operation or other revenue generating assets as of December 31, 2014. Cash and cash equivalents remaining after the disposal of the last vessel were not deemed to be sufficient to cover the Company's working capital needs.

On February 12, 2014, we entered into a delivery and settlement agreement with our remaining lender, Piraeus Bank, for the sale of our four remaining vessels, to a nominee of the lender, in exchange for a nominal cash consideration and full satisfaction of the underlying loan facilities. We provided a corporate guarantee for these facilities. The four vessels are the dry bulk carriers Bremen Max, Hamburg Max, Davakis G. and Delos Ranger. Following the closing of the transaction on March 11, 2014, approximately \$146 million of outstanding debt and accrued interest, under both the Term Facility and the Revolving Facility, were discharged and the corporate guarantee provided by us was fully released.

On April 29, 2014 we announced the contribution of four Capesize vessels from certain of our major shareholders. Due to the significant deterioration of the dry bulk freight market conditions, it was deemed to reevaluate certain terms of the initial agreement of April 2014. The closing of the previously announced agreement for the contribution of four Capesize vessels has been extended to June 30, 2015. Continued discussions could lead to changes in the transaction which remains subject to certain conditions and sellers' third party consents.



On December 23, 2014 we entered into an agreement for the purchase of a second hand Capesize vessel. On March 19, 2015, we acquired a 2001 Capesize, 171,199 DWT vessel, which was renamed M/V Leadership, from an unaffiliated third party. The acquisition of the vessel was financed by (i) a convertible promissory note dated March 12, 2015 of \$4 million from an entity affiliated with one of our major shareholders, Jelco, (ii) a loan agreement dated March 06, 2015 of \$8.75 million with Alpha Bank and (iii) a share purchase agreement dated March 12, 2015 of \$4.5 million from Jelco in exchange for the issuance of 25,000,500 newly issuance shares of our common stock. The convertible promissory note is repayable in ten consecutive semi-annual repayment installments of \$0.2 million, along with a balloon installment of \$2 million payable on the final maturity date and bears interest of three months Libor plus a margin of 5% with quarterly interest payments. The Company has the right to defer up to three consecutive repayment installments to the balloon installment. At Jelco's option, our obligation to repay the repayment installments, or the balloon installment, or the principal amount under the convertible promissory note may be paid in common shares at a conversion price of \$0.18 per share, as such conversion price may be adjusted pursuant to the terms of the convertible promissory note, or by any other conversion price to be agreed in writing between the Company and Jelco. The Alpha Bank loan is repayable in twenty consecutive quarterly installments, the first four installments being \$0.2 million each and the next sixteen quarterly installments being \$0.25 million each, along with a balloon installment of \$3.95 million payable on the final maturity date. The loan bears interest of Libor plus a margin of 3.75% with quarterly interest payments. If LIBOR is below zero, LIBOR shall be deemed to be zero.

#### Important Measures for Analyzing Results of Operations

We believe that the important non-GAAP measures and definitions for analyzing our results of operations consist of the following and are not included in the consolidated financial statements prepared under US GAAP:

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

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

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

**Fleet utilization.** Fleet utilization is determined by dividing the number of operating days during a period by the number of ownership days during that period. The shipping industry uses fleet utilization to measure a company's efficiency in finding suitable employment for its vessels and minimizing the amount of days that its vessels are off-hire for any reason excluding scheduled repairs, vessel upgrades, dry-dockings or special or intermediate surveys.

**Off-hire.** The period a vessel is unable to perform the services for which it is required under a charter.

**Time charter.** A time charter is a contract for the use of a vessel for a specific period of time during which the charterer pays substantially all of the voyage expenses, including port costs, canal charges and fuel expenses. The vessel owner pays the vessel operating expenses, which include crew wages, insurance, technical maintenance costs, spares, stores and supplies and commissions on gross voyage revenues. Time charter rates are usually fixed during the term of the charter. Prevailing time charter rates do fluctuate on a seasonal and year-to-year basis and may be substantially higher or lower from a prior time charter agreement when the subject vessel is seeking to renew the time

charter agreement with the existing charterer or enter into a new time charter agreement with another charterer. Fluctuations in time charter rates are influenced by changes in spot charter rates.

TCE. Time charter equivalent or TCE rates are defined as our time charter revenues less voyage expenses during a period divided by the number of our Operating days during the period, which is consistent with industry standards. Voyage expenses include port charges, bunker (fuel oil and diesel oil) expenses, canal charges and commissions.

#### Revenues

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

- the nature and duration of our charters;
- the amount of time that we spent repositioning our vessels;

41

---

- the amount of time that our vessels spent in dry-dock undergoing repairs;
- maintenance and upgrade work;
- the age, condition and specifications of our vessels;
- the levels of supply and demand in the dry bulk carrier transportation market; and
- other factors affecting charter rates for dry bulk carriers under voyage charters.

A voyage charter is generally a contract to carry a specific cargo from a load port to a discharge port for an agreed-upon total amount. Under voyage charters, voyage expenses such as port, canal and fuel costs are paid by the vessel owner. A time charter voyage 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 and bareboat time charters provide more predictable cash flows, but can yield lower profit margins than vessels operating in the spot charter market for single voyages 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. As of the date of this annual report, we have one vessel, the M/V Leadership. As of December 31, 2014, we had no vessels. As of December 31, 2013 all our vessels operated in the spot market. As of December 31, 2012 one of our vessels operated under long-term index-linked employment, three vessels were operating under fixed rate charters with profit sharing agreements, four vessels were on bareboat charters and four vessels were on time charters.

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. Our average TCE rates for 2014, 2013 and 2012 were \$5,014, \$8,006 and \$7,465, respectively.

#### Vessel Operating Expenses

Vessel operating expenses include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance, the costs of spares and consumable stores, tonnage taxes and other miscellaneous expenses. Vessel operating expenses generally represent costs of a fixed nature. Some of these expenses are required, such as insurance costs and the cost of spares. Additionally, effective as of January 1, 2013, each foreign flagged vessel managed in Greece by Greek or foreign ship management companies is subject to Greek tonnage tax, under the laws of the Republic of Greece.

#### Principal Factors Affecting Our Business

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

- number of vessels owned and operated;
- charter market rates and periods of charter hire;
- vessel operating expenses and direct voyage costs, which were incurred in both U.S. dollars and other currencies, primarily Euros;

depreciation expenses, which are a function of vessel cost, any significant post-acquisition improvements, estimated useful lives, estimated residual scrap values, and fluctuations in the market value of our vessels;

- financing costs related to indebtedness associated with the vessels; and
- fluctuations in foreign exchange rates.

42

---

## Performance Indicators

The figures shown below are non-GAAP statistical ratios used by management to measure performance of our vessels. There are no comparable US GAAP measures.

|  | Year Ended December 31, |         |         |
|--|-------------------------|---------|---------|
|  | 2014                    | 2013    | 2012    |
| Fleet Data:  |                         |         |         |
| Average number of vessels(1)                             | 1                       | 6.2     | 17.6    |
| Ownership days(2)  | 268                     | 2,275   | 6,442   |
| Available days(3)  | 268                     | 2,218   | 6,333   |
| Operating days(4)  | 142                     | 1,840   | 5,559   |
| Fleet utilization(5)                                     | 53                      | % 80.9  | % 86.3  |
| Fleet utilization excluding drydocking off hire days (6) | 53                      | % 83.0  | % 87.8  |
| Average Daily Results:                                   |                         |         |         |
| Vessel TCE rate(7)                                       | \$5,014                 | \$8,006 | \$7,465 |
| Vessel operating expenses(8)                             | \$3,754                 | \$4,873 | \$4,189 |
| Management fees(9)                                       | \$455                   | \$412   | \$344   |
| Total vessel operating expenses(10)                      | \$4,209                 | \$5,285 | \$4,533 |

Average number of vessels is the number of vessels that constituted the Company's fleet for the relevant period, as (1) 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 calendar days in the relevant period.

Ownership days are the total number of days in a period during which the vessels in a fleet have been owned. (2) 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.

Available days are the number of ownership days less the aggregate number of days that vessels are off-hire due to (3) major repairs, dry dockings or special or intermediate surveys. The shipping industry uses available days to measure the number of ownership days in a period during which vessels should be capable of generating revenues. During the year ended December 31, 2014, the Company did not incur any off-hire days for vessel surveys.

Operating days are the number of available days in a period less the aggregate number of days that vessels are (4) 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 is the percentage of time that our vessels were generating revenue, and is determined by dividing (5) operating days by ownership days for the relevant period.

Fleet utilization excluding drydocking off-hire days is calculated by dividing the number of the fleet's operating days during a period by the number of available days during that period. The shipping industry uses fleet utilization (6) excluding drydocking off-hire days to measure a Company's efficiency in finding suitable employment for its vessels and excluding the amount of days that its vessels are off-hire for reasons such as scheduled repairs, vessel upgrades, or dry dockings or special or intermediate surveys.

TCE rates are defined as our net revenues less voyage expenses during a period divided by the number of our (7) operating days during the period, which is consistent with industry standards. Voyage expenses include port



charges, bunker (fuel oil and diesel oil) expenses, canal charges and other commissions:

(In thousands of U.S. dollars, except operating days and daily time charter equivalent rate)

|                                    | 2014    | 2013     | 2012     |
|------------------------------------|---------|----------|----------|
| Net revenues from vessels*         | \$2,010 | \$23,079 | \$55,616 |
| Voyage expenses                    | (1,274) | (8,035)  | (13,587) |
| Voyage expenses — related party    | (24)    | (313)    | (532)    |
| Net operating revenues             | \$712   | \$14,731 | \$41,497 |
| Operating days                     | 142     | 1,840    | 5,559    |
| Daily time charter equivalent rate | \$5,014 | \$8,006  | \$7,465  |

\* Our TCE rate is calculated as the weighted average of the daily rate earned under time charter contracts and of the daily rate earned by bareboat agreements after deducting the relevant fixed operating expense allowance. Net revenue from vessels under bareboat agreements is net of operating expense allowance.

Average daily vessel operating expenses, which include crew costs, provisions, deck and engine stores, lubricating (8)oil, insurance, maintenance and repairs, are calculated by dividing vessel operating expenses by ownership days (including the ownership days of the vessels employed under bareboat charters) for the relevant time periods:

| (In thousands of U.S. dollars, except ownership days and daily vessel operating expenses) | Year Ended December 31, |          |          |
|---|-------------------------|----------|----------|
|   | 2014                    | 2013     | 2012     |
| Operating expenses  | \$1,006                 | \$11,086 | \$26,983 |
| Ownership days  | 268                     | 2,275    | 6,442    |
| Daily vessel operating expenses   | \$3,754                 | \$4,873  | \$4,189  |

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

Total vessel operating expenses, or TVOE, is a measurement of total expenses associated with operating the (10)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.

Year ended December 31, 2014 as compared to year ended December 31, 2013

Vessel Revenue, Net – Vessel revenue was \$2.1 million during the year ended December 31, 2014, compared to \$23.8 million during the year ended December 31, 2013. Address commissions were \$0.07 million during the year ended December 31, 2014, compared to \$0.8 million during the year ended December 31, 2013. The decrease in vessel revenue is mainly attributable to the decrease in operating days as a result of the sale of our four remaining vessels in March 2014 in accordance to the financial restructuring plan. Seanergy owned an average of one vessel in 2014 as opposed to an average of 6.2 vessels in 2013.

Direct Voyage Expenses — Direct voyage expenses were \$1.3 million during the year ended December 31, 2014, compared to \$8.0 million during the year ended December 31, 2013. This decrease is mainly attributable to the reduction in voyage days for 2014 as a result of the sale of our four remaining vessels in March 2014 in accordance to the financial restructuring plan.

Vessel Operating Expenses — Vessel operating expenses were \$1 million during the year ended December 31, 2014, compared to \$11.1 million during the year ended December 31, 2013. This decrease is mainly attributable to the reduction in ownership days for 2014 as a result of the sale of our four remaining vessels in March 2014 in accordance to the financial restructuring plan.

Voyage Expenses — Related Party — Voyage expenses, related party, were \$0.02 million during the year ended December 31, 2014, compared to \$0.3 million during the year ended December 31, 2013. These expenses represent commissions charged in relation to the brokerage agreement we have with Safbulk, an affiliate, for the provision of chartering services. The chartering commissions represent a commission of 1.25% payable to Safbulk on the collected vessel revenue. The decrease reflects the reduction in our operating days as a result of the sale of our four remaining vessels in March 2014.

Management Fees — Related Party — Management fees, related party, were \$0.1 million during the year ended December 31, 2014, compared to \$0.7 million during the year ended December 31, 2013. Management fees relate to the management agreement we had with EST for the provision of operating and technical management services for the Seenergy fleet. The decrease is due to the reduction in ownership days as a result of the sale of our four remaining vessels in March 2014.

Management Fees — Management fees were \$NIL during the year ended December 31, 2014, compared to \$0.2 million during the year ended December 31, 2013. Management fees relate to the management agreements we had with M/S Fleet and Wallem for the provision of technical management services for the MCS fleet. In 2013, M/S Fleet and Wallem were entitled to receive an annual fee of \$122,400 and \$104,400 per vessel, respectively. Out of the remaining seven vessels in the MCS fleet four were sold on January 29, 2013 and three were sold on July 19, 2013.

General and Administration Expenses — General and administration expenses were \$3 million during the year ended December 31, 2014, compared to \$4 million during the year ended December 31, 2013. The decrease is mainly attributable to expense cutting efforts initiated during 2012, the cost savings resulting from the restructuring of our Hong Kong office and the increased costs in 2013 associated with the debt restructuring as compared to 2014.

General and Administration Expenses — Related Party — General and administration expenses – related party were \$0.3 million during the year ended December 31, 2014, compared to \$0.4 million during the year ended December 31, 2013. Our related party general and administration expenses are primarily comprised of office rental expenses. The monthly lease payment was EUR 25,000 during the year ended December 31, 2013 and up to June 1, 2014, at which point it was amended to EUR 15,000 per month for the remainder of 2014.

Loss on bad debts — Loss on bad debts were \$0.04 million during the year ended December 31, 2014, compared to \$NIL during the year ended December 31, 2013 and represents uncollectible receivable write-offs.

Amortization of Deferred Dry-docking Costs — Amortization of deferred dry-docking costs were \$NIL during the year ended December 31, 2014 compared to \$0.2 million during the year ended December 31, 2013. Three vessels underwent dry-docking during 2013, for a total of \$1 million. The greater part of the unamortized dry-docking balances of 2013 were classified as part of assets held for sale, and thus the amortization of deferred dry-docking costs were ceased.

Depreciation — Depreciation was \$NIL million for the year ended December 31, 2014, compared to \$1 million for the year ended December 31, 2013. During 2013 we had an average of 6.2 vessels, and as of June 30, 2013, the remaining assets were classified as held for sale and thus relative assets were no longer depreciated.

Impairment loss for vessels and deferred charges — Impairment loss for vessels and deferred charges were \$NIL during the year ended December 31, 2014, compared to \$3.6 million during the year ended December 31, 2013. During the year ended December 31, 2013, we recorded an impairment loss of \$867 for the vessel African Oryx that was sold on April 10, 2013 and \$10,697 for the vessels Davakis G. and Delos Ranger, which were measured at their fair values, upon classification of the vessels financed by the Piraeus Bank loan facilities to current assets as of June 30, 2013, as per the Company's restructuring plan. This was partially offset with the impairment re measurement of \$1,000 relating to the UOB vessels, and the impairment re measurement \$7,000 of Davakis G. and Delos Ranger as of December 31, 2013. The impairment loss was measured as the amount by which the carrying amount of the vessel exceeded its fair value less cost to sell, which was determined using the valuation derived from market data available at December 31, 2013.

Gain on disposal of subsidiaries — Gain on disposal of subsidiaries was \$NIL for the year ended December 31, 2014, compared to \$25.7 million for the year ended December 31, 2013. We recorded a gain of \$25.7 million on the disposal of the seven MCS subsidiaries in 2013. On January 29, 2013, we recognized a gain from the sale of the four MCS subsidiaries under the facility agreement with DVB, of \$5.5 million. On July 19, 2013, we recognized a gain from the sale of the three MCS subsidiaries under the facility agreement with UOB, of \$20.2 million.

Gain on restructuring — Gain on restructuring was \$85.6 million for the year ended December 31, 2014, compared to \$NIL for the year ended December 31, 2013. In 2014, we recognized a gain of \$85.6 million from the sale of the four remaining vessels under the facility agreements with Piraeus Bank.

Interest and Finance Costs — Interest and finance costs were \$1.5 million during the year ended December 31, 2014, compared to \$8.4 million during the year ended December 31, 2013. The decrease is mainly attributable to lower loan balances in 2014 compared to those in 2013 as a result of our restructuring plan. In 2014, we closed on the delivery and settlement agreement with our remaining lender, Piraeus Bank, for the sale of our four remaining vessels. In exchange for the sale, approximately \$145.6 million of outstanding debt and accrued interest were discharged. In 2013 we sold seven vessel owning subsidiaries, and in exchange for the sale, \$69.8 million of outstanding debt, accrued interest and swap liabilities were discharged. In addition to this, proceeds from African Oryx sale on April 10, 2013 were used to reduce outstanding debt. Total debt outstanding was \$134.9 million at the end of 2013 and was discharged in 2014. The weighted average interest rate on our outstanding debt for the years ended December 31,

2014 and 2013 was approximately 4.9% and 4.4%, respectively.

Interest Income — Interest income of \$0.01 million for the years ended December 31, 2014 and 2013 represents interest earned on term deposits at annualized interest rates ranging from 0.50% to 0.70% during 2014 and 0.30% to 2.10% during 2013.

Loss on interest rate swaps — Loss on interest rate swaps was \$NIL during the year ended December 31, 2014, compared to \$0.01 million during the year ended December 31, 2013. All of the interest rate swaps expired in 2013.

Year ended December 31, 2013 as compared to year ended December 31, 2012

Vessel Revenue — Related Party, Net — Vessel revenue, related party, was \$0 during the year ended December 31, 2013, compared to \$8.2 million during the year ended December 31, 2012. Related party address commissions were \$0 during the year ended December 31, 2013 compared to \$0.3 million during the year ended December 31, 2012. All vessels employed by related parties were sold in 2012. As a result the company recorded no revenues from related parties in 2013.

Vessel Revenue, Net – Vessel revenue was \$23.8 million during the year ended December 31, 2013, compared to \$49 million during the year ended December 31, 2012. Address commissions were \$0.8 million during the year ended December 31, 2013, compared to \$1.3 million during the year ended December 31, 2012. The decrease in vessel revenue is mainly attributable to a 67% decrease in operating days as a result of the eight vessels sold in 2013 in accordance to the financial restructuring plan. Seenergy owned an average of 6.2 vessels in 2013 as opposed to an average of 17.6 vessels in 2012.

Direct Voyage Expenses — Direct voyage expenses were \$8.0 million during the year ended December 31, 2013, compared to \$13.6 million during the year ended December 31, 2012. This decrease is mainly attributable to the reduction in voyage days for 2013 as a result of the eight vessels sold during the year in accordance to the financial restructuring plan.

Vessel Operating Expenses — Vessel operating expenses were \$11.1 million during the year ended December 31, 2013, compared to \$27 million during the year ended December 31, 2012. This decrease is mainly attributable to a 65% reduction in ownership days for 2013, to 2,275 from 6,442 as a result of the eight vessels sold in 2013 in accordance to the financial restructuring plan.

Voyage Expenses — Related Party — Voyage expenses, related party, were \$0.3 million during the year ended December 31, 2013, compared to \$0.5 million during the year ended December 31, 2012. These expenses represent commissions charged in relation to the brokerage agreement we have with Safbulk, an affiliate, for the provision of chartering services. The chartering commissions represent a commission of 1.25% payable to Safbulk on the collected vessel revenue. The decrease reflects the 67% reduction in our operating days from 5,559 in 2012 to 1,840 operating days in 2013.

Management Fees — Related Party — Management fees, related party, were \$0.7 million during the year ended December 31, 2013, compared to \$1.6 million during the year ended December 31, 2012. Management fees relate to the management agreement we have with EST for the provision of operating and technical management services for the Seenergy fleet and for the former subsidiary BET fleet. The decrease in 2013 is due to the reduction in ownership days for these fleets from 3,253 ownership days in 2012 to 1,559 ownership days in 2013.

Management Fees — Management fees were \$0.2 million during the year ended December 31, 2013, compared to \$0.6 million during the year ended December 31, 2012. Management fees relate to the management agreements we had with M/S Fleet and Wallem for the provision of technical management services for the MCS fleet. In 2013, M/S Fleet and Wallem were entitled to receive an annual fee of \$122,400 and \$104,400 per vessel, respectively. In 2012, M/S Fleet and Wallem were entitled to receive an annual fee of \$120,000 and \$102,000 per vessel, respectively. Two of the four vessels under M/S Fleet management were sold in the fourth quarter of 2012. Out of the remaining seven vessels in the MCS fleet four were sold on January 29, 2013 and three were sold on July 19, 2013. As a result, associated management fees for 2013 were significantly reduced.

General and Administration Expenses — General and administration expenses were \$4 million during the year ended December 31, 2013, compared to \$6.3 million during the year ended December 31, 2012. The decrease is mainly attributable to expense cutting efforts initiated during 2012 as well as the cost savings resulting from the restructuring of our Hong Kong office.

General and Administration Expenses — Related Party — General and administration expenses – related party were \$0.4 million during the years ended December 31, 2013 and 2012 respectively. Our related party general and administration expenses are primarily comprised of office rental expenses. The monthly lease payment was EUR 25,000 during the years ended December 31, 2013 and 2012.

Loss on bad debts — Loss on bad debts of \$0.3 million during the year ended December 31, 2012 represents uncollectible receivable write-offs.

Amortization of Deferred Dry-docking Costs — Amortization of deferred dry-docking costs were \$0.2 million during the year ended December 31, 2013 compared to \$3.6 million during the year ended December 31, 2012. Three vessels underwent dry-docking during 2013, for a total of \$1 million as compared to three vessels in 2012, for a total of approximately \$1.5 million. The decrease in amortization expense in 2013 is also due to the classification of unamortized dry-docking balances, as part of assets held for sale, and thus the amortization of deferred dry-docking costs were ceased.

Depreciation — Depreciation was \$1 million for the year ended December 31, 2013, compared to \$15.6 million for the year ended December 31, 2012. The decrease reflects the reduction in our fleet size from 17.6 vessels on average in 2012 to 6.2 vessels on average in 2013 and the classification of remaining assets as held for sale as of June 30, 2013 and thus relative assets were no longer depreciated.

Loss on sale of vessels — Loss on sale of vessels of \$15.6 million during the year ended December 31, 2012 is comprised of a loss of \$2.4 million on the sale of African Zebra on February 15, 2012 and a loss of \$13.2 million on the sale of BET Scouter on June 12, 2012.

Impairment loss for vessels and deferred charges — We recorded \$3.6 million of impairment losses on our vessels during 2013, as opposed to \$147.1 million impairment losses, net on our vessels for the year ended December 31, 2012. During the year ended December 31, 2013, we recorded an impairment loss of \$867 for the vessel African Oryx that was sold on April 10, 2013 and \$10,697 for the vessels Davakis G. and Delos Ranger, which were measured at their fair values, upon classification of the vessels financed by the Piraeus Bank loan facilities to current assets as of June 30, 2013, as per the Company's restructuring plan. This was partially offset with the impairment re measurement of \$1,000 relating to the UOB vessels, and the impairment re measurement \$7,000 of Davakis G. and Delos Ranger as of December 31, 2013. The impairment loss was measured as the amount by which the carrying amount of the vessel exceeded its fair value less cost to sell, which was determined using the valuation derived from market data available at December 31, 2013. During the year ended December 31, 2012 the Company recorded an impairment loss of \$54,611 for all of its vessels disposed except for the vessel African Zebra and the vessel BET Scouter. The impairment loss was measured as the amount by which the carrying amount of the vessels exceeded their fair value. Fair value was determined using the agreed sale price adjusted for selling costs. In addition, an impairment loss of \$67,275 and \$24,078 was recognized upon classification of the vessels financed by the DVB and UOB loan facilities as held for sale and as a result of the Company's impairment test exercise at December 31, 2012 for the remainder of its fleet, respectively. The impairment loss was measured as the amount by which the carrying amount of the vessels exceeded their fair value, which was determined using the valuation derived from market data available at December 31, 2012.

Gain from disposal of subsidiaries — We recorded a gain of \$25.7 million on the disposal of the seven MCS subsidiaries in 2013. On January 29, 2013, we recognized a gain from the sale of the four MCS subsidiaries under the facility agreement with DVB, of \$5.5 million. On July 19, 2013, we recognized a gain from the sale of the three MCS subsidiaries under the facility agreement with UOB, of \$20.2 million.

Impairment loss for goodwill— We recorded goodwill impairment losses of \$4.4 million during the year ended December 31, 2012. We tested our goodwill for potential impairment and concluded that indication of impairment existed as of September 30, 2012. The fair value for goodwill impairment testing was estimated by using the expected present value of future cash flows, applying judgments and assumptions that management believes were appropriate in the circumstances as well as by using the market capitalization approach. The future cash flows from operations were determined by considering the charter revenues from existing time charters for the fixed fleet days and an estimated daily time charter equivalent for the non-fixed days (based on a combination of 2-year forward freight agreements and the 10-year average historical charter rates available for each type of vessel). The weighted average cost of capital used was 7.42% for the nine month periods ended September 30, 2012.

Interest and Finance Costs — Interest and finance costs were \$8.4 million during the year ended December 31, 2013, compared to \$12.5 million during the year ended December 31, 2012. The decrease is mainly attributable to lower loan balances in 2013 compared to those in 2012 as a result of our restructuring plan under which we sold seven vessel owning subsidiaries, and in exchange for the sale, \$69.8 million of outstanding debt, accrued interest and swap liabilities were discharged. In addition to this, proceeds from African Oryx sale on April 10, 2013 were used to reduce outstanding debt. Total debt outstanding was \$208.6 million at the end of 2012 and was reduced to \$134.9 million at the end of 2013. The weighted average interest rate on our outstanding debt for the years ended December 31, 2013 and 2012 was approximately 4.4% and 3.9%, respectively.

Interest Income — Interest income of \$0.01 million for the year ended December 31, 2013 compared to interest income of \$0.06 million for the year ended December 31, 2012 represents interest earned on term deposits at annualized interest rates ranging from 0.30% to 2.10% during 2013 and 0.10% to 0.45% during 2012.



Loss on interest rate swaps — Loss on interest rate swaps was \$0.01 million during the year ended December 31, 2013, compared to \$0.2 million during the year ended December 31, 2012. The decrease is mainly attributable to the expiration of all interest rate swaps in 2013.

Income taxes — Income taxes for the years ended December 31, 2013 and 2012 amounted to income of \$0.001 million and expense of \$0.002 million, respectively, and related to MCS. Hong Kong profit tax has been provided at the rate of 16.5% on the estimated assessable profit for both years.

#### Recent Accounting Pronouncements

Refer to Note 2 of the consolidated financial statements included in this annual report.

#### 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 Dispositions

## Sale of BET

On November 9, 2012, we entered into an agreement with IMI to sell our 100% ownership interest in BET for a nominal cash consideration of \$1. In addition, we released BET from all of its obligations and liabilities towards us, which accrued to \$3.5 million as of the date of sale. The transaction was consummated on December 30, 2012 upon finalization of all the required documentation. On December 18, 2012, at the direction of IMI, we sold the vessel BET Prince for gross proceeds of \$8.3 million, which were used to repay part of the then outstanding debt.

IMI is ultimately controlled by members of the Restis family and is under common control with us. In connection with the sale of BET, our board of directors obtained a fairness opinion from an independent third party.

(amounts in table in millions of US Dollars)

|   |        |
|---|--------|
| Cash and restricted cash  | 3.5    |
| Vessels and other assets  | 49.5   |
| Long-term debt and other liabilities, net of BET's obligation towards the Company | (58.2) |
| Effect on equity from disposal of subsidiary                                      | (5.2 ) |

The sale of BET was treated as a transaction between entities under common control, and as such, asset and liability values were transferred at historical cost, with the resulting gains from the extinguishment of BET's net liabilities amounting to \$5.2 million recognized as an equity transaction within Additional paid-in capital.

## Sale of MCS subsidiaries

On January 29, 2013, MCS sold its 100% ownership interest in the four subsidiaries that owned the Handysize dry bulk carriers Fiesta, Pacific Fantasy, Pacific Fighter and Clipper Freeway. The buyer is a third-party nominee of the lenders under the senior secured credit facility with DVB, as agent. MCS had provided a guarantee under this facility, and in exchange for the sale, approximately \$30.3 million of outstanding debt was discharged. In addition, the guarantee provided by MCS was fully released. In connection with the sale of the subsidiaries, our board of directors obtained a fairness opinion from an independent third party.

(amounts in table in millions of US Dollars)

|                                      |        |
|--------------------------------------|--------|
| Cash and restricted cash             | 1.9    |
| Vessels and other assets             | 22.8   |
| Long-term debt and other liabilities | (30.4) |
| Net liabilities                      | (5.7 ) |

We recorded a gain in 2013 of \$5.5 million from the sale of the four MCS subsidiaries, under the facility agreement with DVB.

On July 19, 2013, MCS sold its 100% ownership interest in the three subsidiaries that owned the Handysize dry bulk carriers African Joy, African Glory and Asian Grace. The buyer was a third-party nominee of the lenders under the senior and the subordinated credit facility with UOB. MCS had provided a guarantee under this facility, and in exchange for the sale, \$39.5 million of outstanding debt, accrued interest and swap liabilities were discharged. In addition, the guarantee provided by MCS was fully released. In connection with the sale of the subsidiaries, MCS deposited \$1 million on May 16, 2013, into an escrow account held with the escrow agent, which was released to UOB on the closing date. Our Board of Directors obtained a fairness opinion from an independent third party rendering the transaction fair from the financial point of view of the Seanergy's shareholders.

The estimated fair values of the assets and liabilities sold on the date of the sale were as follows:

(amounts in table in millions of US Dollars)

|  |        |
|--|--------|
| Cash and restricted cash   | 0.1    |
| Vessels and other assets   | 18.5   |
| Long-term debt and other liabilities, net of obligations towards the Company | (40 )  |
| Net liabilities  | (21.4) |

We recognized a gain from the sale of the three MCS subsidiaries under the facility agreement with UOB, of \$20.2 million.

48

---

### Impairment of long-lived assets

We review our long-lived assets for impairment whenever events or changes in circumstances, such as undiscounted projected operating cash flows, business plans to dispose a vessel earlier than the end of its useful life and prevailing market conditions, indicate that the carrying amount of the assets may not be recoverable. The current conditions in the dry bulk market with decreased charter rates and decreased vessel market values are conditions that we consider indicators of a potential impairment for our vessels. We determine undiscounted projected operating cash flows, for each vessel and compare it to the vessel's carrying value. When the undiscounted projected operating cash flows, excluding interest charges, expected to be generated by the use of the vessel and its eventual disposition are less than its carrying amount, we impair the carrying amount of the vessel. Measurement of the impairment loss is based on the fair value of the asset as determined by independent valuers. The undiscounted projected operating cash inflows are determined by considering the charter revenues from existing time charters for the fixed fleet days and an estimated daily time charter equivalent for the non-fixed days (based on a combination of 2-year forward freight agreements and the median of the trailing 10-year historical charter rates available for each type of vessel) adjusted for brokerage commissions and expected outflows for scheduled vessels' maintenance. The undiscounted projected operating cash outflows are determined by reference to our actual vessel operating expenses, assuming an average annual inflation rate of 2.5%. Effective fleet utilization is assumed to 98% in our exercise, assumptions in line with our historical performance. We recorded an impairment loss, net of \$NIL, \$3.6 million and \$147.1 million for the years ended December 31, 2014, 2013 and 2012, respectively.

### Goodwill impairment

Goodwill represents the excess of the aggregate purchase price over the fair value of the net identifiable assets acquired in business combinations accounted for under the purchase method. Goodwill is reviewed for impairment at least annually in December. The goodwill impairment test is a two-step process. Under the first step, the fair value of the reporting unit is compared to the carrying value of the reporting unit (including goodwill). If the fair value of the reporting unit is less than the carrying value of the reporting unit, goodwill impairment may exist, and the second step of the test is performed. Under the second step, the implied fair value of the goodwill is compared to the carrying value of the goodwill and an impairment loss is recognized to the extent that the carrying value of goodwill exceeds the implied fair value of goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation. The residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis and market capitalization analysis. If the fair value of the reporting unit exceeds its carrying value, step two does not have to be performed. We test our goodwill for potential impairment at year end or whenever there is an indication of impairment. The fair value for goodwill impairment testing is estimated using the expected present value of future cash flows, using judgments and assumptions that management believes are appropriate in the circumstances. The future cash flows from operations are determined by considering the charter revenues from existing time charters for the fixed fleet days and an estimated daily time charter equivalent for the non-fixed days (based on a combination of 2-year forward freight agreements and the median of the trailing 10-year historical charter rates available for each type of vessel). We had one reporting unit and tested its goodwill for potential impairment, and concluded that indication of impairment existed as of September 30, 2012. The fair value for goodwill impairment test was estimated using the expected present value of future cash flows, using judgments and assumptions that management believes were appropriate in the circumstances and using the market capitalization approach. The future cash flows from operations were determined by considering the charter revenues from existing time charters for the fixed fleet days and an estimated daily time charter equivalent for the non-fixed days (based on a combination of 2-year forward freight agreements and the median of the trailing 10-year historical charter rates available for each type of vessel). The weighted average cost of capital used was 7.42% for the nine month period ended September 30, 2012. As a result, an impairment loss for goodwill of \$4.4 million was recorded, for the year ended December 31, 2012.

Vessel depreciation

Depreciation is computed using the straight-line method over the estimated useful life of the vessels, after considering the estimated salvage value. Management estimates the useful life of our vessels to be 30 years from the date of initial delivery from the shipyard. Salvage value is estimated by taking the cost of steel times the weight of the ship noted in lightweight ton (LWT). Salvage values are periodically reviewed and revised to recognize changes in conditions, new regulations or other reasons. Revisions of salvage values affect the depreciable amount of the vessels and affects depreciation expense in the period of the revision and future periods.

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. 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. The estimates and assumptions regarding expected cash flows and the appropriate discount rates require considerable judgment and are based upon existing contracts, historical experience, financial forecasts and industry trends and conditions. Consequently, actual results could differ from these estimates and assumptions used and we may need to review such estimates and assumptions in future periods as underlying conditions, prices and other mentioned variables change. Our results of operations and financial position in future periods could be significantly affected upon revision of these estimates and assumptions or upon occurrence of events. Due to the different scenarios under which such changes could occur, it is not practical to quantify the range and possible effects of such future changes in our financial statements.

#### Our Fleet – Illustrative Comparison of Possible Excess of Carrying Value Over Estimated Charter-Free Market Value of Certain Vessels

In "Critical Accounting Policies and Estimates – Impairment of long-lived assets," we discuss our policy for impairing the carrying values of our vessels. During the past few years, the market values of vessels have experienced particularly high volatility, with substantial declines in many vessel classes. As a result, the charter-free market value, or basic market value, of certain of our vessels may have declined below those vessels' carrying value, even though we would not impair those vessels' carrying value under our accounting impairment policy, due to our belief that future undiscounted cash flows expected to be earned by such vessels over their operating lives would exceed such vessels' carrying amounts. The table set forth below indicates (i) the carrying value of each of our vessels as of December 31, 2014 and 2013, (ii) which of our vessels we believe had a basic market value below its carrying value, and (iii) the aggregate difference between carrying value and market value represented by such vessels. This aggregate difference represents the approximate analysis of the amount by which we believe we would have had to reduce our net income if we sold all of such vessels in the current environment, on industry standard terms, in cash transactions, and to a willing buyer where we are not under any compulsion to sell, and where the buyer is not under any compulsion to buy as of December 31, 2014 and 2013. For purposes of this calculation, we assumed that the vessels would be sold at a price that reflects our estimate of their charter-free market values as of December 31, 2014 and 2013.

Our estimates of basic market value assume that our vessels are all in good and seaworthy condition without need for repair and if inspected would be certified in class without notations of any kind. Our estimates are based on information available from various industry sources, including:

- reports by industry analysts and data providers that focus on our industry and related dynamics affecting vessel values;
- news and industry reports of similar vessel sales;
- news and industry reports of sales of vessels that are not similar to our vessels where we have made certain adjustments in an attempt to derive information that can be used as part of our estimates;
- approximate market values for our vessels or similar vessels that we have received from shipbrokers, whether solicited or unsolicited, or that shipbrokers have generally disseminated;
- offers that we may have received from potential purchasers of our vessels; and
- vessel sale prices and values of which we are aware through both formal and informal communications with shipowners, shipbrokers, industry analysts and various other shipping industry participants and observers.

As we obtain information from various industry and other sources, our estimates of basic market value are inherently uncertain. In addition, vessel values are highly volatile; as such, our estimates may not be indicative of the current or future basic market value of our vessels or prices that we could achieve if we were to sell them.



| Vessel          | Dwt       | Year purchased | Carrying Value |                 |
|-----------------|-----------|----------------|----------------|-----------------|
|                 |           |                | 2014           | 2013            |
| Davakis G.      | 54,051    | 2008           | n/a            | \$23.7 million* |
| Delos Ranger    | 54,057    | 2008           | n/a            | \$24.0 million* |
| African Oryx    | 24,112    | 2008           | n/a            | n/a             |
| Bremen Max      | 73,503    | 2008           | n/a            | \$5.6 million*  |
| Hamburg Max     | 73,498    | 2008           | n/a            | \$5.9 million*  |
| African Zebra   | 38,632    | 2008           | n/a            | n/a             |
| BET Commander   | 149,507   | 2009           | n/a            | n/a             |
| BET Intruder    | 69,235    | 2009           | n/a            | n/a             |
| BET Prince      | 163,554   | 2009           | n/a            | n/a             |
| BET Scouter     | 172,173   | 2009           | n/a            | n/a             |
| BET Fighter     | 173,149   | 2009           | n/a            | n/a             |
| Fiesta          | 29,519    | 2010           | n/a            | n/a             |
| Pacific Fantasy | 29,538    | 2010           | n/a            | n/a             |
| Pacific Fighter | 29,538    | 2010           | n/a            | n/a             |
| Clipper Freeway | 29,538    | 2010           | n/a            | n/a             |
| African Joy     | 26,482    | 2010           | n/a            | n/a             |
| African Glory   | 24,252    | 2010           | n/a            | n/a             |
| Asian Grace     | 20,138    | 2010           | n/a            | n/a             |
| Clipper Glory   | 30,570    | 2010           | n/a            | n/a             |
| Clipper Grace   | 30,548    | 2010           | n/a            | n/a             |
| TOTAL DWT       | 1,295,594 |                |                |                 |

\* Indicates that, as of December 31, 2013, the basic charter-free market value was higher than the vessel's carrying value by approximately \$4.8 million.

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

#### Survey costs

There are two methods that are primarily used by the shipping industry to account for dry-dockings; first, the deferral method, whereby specific costs associated with a dry-docking are capitalized when incurred and amortized on a straight-line basis over the period to the next scheduled dry-dock; and second, the direct expensing method, whereby dry-docking costs are expensed in the period incurred. We use the deferral method of accounting for dry-dock expenses. Under the deferral method, dry-dock expenses are capitalized and amortized on a straight-line basis until the date that the vessel is expected to undergo its next dry-dock. We believe the deferral method better matches costs with revenue. We use judgment when estimating the period between dry-docks performed, which can result in adjustments to the estimated amortization of dry-dock expense, the duration of which depends on the age of the vessel and the nature of dry-docking repairs the vessel will undergo. We expect that our vessels will be required to be dry-docked approximately every 2.5 years in accordance with class requirements for major repairs and maintenance. Costs capitalized as part of the dry-docking include actual costs incurred at the dry-dock yard and parts and supplies used in undertaking the work necessary to meet class requirements.



#### Variable interest entities

We evaluate our relationships with other entities to identify whether they are variable interest entities and to assess whether we are the primary beneficiary of such entities. If it is determined that we are the primary beneficiary, that entity is included in our consolidated financial statements. We do not participate in any variable interest entity.

#### Recent Developments

##### The Fleet

As discussed elsewhere in this annual report, we have had a significant reduction in the size of our fleet. As of the date of this annual report, we own one vessel, the M/V Leadership.

The closing of the previously announced agreement for the contribution of four Capesize vessels to Seanergy due to the significant deterioration of the dry bulk freight market conditions has been extended to June 30, 2015.

51

---

On December 19, 2014, we had entered into a share purchase agreement under which we would sell 4,440,000 of our common shares to Jelco, for \$1.1 million. The common shares were sold at a price of \$0.25 per share. On December 30, 2014, we completed the equity injection plan with the abovementioned entity. The shares to the entity were issued on December 30, 2014.

On March 19, 2015, we acquired a 2001 Capesize, 171,199 DWT vessel, which was renamed M/V Leadership, from an unaffiliated third party. The acquisition of the vessel was financed by (i) a convertible promissory note dated March 12, 2015 of \$4 million from an entity affiliated with one of our major shareholders, Jelco, (ii) a loan agreement dated March 06, 2015 of \$8.75 million with Alpha Bank and (iii) a share purchase agreement dated March 12, 2015 of \$4.5 million from Jelco in exchange for the issuance of 25,000,500 newly issuance shares of our common stock. The convertible promissory note is repayable in ten consecutive semi-annual repayment installments of \$0.2 million, along with a balloon installment of \$2 million payable on the final maturity date and bears interest of three months Libor plus a margin of 5% with quarterly interest payments. The Company has the right to defer up to three consecutive repayment installments to the balloon installment. At Jelco's option, our obligation to repay the repayment installments, or the balloon installment, or the principal amount under the convertible promissory note may be paid in common shares at a conversion price of \$0.18 per share, as such conversion price may be adjusted pursuant to the terms of the convertible promissory note, or by any other conversion price to be agreed in writing between the Company and Jelco. The Alpha Bank loan is repayable in twenty consecutive quarterly installments, the first four installments being \$0.2 million each and the next sixteen quarterly installments being \$0.25 million each, along with a balloon installment of \$3.95 million payable on the final maturity date. The loan bears interest of Libor plus a margin of 3.75% with quarterly interest payments. If LIBOR is below zero, LIBOR shall be deemed to be zero.

#### Restructuring of Our Indebtedness

Due to the economic conditions and operational difficulties of the Company, we entered into restructuring discussions with each of the lenders under our loan facility agreements which have been successfully resolved as of the date of this annual report. See "Item 5. Operating and Financial Review and Prospects – Liquidity and Capital Resources - Credit Facilities" for a discussion of our loan agreements.

Since the fourth quarter of 2012, we have been in default under our loan agreements in respect of certain covenants (including, in some cases, the failure to make amortization and interest payments, the failure to satisfy financial covenants and the triggering of cross default provisions) and events of default have occurred. Since January 1, 2012, and up to March 11, 2014, we have sold or otherwise disposed of all of our 20 vessels (or the ownership of certain of our vessel-owning subsidiaries) in connection with the restructuring, and any proceeds have been used to repay the related debt. The following sets forth the terms of the completed steps of the restructuring to date:

#### BET Syndicate Facility Agreement

On June 12, 2012, with the consent of the lenders under BET Syndicate facility with Citibank plc as agent, or the Citibank Facility, we completed the sale of the Bet Scouter with gross proceeds of approximately \$12.1 million. On July 16, 2012, with the consent of the lenders under the Citibank Facility, we completed the sale of the Bet Fighter with gross proceeds of approximately \$9.1million and on October 29, 2012, with the consent of the lenders under the Citibank Facility, we completed the sale of the Bet Intruder with gross proceeds of approximately \$4.8 million. Citibank applied the gross proceeds towards repayment of part of the debt under the Citibank Facility.

On November 9, 2012, we entered into an agreement with IMI, a company controlled by members of the Restis family, to sell our 100% ownership interest in BET, for a nominal cash consideration of \$1. In addition, we released BET from all of its obligations and liabilities towards us, which accrued to \$3.5 million as of the date of sale. The transaction was consummated on December 30, 2012 with the consent of the majority lenders of the Citibank

syndicate, upon finalization of all the required documentation. On December 18, 2012, at the direction of IMI, we sold the vessel BET Prince for gross proceeds of \$8.3 million, which were used to repay part of the then outstanding debt. As a result of the transaction, our overall indebtedness was reduced by approximately \$46.7 million.

#### HSBC Facility Agreement

On September 4, 2012 we entered into a waiver letter (as supplemented by an extension letter dated October 24, 2012) through MCS and our MCS subsidiaries under the facility agreement with Hong Kong and Shanghai Banking Corporation Limited, or HSBC, for the sale of the two vessels under the HSBC facility (the Clipper Grace and the Clipper Glory), whereby HSBC agreed to waive any default which had or would occur under the HSBC Facility until the sale of the two vessels. On October 15, 2012 and December 4, 2012, we sold the Clipper Grace and Clipper Glory with gross proceeds of approximately \$22.5 million. Part of the sale proceeds of approximately \$17.1 million were applied towards the full and final satisfaction of all liabilities owed to HSBC under the HSBC Facility and HSBC further released us from all our liabilities and obligations under this facility.

#### DVB Facility Agreement

On January 25, 2013 we entered into a settlement agreement with, among others, DVB, MCS, the MCS subsidiaries under the under the facility agreement with DVB Bank AG, or DVB, (the "DVB Facility"), for the sale of the four MCS subsidiaries to a third party entity nominated by DVB. On January 29, 2013, we closed the sale of our 100% MCS ownership interest in the four subsidiaries that owned the Handysize dry bulk carriers Fiesta, Pacific Fantasy, Pacific Fighter and Clipper Freeway. The buyer was a third-party nominee of the lenders under the senior secured credit facility with DVB, as agent. MCS had provided a guarantee under this facility, and in exchange for the sale, approximately \$30.3 million of outstanding debt was discharged. In addition, the guarantee provided by MCS was fully released. DVB has also released us from all our liabilities and obligations under the DVB Facility.

#### UOB Facility Agreement

On July 19, 2013, MCS sold its 100% ownership interest in the three subsidiaries that owned the Handysize dry bulk carriers African Joy, African Glory and Asian Grace. The buyer was a third-party nominee of the lenders under the senior and the subordinated credit facility with UOB. MCS had provided a guarantee under this facility, and in exchange for the sale, \$39.5 million of outstanding debt, accrued interest and swap liabilities were discharged. In addition, the guarantee provided by MCS was fully released.

#### Piraeus Bank Facility Agreement

We had outstanding indebtedness and accrued interest of \$144.4 million as of December 31, 2013, under two credit facilities with Piraeus Bank. We had obtained waivers of the breach of certain financial covenants under our credit facilities through December 31, 2013. However as of December 31, 2012, we were not current with loan interest payments. As a result, an event of default had occurred.

On February 12, 2014, we entered into a delivery and settlement agreement with our remaining lender, Piraeus Bank, for the sale of our four remaining vessels, to a nominee of the lender, in exchange for a nominal cash consideration and full satisfaction of the underlying loan facilities. We had provided a corporate guarantee for these facilities. The four vessels are the dry bulk carriers Bremen Max, Hamburg Max, Davakis G. and Delos Ranger. On March 11, 2014, following the closing of the transaction and the sale of the vessels, the outstanding debt and accrued interest, under both the Term Facility and the Revolving Facility, were discharged and the corporate guarantee provided by us was fully released.

For more information regarding our loan facilities, please see "Item 5. Operating and Financial Review and Prospects – Liquidity and Capital Resources - Credit Facilities."

#### NASDAQ Notifications and Listing under the NASDAQ Capital Market

Our common stock was listed on the NASDAQ Global Market until December 20, 2012. Effective December 21, 2012, the Company transferred its stock listing to the Nasdaq Capital Market and the Company's common stock continues to trade under the symbol "SHIP". Our ability to retain our listing is contingent upon compliance with NASDAQ listing requirements. The listing standards of the NASDAQ Capital Market provide, among other things, that a company may be delisted if the bid price of its stock drops below \$1.00 for a period of 30 consecutive business days.

On May 1, 2013, we received written notification from the NASDAQ Capital Market, indicating that we were not in compliance with the requirement to maintain a minimum of \$2.5 million in stockholders' equity for continued listing on the Capital Market, pursuant to NASDAQ Listing Rule 5550(b)(1). We submitted a plan to NASDAQ to regain

compliance with the continued listing standards of the Capital Market. On August 7, 2013, we received written notification from the NASDAQ Capital Market, granting us an extension of time until October 28, 2013 to regain compliance with the NASDAQ Listing Rule 5550(b)(1).

On October 30, 2013, we received a Staff Delisting Determination letter from the NASDAQ Stock Market LLC notifying us that, due to non-compliance with the minimum \$2.5 million in stockholders' equity requirement for continued listing set forth in NASDAQ Listing Rule 5550(b), trading of our common stock would be suspended unless the Company requested an appeal of this delisting determination by November 6, 2013.

In connection to the delisting determination we requested an appeal and were granted a hearing before the NASDAQ Hearings Panel. The request stayed the suspension of trading and delisting of our common shares from the NASDAQ Capital Market pending the Panel's decision.

On December 11, 2013, we presented to the Panel the status of our previously announced financial restructuring plan and our plan to establish compliance with the minimum \$2.5 million in stockholders' equity requirement.

53

---

On January 9, 2014, the Panel granted our request for extension on the continued listing on the NASDAQ Capital Market until April 28, 2014 in order for us to demonstrate compliance with the minimum \$2.5 million in stockholders' equity requirement. These notifications have no effect on the listing status of our common stock at this time.

On January 28, 2015, we received written notification from the NASDAQ Stock Market, indicating that because the closing bid price of our common stock for 30 consecutive business days, from December 12, 2014 to January 27, 2015, was below the minimum \$1.00 per share bid price requirement for continued listing on the Nasdaq Capital Market, we were not in compliance with Nasdaq Listing Rule 5550(a)(2). Pursuant to Nasdaq Listing Rule 5810(c)(3)(A), the applicable grace period to regain compliance is 180 days, or until July 27, 2015.

We intend to monitor the closing bid price of its common stock between now and July 27, 2015 and are considering our options, including a reverse stock split, in order to regain compliance with the Nasdaq Capital Market minimum bid price requirement. We can cure this deficiency if the closing bid price of our common stock is \$1.00 per share or higher for at least ten consecutive business days during the grace period. In the event we do not regain compliance within the 180-day grace period and we meet all other listing standards and requirements, we may be eligible for an additional 180-day grace period.

We intend to cure the deficiency within the prescribed grace period. During this time, our common stock will continue to be listed and trade on the Nasdaq Capital Market. Our business operations are not affected by the receipt of this notification.

#### Annual Meeting of Shareholders

At the annual meeting of our shareholders held on September 16, 2014, our shareholders approved and adopted the following proposals: 1) the election of Ms. Christina Anagnostara, as Class B Director to serve until the 2017 Annual Meeting of Shareholders, 2) the appointment of Ernst & Young (Hellas) Certified Auditors Accountants S.A. as the Company's Independent Registered Public Accounting Firm for the fiscal year ending December 31, 2014, and 3) the approval of a reverse stock split of the Company's issued and outstanding common stock by a ratio of not less than one-for-two and not more than one-for-fifteen with the exact ratio to be set at a whole number within this range to be determined by the Company's Board of Directors in its discretion and the approval of the related amendment to the Company's Amended and Restated Articles of Incorporation. Following the approval the Board of Directors has the authority to effect the stock split at any time at any of the approved split ratios within the range.

#### Equity Incentive Plan

On January 12, 2011 our board of directors adopted the Seanergy Maritime Holdings Corp. 2011 Equity Incentive Plan, or the Plan. A total of 8,750,000 shares of our common stock were reserved for issuance under the Plan, which is administered by the Compensation Committee of our board of directors. In May 2012, the total number of shares originally reserved under the Plan was adjusted to 583,334 shares to reflect the Reverse Stock Split. Under the Plan, our officers, key employees, directors, consultants and service providers may be granted incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, unrestricted stock, restricted stock units, and unrestricted stock at the discretion of our Compensation Committee. Any awards granted under the Plan that are subject to vesting are conditioned upon the recipient's continued service as an employee or a director of the Company, through the applicable vesting date.

On February 16, 2011, the Compensation Committee granted an aggregate of 3,332 restricted shares (as adjusted for the Reverse Stock Split) of our common stock, or the February 2011 Shares, pursuant to the Plan. 2,667 restricted shares of the February 2011 Shares were granted to our two executive directors, and the other 665 restricted shares of the February 2011 Shares were granted to certain of our other employees. All of the February 2011 Shares vest

proportionally over a period of three years in equal installments, which commenced on January 10, 2012. The fair value of each February 2011 Share on the grant date was \$0.89 and such shares were expensed over 3 years.

B. Liquidity and Capital Resources

Our principal source of funds has been our operating cash flow, our borrowing facilities and equity provided by the capital markets and our shareholders. Our principal use of funds has primarily been capital expenditures to establish our fleet, maintain the quality of our dry bulk carriers, comply with international shipping standards and environmental laws and regulations, fund working capital requirements, and make principal repayments and interest payments on our outstanding loan facilities.

As of December 31, 2014, our liquidity reflected \$2.9 million of total cash, compared to \$3.1 million in total cash as of December 31, 2013.

As of December 31, 2014, we had total indebtedness of \$NIL. As of December 31, 2013, we had total indebtedness of \$134.9 million. The decrease in our total indebtedness was attributed to the discharge and repayment of the Piraeus Bank debt in March 2014.

54

---

Our working capital as of December 31, 2014, consisting of current assets amounting to \$3.3 million and current liabilities amounting to \$0.6 million, resulted in a surplus of \$2.7 million compared to a working capital deficit of \$90.6 million as of December 31, 2013. The variance is mainly attributed to the discharge and repayment of the Piraeus Bank debt in March 2014.

On June 24, 2014, we had entered into a share purchase agreement under which we sold 1,890,000 of our common shares to Plaza Shipholding Corp. and Comet Shipholding Inc., companies affiliated with the Restis family, for approximately \$1.1 million. On June 27, 2014, we completed the equity injection plan with the two abovementioned entities. The shares to the two entities were issued on June 27, 2014.

On September 29, 2014, we had entered into a share purchase agreement under which we sold 1,600,000 of our common shares to Plaza Shipholding Corp. and Comet Shipholding Inc., companies affiliated with the Restis family, for approximately \$1 million. On September 30, 2014, we completed the equity injection plan with the two abovementioned entities. The shares to the two entities were issued on September 30, 2014.

On December 19, 2014, we had entered into a share purchase agreement under which we sold 4,440,000 of our common shares to Jelco, for approximately \$1.1 million. On December 30, 2014, we completed the equity injection plan with the abovementioned entity. The shares to the entity were issued on December 30, 2014.

As of the date of this annual report, we have one bank loan obligation of \$8.75 million outstanding and one shareholder convertible note obligation of \$4.0 million outstanding, entered into for the acquisition of the vessel M/V Leadership in March 6, 2015 and March 12, 2015, respectively.

As charter rates for bulkers have experienced a high degree of volatility, the newly acquired vessel will probably be employed for the first months of its operation at charter rates that may not be sufficient to cover its operating expenses. Currently, there can be no assurance as to whether the charter rates will improve within a short period of time and to what extent, and accordingly if the cash existing at the balance sheet date and expected to be generated from the vessel's operation will be sufficient to cover the Company's working capital needs for a reasonable period of time.

#### Derivatives

We had no interest swap agreement as of December 31, 2014. The market value of the interest swaps was a liability of \$NIL, \$NIL and \$0.5 million as of December 31, 2014, 2013 and 2012, respectively.

#### Cash Flows

Year ended December 31, 2014, as compared to year ended December 31, 2013

Operating Activities: Net cash used in operating activities was \$14.9 million for the year ended December 31, 2014 as compared to net cash provided of \$1 million for the year ended December 31, 2013. In determining net cash provided by operating activities, net income/(loss) is adjusted for the effects of certain items such as depreciation and amortization, impairment losses, gains and losses from sales of vessels and unrealized gains and losses on derivatives.

The cumulative effect of adjustments to reconcile net income to net cash provided by operating activities was a \$85.8 million decrease for the year ended December 31, 2014 which consisted mainly of the following adjustments: \$85.6 million gain from restructuring the final credit facility with Piraeus Bank; \$0.2 million payments for dry-docking and special survey costs and \$0.003 million of depreciation.



Furthermore, the cash outflow from operations of \$9.4 million for the year ended December 31, 2014, resulted mainly from: a \$0.9 million increase in operating expenses liabilities; a \$1.2 million decrease in trade receivables and a \$0.7 million decrease in other current assets. This was partially offset by: a \$9.4 million decrease in accrued interest, a \$1.9 million decrease in trade accounts and other payables, a \$0.8 million decrease in accrued expenses and a \$0.2 million decrease in deferred revenue.

Investing Activities: For the year ended December 31, 2014, net cash provided by investing activities was \$105.9 million. This cash inflow resulted from the sale of the four remaining vessels in March 2014 in connection with the delivery and settlement agreement with Piraeus Bank to unwind our final credit facility.

Financing Activities: For the year ended December 31, 2014, our net cash used in financing activities was \$91.2 million. This cash outflow resulted mainly from \$94.4 million of principal repayments of our debt that was partially offset by \$3.2 million in proceeds from issuance of our common stock.

Year ended December 31, 2013, as compared to year ended December 31, 2012

Operating Activities: Net cash provided by operating activities was \$1 million for the year ended December 31, 2013 as compared to \$2.4 million for the year ended December 31, 2012. In determining net cash provided by operating activities, net income/(loss) is adjusted for the effects of certain items such as depreciation and amortization, impairment losses, gains and losses from sales of vessels and unrealized gains and losses on derivatives,

The cumulative effect of adjustments to reconcile net income to net cash provided by operating activities was a \$20.6 million decrease for the year ended December 31, 2013 which consisted mainly of the following adjustments: \$3.6 million of impairment losses on vessels and deferred charges; \$1 million of depreciation; \$0.2 million amortization charges; and \$1.1 million from the amortization and write-off of deferred finance fees. These adjustments were partially offset by \$25.7 million gain from disposal of subsidiaries and \$0.8 million payments for dry-docking and special survey costs.

Furthermore, the cash inflow from operations of \$10.7 million for the year ended December 31, 2013, resulted mainly from: a \$2.9 million increase in operating expenses liabilities; a \$6.8 million increase in accrued expenses; a \$1.1 million decrease in other current assets; a \$1 million decrease in trade receivables; and a \$0.3 increase in deferred revenue. This was partially offset by: a \$0.6 million decrease in accounts payable and a \$1 million increase in inventories.

Investing Activities: For the year ended December 31, 2013, net cash provided by investing activities was \$1 million. This cash inflow resulted from proceeds of \$4 million from the disposal of a vessel, offset by \$3 million of cash paid and disposed of upon the disposal of the vessel owning subsidiaries financed by the DVB and the UOB loan facilities.

Financing Activities: For the year ended December 31, 2013, our net cash used in financing activities was \$3.2 million. The cash outflow in 2013 resulted from \$5.2 million of principal repayments of our debt that was partially offset by the decrease of \$2 million in restricted cash upon the disposal of the vessel owning subsidiaries financed by the DVB loan facility.

## Credit Facilities

### Alpha Bank Loan Facility

On March 06, 2015, we entered into an \$8.75 million loan agreement with Alpha Bank to partly finance the acquisition price of the M/V Leadership. The loan is repayable in twenty consecutive quarterly installments, the first four installments being \$0.2 million each and the next sixteen quarterly installments being \$0.25 million each, along with a balloon installment of \$3.95 million payable on the final maturity date. The loan bears interest of Libor plus a margin of 3.75% with quarterly interest payments. If LIBOR is below zero, LIBOR shall be deemed to be zero.

The facility is secured by the following:

- (a) a first priority mortgage duly registered over the vessel;
- (b) a general assignment of all earnings, insurances, requisition compensation and all lender's benefits and interests present and future;
- (c) a corporate guarantee by Seanergy;
- (d) an accounts pledge agreement; and
- (f) a manager's undertaking.

The facility includes covenants, among others, that require the borrowers and the corporate guarantor, Seanergy, to maintain vessel insurance value for an amount greater of (a) the vessel's market value and (b) 125% of the loan. The vessel's insurance value is required to include as a minimum coverage for hull and machinery, war risk and protection and indemnity insurance, \$1 billion for oil pollution and for excess oil spillage and pollution liability insurance. In addition, mortgagee's interest insurance is required to be at least 110% of the amount of the loan.

In addition, if the vessel is sold or becomes a total loss or the mortgage on the vessel is discharged on its disposal, we are required to repay such part of the facility as is equal to the higher of the amount related to such vessel or the amount necessary to maintain the security clause margin.

Other covenants include the following:

- not to borrow any money or permit such borrowings to continue or enter into any agreement for deferred terms, other than in any customary supplier's credit terms or any equipment lease or contract hire agreement other than in ordinary course of business;

- no loans, advances or investments in, any person, firm, corporation or joint venture or to any officer, director, shareholder or customer of any such person;
- not to assume, guarantee or otherwise undertake the liability of any person, firm, company;
- not to authorize any capital commitments;
- Seanergy may declare or pay dividends subject to no event of default having occurred and being continuing, the amount of the dividends so declared shall not exceed 50% of its net income except in case the cash and marketable securities are equal or greater than the amount required to meet the guarantor's debt service for the following eighteen-month period;
- not to change our commercial and technical managers without the prior written consent of the lender;
- not to assign, transfer, sell or otherwise or dispose of the vessel or any of the property, assets or rights without prior written consent of the lender;
- no change of control in the Company without the written consent of the lender;
- not to engage in any business other than the operation of the vessels without the prior written consent of the lender;
- ensure that a certain member of the Restis family beneficially owns at all times an aggregate of at least 51% of the shares issued and outstanding in the share capital in the guarantor and the voting rights attaching to those shares;
- ensure that a security value (market value of M/V Leadership) shall not be less than the security requirement (125% of the loan).

Financial covenants include the following:

Leverage: the corporate leverage ratio of the guarantor will not be, at the end of any accounting period or at any other time, higher than 0.75:1.0;

EBITDA: the consolidated interest cover ratio for the accounting period (EBITDA to Interest Expense) shall not be lower than 2:1;

Liquidity: the borrower and/or the guarantor shall maintain minimum free liquidity in an amount equal to borrower's debt service of the next semester as free deposits with the lender;

Liquidity: the guarantor shall maintain minimum free liquidity in an amount equal to guarantor's debt service of the next semester as free deposits.

· The financial covenants listed above are to be tested at the end of each semester.

Piraeus Bank

A long term debt facility of up to \$255 million was provided by Piraeus Bank, the special successor of former Cyprus Popular Bank Public Co Ltd, formerly known as Marfin Popular Bank Public Co Ltd, successor by way of cross-border merger of Marfin Egnatia Bank Societe Anonyme, available in two facilities as described below. This facility is guaranteed by Seanergy, as corporate guarantor.

#### Piraeus Bank Reducing Revolving Credit Facility

As of December 31, 2012, the reducing revolving credit facility amounted to \$44.8 million. On April 10, 2013, we sold the vessel African Oryx for gross proceeds of \$4.1 million, which was used to repay part of the outstanding amount under this facility. As of December 31, 2013, the reducing revolving credit facility amounted to \$40.9 million.

As per the amended loan Addendum no. 4 dated January 31, 2012, the applicable margin was increased by 50 basis points to 4.50% starting from February 1, 2012, installment payments under the revolving credit facility were deferred to December 2018 and any surplus of funds greater than \$5 million over requirements associated with the operation and maintenance of the vessels during each fiscal quarter would be applied to the prepayment of the revolving credit facility.

The revolving credit facility bore interest at USD LIBOR plus 4.50% and the weighted average interest rate on the revolving credit facility, including the spread, for the years ended December 31, 2014, 2013 and 2012, was approximately 5.41%, 5.04% and 4.92%, respectively. In the event of our failure to pay any amount on the date on which such amount was due and payable, we were obligated to pay default interest on such amount on demand from the date of such default up to the date of actual payment at the per annum rate which is the aggregate of 2% plus applicable margin and LIBOR.

On February 12, 2014, we entered into a delivery and settlement agreement with Piraeus Bank for the sale of our four remaining vessels, to a nominee of the lender, in exchange for a nominal cash consideration and full satisfaction of the underlying loan facilities. We had provided a corporate guarantee for these facilities. The four vessels are the dry bulk carriers Bremen Max, Hamburg Max, Davakis G. and Delos Ranger. Following the closing of the transaction on March 11, 2014, the outstanding debt and accrued interest, under both the Term Facility and the Revolving Facility, was discharged and the corporate guarantee provided by us was fully released.

#### Piraeus Bank Term Facility

Certain vessel acquisitions were financed by Piraeus Bank by an amortizing term facility equal to \$165 million, to partly finance the vessels' aggregate acquisition costs, excluding any amounts associated with an earn-out provision.

On January 31, 2012, we entered into an Addendum no. 4 for the amendment of certain terms of our Facility agreement with Piraeus Bank. In accordance with the Addendum 4 conditions precedent, we made a prepayment of \$3.2 million related to the revolving credit facility. The amendments include (i) the extension of the Facility's maturity date from September 2015 to December 2018, (ii) principal installment payment holiday for 2012, and amendment of the amortization schedule for 2013 onwards, (iii) waiver of all financial covenants as of December 31, 2011 (iv) waiver of all financial covenants (including the security margin) for the period commencing from January 1, 2012 through December 31, 2013, and (v) amendment of the financial undertakings and the security margin to apply from 2014 onwards. Furthermore, with respect to the term loan, the applicable margin was increased by 50 basis points to 4.00% starting from February 1, 2012; and the repayment installments were due on June 25, 2013 and December 25, 2013, and thereafter each of the twenty dates falling at consecutive quarterly intervals.

The weighted average interest rate on the term facility, including the spread, for the years ended December 31, 2014, 2013 and 2012, was approximately 4.66%, 4.54% and 4.39%, respectively.

In the event of our failure to pay any amount on the date on which such amount was due and payable, we were obligated to pay default interest on such amount on demand from the date of such default up to the date of actual payment at the per annum rate which is the aggregate of 2% plus applicable margin and LIBOR.

On February 12, 2014, we entered into a delivery and settlement agreement with Piraeus Bank for the sale of our four remaining vessels, to a nominee of the lender, in exchange for a nominal cash consideration and full satisfaction of the underlying loan facilities. We had provided a corporate guarantee for these facilities. The four vessels are the dry bulk carriers Bremen Max, Hamburg Max, Davakis G. and Delos Ranger. Following the closing of the transaction on March 11, 2014, the outstanding debt and accrued interest, under both the Term Facility and the Revolving Facility, was discharged and the corporate guarantee provided by us was fully released.

#### Citibank Loan Facility

The vessels owned by BET had been financed with the proceeds of a loan facility from Citibank International plc ("Citibank"), as agent for a syndicate of banks and financial institutions.

The applicable margin was USD LIBOR plus 3.00% per annum as per Fifth Supplemental Agreement dated February 7, 2012. The weighted average interest rate on the Citibank loan facility, including the spread, for the period ended December 30, 2012 and for the years ended December 31, 2011 and 2010, was approximately 3.49%, 2.30% and 1.94%, respectively.

During the year ended December 31, 2012, the Company sold the vessel BET Scouter, BET Fighter, BET Intruder and BET Prince, the latter at IMI's initiative, for gross aggregate proceeds of \$34.4 million. All the proceeds from the

disposals were used to repay part of the outstanding amounts under this facility.

On December 30, 2012, the Company completed the sale of its 100% ownership interest in BET to IMI together with all its liabilities under the Citibank Facility.

#### MCS Loan Agreements

##### HSBC loan facility

The loan facility, with HSBC as agent, was used to partly finance the cost of acquisition of two vessels. Following a supplemental agreement dated May 21, 2010 and prepayment of \$7.6 million, the remaining loan amounts were repayable in thirteen quarterly installments plus balloon payments through July 2013.

The applicable margin was USD LIBOR plus 3.25% per annum until July 21, 2012 and thereafter was USD LIBOR plus 2.75% per annum unless there was breach of the compliance of the security requirement or there was an event of default under the loan agreement.

58

---

On September 4, 2012, MCS obtain a waiver letter for the period until December 31, 2012, whereby HSBC agreed to waive any default which had occurred or would occur under the HSBC Facility. On October 15, 2012 and December 4, 2012, we successfully sold the vessels Clipper Grace and Clipper Glory, respectively, with gross sale proceeds of \$22.5 million. Part of the sale proceeds of \$17.1 million were applied towards the full and final satisfaction of all liabilities owed to HSBC. HSBC has also released us from all the liabilities and obligations under the HSBC Facility.

#### DVB loan facility

The loan facility with DVB, as agent, was used to partly finance the cost of the acquisition of four vessels through one senior and one junior facility. The loan was repayable in sixteen quarterly installments plus balloon payment through October 2015. On January 2012, we prepaid the entire balloon of \$6.8 million related to Maritime Freeway Shipping Limited and a portion of the balloon related to Maritime Fiesta Shipping Limited, an amount of \$1.4 million.

The applicable margin was USD LIBOR plus 2.10% per annum on the senior loan and USD LIBOR plus 4.90% per annum on the junior loan.

As of December 31, 2012, we were in breach with the security value covenant under the DVB loan facility and on January 25, 2013, we entered into a settlement agreement with DVB, for the sale of the four vessel-owning subsidiaries to a third party entity nominated by DVB. We successfully closed the sale of the vessel owning subsidiaries on January 29, 2013 and the outstanding debt was discharged. DVB also released us from all the liabilities and obligations under the DVB Facility Agreement.

#### UOB loan facility

The loan facility, with UOB, was used to partly finance the cost of the acquisition of three vessels. The remaining balance of the subordinated debt as of December 31, 2012 of \$10.8 million is repayable up to the final balloon payment date of the original UOB loan facility. The remaining loan amounts as of December 31, 2012 are repayable in quarterly installments plus balloon payments through May 2016.

The applicable margin was USD LIBOR plus 2.50% per annum in relation to the senior loan and USD LIBOR plus 3.50% per annum in relation to the subordinated loan.

On July 19, 2013, MCS sold its 100% ownership interest in the three subsidiaries that owned the Handysize dry bulk carriers African Joy, African Glory and Asian Grace. The buyer was a third-party nominee of the lenders under the senior and the subordinated credit facility with UOB. MCS had provided a guarantee under this facility, and in exchange for the sale, \$39.5 million of outstanding debt, accrued interest and swap liabilities were discharged. In addition, the guarantee provided by MCS was fully released.

#### Debt Repayment and Terms

All of the outstanding debt of \$134.9 million is classified as current as of December 31, 2013, for the reasons discussed above. Following the closing of the transaction with Piraeus Bank on March 11, 2014, the outstanding debt and accrued interest, under both the Term Facility and the Revolving Facility, was discharged and the corporate guarantee provided by us was fully released.

#### Capital Requirements

Capital expenditures relate to the routine drydocking of our vessels. Currently we have one vessel and its next scheduled maintenance will take place in 2016.



C. Research and development, patents and licenses, etc.

Not applicable.

D. Trend Information

Our results of operations depend primarily on the charter hire rates that we are able to realize for our owned vessels, which depend on the demand and supply dynamics characterizing the dry bulk freight market at any given time.

After reaching historical highs in May 2008, the freight market reversed sharply in the fourth quarter of the same year. Since then, freight rates have been quite volatile yet they have remained at lower levels than those witnessed before 2009. For industry trends refer to industry disclosure under "Risk Factors" and "Item 4 – Business Overview." For company-specific trends refer to "Item 5. Operating and Financial Review and Prospects – Operating Results."

59

---

## E. Off-balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

## F. Tabular Disclosure of Contractual Obligations

The following tables summarize our contractual obligations as of December 31, 2014, based on the contractual terms of the loan agreements and rental arrangements.

| Contractual Obligations | Total | less than |           | more than |         |
|-------------------------|-------|-----------|-----------|-----------|---------|
|                         |       | 1 year    | 1-3 years | 3-5 years | 5 years |
| Long-term debt          | \$ -  | \$ -      | \$ -      | \$ -      | \$ -    |
| Interest expense        | \$ -  | \$ -      | \$ -      | \$ -      | \$ -    |
| Office rent (1)         | \$ 38 | \$ 38     | \$ -      | \$ -      | \$ -    |
| Total                   | \$ 38 | \$ 38     | \$ -      | \$ -      | \$ -    |

The office rent reflects our agreement with Waterfront S.A. for the rent of our executive offices. The current lease term had an expiration date of December 31, 2014, which was extended for one month, and the monthly lease payment was EUR 25,000. The monthly payment due under the office rent in U.S. dollars has been computed by using the Euro/U.S. dollar exchange rate as of December 31, 2014, which was €1.00:\$1.2141.

The office rent also reflects the rent for the office of MCS in Hong Kong. The monthly payment under the current tenancy agreement is HK\$ 25,000 until the expiration of the extended agreement on March 16, 2015. The monthly payment due under the office rent in Hong Kong dollars has been computed by using the U.S. dollar/ HK dollar exchange rate as of December 31, 2014, which was \$1.00:HK\$ 7.7577.

## G. Safe Harbor

See the section titled "Cautionary Statement Regarding Forward-Looking Statements" at the beginning of this annual report.

## ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

## A. Directors and Senior Management

Set forth below are the names, ages and positions of our current directors and executive officers. Members of our board of directors are elected annually on a staggered basis, and each director elected holds office for a three-year term. Officers are elected from time to time by vote of our board of directors and hold office until a successor is elected. The business address of each of our directors and executive officers listed below is 16 Grigoriou Lampraki Street, 166 74 Glyfada, Athens, Greece.

| Name                  | Age | Position  | Director Class           |
|-----------------------|-----|---|--------------------------|
| Stamatis Tsantanis    | 42  | Chairman, Chief Executive Officer, Interim Chief Financial Officer & Director | A (term expires in 2016) |
| Christina Anagnostara | 43  | Director  | B (term expires in 2017) |
| Elias Culucundis      | 71  | Director  | A (term expires in 2016) |
|                       | 67  | Director  |                          |

Dimitris  
Anagnostopoulos

C (term expires in  
2015)

Biographical information with respect to each of our directors and executive officers is set forth below.

Stamatis Tsantanis has been a member of our board of directors and our chief executive officer since October 1, 2012. Mr. Tsantanis has also been the Chairman of our Board of Directors since October 1, 2013 and our Interim Chief Financial Officer since November 1, 2013. Mr. Tsantanis brings more than 16 years of experience in shipping and finance and held senior management positions in prominent shipping companies. Prior to joining us, from September 2008 he served as Group Chief Financial Officer of Target Marine S.A. and was responsible for its corporate and financial strategy. Mr. Tsantanis previously served as the Chief Financial Officer and as a Director of Top Ships Inc. from its initial public offering and listing on NASDAQ in 2004 until September 2008. Prior to that, he was an investment banker at Alpha Finance, a member of the Alpha Bank Group, with active role in a number of shipping corporate finance transactions. Mr. Tsantanis holds a Masters degree in Shipping Trade and Finance from the City University Business School in London, and a Bachelors degree in Shipping Economics from the University of Piraeus.

60

---

Christina Anagnostara has served as our chief financial officer from November 17, 2008 until October 31, 2013 and as a member of our board of directors since December 2008. Prior to joining us, she served as chief financial officer and a board member for Global Oceanic Carriers Ltd, a dry bulk shipping company listed on the Alternative Investment Market of the London Stock Exchange, or AIM, since February 2007. Between 1999 and 2006, she was a senior manager at EFG Audit & Consulting Services, the auditors of the Geneva-based EFG Group, an international banking group specializing in global private banking and asset management. Prior to EFG Group, she worked from 1998 to 1999 in the internal audit group of Eurobank EFG, a bank with a leading position in Greece; and between 1995 and 1998 as a senior auditor at Ernst & Young Hellas, SA, Greece, the international auditing firm. Ms. Anagnostara studied Economics in Athens and is a Certified Chartered Accountant since 2002.

Elias Culucundis has been a member of our board of directors since our inception. From 2002 until 2010, Mr. Culucundis had been a member of the board of directors of Folli Follie S.A. and since 2006 an executive member of the board of directors of Hellenic Duty Free Shops S.A. Since 1999, Mr. Culucundis has been president, chief executive officer and director of Equity Shipping Company Ltd., a company specializing in starting, managing and operating commercial and technical shipping projects. Additionally, from 1996 to 2000, he was a director of Kassian Maritime Shipping Agency Ltd., a vessel management company operating a fleet of ten bulk carriers. During this time, Mr. Culucundis was also a director of Point Clear Navigation Agency Ltd, a marine project company. From 1981 to 1995, Mr. Culucundis was a director of Kassos Maritime Enterprises Ltd., a company engaged in vessel management. While at Kassos, he was initially a technical director and eventually ascended to the position of chief executive officer, overseeing a large fleet of Panamax, Aframax and VLCC tankers, as well as overseeing new vessel building contracts, specifications and the construction of new vessels. From 1971 to 1980, Mr. Culucundis was a director and the chief executive officer of Off Shore Consultants Inc. and Naval Engineering Dynamics Ltd. Off Shore Consultants Inc. He worked in Floating Production, Storage and Offloading vessel, or FPSO, design and construction and responsible for the technical and commercial supervision of a pentagon-type drilling rig utilized by Royal Dutch Shell plc. Seven FPSOs were designed and constructed that were subsequently utilized by Pertamina, ARCO, Total and Elf-Aquitaine. Naval Engineering Dynamics Ltd. was responsible for purchasing, re-building and operating vessels that had suffered major damage. From 1966 to 1971, Mr. Culucundis was employed as a Naval Architect for A.G. Pappadakis Co. Ltd., London, responsible for tanker and bulk carrier new buildings and supervising the technical operation of our fleet. He is a graduate of Kings College, Durham University, Great Britain, with a degree in Naval Architecture and Shipbuilding. He is a member of several industry organizations, including the Council of the Union of Greek Shipowners and American Bureau of Shipping. Mr. Culucundis is a fellow of the Royal Institute of Naval Architects and a Chartered Engineer.

Dimitrios Anagnostopoulos has been a member of our board of directors since May 2009. Mr. Anagnostopoulos has over forty years of experience in shipping and ship finance. His career began in the 1970's at Athens University of Economics followed by four years with the Onassis Group in Monaco. Mr. Anagnostopoulos also held various posts at the National Investment Bank of Industrial Development (ETEBA), Continental Illinois National Bank of Chicago, the Greyhound Corporation, and with ABN AMRO, where he has spent nearly two decades with the Bank as Senior Vice-President and Head of Shipping. In June 2010 he was elected a board member of the Aegean Baltic Bank S.A. Mr. Anagnostopoulos has been a speaker and panelist in various shipping conferences in Europe, and a regular guest lecturer at the City University Cass Business School in London and the Erasmus University in Rotterdam. He is a member (and ex-vice chairman) of the Association of Banking and Financial Executives of Greek Shipping. In 2008 he was named by the Lloyd's Organization as Shipping Financier of the Year.

On November 30, 2009, we announced the resignations of Mr. Ioannis Tsigkounakis and Mr. Alexander Papageorgiou from our board. On May 20, 2010 and on July 20, 2010, Mr. Alexis Komninou and Mr. George Koutsolioutsos, respectively, resigned from our board. Following these resignations, the Board determined to reduce its size from thirteen to nine members. On November 17, 2010 and November 22, 2010, Messrs. Kostas Koutsoubelis and Kyriakos Dermatis, respectively, resigned from our board, and the Board determined at the time to reduce its size from nine to

seven members. On May 11, 2012 we announced the resignations of Mr. George Taniskidis and Mr. Dimitris Panagiotopoulos. On October 1, 2012 we announced that Mr. Dale Ploughman stepped down as Chief Executive Officer and Mr. Stamatis Tsantanis was appointed as Chief Executive Officer and Director of the Company. On October 1, 2013 Mr. Ploughman resigned from Chairman and Director of our Board and Mr. Tsimpis resigned from Directors of our board. Ms. Anagnostara resigned from Chief Financial Officer on November 1, 2013, but has remained as a member of our board. Mr. Tsantanis was appointed as our Chairman on October 1, 2013 and as our Interim Chief Financial Officer on November 1, 2013.

No family relationships exist among any of the directors and executive officers.

**B. Compensation**

For the year ended December 31, 2014, we paid our executive officers and directors aggregate compensation of \$0.3 million. Our executive officers are employed by us pursuant to employment and consulting contracts.

Each member of our board of directors received a fee of \$20,000 per year. The Shipping Committee fee has been suspended from July 1, 2013 until the Board of Directors decides otherwise. The aggregate director fees paid by us for the years ended December 31, 2014, 2013 and 2012 totaled \$80,000, \$263,500 and \$403,000, respectively.

61

---

C. Board Practices

Our board of directors has an audit committee, a compensation committee, a nominating committee and a shipping committee. Our board of directors has adopted a charter for each of these committees.

Audit Committee

Our audit committee consists of Messrs. Dimitris Anagnostopoulos and Elias Culucundis. Our board of directors has determined that the members of the audit committee meet the applicable independence requirements of the Commission and the NASDAQ Marketplace Rules. Our board of directors has determined that Mr. Dimitris Anagnostopoulos is an "Audit Committee Financial Expert" under the Commission's rules and the corporate governance rules of the NASDAQ Capital Market.

The audit committee has powers and performs the functions customarily performed by such a committee (including those required of such a committee by NASDAQ and the Commission). The audit committee is responsible for selecting and meeting with our independent registered public accounting firm regarding, among other matters, audits and the adequacy of our accounting and control systems.

Compensation Committee

Our compensation committee consists of Messrs. Dimitris Anagnostopoulos and Elias Culucundis, each of whom is an independent director. The compensation committee reviews and approves the compensation of our executive officers.

Nominating Committee

Our nominating committee consists of Messrs. Elias Culucundis and Dimitris Anagnostopoulos, each of whom is an independent director. The nominating committee is responsible for overseeing the selection of persons to be nominated to serve on our board of directors.

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 in order to accelerate the pace of our decision making in respect of shipping business opportunities, such as the acquisition of vessels or companies. 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 our directors 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, shall not be delegated to the shipping committee but instead shall be considered by the entire board of directors. The shipping committee consists of three directors. In accordance with the Amended and Restated Charter of the Shipping Committee, two of the directors on the shipping committee are nominated by the Restis affiliate shareholders and one of the directors on the shipping committee is nominated by a majority of our board of directors and is an independent member of the board of directors. The members of the shipping committee are Mr. Stamatis Tsantanis and Ms. Christina Anagnostara, who are the Restis affiliate shareholders' nominees, and Mr. Elias Culucundis, who is the Board's nominee.

In order to assure the continued existence of the shipping committee, our board of directors has agreed that the shipping committee may not be dissolved and that the duties or composition of the shipping committee may not be altered without the affirmative vote of not less than 80% of our board of directors. In addition, the duties of our chief executive officer, who is currently Mr. Tsantanis, may not be altered without a similar vote. These duties and powers include voting the shares of stock that Seanergy owns in its subsidiaries. In addition to these agreements, we have

amended certain provisions in its articles of incorporation and by-laws to incorporate these requirements.

As a result of these various provisions, in general, all shipping-related decisions will be made by the Restis family appointees to our board of directors unless 80% of the board members vote to change the duties or composition of the shipping committee.

D. Employees

We currently have one executive officer, Mr. Stamatis Tsantanis. In addition, we employ Ms. Theodora Mitropetrou, our general counsel, and a support staff of thirteen employees.

E. Share Ownership

The shares of our common stock beneficially owned by our directors and senior managers are disclosed below in "Item 7. Major Shareholders and Related Party Transactions."

62

---

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table sets out information, as of the date of this annual report, regarding (i) the owners of more than five percent of outstanding common shares that we are aware of and (ii) the total number of common shares owned by all of our directors and senior management. All of the shareholders, including the shareholders listed in this table, are entitled to one vote for each common share held.

| Title of Class                              | Identity of Person or Group                                     | Number of Shares Owned | Percent of Class |
|---|---|------------------------|------------------|
| Common shares, par value \$0.0001 per share |   |                        |                  |
|   | United Capital Investments Corp.(1)                             | 2,528,731              | 5.4 %            |
|   | Atrion Shipholding S.A.(1)                                      | 2,522,153              | 5.4 %            |
|   | Plaza Shipholding Corp.(1)                                      | 4,271,393              | 9.2 %            |
|   | Claudia Restis (2)  | 60,201,288             | 87.5 %           |
|   | Stamatis Tsantanis  | 1,667,000              | 3.6 %            |
|   | Christina Anagnostara   | 667                    | *                |
|   | All directors and executive officers as a group (5 individuals) | 1,667,667              | 3.6 %            |

\* Less than one percent.

All shares owned by the shareholders listed in the table above have the same voting rights as other shares of our common stock.

(1) Each of United Capital Investments Corp., Atrion Shipholding S.A. and Plaza Shipholding Corp., is an affiliate of members of the Restis family.

(2) Claudia Restis is the beneficial owner of 51,662,722 of these shares through Jelco Delta Holdings Corp. and of 4,267,173 of these shares through Comet Shipholding Inc., each a Marshall Islands corporation controlled through a revocable trust (the "Trust") of which she is beneficiary. In addition, these shares include 22,222,222 shares, which Jelco Delta Holding Corp. may be deemed to beneficially own, issuable upon exercise of a conversion option pursuant to the Convertible Promissory Note dated March 12, 2015, issued by us to Jelco Delta Holding Corp. Further, these shares include 4,271,393 shares of Common Stock which Claudia Restis may be deemed to beneficially own by virtue of a proxy granted to Claudia Restis by Plaza Shipholding Corp., pursuant to which Claudia Restis may be deemed to share the power to vote such shares.

B. Related Party Transactions

Agreement for the Contribution of Four Capesize Vessels

On April 24, 2014, the Company entered into a purchase agreement with affiliates of the Restis family for the contribution of four Capesize vessels in exchange for cash and newly-issued shares of the Company's common stock. The transaction was approved by an independent committee of the Company's Board of Directors, which obtained a fairness opinion from an independent financial firm for this transaction. The closing of the transaction, which is



subject to standard closing conditions and lenders' consents, was initially expected to take place prior to June 30, 2014 but has now been extended to June 30, 2015. Continued discussions could lead to changes in the transaction which remains subject to certain conditions and sellers' third party consents.

63

---

#### Funding Arrangement by One of the Company's Major Shareholders

On December 17, 2014 we entered into a letter of intent with Jelco to provide financing in an aggregate amount of up to \$8.5 million to the Company for the purpose of partly funding the acquisition of the second hand Capesize M/V Leadership and for general corporate purposes. This transaction has been approved by an independent committee of the Company's Board of Directors, which obtained a fairness opinion from an independent financial firm. On March 12, 2015, we entered into a convertible promissory note of \$4 million with Jelco and into a share purchase agreement of \$4.5 million with Jelco in exchange for the issuance of 25,000,500 newly issuance shares of our common stock. The convertible promissory note is repayable in ten consecutive semi-annual repayment installments of \$0.2 million, along with a balloon installment of \$2 million payable on the final maturity date and bears interest of three months Libor plus a margin of 5% with quarterly interest payments. The Company has the right to defer up to three consecutive repayment installments to the balloon installment. At Jelco's option, our obligation to repay the repayment installments, or the balloon installment, or the principal amount under the convertible promissory note may be paid in common shares at a conversion price of \$0.18 per share, as such conversion price may be adjusted pursuant to the terms of the convertible promissory note, or by any other conversion price to be agreed in writing between the Company and Jelco.

#### BET Sale

As of December 30, 2012, after entering into a share purchase agreement with IMI, a company controlled by members of the Restis family, we completed the final documentation for the sale of our 100% interest in BET for a nominal consideration. The sale was treated as a transaction between entities under common control, and as such, the transaction was recorded at historical carrying values on the date of sale and no gain or loss was recognized.

#### Share Purchase Agreement

On January 31, 2012, we completed an equity injection plan with four entities affiliated with the Restis family. In exchange for \$10 million, we issued an aggregate of 4,641,620 of our common shares to the four entities at a price of \$2.15442. The price was determined as the average closing price of the five trading days preceding the execution of the purchase plan. Following the issuance of the shares we had 11,959,271 outstanding common shares. As of the date of this annual report we have 46,556,771 outstanding common shares.

#### Purchase of 100% Ownership Interest in MCS

On April 30, 2010, Maritime Capital, a company controlled by members of the Restis family, acquired 100% of MCS. On May 28, 2010, we further expanded our fleet by acquiring a 51% ownership interest in MCS for consideration of \$33.0 million paid to Maritime Capital. On September 15, 2010, we acquired the remaining 49% ownership interest in MCS from Maritime Capital for consideration of approximately \$29.0 million, which was paid to Maritime Capital in the form of: (i) \$3.0 million in cash and (ii) 24,761,905 shares of our common stock (or 1,650,793 shares as adjusted for the Reverse Stock Split), at an agreed price of \$1.05 per share (or \$15.75 per share as adjusted for the Reverse Stock Split) totaling \$26.0 million, that were issued to the Restis affiliate shareholders, as nominees of Maritime Capital.

#### Registration Rights

2010 Secondary Public Offering - Concurrent sale of shares to shareholders affiliated with the Restis family

With respect to the additional 277,778 shares of common stock purchased in February 2010 by the four of the Company's major shareholders affiliated with the Restis family, the Company entered into a Registration Rights

Agreement on March 26, 2010. Pursuant to such Registration Rights Agreement, the Company filed a registration statement on Form F-3 (File No. 333-166697) with the Commission on May 10, 2010 registering the resale of the 277,778 shares.

Shares issued under the acquisition of the remaining 49% of MCS

On September 15, 2010, in relation to the 1,650,794 shares in connection with the acquisition of the remaining 49% of MCS, the Company entered into a Registration Rights Agreement. Pursuant to such Registration Rights Agreement, on or prior to the 120th day following the closing date of the public offering the Company filed a registration statement with the Commission registering the resale of the 1,650,794 shares. The Company filed with the Commission the Registration Statement on Form F-3 (File No. 333-169813) on October 7, 2010, which was further amended by Amendment No. 1 and 2, was declared effective on November 12, 2010.

Shares issued under the acquisition of the remaining 50% of BET

On October 22, 2010, in relation to the 1,650,794 shares in connection with the acquisition of the remaining 50% of BET, the Company entered into a Registration Rights Agreement. Pursuant to such Registration Rights Agreement, the Company filed on October 29, 2010 an Amendment No. 1 to the previously filed Form F-3 with No. 333-169813 registering the resale of the 1,650,794 shares issued from the BET acquisition, which was further amended by an Amendment No. 2 filed on November 9, 2010 and which was declared effective on November 12, 2010.

2012 Equity Injection shares

On January 4, 2012, we entered into a registration rights agreement in connection with a share purchase agreement, discussed above, under which we sold 4,641,620 of our common shares to United Capital Investments Corp., Atrion Shipholding S.A., Plaza Shipholding Corp. and Comet Shipholding Inc., which are all companies affiliated with the Restis family, for \$10 million. The common shares were sold at a price of \$2.15442, which was the average closing price of our common shares for the five trading days preceding the execution of the share purchase agreement. Pursuant to the registration rights agreement, we filed a registration statement on Form F-1 with the Commission on March 29, 2012 (file no. 33-180444), which was withdrawn with effective date July 16, 2012.

2014 Equity Injection shares

On June 24, 2014 we entered into a share purchase agreement with Plaza and Comet, which are all companies affiliated with the Restis family, under which we sold 1,890,000 of our common shares for \$1.134 million and on the same date we entered into a registration rights agreement in connection with a share purchase agreement discussed above, under which we sold 1,890,000 of our common shares to each of Plaza and Comet. Our Board of Directors obtained a fairness opinion from an independent third party for the share price. The price was determined using a build-up method, combining the our net asset value with the cost that a private company would incur to be listed on a U.S. stock exchange and with an additional option value to existing shareholders upon the consummation of the Asset Contribution calculated from the Black-Scholes options pricing model. On June 27, 2014, we completed the equity injection plan with the two abovementioned entities. The shares to the two entities were issued on June 27, 2014.

On September 29, 2014 we entered into a share purchase agreement with Plaza and Comet, which are all companies affiliated with the Restis family, under which we sold 1,600,000 of our common shares for \$0.96 million and on the same date we entered into a registration rights agreement in connection with a share purchase agreement discussed above, under which we sold 1,600,000 of our common shares to each of Plaza and Comet. Our Board of Directors obtained an updated fairness opinion from an independent third party for the share price. The price was determined using a build-up method, combining the our net asset value with the cost that a private company would incur to be listed on a U.S. stock exchange and with an additional option value to existing shareholders upon the consummation of the Asset Contribution calculated from the Black-Scholes options pricing model. On September 30, 2014, we completed the equity injection plan with the two abovementioned entities. The shares to the two entities were issued on September 30, 2014.

On December 19, 2014 we entered into a share purchase agreement with Jelco, an entity affiliated with one of our major shareholders, under which we sold 4,440,000 of our common shares for \$1.11 million and on the same date we entered into a registration rights agreement in connection with a share purchase agreement discussed above, under which we sold 4,440,000 of our common shares to each of Plaza and Comet. Our Board of Directors obtained a fairness opinion from an independent third party for the share price. The price was determined using a build-up method, combining our net asset value with the cost that a private company would incur to be listed on a U.S. stock exchange. On December 30, 2014, we completed the equity injection plan with the abovementioned entity. The shares to the entity were issued on December 30, 2014.

2015 Equity Injection shares

On March 12, 2015 we entered into a share purchase agreements with Jelco, an entity affiliated with one of our major shareholders, and our CEO, under which we sold 25,000,500 of our common shares to Jelco, for \$4.5 million and 1,667,000 of our common shares our CEO, for \$0.3 million and on the same date we entered into registration rights agreements with Jelco and our CEO with respect to these common shares. Our Board of Directors obtained fairness opinions from an independent third party for the share price. The price was determined using a build-up method, combining our net asset value with the cost that a private company would incur to be listed on a U.S. stock exchange.

65

---

#### Convertible Promissory Note

We also entered into a shareholder's convertible note of \$4.0 million with Jelco, dated March 12, 2015. The convertible note is repayable in ten consecutive semi-annual installments of \$200, along with a balloon installment of \$2 million payable on the final maturity date. The note bears interest of Libor plus a margin of 5% with semi-annual interest payments. If LIBOR is below zero, LIBOR shall be deemed to be zero. We have the right to defer up to three consecutive installments to the balloon installment. At Jelco's option, our obligation to repay the principal amount may be paid in common shares at a conversion price of \$0.18 per share.

#### Former Management Agreement

Seanergy Management Corp., or Seanergy Management, one of our wholly-owned subsidiaries, had entered into a management agreement with Enterprises Shipping and Trading SA, or EST, with respect to our initial fleet of six vessels and BET had entered into a management agreement with EST with respect to the BET fleet. Pursuant to these management agreements, EST performed certain duties that include general administrative and support services necessary for the operation and employment of such vessels, 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. On October 1, 2011 each of Seanergy Management and BET entered into an Amendment no. 1 to the management agreement with EST which provided that effective from October 1, 2011 and for the tenure of the agreement we should pay a management fee per day per vessel of \$450 and it was further mutually agreed that effective from October 1, 2011 no adjustment would be made on the fee per vessel per day, unless agreed by the parties in writing by an amendment to the agreement.

The management fee under both agreements was EUR 436 per vessel per day for the year ended December 31, 2010, and under both agreements, the management fee was increased to Euro 460 per vessel per day for the first nine months of the year ending December 31, 2011. As of October 1, 2011 the management fee under both agreements was reduced to \$450 per vessel per day. Management fees were payable monthly in advance on the first business day of each following month. For the years ended December 31, 2012 and 2013, the management fee under both agreements was \$450 per day.

The management agreement between Seanergy Management and EST was for an initial period of two years and was automatically extended for successive one year periods. The management agreement between BET and EST was for an initial period of one year and was automatically extended for successive one year periods. With the sale of BET, the BET fleet has been divested as of December 31, 2012 and with the sale of the Piraeus Bank vessels, the management agreements have been terminated. On March 5, 2014, we entered into an agreement with EST, in exchange of a full and complete release of all their claims upon the completion of the delivery of the last four remaining vessels and settlement agreement with Piraeus Bank. The transaction was completed successfully on March 11, 2014 and total liabilities were released.

Under the terms of our management agreements with third parties, namely M/S Fleet and Wallem, ship managers were entitled to receive an annual fee of \$120,000 and \$96,000 per vessel, respectively in 2011. In 2012, M/S Fleet and Wallem were entitled to receive an annual fee of \$120,000 and \$102,000 per vessel, respectively. In 2013, M/S Fleet and Wallem were entitled to receive an annual fee of \$122,400 and \$104,400 per vessel, respectively. With the sale of the MCS vessels, the management agreements with M/S Fleet and Wallem have been terminated.

#### Former Brokerage Agreements

Safbulk served as exclusive commercial broker for our initial fleet of six pursuant to a brokerage agreement with Seanergy Management Corp., or Seanergy Management, one of our wholly-owned subsidiaries. Safbulk Maritime

S.A., or Safbulk Maritime, an affiliate of members of the Restis family, performed the commercial management of the BET fleet pursuant to a brokerage agreement with BET. Commercial management services 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 and BET, as applicable. Pursuant to the brokerage agreements, Safbulk was 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 with Safbulk was originally for a term of two years expiring in May 2010. The brokerage agreement with Safbulk Maritime was originally for a term of one year expiring in August 2010. Each brokerage agreement is automatically renewable annually, unless either party is provided with three months' written notice prior to the termination of such period. Both brokerage agreements were automatically renewed for another year. With the sale of BET, the BET fleet has been divested as of December 31, 2012 and with the sale of the Piraeus Bank vessels, the brokerage agreements have been automatically terminated as of the date each Piraeus Bank vessel was sold, namely on March 6, 2014 for the Davakis G., on March 7, 2014 for the Hamburg Max, on March 10, 2014 for the Bremen Max and on March 11, 2014 for the Delos Ranger.

66

---

#### Time Charters with Swissmarine

Pursuant to charter party agreements dated June 16, 2011, each of the BET Fighter and BET Scouter were chartered to Swissmarine for a period of about 11 to about 13 months, at a gross daily rate equal to the adjusted time charter average of the Baltic Capesize Index. Seanergy has a right to convert this to a fixed daily rate throughout the life of the contract, subject to the charterer's mutual consent. Pursuant to charter party agreement dated June 16, 2011, the BET Intruder was chartered to Swissmarine for a period of about 11 to about 13 months, at a gross daily rate of \$12,250. Pursuant to a charter party agreement dated October 7, 2011, the BET Prince was chartered to Swissmarine for a period of about 11 to about 13 months, at a gross daily rate equal to the adjusted time charter average of the Baltic Capesize Index. Seanergy has a right to convert this to a fixed daily rate throughout the life of the contract, subject to the charterer's mutual consent. All charter rates for the BET fleet with Swissmarine were inclusive of a commission of 1.25% payable to Safbulk Maritime commercial broker and 3.75% to Swissmarine as charterer. With the sale of BET, the BET fleet has been divested since December 31, 2012.

#### Consultancy Agreement

On August 9, 2012 Seanergy Management entered into a consultancy agreement with Belgrave Services Ltd. for the services of the individual who served at the time as the Chief Financial Officer of the Company. The agreement was for \$220,000 per annum, payable monthly on the last working day of every month in 12 installments. The agreement was terminated as of November 1, 2013 automatically with the resignation of our former Chief Financial Officer.

#### Commercial Real Estate Sublease Agreement

We lease our executive office space in Athens, Greece pursuant to the terms of a sublease agreement between Seanergy Management and Waterfront S.A., a company affiliated with a member of the Restis family. The initial sublease fee is EUR 504,000 per annum, or EUR 42,000 per month. The initial term is from November 17, 2008 to November 16, 2011, which was extended until February 28, 2014 and has since been silently extended. On December 20, 2010 we entered into an amendment which provides that for the remaining of the term of the sublease agreement the sublease fee would be EUR 35,000 per month and on January 1, 2012 we entered into an amendment which provided that for the remaining of the term of the sublease agreement the sublease fee would be EUR 25,000 per month. On June 1, 2014 we entered into an amendment which provided that for the remaining of the term of the sublease agreement the sublease fee would be EUR 15,000 and on October 1, 2014 we entered into an amendment which provided that the term of the agreement was extended to December 31, 2014 and on January 1, 2015 we entered into another amendment which provided that for the remaining of the term of the sublease agreement the sublease fee will be EUR 25,000 and that the term of the agreement was extended to January 31, 2015. On February 1, 2015, we entered into an agreement that extended the sublease term to February 28, 2015. On March 13, 2015, we entered into an agreement that extended the sublease term to March 15, 2015, at a lease payment of EUR 12,500, at which point we relocated our executive office space to premises owned by an unaffiliated third party. 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).

#### C. Interests of Experts and Counsel

Not applicable.

### ITEM 8. FINANCIAL INFORMATION

#### A. Consolidated Statements and Other Financial Information



See Item 18.

#### Legal Proceedings

We have previously reported that in 2010, certain of our then shareholders, including George Koutsolioutsos, who was also the former Chairman of the Board of the Company, brought suit in Greece against certain other shareholders of the Company, our former Chief Financial Officer, and the immediate successor to Mr. Koutsolioutsos as our Chairman. The suit seeks damages from the defendants for alleged willful misconduct that purportedly caused the plaintiffs damage both by way of diminution of the value of their shares in the Company and harm to their reputations. The defendants have advised us that they do not believe the action has merit, and that they intend vigorously to defend it. The next hearing date in this action is currently scheduled for May 11, 2017.

Mr. Koutsolioutsos also commenced three actions in Greece during 2014 against his immediate successor as our Chairman, on substantially the same or related set of grounds. The plaintiff seeks money damages in two of these cases. The next hearing date in these actions is also currently scheduled for May 11, 2017. The third case, in which the plaintiff sought an injunction, was discontinued by the plaintiff in September 2014.

67

---

Neither we nor our current Chairman is named in any of these actions. We have notified our insurance underwriters of these actions, and our underwriters are advancing a portion of the defendants' legal expenses.

#### Dividend Policy

We had initially expressed an intent to pay dividends in the aggregate amount of \$1.20 per common share on a quarterly basis during the one-year period commencing with the second full quarter following the initial closing of the acquisition of the six vessels that composed our initial fleet, which was the quarter ending March 31, 2009. The declaration and payment of any dividend is subject to the discretion of our board of directors. The timing and amount of dividend payments will be in the discretion of our board of directors and be dependent upon our earnings, financial condition, cash requirements and availability, fleet renewal and expansion, restrictions in our loan agreements, including our Alpha Bank loan facility, the provisions of Marshall Islands law affecting the payment of dividends to shareholders, overall market conditions, and other factors. Our board of directors may review and amend our dividend policy from time to time in light of our plans for future growth and other factors.

#### B. Significant Changes

See "Item 5 – Operating and Financial Review and Prospects – Recent Developments."

### ITEM 9. THE OFFER AND LISTING

#### A. Offer and Listing Details

Our shares of common stock are currently listed on the NASDAQ Capital Market under the symbol "SHIP."

The table below sets forth the high and low closing prices for each of the periods indicated for our shares of common stock on the American Stock Exchange, the NASDAQ Global Market, or the NASDAQ Capital Market as adjusted for the 15-for-1 reverse stock split effective June 24, 2011. Seanergy Maritime's shares of common stock were originally listed on the American Stock Exchange. On October 15, 2008, Seanergy Maritime's shares of common stock commenced trading on the NASDAQ Global Market. Following the dissolution of Seanergy Maritime, our shares of common stock started trading on the NASDAQ Global Market on January 28, 2009. On December 21, 2012, Seanergy Maritime's shares of common stock commenced trading on the NASDAQ Capital Market.

|   | High    | Low     |
|---|---------|---------|
| For the Fiscal Year Ended December 31, 2010 | \$44.85 | \$13.50 |
| For the Fiscal Year Ended December 31, 2011 | \$14.84 | \$2.06  |
| For the Fiscal Year Ended December 31, 2012 | \$4.23  | \$1.09  |
| For the Fiscal Year Ended December 31, 2013 | \$2.46  | \$0.80  |
| For the Fiscal Year Ended December 31, 2014 | \$1.99  | \$0.83  |
| For the Quarter Ended                       |         |         |
| March 31, 2015                              | \$0.90  | \$0.65  |
| March 31, 2014                              | \$1.99  | \$1.31  |
| June 30, 2014                               | \$1.78  | \$1.28  |
| September 30, 2014                          | \$1.83  | \$1.35  |
| December 31, 2014                           | \$1.76  | \$0.83  |
| March 31, 2013                              | \$2.46  | \$1.13  |
| June 30, 2013                               | \$2.04  | \$1.32  |
| September 30, 2013                          | \$2.25  | \$1.30  |

December 31, 2013 \$2.10 \$0.80

| For the Month Ended                  | High   | Low    |
|--------------------------------------|--------|--------|
| September 2014                       | \$1.83 | \$1.45 |
| October 2014                         | \$1.76 | \$1.34 |
| November 2014                        | \$1.43 | \$1.15 |
| December 2014                        | \$1.24 | \$0.83 |
| January 2015                         | \$0.90 | \$0.65 |
| February 2015                        | \$0.83 | \$0.73 |
| March 2015                           | \$0.90 | \$0.71 |
| April 1, 2015 through April 20, 2015 | \$0.85 | \$0.68 |

B. Plan of Distribution

Not applicable.

C. Markets

Our common stock trades on the NASDAQ Capital Market under the symbol "SHIP."

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Incorporation

Our amended and restated articles of incorporation and our amended and restated bylaws have been filed in the Annex to Seanergy Maritime's proxy statement filed with the Commission on Form 6-K on July 31, 2008. The information contained in these exhibits is incorporated by reference herein. Our second amended and restated bylaws have been filed with the Commission on Form 6-K on July 20, 2011.

Information regarding the rights, preferences and restrictions attaching to each class of the shares is described in the section titled "Description of Capital Stock" in our Registration Statement on Form F-3 (Registration No. 333-169813), declared effective by the Commission on November 12, 2010, and incorporated by reference herein.

C. Material contracts

For a full description of our loan agreements, please see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Credit Facilities." Other than as discussed in this annual report, we have no material contracts, other than contracts entered into in the ordinary course of business, to which we are a party.

D. 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 shares of our common stock.

E. Taxation

The following is a summary of the material U.S. federal and Marshall Islands income tax consequences of the ownership and disposition of our common stock as well as the material U.S. federal and Marshall Islands income tax

consequences applicable to us and our operations. The discussion below of the U.S. federal income tax consequences to "U.S. Holders" will apply to a beneficial owner of our common stock that is treated for U.S. federal income tax purposes as:

- an individual citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) that is created or organized (or treated as created or organized) in or under the laws of the United States, any state thereof or the District of Columbia; or
- an estate whose income is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (i) a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust, or (ii) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

69

---

If you are not described as a U.S. Holder and are not an entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes, you will be considered a "Non-U.S. Holder." The U.S. federal income tax consequences applicable to Non-U.S. Holders is described below under the heading "United States Federal Income Taxation of Non-U.S. Holders."

This discussion does not consider the tax treatment of partnerships or other pass-through entities or persons who hold our common stock through such entities. If a partnership (or other entity classified as a partnership for U.S. federal income tax purposes) is the beneficial owner of our common stock, the U.S. federal income tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, its legislative history, Treasury Regulations promulgated thereunder, published rulings and court decisions, all as currently in effect. These authorities are subject to change, possibly on a retroactive basis.

This summary does not address all aspects of U.S. federal income taxation that may be relevant to any particular holder based on such holder's individual circumstances. In particular, this discussion considers only holders that will own and hold our common stock as capital assets within the meaning of Section 1221 of the Code and does not address the potential application of the alternative minimum tax or the U.S. federal income tax consequences to holders that are subject to special rules, including:

- financial institutions or "financial services entities";
- broker-dealers;
- taxpayers who have elected mark-to-market accounting;
- tax-exempt entities;
- governments or agencies or instrumentalities thereof;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- certain expatriates or former long-term residents of the United States;
- persons that actually or constructively own 10% or more of our voting shares;
- persons that hold our warrants;
- persons that hold our common stock or warrants as part of a straddle, constructive sale, hedging, conversion or other integrated transaction; or
- persons whose functional currency is not the U.S. dollar.

This summary does not address any aspect of U.S. federal non-income tax laws, such as gift or estate tax laws, or state, local or non-U.S. tax laws.

We have not sought, nor will we seek, a ruling from the Internal Revenue Service, or the IRS, as to any U.S. federal income tax consequence described herein. The IRS may disagree with the description herein, and its determination may be upheld by a court.

Because of the complexity of the tax laws and because the tax consequences to any particular holder of our common stock may be affected by matters not discussed herein, each such holder is urged to consult with its tax advisor with respect to the specific tax consequences of the ownership and disposition of our common stock, including the applicability and effect of state, local and non-U.S. tax laws, as well as U.S. federal tax laws.

## United States Federal Income Tax Consequences

### Taxation of Operating Income: In General

Unless exempt from United States federal income taxation under the rules discussed below, a foreign corporation is subject to United States federal income taxation in respect of any income that is derived from the use of vessels, from the hiring or leasing of vessels for use on a time, voyage or bareboat charter basis, from the participation in a shipping pool, partnership, strategic alliance, joint operating agreement, code sharing arrangements or other joint venture it directly or indirectly owns or participates in that generates such income, or from the performance of services directly related to those uses, which we refer to as "shipping income," to the extent that the shipping income is derived from sources within the United States. For these purposes, 50% of the gross shipping income that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States, exclusive of certain U.S. territories and possessions, constitutes income from sources within the United States, which we refer to as "U.S.-Source Gross Transportation Income" or "USSGTI."

Shipping income attributable to transportation that both begins and ends in the United States is considered to be 100% from sources within the United States. We are prohibited by law from engaging in transportation that produces income considered to be 100% from sources within the United States.

Shipping income attributable to transportation exclusively between non-U.S. ports will be considered to be 100% derived from sources outside the United States. Shipping income derived from sources outside the United States will not be subject to any United States federal income tax.

In the absence of exemption from tax under Section 883 of the Code, our USSGTI would be subject to a 4% tax imposed without allowance for deductions as described below.

### Exemption of Operating Income from United States Federal Income Taxation

Under Section 883 of the Code and the regulations thereunder, we will be exempt from United States federal income taxation on our U.S.-source shipping income if:

we are organized in a foreign country (our "country of organization") that grants an "equivalent exemption" to corporations organized in the United States; and  
either

more than 50% of the value of our stock is owned, directly or indirectly, by "qualified shareholders," that are persons (i) who are "residents" of our country of organization or of another foreign country that grants an "equivalent exemption" to corporations organized in the United States, and (ii) who comply with certain documentation requirements, which we refer to as the "50% Ownership Test;" or  
our stock is primarily and regularly traded on one or more established securities markets in our country of organization, in another country that grants an "equivalent exemption" to United States corporations, or in the United States, which we refer to as the "Publicly-Traded Test."

The jurisdictions where we and our ship-owning subsidiaries are incorporated grant "equivalent exemptions" to United States corporations. Therefore, we will be exempt from United States federal income taxation with respect to our U.S.-source shipping income if we satisfy either the 50% Ownership Test or the Publicly-Traded Test.

As discussed in more detail below, we believe that we satisfied the Publicly-Traded Test for our 2014 taxable year since, on more than half the days of the taxable year, our common shares were primarily and regularly traded on an established securities market in the United States, namely the NASDAQ Capital Market.

The regulations provide, in pertinent part, that the stock of a foreign corporation will be considered to be "primarily traded" on an established securities market in a country if the number of shares of each class of stock that is traded during the taxable year on all established securities markets in that country exceeds the number of shares in each such class that is traded during that year on established securities markets in any other single country. Our common stock, our sole class of our issued and outstanding stock, was "primarily traded" on the NASDAQ Capital Market, which is an established securities market for these purposes.



The regulations also require that our stock be "regularly traded" on an established securities market. Under the regulations, our stock will be considered to be "regularly traded" if one or more classes of our stock representing 50% or more of our outstanding shares, by total combined voting power of all classes of stock entitled to vote and by total combined value of all classes of stock, are listed on one or more established securities markets, which we refer to as the "listing threshold." Our common stock, our sole class of issued and outstanding stock, was listed on the NASDAQ Capital Market in 2014. Accordingly, we will satisfy this listing requirement.

The regulations further require that with respect to each class of stock relied upon to meet the listing requirement: (i) such class of the stock is traded on the market, other than in minimal quantities, on at least sixty (60) days during the taxable year or one-sixth (1/6) of the days in a short taxable year; and (ii) the aggregate number of shares of such class of stock traded on such market is at least 10% of the average number of shares of such class of stock outstanding during such year or as appropriately adjusted in the case of a short taxable year. We believe we will satisfy the trading frequency and trading volume tests. Even if we do not satisfy both tests, the regulations provide that the trading frequency and trading volume tests will be deemed satisfied by a class of stock if, as we expect to be the case with our common stock, such class of stock is traded on an established market in the United States and such class of stock is regularly quoted by dealers making a market in such stock.

Notwithstanding the foregoing, the regulations provide, in pertinent part, that a class of stock will not be considered to be "regularly traded" on an established securities market for any taxable year in which 50% or more of the vote and value of the outstanding shares of such class of stock are owned, actually or constructively under specified attribution rules, on more than half the days during the taxable year by persons who each own directly or indirectly 5% or more of the vote and value of such class of stock, who we refer to as "5% Shareholders." We refer to this restriction in the regulations as the "Closely-Held Rule." The Closely-Held Rule will not disqualify us, however, if we can establish that qualified 5% Shareholders own sufficient shares in our closely-held block of stock to preclude the shares in the closely-held block that are owned by non-qualified 5% Shareholders from representing 50% or more of the value of such class of stock for more than half of the days during the tax year, which we refer to as the exception to the Closely-Held Rule.

For purposes of being able to determine our 5% Shareholders, the regulations permit us to rely on Schedule 13G and Schedule 13D filings with the Securities and Exchange Commission. The regulations further provide that an investment company that is registered under the Investment Company Act of 1940, as amended, will not be treated as a 5% Shareholder for such purposes.

Based on our Schedule 13G and 13D filings for the 2013 taxable year, we believe that we triggered the Closely-Held Rule for the 2014 taxable year. Although we believe that the status of our 5% Shareholders as "qualified shareholders" makes us eligible for the exception to the Closely-Held Rule, to qualify for the benefits of Section 883 our 5% Shareholders, and each intermediary in the chain of ownership, would have to provide us with certain beneficial ownership and intermediary statements substantiating the 5% Shareholders' beneficial ownership and status as "qualified shareholders." The Company expects to obtain the required statements from 5% Shareholders who own collectively more than 50% of shares of the Company. Thus, we expect to meet the requirement of the exemption to the Closely-Held Rule for the 2013 taxable year. Due to the factual nature of the issues involved, there can be no assurance that we or any of our subsidiaries will qualify for the benefits of Section 883 of the Code for the 2013 or any future taxable year.

#### Taxation in Absence of Exemption

To the extent the benefits of Section 883 are unavailable, our USSGTI, to the extent not considered to be "effectively connected" with the conduct of a U.S. trade or business, as described below, would be subject to a 4% tax imposed by Section 887 of the Code on a gross basis, without the benefit of deductions, otherwise referred to as the "4% Tax."

Since under the sourcing rules described above, no more than 50% of our shipping income would be treated as being derived from U.S. sources, the maximum effective rate of U.S. federal income tax on our shipping income would never exceed 2% under the 4% Tax.

To the extent the benefits of the Section 883 exemption are unavailable and our USSGTI is considered to be "effectively connected" with the conduct of a U.S. trade or business, as described below, any such "effectively connected" U.S.-source shipping income, net of applicable deductions, would be subject to the U.S. federal corporate income tax currently imposed at rates of up to 35%. In addition, we may be subject to the 30% "branch profits" tax on earnings effectively connected with the conduct of such trade or business, as determined after allowance for certain adjustments, and on certain interest paid or deemed paid attributable to the conduct of our U.S. trade or business.

Our U.S.-source shipping income would be considered "effectively connected" with the conduct of a U.S. trade or business only if:

we have, or are considered to have, a fixed place of business in the United States involved in the earning of shipping income; and

substantially all of our U.S.-source shipping income is attributable to regularly scheduled transportation, such as the operation of a vessel that follows a published schedule with repeated sailings at regular intervals between the same points for voyages that begin or end in the United States.

We do not intend to have, or permit circumstances that would result in having, any vessel operating to the United States on a regularly scheduled basis. Based on the foregoing and on the expected mode of our shipping operations and other activities, we believe that none of our USSGTI will be "effectively connected" with the conduct of a U.S. trade or business.

#### United States Taxation of Gain on Sale of Vessels

Regardless of whether we qualify for exemption under Section 883, we will not be subject to United States federal income taxation with respect to gain realized on a sale of a vessel, provided the sale is considered to occur outside of the United States under United States federal income tax principles. In general, a sale of a vessel will be considered to occur outside of the United States for this purpose if title to the vessel, and risk of loss with respect to the vessel, pass to the buyer outside of the United States. It is expected that any sale of a vessel by us will be considered to occur outside of the United States.

#### United States Federal Income Taxation of U.S. Holders

##### Taxation of Distributions Paid on Common Stock

Subject to the passive foreign investment company, or PFIC, rules discussed below, any distributions made by us with respect to common shares to a U.S. Holder will generally constitute dividends, which may be taxable as ordinary income or "qualified dividend income" as described in more detail below, to the extent of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of our earnings and profits will be treated first as a non-taxable return of capital to the extent of the U.S. Holder's tax basis in his common shares on a dollar-for-dollar basis and thereafter as capital gain. Because we are not a U.S. corporation, U.S. Holders that are corporations will not be entitled to claim a dividends-received deduction with respect to any distributions they receive from us.

Dividends paid on common shares to a U.S. Holder which is an individual, trust, or estate (a "U.S. Non-Corporate Holder") will generally be treated as "qualified dividend income" that is taxable to such shareholders at preferential U.S. federal income tax rates provided that (1) the common shares are readily tradable on an established securities market in the United States (such as the NASDAQ Global Market on which the common shares were listed and the Nasdaq Capital Market on which the common shares are currently listed); (2) we are not a passive foreign investment company, or PFIC, for the taxable year during which the dividend is paid or the immediately preceding taxable year (which we do not believe we are, have been or will be); (3) the U.S. Non-Corporate Holder has owned the common shares for more than 60 days in the 121-day period beginning 60 days before the date on which the common shares become ex-dividend; and (4) certain other conditions are met.

Any dividends paid by us which are not eligible for these preferential rates will be taxed as ordinary income to a U.S. Holder.

Special rules may apply to any "extraordinary dividend"—generally, a dividend in an amount which is equal to or in excess of 10% of a shareholder's adjusted basis in a common share—paid by us. If we pay an "extraordinary dividend" on our common stock that is treated as "qualified dividend income," then any loss derived by a U.S. Non-Corporate Holder from the sale or exchange of such common stock will be treated as long-term capital loss to the extent of such dividend.

#### Sale, Exchange or other Disposition of Common Shares

Assuming we do not constitute a PFIC for any taxable year, a U.S. Holder generally will recognize taxable gain or loss upon a sale, exchange or other disposition of our common shares in an amount equal to the difference between the amount realized by the U.S. Holder from such sale, exchange or other disposition and the U.S. Holder's tax basis in such stock. Such gain or loss will be treated as long-term capital gain or loss if the U.S. Holder's holding period in the common shares is greater than one year at the time of the sale, exchange or other disposition. A U.S. Holder's ability to deduct capital losses is subject to certain limitations.

### 3.8% Tax on Net Investment Income

For taxable years beginning after December 31, 2012, a U.S. Holder that is an individual, estate, or, in certain cases, a trust, will generally be subject to a 3.8% tax on the lesser of (1) the U.S. Holder's net investment income for the taxable year and (2) the excess of the U.S. Holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between \$125,000 and \$250,000). A U.S. Holder's net investment income will generally include distributions made by us which constitute a dividend for U.S. federal income tax purposes and gain realized from the sale, exchange or other disposition of our common stock. This tax is in addition to any income taxes due on such investment income.

If you are a U.S. Holder that is an individual, estate or trust, you are encouraged to consult your tax advisors regarding the applicability of the 3.8% tax on net investment income to the ownership and disposition of our common stock.

### Passive Foreign Investment Company Rules

Special U.S. federal income tax rules apply to a U.S. Holder that holds stock in a foreign corporation classified as a PFIC for U.S. federal income tax purposes. In general, we will be treated as a PFIC with respect to a U.S. Holder if, for any taxable year in which such holder held our common shares, either:

- at least 75% of our gross income for such taxable year consists of passive income (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business); or
- at least 50% of the average value of the assets held by the corporation during such taxable year produce, or are held for the production of, passive income.

For purposes of determining whether we are a PFIC, we will be treated as earning and owning its proportionate share of the income and assets, respectively, of any of its subsidiary corporations in which it owns at least 25% of the value of the subsidiary's stock. Income earned, or deemed earned, by us in connection with the performance of services would not constitute passive income. By contrast, rental income, which includes bareboat hire, would generally constitute "passive income" unless we are treated under specific rules as deriving rental income in the active conduct of a trade or business.

Based on our current operations and future projections, we do not believe that we are, nor do we expect to become, a PFIC with respect to any taxable year. Although there is no legal authority directly on point, our belief is based principally on the position that, for purposes of determining whether we are a PFIC, the gross income we derive or are deemed to derive from the time chartering and voyage chartering activities of our wholly-owned subsidiaries should constitute services income, rather than rental income. Correspondingly, we believe that such income does not constitute passive income, and the assets that we or our wholly-owned subsidiaries own and operate in connection with the production of such income, in particular, the vessels, do not constitute passive assets for purposes of determining whether we are a PFIC. We believe there is substantial legal authority supporting its position consisting of case law and Internal Revenue Service pronouncements concerning the characterization of income derived from time charters and voyage charters as services income for other tax purposes. However, there is also authority which characterizes time charter income as rental income rather than services income for other tax purposes. It should be noted that in the absence of any legal authority specifically relating to the statutory provisions governing PFICs, the Internal Revenue Service or a court could disagree with this position. In addition, although we intend to conduct its affairs in a manner to avoid being classified as a PFIC with respect to any taxable year, there can be no assurance that the nature of our operations will not change in the future.

As discussed more fully below, if we were to be treated as a PFIC for any taxable year, a U.S. Holder would be subject to different taxation rules depending on whether the U.S. Holder makes an election to treat us as a "Qualified Electing Fund," which election is referred to as a "QEF election." As an alternative to making a QEF election, a U.S.

Holder should be able to make a "mark-to-market" election with respect to the common shares, as discussed below. In addition, if we were to be treated as a PFIC for any taxable year ending on or after December 31, 2013, a U.S. Holder would be required to file an IRS Form 8621 for the year with respect to such holder's common stock.

#### Taxation of U.S. Holders Making a Timely QEF Election

If a U.S. Holder makes a timely QEF election, which U.S. Holder is referred to as an "Electing Holder," the Electing Holder must report each year for U.S. federal income tax purposes his pro rata share of the our ordinary earnings and its net capital gain, if any, for our taxable year that ends with or within the taxable year of the Electing Holder, regardless of whether or not distributions were received from us by the Electing Holder. The Electing Holder's adjusted tax basis in the common shares will be increased to reflect taxed but undistributed earnings and profits. Distributions of earnings and profits that had been previously taxed will result in a corresponding reduction in the adjusted tax basis in the common shares and will not be taxed again once distributed. An Electing Holder would generally recognize capital gain or loss on the sale, exchange or other disposition of the common shares. A U.S. Holder would make a QEF election with respect to any year that we are a PFIC by filing IRS Form 8621 with his, her or its U.S. federal income tax return. After the end of each taxable year, we will determine whether we were a PFIC for such taxable year. If we determine or otherwise become aware that we are a PFIC for any taxable year, we will provide each U.S. Holder with all necessary information, including a PFIC Annual Information Statement, in order to enable such holder to make a QEF election for such taxable year.

#### Taxation of U.S. Holders Making a "Mark-to-Market" Election

Alternatively, if we were to be treated as a PFIC for any taxable year and, as anticipated, our common shares is treated as "marketable stock," a U.S. Holder would be allowed to make a "mark-to-market" election with respect to our common shares. If that election is made, the U.S. Holder generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of the common shares at the end of the taxable year over such U.S. Holder's adjusted tax basis in the common shares. The U.S. Holder would also be permitted an ordinary loss in respect of the excess, if any, of the U.S. Holder's adjusted tax basis in the common shares over its fair market value at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder's tax basis in his common shares would be adjusted to reflect any such income or loss amount. Gain realized on the sale, exchange or other disposition of the common shares would be treated as ordinary income, and any loss realized on the sale, exchange or other disposition of the common shares would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included by the U.S. Holder.

#### Taxation of U.S. Holders Not Making a Timely QEF or Mark-to-Market Election

Finally, if we were to be treated as a PFIC for any taxable year, a U.S. Holder who does not make either a QEF election or a "mark-to-market" election for that year, whom we refer to as a "Non-Electing Holder," would be subject to special rules with respect to (1) any excess distribution (i.e., the portion of any distributions received by the Non-Electing Holder on our common stock in a taxable year in excess of 125 percent of the average annual distributions received by the Non-Electing Holder in the three preceding taxable years, or, if shorter, the Non-Electing Holder's holding period for the common stock), and (2) any gain realized on the sale, exchange or other disposition of our common stock. Under these special rules:

- the excess distribution or gain would be allocated ratably over the Non-Electing Holders' aggregate holding period for the common stock;
- the amount allocated to the current taxable year and any taxable year before we became a passive foreign investment company would be taxed as ordinary income; and
- the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year.

These penalties would not apply to a pension or profit sharing trust or other tax-exempt organization that did not borrow funds or otherwise utilize leverage in connection with its acquisition of our common stock. If a Non-Electing Holder who is an individual dies while owning our common stock, such Non-Electing Holder's successor generally would not receive a step-up in tax basis with respect to such stock.

#### United States Federal Income Taxation of Non-U.S. Holders

Dividends paid to a Non-U.S. Holder with respect to our common stock generally should not be subject to U.S. federal income tax, unless the dividends are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base that such holder maintains in the United States).



In addition, a Non-U.S. Holder generally should not be subject to U.S. federal income tax on any gain attributable to a sale or other disposition of our common stock unless such gain is effectively connected with its conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base that such holder maintains in the United States) or the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of sale or other disposition and certain other conditions are met (in which case such gain from United States sources may be subject to tax at a 30% rate or a lower applicable tax treaty rate).

Dividends and gains that are effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base in the United States) generally should be subject to tax in the same manner as for a U.S. Holder and, if the Non-U.S. Holder is a corporation for U.S. federal income tax purposes, it also may be subject to an additional branch profits tax at a 30% rate or a lower applicable tax treaty rate.

#### Backup Withholding and Information Reporting

In general, information reporting for U.S. federal income tax purposes should apply to distributions made on our common stock within the United States to a non-corporate U.S. Holder and to the proceeds from sales and other dispositions of our common stock to or through a U.S. office of a broker by a non-corporate U.S. Holder. Payments made (and sales and other dispositions effected at an office) outside the United States will be subject to information reporting in limited circumstances.

In addition, backup withholding of U.S. federal income tax, currently at a rate of 28%, generally should apply to distributions paid on our common stock to a non-corporate U.S. Holder and the proceeds from sales and other dispositions of our common stock by a non-corporate U.S. Holder, who:

- fails to provide an accurate taxpayer identification number;
- is notified by the IRS that backup withholding is required; or
- fails in certain circumstances to comply with applicable certification requirements.

A Non-U.S. Holder generally may eliminate the requirement for information reporting and backup withholding by providing certification of its foreign status, under penalties of perjury, on a duly executed applicable IRS Form W-8 or by otherwise establishing an exemption.

Backup withholding is not an additional tax. Rather, the amount of any backup withholding generally should be allowed as a credit against a U.S. Holder's or a Non-U.S. Holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that certain required information is timely furnished to the IRS.

Pursuant to recently enacted legislation, individuals who are U.S. Holders (and to the extent specified in applicable Treasury regulations, certain individuals who are Non-U.S. Holders and certain U.S. entities) who hold "specified foreign financial assets" (as defined in Section 6038D of the Code) are required to file IRS Form 8938 with information relating to the asset for each taxable year in which the aggregate value of all such assets exceeds \$75,000 at any time during the taxable year or \$50,000 on the last day of the taxable year (or such higher dollar amount as prescribed by applicable Treasury regulations). Specified foreign financial assets would include, among other assets, the common shares, unless the shares held through an account maintained with a U.S. financial institution. Substantial penalties apply to any failure to timely file IRS Form 8938, unless the failure is shown to be due to reasonable cause and not due to willful neglect. Additionally, in the event an individual U.S. Holder (and to the extent specified in applicable Treasury regulations, an individual Non-U.S. Holder or a U.S. entity) that is required to file IRS Form 8938 does not file such form, the statute of limitations on the assessment and collection of U.S. federal income taxes of such holder for the related tax year may not close until three years after the date that the required information is filed. U.S.

Holders (including U.S. entities) and Non-U.S. Holders are encouraged consult their own tax advisors regarding their reporting obligations under this legislation.

#### Marshall Islands Tax Consequences

Seanergy is incorporated in the Marshall Islands. Under current Marshall Islands law, Seanergy is not subject to tax on income or capital gains, no Marshall Islands withholding tax will be imposed upon payment of dividends by Seanergy to its shareholders, and holders of common stock of Seanergy that are not residents of or domiciled or carrying on any commercial activity in the Marshall Islands will not be subject to Marshall Islands tax on the sale or other disposition of such common stock.

F. Dividends and paying agents

Not applicable.

G. Statement by experts

Not applicable.

H. Documents on display

We file annual reports and other information with the Commission. You may inspect and copy any report or document we file, including this annual report and the accompanying exhibits, at the Commission's public reference facilities located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the public reference facilities by calling the Commission at 1-800-SEC-0330, and you may obtain copies at prescribed rates. Our SEC filings are also available to the public at the website maintained by the Commission at <http://www.sec.gov>, as well as on our website at <http://www.seanergymaritime.com>. This web address is provided as an inactive textual reference only. Information on our website does not constitute a part of this annual report.

We will also provide without charge to each person, including any beneficial owner, upon written or oral request of that person, a copy of any and all of the information that has been incorporated by reference in this annual report. Please direct such requests to Investor Relations, Seanergy Maritime Holdings Corp., 16 Grigoriou Lampraki Street, 166 74 Glyfada, Athens, Greece, telephone number 011 30 210 8931507 or facsimile number 011 30 210 9638450.

I. Subsidiary information

Not applicable.

## ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

### Interest Rate Risk

We were subject to interest rate risk with respect to our two credit facilities with Piraeus Bank, prior to the release of our liabilities under those facilities. Each of these two facilities has borne interest at LIBOR plus a spread. For the year ended December 31, 2014, the weighted average interest rate was 5.12% and 4.77% for the Piraeus Bank revolving facility and the Piraeus Bank term facility, respectively. A 1% increase in LIBOR would have resulted in an increase in interest expense for the twelve months ended December 31, 2014, of approximately \$0.1 million and \$0.2 million on the Piraeus Bank revolving credit facility and the Piraeus Bank term facility, respectively.

For a description of our derivatives, see "Item 5. Operating and Financial Review and Prospects – Liquidity and Capital Resources – Derivatives."

### Foreign Exchange Rate Fluctuation

We generate all of our revenue in U.S. dollars. The majority of our operating expenses are in U.S. dollars except primarily for our management fees and our executive office rental expenses which are denominated in Euros and Hong Kong dollars. During the year ended December 31, 2014, approximately 38% of our expenses were in currencies other than U.S. dollars, the majority of which are denominated in Euros. For accounting purposes, expenses incurred in other currencies are converted into U.S. dollars at the exchange rate prevailing on the date of each transaction. We have not hedged currency exchange risks associated with our expenses. As of December 31, 2014, the net effect of a 1% adverse movement in U.S. dollar/Euro exchange rates would not have a material effect on our net

income.

#### Inflation

We do not consider inflation to be a significant risk to direct expenses in the current and foreseeable future. However, in the event that inflation becomes a significant factor in the global economy, inflationary pressures would result in increased operating, voyage and financing costs.

#### ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

77

---

## PART II

### ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Events of default have occurred under the Piraeus Bank facility agreement as a result of, among other things (i) the failure of the borrowers (all of which are our subsidiaries) and us, as the corporate guarantor) to make related principal installment and interest payments since the fourth quarter of 2012. As of the date of this annual report, we have no indebtedness. We refer you to the section under the heading "Item 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS - A. Operating Results – Recent Developments – Restructuring of our Indebtedness – Piraeus Bank Facility Agreement" and "- UOB Facility Agreement" for a discussion of our restructuring efforts in respect of these loan facilities.

### ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

### ITEM 15. CONTROLS AND PROCEDURES

#### a) Disclosure Controls and Procedures

Management, under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) under the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, as of the end of the period covered by this annual report (as of December 31, 2014). The term disclosure controls and procedures is defined under SEC rules as controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its Chief Executive Officer and its Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Based on that evaluation, our Chief Executive Officer and Interim Chief Financial Officer has concluded that our disclosure controls and procedures are effective as of the evaluation date.

#### b) Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is identified in Exchange Act Rule 13a-15(f). Our internal control over financial reporting is a process designed under the supervision of our Chief Executive Officer and Chief Financial Officer and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external reporting purposes in accordance with U.S. GAAP.

Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures are being made only in accordance with the authorization of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Management, including our Chief Executive Officer and Interim Chief Financial Officer, has assessed the effectiveness of our internal control over financial reporting as of December 31, 2014, based on the framework established in Internal Control—Integrated Framework issued by COSO (2013 Framework). Based on this assessment, management has determined that the Company's internal control over financial reporting is effective as of December 31, 2014.

However, it should be noted that because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements with certainty even when determined to be effective and can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate / obsolete because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

78

---

c) Attestation Report of the Registered Public Accounting Firm

Not applicable.

d) Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the year covered by this annual report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Mr. Dimitrios Anagnostopoulos, an independent director and a member of our audit committee, is an "Audit Committee Financial Expert" under Commission rules and the corporate governance rules of the NASDAQ Capital Market.

ITEM 16B. CODE OF ETHICS

We have adopted a Code of Business Conduct and Ethics that applies to our employees, officers and directors. Our Code of Business Conduct and Ethics is available on the Corporate Governance section of our website at [www.seanergymaritime.com](http://www.seanergymaritime.com). We will also provide a hard copy of our Code of Business Conduct and Ethics free of charge upon written request. We intend to disclose any waivers to or amendments of the Code of Business Conduct and Ethics for the benefit of any of our directors and executive officers, within 5 business days of such waiver or amendment. Shareholders may direct their requests to the attention of Investor Relations, Seanergy Maritime Holdings Corp., 16 Grigoriou Lampraki Street, 16674 Glyfada, Athens, Greece, telephone number 011 30 210 8931507 or facsimile number 011 30 210 9638450.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Our principal accountants are Ernst & Young (Hellas) Certified Auditors Accountants S.A., or E&Y. E&Y has billed us for audit, audit-related and non-audit services as follows:

|                    | 2014      | 2013      |
|--------------------|-----------|-----------|
| Audit fees         | \$146,000 | \$306,000 |
| Audit related fees | -         | -         |
| Tax fees           | -         | -         |
| All other fees     | -         | -         |
| Total fees         | \$146,000 | \$306,000 |

Audit fees for 2014 and 2013 of \$146,000 and \$306,000, respectively, related to professional services rendered for the audit of our financial statements for the years ended December 31, 2014 and 2013, respectively. As per the audit committee charter, our audit committee pre-approves all audit, audit-related and non-audit services not prohibited by law to be performed by our independent registered public accounting firm and associated fees prior to the engagement of the independent registered public accounting firm with respect to such services.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

79

---



## ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

| Issuer purchases of equity securities |   |                                    |  |   |
|---------------------------------------|---|------------------------------------|--|---|
| Period                                | Total<br>Number of<br>Shares<br>Purchased | Average<br>Price Paid<br>Per Share | Total<br>Number of<br>Shares<br>Purchased as<br>Part of<br>Publicly<br>Announced<br>Programs | Maximum<br>Amount in<br>U.S.<br>\$ that may<br>Yet Be<br>Expected on<br>Share<br>Repurchases<br>Under<br>Programs |
|                                       |   |                                    |  |   |
| January 2012                          | 4,641,620                                 | \$2.15442                          | 4,641,620  | \$ 0  |
| June 2014                             | 1,890,000                                 | 0.60                               | 1,890,000  | 0   |
| September 2014                        | 1,600,000                                 | 0.60                               | 1,600,000  | 0   |
| December 2014                         | 4,440,000                                 | 0.25                               | 4,440,000  | 0   |
| March 2015                            | 26,667,500                                | \$0.18                             | 26,667,500   | \$ 0  |

On January 31, 2012, we completed an equity injection plan with four entities affiliated with the Restis family. In exchange for \$10 million, we issued an aggregate of 4,641,620 of our common shares to the four entities at a price of \$2.15442. The price was determined as the average closing price of the five trading days preceding the execution of the purchase plan.

On June 24, 2014 we entered into a share purchase agreement with Plaza and Comet, which are all companies affiliated with the Restis family, under which we sold 1,890,000 of our common shares for \$1.134 million and on the same date we entered into a registration rights agreement in connection with a share purchase agreement discussed above, under which we sold 1,890,000 of our common shares to each of Plaza and Comet.

On September 29, 2014 we entered into a share purchase agreement with Plaza and Comet, which are all companies affiliated with the Restis family, under which we sold 1,600,000 of our common shares for \$0.96 million and on the same date we entered into a registration rights agreement in connection with a share purchase agreement discussed above, under which we sold 1,600,000 of our common shares to each of Plaza and Comet.

On December 19, 2014 we entered into a share purchase agreement with Jelco, an entity affiliated with one of the Company's major shareholders, under which we sold 4,440,000 of our common shares for \$1.11 million and on the same date we entered into a registration rights agreement in connection with a share purchase agreement discussed above, under which we sold 4,440,000 of our common shares to each of Plaza and Comet.

On March 12, 2015 we entered into a share purchase agreements with Jelco, an entity affiliated with one of the Company's major shareholders, and our CEO, under which we sold 25,000,500 of our common shares to Jelco, for \$4.5 million and 1,667,000 of our common shares our CEO, for \$0.3 million and on the same date we entered into registration rights agreements with Jelco and our CEO with respect to these common shares.

Following the issuance of the shares and as of the date of this annual report we have 46,556,771 outstanding common shares.

## ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

The disclosure called for by this Item 16F was previously reported, as defined in Rule 12b-2 under the Exchange Act, in our annual report on Form 20-F for the year ended December 31, 2012, filed with the SEC on April 26, 2013.

#### ITEM 16G. CORPORATE GOVERNANCE

As a foreign private issuer, as defined in Rule 3b-4 under the Exchange Act, the Company is permitted to follow certain corporate governance rules of its home country in lieu of NASDAQ's corporate governance rules. The Company's corporate governance practices deviate from NASDAQ's corporate governance rules in the following two ways:

In lieu of obtaining shareholder approval, under specified circumstances, prior to the issuance of securities in connection with: (i) the acquisition of the stock or assets of another company, (ii) equity-based compensation of officers, directors, employees or consultants, (iii) a change of control, or (iv) private placements, the Company complies with provisions of the BCA providing that the board of directors may approve share issuances.

The Company's Board is not required to be composed of a majority of independent directors.

Other than as noted above, we are in full compliance with all other applicable NASDAQ corporate governance standards.

#### ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

See Item 18.

ITEM 18. FINANCIAL STATEMENTS

The financial information required by this item, together with the report of Ernst & Young (Hellas) Certified Auditors Accountants S.A., is set forth on pages F-1 through F-25 and are filed as part of this annual report.

ITEM 19. EXHIBITS

| Exhibit Number | Description   |
|----------------|---|
| 1.1            | Amended and Restated Articles of Incorporation (1)  |
| 1.2            | Second Amended and Restated Bylaws (2)  |
| 1.3            | Amendment to Amended and Restated Articles of Incorporation (3)   |
| 1.4            | Second Amendment to Amended and Restated Articles of Incorporation (4)  |
| 1.5            | Third Amendment to Amended and Restated Articles of Incorporation (5)   |
| 1.6            | Fourth Amendment to Amended and Restated Articles of Incorporation (6)  |
| 2.1            | Specimen Common Stock Certificate(7)  |
| 2.2            | Warrant Agreement between Continental Stock Transfer & Trust Company and the Registrant (8)   |
| 2.3            | Unit Purchase Option (8)  |
| 2.4            | Specimen Unit Certificate (9)   |
| 2.5            | Form of Underwriters Warrant (10)   |
| 4.1            | Master Agreement dated as of May 20, 2008 (1)   |
| 4.2            | Amendment to Master Agreement dated July 25, 2008 (1)   |
| 4.4            | Form of Convertible Unsecured Promissory Note(1)  |
| 4.5            | Amendment to Convertible Promissory Note dated August 28, 2009(11)  |
| 4.7            | Management Agreement dated as of May 20, 2008 (1)   |
| 4.8            | Amendment No.1 to Management Agreement dated October 1, 2011 (19)   |
| 4.17           | Share Purchase Agreement dated January 4, 2012 between registrant and United Capital Investments Corp., Atrion Shipholding S.A., Plaza Shipholding Corp. and Comet Shipholding Inc.(18) |
| 4.18           | Seanergy Maritime Holdings Corp. 2011 Equity Incentive Plan (16)  |
| 4.19           | Loan Agreement dated August 27, 2008 between Seanergy and Piraeus Bank (11)   |
| 4.20           | Amendment No. 1 to Piraeus Bank Loan Agreement dated September 9, 2009(11)  |
| 4.21           | Amendment No. 2 to Piraeus Bank Loan Agreement dated November 13, 2009(12)  |
| 4.22           | Amendment No. 3 to Piraeus Bank Loan Agreement dated June 2, 2010(13)   |
| 4.23           | Amendment No. 4 to Piraeus Bank Loan Agreement dated January 31, 2012 (19)  |
| 4.24           | Second Supplement Agreement dated September 30, 2009 relating to and including the Loan Agreement dated June 26, 2007 between BET and Citibank(11)                                      |
| 4.25           | Supplemental Letter Agreement dated August 4, 2010 relating to the Loan Agreement dated June 26, 2007 between BET and Citibank (14)   |
| 4.26           | Third Supplemental Agreement dated December 23, 2010 relating to the Loan Agreement dated June 26, 2007 between BET and Citibank(17)  |
| 4.27           | Fourth Supplemental Agreement dated March 31, 2011 relating to the Loan Agreement dated June 26, 2007 between BET and Citibank (17)   |
| 4.28           |   |

Edgar Filing: Seenergy Maritime Holdings Corp. - Form 20-F/A

Fifth Supplemental Agreement dated February 7, 2012 relating to the Loan Agreement dated June 26, 2007 between BET and Citibank (19)

4.29 Restated Loan Agreement originally dated June 26, 2007 between BET and Citibank (19)

4.30 Loan Agreement dated October 19, 2007 between MCS and DVB(13)

4.31 Loan Agreement dated June 5, 2008 between MCS and HSBC(13)

81

---

| Exhibit Number | Description  |
|----------------|--|
| 4.32           | Supplemental Agreement dated May 20, 2010 relating to the Loan Agreement dated October 19, 2007 between MCS and DVB(13)  |
| 4.33           | Supplemental Agreement dated May 21, 2010 relating to the Loan Agreement dated June 5, 2008 between MCS and HSBC(13)   |
| 4.34           | Supplemental Letter and Amended and Restated Agreement dated May 24, 2010 relating to and including the Loan Agreement dated March 6, 2008 between MCS and UOB (17)  |
| 4.35           | Share Purchase Agreement with I.M.I. Holdings Corp., dated November 9, 2012 and Addendums (20)   |
| 4.36           | Settlement Agreement with DVB Group Merchant Bank (Asia) Ltd. dated January 25, 2013 (20)  |
| 4.37           | HSBC Waiver Letter dated September 4, 2012 and Extension Waiver Letter dated October 24, 2012 (20)   |
| 4.38           | Delivery and Settlement Agreement relating to a term loan facility with Piraeus Bank A.E. (23)   |
| 4.39           | Settlement Agreement with United Overseas Bank Limited (23)  |
| 4.40           | Addendum No. 1 to Settlement Agreement with United Overseas Bank Limited (23)  |
| 4.41           | Memorandum of Agreement with respect to Delos Ranger (23)  |
| 4.42           | Memorandum of Agreement with respect to Hamburg Max (23)   |
| 4.43           | Memorandum of Agreement with respect to Davakis G (23)   |
| 4.44           | Memorandum of Agreement with respect to Bremen Max (23)  |
| 4.45           | Share Purchase Agreement dated June 24, 2014 2014 between registrant and Comet Shipholding Inc. and Plaza Shipholding Corp. (21)   |
| 4.46           | Registration Rights Agreement dated June 24, 2014 2014 between registrant and Comet Shipholding Inc. and Plaza Shipholding Corp. (21)  |
| 4.47           | Share Purchase Agreement dated September 29, 2014 between registrant and Comet Shipholding Inc. and Plaza Shipholding Corp. (22)   |
| 4.48           | Registration Rights Agreement dated September 29, 2014 between registrant and Comet Shipholding Inc. and Plaza Shipholding Corp. (22)  |
| 4.49           | Share Purchase Agreement dated December 19, 2014 between registrant and Jelco Delta Holding Corp. (22)   |
| 4.50           | Registration Rights Agreement dated December 19, 2014 between registrant and Jelco Delta Holding Corp. (22)  |
| 4.51           | Ship Technical Management Agreement dated as of February 11, 2015 with V.Ships Greece Ltd.*  |
| 4.52           | Commercial Management Agreement dated as of March 2, 2015 with Fidelity Marine Inc.*   |
| 4.53           | Loan Agreement dated March 6, 2015 between Seanergy and Alpha Bank A.E.*   |
| 4.54           | Convertible Promissory Note dated March 12, 2015 with Jelco Delta Holding Corp. (24)   |
| 4.55           | Share Purchase Agreement dated March 12, 2015 between registrant and Jelco Delta Holding Corp. (24)  |
| 4.56           | Registration Rights Agreement dated March 12, 2015 between registrant and Jelco Delta Holding Corp. (24)   |
| 4.57           | Share Purchase Agreement dated March 12, 2015 between registrant and Stamatis Tsantanis.*  |
| 4.58           | Registration Rights Agreement dated March 12, 2015 between registrant and Stamatis Tsantanis.*   |
| 8.1            | List of Subsidiaries*  |
| 12.1           | Certificate of Principal Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act  |
| 12.2           | Certificate of Principal Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act  |
| 13.1           | Certificate of Principal Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002   |
| 13.2           | Certificate of Principal Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002   |
| 15.1           | Consent of Ernst & Young (Hellas) Certified Auditors Accountants S.A.*   |
| 101            | The following financial information from Seanergy Maritime Holding Corp.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2014, formatted in Extensible Business Reporting Language (XBRL)*:<br>(1) Consolidated Balance Sheets as of December 31, 2014 and 2013;<br>(2) Consolidated Statements of Income/(loss) for the years ended December 31, 2014, 2013 and 2012; |

Edgar Filing: Seenergy Maritime Holdings Corp. - Form 20-F/A

- (3) Consolidated Statements of Shareholders' (Deficit) / Equity for the years ended December 31, 2014, 2013 and 2012;
- (4) Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013 and 2012;
- (5) Notes to Consolidated Financial Statements.

---

\*Previously filed.

82

---

- (1) Incorporated herein by reference to the corresponding exhibit in the Annex filed with Seanergy Maritime's proxy statement on Form 6-K submitted to the Commission on July 31, 2008.
- (2) Incorporated herein by reference to our Company's report on Form 6-K submitted to the Commission on July 20, 2012.
- (3) Incorporated herein by reference to the corresponding exhibit filed with our Company's registration statement on Form F-1MEF filed with the Commission on August 28, 2009 (File No. 333-161595).
- (4) Incorporated herein by reference to the corresponding exhibit to our Company's report on Form 6-K submitted to the Commission on September 16, 2010.
- (5) Incorporated herein by reference to the corresponding exhibit to our Company's report on Form 6-K submitted to the Commission on June 27, 2011.
- (6) Incorporated herein by reference to the corresponding exhibit to our Company's report on Form 6-K submitted to the Commission on August 5, 2011.
- (7) Incorporated herein by reference to the corresponding exhibit filed with our Company's registration statement on Form F-1/A filed with the Commission on January 15, 2009 (File No. 333-154952).
- (8) Incorporated herein by reference to the corresponding exhibit filed with Seanergy Maritime's report on Form 8-K filed with the Commission on October 4, 2007.
- (9) Incorporated herein by reference to the corresponding exhibit filed with Seanergy Maritime's registration statement on Form F-1/A filed with the Commission on July 10, 2007 (File No. 333-144436).
- (10) Incorporated herein by reference to the corresponding exhibit filed with our Company's registration statement on Form F-1/A filed with the Commission on January 26, 2010 (File No. 333-161961).
- (11) Incorporated herein by reference to the corresponding exhibit filed with our Company's registration statement on Form F-1/A filed with the Commission on October 16, 2009 (File No. 333-161961).
- (12) Incorporated herein by reference to the corresponding exhibit filed with our Company's registration statement on Form F-1/A filed with the Commission on November 18, 2009 (File No. 333-161961).
- (13) Incorporated herein by reference to the corresponding exhibit filed with our Company's registration statement on Form F-1/A filed with the Commission on July 21, 2010 (File No. 333-166872).  
Incorporated herein by reference to the corresponding exhibit filed with our Company's post-effective amendment (14) no. 1 to the registration statement on Form F-1 filed with the Commission on September 24, 2010 (File No. 333-166872).
- (15) Incorporated herein by reference to the corresponding exhibit to our Company's report on Form 6-K submitted to the Commission on October 29, 2010.
- (16) Incorporated herein by reference to the corresponding exhibit to our Company's report on Form 6-K submitted to the Commission on February 7, 2011.
- (17) Incorporated herein by reference to the corresponding exhibit filed with our Company's annual report on Form 20-F submitted to the Commission on March 31, 2011.
- (18) Incorporated herein by reference to the corresponding exhibit filed with a Schedule 13D/A relating to our Company submitted to the Commission on March 18, 2012
- (19) Incorporated herein by reference to the corresponding exhibit filed with our Company's annual report on Form 20-F submitted to the Commission on March 19, 2012.
- (20) Incorporated herein by reference to the corresponding exhibit filed with our Company's annual report on Form 20-F submitted to the Commission on April 26, 2013.
- (21) Incorporated herein by reference to the corresponding exhibit filed with a Schedule 13D/A relating to our Company submitted to the Commission on September 12, 2014.
- (22) Incorporated herein by reference to the corresponding exhibit filed with a Schedule 13D relating to our Company submitted to the Commission on March 12, 2015.
- (23) Incorporated herein by reference to the corresponding exhibit filed with our Company's annual report on Form 20-F submitted to the Commission on April 18, 2014.
- (24) Incorporated herein by reference to the Schedule 13D/A relating to our Company submitted to the Commission on April 13, 2015.





SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F/A and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

SEENERGY MARITIME HOLDINGS  
CORP.

By: /s/ Stamatis Tsantanis  
Name: Stamatis Tsantanis  
Title: Chairman & Chief Executive Officer

Date: April 30, 2015

84

---

Seanergy Maritime Holdings Corp.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

|  | Page |
|--|------|
| Report of Independent Registered Public Accounting Firm Ernst & Young (Hellas) Certified Auditors Accountants S.A. | F-2  |
| Consolidated Balance Sheets as of December 31, 2014 and 2013   | F-3  |
| Consolidated Statement of Income/(Loss) for the years ended December 31, 2014, 2013 and 2012                       | F-4  |
| Consolidated Statements of Stockholders' Equity for the years ended December 31, 2014, 2013 and 2012               | F-5  |
| Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013 and 2012                         | F-6  |
| Notes to Consolidated Financial Statements   | F-7  |

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Seanergy Maritime Holdings Corp.

We have audited the accompanying consolidated balance sheets of Seanergy Maritime Holdings Corp. as of December 31, 2014 and 2013, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Seanergy Maritime Holdings Corp. at December 31, 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1d to the consolidated financial statements, following the disposal of the Company's entire fleet in early 2014 in the context of its restructuring plan, the Company was unable to generate sufficient cash flow to meet its obligations and sustain its continuing operations that raise substantial doubt about the Company's ability to continue as a going concern. Note 1d describes management's plans to address this issue. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/Ernst & Young (Hellas) Certified Auditors-Accountants S.A.

April 21, 2015

Athens, Greece

## Seanergy Maritime Holdings Corp.

## Consolidated Balance Sheets

December 31, 2014 and 2013

(In thousands of US Dollars, except for share data, unless otherwise stated)

|  | Notes | 2014         | 2013          |
|--|-------|--------------|---------------|
| <b>ASSETS</b>  |       |              |               |
| Current assets:  |       |              |               |
| Cash and cash equivalents  |       | 2,873        | 3,075         |
| Accounts receivable trade, net   |       | 30           | 1,256         |
| Inventories  | 5     | -            | 913           |
| Other current assets   | 6     | 304          | 965           |
|  | 7,    |              |               |
| Vessels held for sale  | 10    | -            | 60,141        |
| Total current assets   |       | 3,207        | 66,350        |
| Fixed assets:  |       |              |               |
| Office equipment, net  |       | 61           | -             |
| Total fixed assets   |       | 61           | -             |
| <b>TOTAL ASSETS</b>  |       | <b>3,268</b> | <b>66,350</b> |
| <b>LIABILITIES AND EQUITY</b>  |       |              |               |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>   |       |              |               |
| Current liabilities:   |       |              |               |
| Current portion of long-term debt  | 8     | -            | 134,911       |
| Trade accounts and other payables  | 9     | 264          | 2,148         |
| Due to related parties   | 4     | 105          | 9,049         |
| Accrued expenses   |       | 223          | 1,252         |
| Accrued interest   |       | -            | 9,480         |
| Deferred revenue   |       | -            | 205           |
| Total current liabilities  |       | 592          | 157,045       |
| Total liabilities  |       | 592          | 157,045       |
| Commitments and contingencies  | 11    | -            | -             |
| <b>STOCKHOLDERS EQUITY</b>   |       |              |               |
| Seanergy shareholders' equity  |       |              |               |
| Preferred stock, \$0.0001 par value; 25,000,000 shares authorized; none issued   |       | -            | -             |
| Common stock, \$0.0001 par value; 500,000,000 authorized shares as at December 31, 2014 and 2013; 19,889,271 and 11,959,271 shares issued and outstanding as at December 31, 2014 and 2013, respectively | 12    | 2            | 1             |
| Additional paid-in capital   |       | 307,557      | 294,535       |
| Accumulated deficit  |       | (304,883)    | (385,231)     |
| Total Stockholders' equity   |       | 2,676        | (90,695)      |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>   |       | <b>3,268</b> | <b>66,350</b> |

The accompanying notes are an integral part of these consolidated financial statements.



Edgar Filing: Seanergy Maritime Holdings Corp. - Form 20-F/A

Seanergy Maritime Holdings Corp.

Consolidated Statements of Income / (Loss)

For the years ended December 31, 2014, 2013 and 2012

(In thousands of US Dollars, except for share and per share data, unless otherwise stated)

|   | Notes | 2014       | 2013       | 2012       |
|---|-------|------------|------------|------------|
| Revenues:   |       |            |            |            |
| Vessel revenue - related party                      | 3     | -          | -          | 8,221      |
| Vessel revenue                                      |       | 2,075      | 23,838     | 49,026     |
| Commissions – related party                         | 3     | -          | -          | (298 )     |
| Commissions   |       | (65 )      | (759 )     | (1,333 )   |
| Vessel revenue, net                                 |       | 2,010      | 23,079     | 55,616     |
| Expenses:   |       |            |            |            |
| Direct voyage expenses                              | 13    | (1,274 )   | (8,035 )   | (13,587 )  |
| Vessel operating expenses                           | 13    | (1,006 )   | (11,086 )  | (26,983 )  |
| Voyage expenses - related party                     | 3     | (24 )      | (313 )     | (532 )     |
| Management fees - related party                     | 3     | (122 )     | (743 )     | (1,625 )   |
| Management fees                                     |       | -          | (194 )     | (588 )     |
| General and administration expenses                 | 14    | (2,987 )   | (3,966 )   | (6,337 )   |
| General and administration expenses - related party | 3     | (309 )     | (412 )     | (402 )     |
| Loss on bad debts                                   |       | (38 )      | -          | (327 )     |
| Amortization of deferred dry-docking costs          |       | -          | (232 )     | (3,648 )   |
| Depreciation  |       | (3 )       | (982 )     | (15,606 )  |
| Loss on sale of vessels                             |       | -          | -          | (15,590 )  |
| Impairment loss for vessels and deferred charges    | 7     | -          | (3,564 )   | (147,143 ) |
| Impairment loss for goodwill                        |       | -          | -          | (4,365 )   |
| Gain on disposal of subsidiaries                    | 1     | -          | 25,719     | -          |
| Gain on restructuring                               | 1     | 85,563     | -          | -          |
| Operating income / (loss)                           |       | 81,810     | 19,271     | (181,117 ) |
| Other income / (expense), net:                      |       |            |            |            |
| Interest and finance costs                          | 15    | (1,463 )   | (8,389 )   | (12,480 )  |
| Interest income                                     |       | 14         | 13         | 59         |
| Loss on interest rate swaps                         | 10    | -          | (8 )       | (189 )     |
| Foreign currency exchange gains (losses), net       |       | (13 )      | 19         | (43 )      |
|   |       | (1,462 )   | (8,365 )   | (12,653 )  |
| Income / (loss) before taxes                        |       | 80,348     | 10,906     | (193,770 ) |
| Income tax benefit                                  |       | -          | 1          | 2          |
| Net income / (loss)                                 |       | 80,348     | 10,907     | (193,768 ) |
| Net income / (loss) per common share                |       |            |            |            |
| Basic and diluted                                   | 16    | 6.01       | 0.91       | (16.74 )   |
| Weighted average common shares outstanding          |       |            |            |            |
| Basic   | 16    | 13,364,723 | 11,958,140 | 11,576,576 |
| Diluted   |       | 13,364,750 | 11,959,276 | 11,576,576 |

The accompanying notes are an integral part of these consolidated financial statements.

## Seanergy Maritime Holdings Corp.

## Consolidated Statements of Stockholders Equity

For the years ended December 31, 2014, 2013 and 2012

(In thousands of US Dollars, except for share data, unless otherwise stated)

|   | Common stock |           |                            |                     | Total stockholders' equity / (deficit) |
|---|--------------|-----------|----------------------------|---------------------|--|
|   | # of Shares  | Par Value | Additional paid-in capital | Accumulated deficit |  |
| Balance, January 1, 2012                                    | 7,317,662    | 1         | 279,292                    | (202,370 )          | 76,923                                 |
| Issuance of common stock (Note 3b)                          | 4,641,620    | -         | 10,000                     | -                   | 10,000                                 |
| Stock based compensation (Note 17)                          | -            | -         | 15                         | -                   | 15                                     |
| Sale of subsidiary to entity under common control (Note 1a) | -            | -         | 5,213                      | -                   | 5,213                                  |
| Net loss for the year ended December 31, 2012               | -            | -         | -                          | (193,768 )          | (193,768 )                             |
| Balance, December 31, 2012                                  | 11,959,282   | 1         | 294,520                    | (396,138 )          | (101,617 )                             |
| Cancellation of equity incentive plan shares                | (11 )        | -         | -                          | -                   | -                                      |
| Stock based compensation (Note 17)                          | -            | -         | 15                         | -                   | 15                                     |
| Net income for the year ended December 31, 2013             | -            | -         | -                          | 10,907              | 10,907                                 |
| Balance, December 31, 2013                                  | 11,959,271   | 1         | 294,535                    | (385,231 )          | (90,695 )                              |
| Related parties liabilities released (Note 3a)              | -            | -         | 9,819                      | -                   | 9,819                                  |
| Issuance of common stock (Note 3b)                          | 7,930,000    | 1         | 3,203                      | -                   | 3,204                                  |
| Net income for the year ended December 31, 2014             | -            | -         | -                          | 80,348              | 80,348                                 |
| Balance, December 31, 2014                                  | 19,889,271   | 2         | 307,557                    | (304,883 )          | 2,676                                  |

The accompanying notes are an integral part of these consolidated financial statements.

Edgar Filing: Seanergy Maritime Holdings Corp. - Form 20-F/A

Seanergy Maritime Holdings Corp.  
 Consolidated Statements of Cash Flows  
 For the years ended December 31, 2014, 2013 and 2012  
 (In thousands of US Dollars)

|  | 2014      | 2013     | 2012      |
|--|-----------|----------|-----------|
| Cash flows from operating activities:  |           |          |           |
| Net income / (loss)  | 80,348    | 10,907   | (193,768) |
| Adjustments to reconcile net income / (loss) to net cash provided by operating activities: |           |          |           |
| Depreciation   | 3         | 982      | 15,606    |
| Amortization of deferred finance charges   | -         | 1,090    | 466       |
| Amortization of deferred dry-docking costs   | -         | 232      | 3,648     |
| Payments for dry-docking   | (225 )    | (750 )   | (1,607 )  |
| Change in fair value of financial instruments  | -         | 8        | (2,038 )  |
| Stock based compensation   | -         | 15       | 15        |
| Loss on sale of vessels  | -         | -        | 15,590    |
| Loss on bad debt   | 38        | -        | 327       |
| Impairment of vessels and deferred charges   | -         | 3,564    | 147,143   |
| Impairment of goodwill   | -         | -        | 4,365     |
| Gain on disposal of subsidiaries   | -         | (25,719) | -         |
| Gain on restructuring  | (85,563 ) | -        | -         |
| Changes in operating assets and liabilities:   |           |          |           |
| Due from related parties   | -         | -        | 405       |
| Inventories  | 61        | (1,005 ) | 1,152     |
| Accounts receivable trade, net   | 1,188     | 1,025    | (1,193 )  |
| Other current assets   | 661       | 1,113    | (2,013 )  |
| Other non-current assets   | -         | 141      | 36        |
| Trade accounts and other payables  | (1,884 )  | (658 )   | 2,291     |
| Accrued expenses   | (805 )    | 68       | 486       |
| Due to related parties   | 875       | 2,914    | 10,205    |
| Accrued interest   | (9,350 )  | 6,788    | 1,948     |
| Deferred revenue – related party   | -         | -        | (142 )    |
| Deferred revenue   | (205 )    | 315      | (504 )    |
| Net cash (used in) / provided by operating activities                                      | (14,858 ) | 1,030    | 2,418     |
| Cash flows from investing activities:  |           |          |           |
| Net proceeds from sale of vessels  | 105,959   | 3,998    | 58,933    |
| Cash disposed of upon disposal of subsidiaries   | -         | (2,005 ) | (3,531 )  |
| Cash paid at subsidiary disposal   | -         | (1,000 ) | -         |
| Additions to office furniture & equipment  | (64 )     | -        | -         |
| Net cash provided by investing activities  | 105,895   | 993      | 55,402    |
| Cash flows from financing activities:  |           |          |           |
| Net proceeds from issuance of common stock   | 3,204     | -        | 10,000    |
| Repayments of long term debt   | (94,443 ) | (5,246 ) | (98,816 ) |
| Restricted cash released   | -         | 2,000    | 17,560    |
| Net cash used in financing activities  | (91,239 ) | (3,246 ) | (71,256 ) |
| Net decrease in cash and cash equivalents  | (202 )    | (1,223 ) | (13,436 ) |
| Cash and cash equivalents at beginning of period   | 3,075     | 4,298    | 17,734    |



|  |        |       |       |
|--|--------|-------|-------|
| Cash and cash equivalents at end of period | 2,873  | 3,075 | 4,298 |
| SUPPLEMENTAL CASH FLOW INFORMATION         |        |       |       |
| Cash paid for interest                     | 10,557 | -     | 9,481 |

The accompanying notes are an integral part of these consolidated financial statements.

F-6

---

Seanergy Maritime Holdings Corp.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in footnotes in thousands of US Dollars, except for share and per share data)

1. Basis of Presentation and General Information:

Seanergy Maritime Holdings Corp. (the "Company" or "Seanergy") was formed under the laws of the Republic of the Marshall Islands on January 4, 2008, with executive offices located in Athens, Greece. The Company provides global transportation solutions in the dry bulk shipping sector through its 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.

The accompanying consolidated financial statements include the accounts of Seanergy Maritime Holdings Corp. and its subsidiaries (collectively, the "Company" or "Seanergy").

a. Disposal of Subsidiaries:

On November 9, 2012, the Company entered into an agreement with I.M.I. Holdings Corp. (the "Buyer" or "IMI"), to sell its 100% ownership interest in Bulk Energy Transport (Holdings) Limited ("BET"), for a nominal cash consideration of \$0.001. In addition, the Company released BET from all of its obligations and liabilities towards the Company, which accrued to \$3,508 as of the date of sale. The transaction was consummated on December 30, 2012 upon finalization of all the required documentation. On December 18, 2012, at the direction of IMI, the Company sold the vessel BET Prince for gross proceeds of \$8,330, which were used to repay part of the then outstanding debt. IMI is ultimately controlled by entities controlled by members of the Restis family and is under common control with the Company. In connection with the sale of BET, the Company's Board of Directors obtained a fairness opinion from an independent third party. The sale of BET was treated as a transaction between entities under common control, and as such, asset and liability values were transferred at historical cost, with the resulting gains from the extinguishment of BET's net liabilities amounting to \$5,213 recognized as an equity transaction within Additional paid-in capital.

The estimated historical carrying values of the assets and liabilities that were agreed to be transferred were as follows:

|   |          |
|---|----------|
| Cash and restricted cash  | 3,531    |
| Vessels and other assets  | 49,444   |
| Long-term debt and other liabilities, net of BET's obligation towards the Company | (58,188) |
| Effect on equity from disposal of subsidiary                                      | (5,213 ) |

On January 29, 2013, Maritime Capital Shipping Limited ("MCS"), a wholly owned subsidiary of the Company, sold its 100% ownership interest in the four subsidiaries that owned the Handysize dry bulk carriers Fiesta, Pacific Fantasy, Pacific Fighter and Clipper Freeway. The buyer was a third-party nominee of the lenders under the senior secured credit facility with DVB Group Merchant Bank (Asia) Ltd ("DVB"), as agent. MCS had provided a guarantee under this facility, and in exchange for the sale, \$30,310 of outstanding debt and accrued interest was discharged. In addition, the guarantee provided by MCS was fully released. In connection with the sale of the subsidiaries, the Company's Board of Directors obtained a fairness opinion from an independent third party rendering the transaction fair from the financial point of view of Seanergy's shareholders.

The estimated fair values of the assets and liabilities sold on the date of the sale were as follows:

|  |          |
|--|----------|
| Cash and restricted cash   | 1,902    |
| Vessels and other assets   | 22,780   |
| Long-term debt and other liabilities, net of obligations towards the Company | (30,382) |

Net liabilities

(5,700 )

The Company recognized a gain from the sale of the four MCS subsidiaries under the facility agreement with DVB, of \$5,538 or \$0.46 per share (basic and diluted).

On July 19, 2013, MCS sold its 100% ownership interest in the three subsidiaries that owned the Handysize dry bulk carriers African Joy, African Glory and Asian Grace. The buyer was a third-party nominee of the lenders under the senior and the subordinated credit facility with United Overseas Bank Limited ("UOB"). MCS had provided a guarantee under this facility, and in exchange for the sale, \$39,533 of outstanding debt, accrued interest and swap liabilities were discharged. In addition, the guarantee provided by MCS was fully released. In connection with the sale of the subsidiaries, MCS deposited \$1,000 on May 16, 2013, into an escrow account held with the escrow agent, which was released to UOB on the closing date. The Company's Board of Directors obtained a fairness opinion from an independent third party rendering the transaction fair from the financial point of view of the Seanergy's shareholders.

F-7

---

Seanergy Maritime Holdings Corp.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in footnotes in thousands of US Dollars, except for share and per share data)

The estimated fair values of the assets and liabilities sold on the date of the sale were as follows:

|  |          |
|--|----------|
| Cash and restricted cash   | 103      |
| Vessels and other assets   | 18,514   |
| Long-term debt and other liabilities, net of obligations towards the Company | (39,957) |
| Net liabilities  | (21,340) |

The Company recognized a gain from the sale of the three MCS subsidiaries under the facility agreement with UOB, of \$20,181 or \$1.69 per share (basic and diluted).

b. Disposal of Vessels:

On March 11, 2014, the Company closed on its delivery and settlement agreement with its remaining lender, Piraeus Bank, for the sale of its four remaining vessels, to a nominee of the lender, in exchange for a nominal cash consideration and full satisfaction of the underlying loan facilities. The Company provided a corporate guarantee for these facilities. The four vessels were the dry bulk carriers Bremen Max, Hamburg Max, Davakis G. and Delos Ranger. In exchange for the sale, approximately \$145,597 of outstanding debt and accrued interest were discharged and the Company's guarantee was fully released.

The Company recognized a gain from the sale of the four remaining vessels under the facility agreements with Piraeus Bank, of \$85,563 or \$6.40 per share (basic and diluted).

c. Vessels Acquisitions:

On December 23, 2014 the Company entered into an agreement for the purchase of a second hand Capesize vessel for a gross purchase price of \$17,300. The acquisition was funded by secured senior bank debt, as well as financing by one of the Company's major shareholders. The transaction was approved by the Board of Directors. The vessel was delivered on March 19, 2015 (Note 18 b&e).

d. Going Concern:

Over the three years ended December 31, 2013 the Company had experienced significant losses, severe deterioration of its cash flow generating ability and reduction in cash and cash equivalents, which in turn affected, its ability to satisfy its obligations as they fell due. The Company, as of December 31, 2013 continued to be in breach of certain terms and covenants of the loan facility with its remaining lender, and had a working capital deficit and an accumulated deficit. Following the disposal of its entire fleet in early 2014 in the context of its restructuring plan (Note 1b), the Company was unable to generate sufficient cash flow to meet its obligations and sustain its continuing operations. These conditions raised substantial doubt about the Company's ability to continue as a going concern.

On April 24, 2014, the Company entered into an agreement for the contribution of four Capesize vessels by entities affiliated with certain members of the Restis family, in exchange for newly issued shares of the Company's common stock. Continued discussions could lead to changes in the transaction which remains subject to certain conditions and sellers' third party consents. The transaction has been extended to be completed by June 30, 2015 (Note 18c).

On December 23, 2014, the Company entered into an agreement with an unaffiliated third party for the purchase of a second hand Capesize vessel ( the 171,199 DWT M/V Leadership), executing under its business plan, that is to grow

the fleet on a sustainable basis, after the financial restructuring discussed above. The Company took delivery of the vessel on March 19, 2015. The acquisition of the vessel was financed by (i) a shareholder's convertible note of \$4,000 dated March 12, 2015 by a company affiliated with one of the Company's major shareholders, (ii) by \$8,750 loan agreement with Alpha Bank A.E., or Alpha Bank, dated March 6, 2015 and (iii) by an equity injection of \$4,500 on March 16, 2015 by a company affiliated with one of the Company's major shareholders in exchange for the issuance of 25,000,500 newly issuance shares of common stock.

As charter rates for bulkers have experienced a high degree of volatility, the newly acquired vessel will probably be employed for the first months of its operation at charter rates that may not be sufficient to cover its operating expenses. Currently, there can be no assurance as to whether the charter rates will improve within a short period of time and to what extent, and accordingly if the cash existing at the balance sheet date and expected to be generated from the vessel's operation will be sufficient to cover the Company's working capital needs for a reasonable period of time.

F-8

---

Seanergy Maritime Holdings Corp.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in footnotes in thousands of US Dollars, except for share and per share data)

On January 28, 2015 the Company received a written notification from The Nasdaq Stock Market, indicating that the closing bid price of the Company's common stock for 30 consecutive business days, from December 12, 2014 to January 27, 2015, was below the minimum \$1.00 per share bid price requirement for continued listing on the Nasdaq Capital Market. The Company has 180 days to regain compliance and meet all other listing standards and requirements. The Company has announced that currently is considering its options, including a reverse stock split.

While the Company continues to use its best efforts to execute under its plan, there can be no assurance that this plan will be successfully completed.

These conditions raise substantial doubt about the Company's ability to continue as a going concern. These financial statements have been prepared assuming that the Company will continue as a going concern. Accordingly, they do not include any adjustments relating to the recoverability and classification of recorded asset amounts, the amounts and classification of liabilities, or any other adjustments that might result in the event the Company is unable to continue as a going concern.

e. Subsidiaries in Consolidation:

Seanergy's subsidiaries included in these consolidated financial statements as of December 31, 2014 are as follows:

| Company                                 | Country of Incorporation | Date of Incorporation | Vessel name   | Date of Delivery   | Date of Sale/Disposal | Financed by  |
|---|--------------------------|-----------------------|---------------|--------------------|-----------------------|--------------|
| Seanergy Management Corp.(1) (3)        | Marshall Islands         | May 9, 2008           | N/A           | N/A                | N/A                   | N/A          |
| Seanergy Shipmanagement Corp. (1)       | Marshall Islands         | September 16, 2014    | N/A           | N/A                | N/A                   | N/A          |
| Sea Glorius Shipping Co. (1)            | Marshall Islands         | September 16, 2014    | N/A           | N/A                | N/A                   | N/A          |
| Sea Genius Shipping Co. (1)             | Marshall Islands         | September 16, 2014    | N/A           | N/A                | N/A                   | N/A          |
| Sea Furious Shipping Co. (1)            | Marshall Islands         | September 16, 2014    | N/A           | N/A                | N/A                   | N/A          |
| Sea Olympius Shipping Co. (1)           | Marshall Islands         | September 16, 2014    | N/A           | N/A                | N/A                   | N/A          |
| Amazons Management Inc.(1)              | Marshall Islands         | April 21, 2008        | Davakis G.    | August 28, 2008    | March 6, 2014         | Piraeus Bank |
| Lagoon Shipholding Ltd.(1)              | Marshall Islands         | April 21, 2008        | Delos Ranger  | August 28, 2008    | March 11, 2014        | Piraeus Bank |
| Cynthera Navigation Ltd.(1)             | Marshall Islands         | March 18, 2008        | African Oryx  | August 28, 2008    | April 10, 2013        | Piraeus Bank |
| Martinique International Corp.(1)       | British Virgin Islands   | May 14, 2008          | Bremen Max    | September 11, 2008 | March 7, 2014         | Piraeus Bank |
| Harbour Business International Corp.(1) | British Virgin Islands   | April 1, 2008         | Hamburg Max   | September 25, 2008 | March 10, 2014        | Piraeus Bank |
| Waldeck Maritime Co.(1)                 | Marshall Islands         | April 21, 2008        | African Zebra | September 25, 2008 | February 15, 2012     | Piraeus Bank |

Edgar Filing: Seenergy Maritime Holdings Corp. - Form 20-F/A

|  |                        |                 |               |              |                  |      |
|--|------------------------|-----------------|---------------|--------------|------------------|------|
| Maritime Capital Shipping Limited (1)      | Bermuda                | April 30, 2007  | N/A           | May 21, 2010 | N/A              | N/A  |
| Maritime Capital Shipping (HK) Limited (3) | Hong Kong              | June 16, 2006   | N/A           | May 21, 2010 | N/A              | N/A  |
| Maritime Glory Shipping Limited (2)        | British Virgin Islands | April 8, 2008   | Clipper Glory | May 21, 2010 | December 4, 2012 | HSBC |
| Maritime Grace Shipping Limited (2)        | British Virgin Islands | April 8, 2008   | Clipper Grace | May 21, 2010 | October 15, 2012 | HSBC |
| Atlantic Grace Shipping Limited (4)        | British Virgin Islands | October 9, 2007 | N/A           | May 21, 2010 | N/A              |      |

(1) Subsidiaries wholly owned

(2) Vessel owning subsidiaries owned by MCS

(3) Management company

(4) Dormant company

F-9

---

Seanergy Maritime Holdings Corp.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in footnotes in thousands of US Dollars, except for share and per share data)

2. Significant Accounting Policies:

(a) Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP) and include the accounts and operating results of Seanergy and its wholly-owned subsidiaries where Seanergy has control. Control is presumed to exist when Seanergy through direct or indirect ownership retains the majority of voting interest. In addition, Seanergy evaluates its relationships with other entities to identify whether they are variable interest entities and to assess whether it is the primary beneficiary of such entities. If the determination is made that the Company is the primary beneficiary, then that entity is included in the consolidated financial statements. The Company deconsolidates a subsidiary or derecognizes a group of assets when the Company no longer controls the subsidiary or group of assets, and a gain or loss is recognized. When the Company does not have a controlling interest in an entity, but exerts a significant influence over the entity, the Company applies the equity method of accounting. All significant intercompany balances and transactions and any intercompany profit or loss on assets remaining with the Group have been eliminated in the accompanying consolidated financial statements.

A parent company deconsolidates a subsidiary or derecognizes a group of assets when that parent company no longer controls the subsidiary or group of assets specified in ASC 810-10-40-3A. When control is lost, the parent-subsidiary relationship no longer exists and the parent derecognizes the assets and liabilities of the qualifying subsidiary or group of assets. The FASB concluded that the loss of control and the related deconsolidation of a subsidiary or derecognition of a group of assets specified in ASC 810-10-40-3A is a significant economic event that changes the nature of the investment held in the subsidiary or group of assets. Based on this consideration, a gain or loss is recognized upon the deconsolidation of a subsidiary or derecognition of a group of assets.

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates include evaluation of relationships with other entities to identify whether they are variable interest entities, determination of vessel useful lives, allocation of purchase price in a business combination, determination of vessels impairment and determination of goodwill impairment.

(c) Foreign Currency Translation

Seanergy's functional currency is the United States dollar since the Company's vessels operate in international shipping markets and therefore primarily transact business in US Dollars. The Company's books of accounts are maintained in US Dollars. Transactions involving other currencies are translated into the United States dollar using exchange rates, which are in effect at the time of the transaction. At the balance sheet dates, monetary assets and liabilities, which are denominated in other currencies, are translated to United States dollars at the foreign exchange rate prevailing at year-end. Gains or losses resulting from foreign currency translation are reflected in the consolidated statement of income/(loss).

(d) Concentration of Credit Risk

Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist principally of cash and cash equivalents, trade accounts receivable and derivative contracts (interest rate swaps). The



Edgar Filing: Seanergy Maritime Holdings Corp. - Form 20-F/A

Company places its cash and cash equivalents, consisting mostly of deposits, with high credit qualified financial institutions. The Company performs periodic evaluations of the relative credit standing of the financial institutions in which it places its deposits. The Company limits its credit risk with accounts receivable by performing ongoing credit evaluations of its customers' financial condition. Customers individually accounting for more than 10% of the Company's voyage revenues during the years ended December 31, 2014, 2013 and 2012 were:

| Customer | 2014 | 2013 | 2012 |
|----------|------|------|------|
| A        | 59%  | 18%  | -    |
| B        | 29%  | -    | -    |
| C        | -    | 16%  | -    |
| D        | -    | 12%  | 19%  |
| E        | -    | 10%  | -    |
| F        | -    | -    | 14%  |
| G*       | -    | -    | 14%  |
| Total    | 88%  | 56%  | 47%  |

\* Customer G is a related party.

F-10

---

Seanergy Maritime Holdings Corp.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in footnotes in thousands of US Dollars, except for share and per share data)

The Company does not obtain rights to collateral to reduce its credit risk in the event of non-performance by counter parties to charter agreements; however, the Company limits its exposure by diversifying among counter parties with high credit ratings.

(e) Cash and Cash Equivalents

Seanergy considers time deposits and all highly liquid investments with an original maturity of three months or less to be cash equivalents. Restricted cash is excluded from cash and cash equivalents.

(f) Accounts Receivable Trade, Net

Accounts receivable trade, net at each balance sheet date, includes receivables from charterers for hire, freight and demurrage billings, net of a provision for doubtful accounts. At each balance sheet date, all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate provision for doubtful accounts. The provision for doubtful accounts at December 31, 2014 and 2013 amounted to \$13 and \$302, respectively.

(g) Inventories

Inventories consist of lubricants and bunkers which are stated at the lower of cost or market value. Cost is determined by the first in, first out method.

(h) Insurance Claims

The Company records insurance claim recoveries for insured losses incurred on damage to fixed assets and for insured crew medical expenses and for legal fees covered by directors' and officers' liability insurance. Insurance claim recoveries are recorded, net of any deductible amounts, at the time the Company's fixed assets suffer insured damages or when crew medical expenses are incurred, recovery is probable under the related insurance policies, the claim is not subject to litigation and the Company can make an estimate of the amount to be reimbursed. The classification of the insurance claims into current and non-current assets is based on management's expectations as to their collection dates.

(i) Vessels

Vessels acquired as a part of a business combination are recorded at fair market value on the date of acquisition. Vessels acquired as asset acquisitions are stated at historical cost, which consists of the contract price less discounts, plus any material expenses incurred upon acquisition (delivery expenses and other expenditures to prepare for the vessel's initial voyage). Vessels acquired from entities under common control are recorded at historical cost. Subsequent expenditures for conversions and major improvements are capitalized, when they appreciably extend the life, increase the earning capacity or improve the efficiency or safety of the vessels. Expenditures for routine maintenance and repairs are expensed as incurred.

(j) Vessel Depreciation

Depreciation is computed using the straight-line method over the estimated useful life of the vessels, after considering the estimated salvage value. Management estimates the useful life of the Company's vessels to be 30 years from the

date of initial delivery from the shipyard. Salvage value is estimated by the Company by taking the cost of steel times the weight of the ship noted in lightweight ton ("LWT"). Salvage values are periodically reviewed and revised to recognize changes in conditions, new regulations or other reasons. Revisions of salvage values affect the depreciable amount of the vessels and affects depreciation expense in the period of the revision and future periods.

F-11

---

Seanergy Maritime Holdings Corp.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in footnotes in thousands of US Dollars, except for share and per share data)

(k) Long-lived Assets Classified as Held for Sale

The Company classifies long lived assets and disposal groups as being held for sale in accordance with ASC 360, "Property, Plant and Equipment", when: (i) management, having the authority to approve the action, commits to a plan to sell the asset; (ii) the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets; (iii) an active program to locate a buyer and other actions required to complete the plan to sell the asset have been initiated; (iv) the sale of the asset is probable, and transfer of the asset is expected to qualify for recognition as a completed sale, within one year; (v) the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value and (vi) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Long lived assets classified as held for sale are measured at the lower of their carrying amount or fair value less cost to sell. According to ASC 360-10-35, the fair value less cost to sell of the long-lived asset (disposal group) should be assessed each reporting period it remains classified as held for sale. Subsequent changes in the long-lived asset's fair value less cost to sell (increase or decrease) would be reported as an adjustment to its carrying amount, except that the adjusted carrying amount should not exceed the carrying amount of the long-lived asset at the time it was initially classified as held for sale. These long lived assets are not depreciated once they meet the criteria to be classified as held for sale and are classified in current assets on the consolidated balance sheet.

(l) Impairment of Long-Lived Assets (Vessels)

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances, such as undiscounted projected operating cash flows, business plans to dispose a vessel earlier than the end of its useful life and prevailing market conditions, indicate that the carrying amount of the assets may not be recoverable. The current conditions in the dry bulk market with decreased charter rates and decreased vessel market values are conditions that the Company considers indicators of a potential impairment for its vessels.

The Company determines undiscounted projected operating cash flows, for each vessel and compares it to the vessel's carrying value. When the undiscounted projected operating cash flows, excluding interest charges, expected to be generated by the use of the vessel and its eventual disposition are less than its carrying amount, the Company impairs the carrying amount of the vessel. Measurement of the impairment loss is based on the fair value of the asset as determined by independent valuers. The undiscounted projected operating cash inflows are determined by considering the charter revenues from existing time charters for the fixed fleet days and an estimated daily time charter equivalent for the non-fixed days (based on a combination of 2-year forward freight agreements and the median of the trailing 10-year historical charter rates available for each type of vessel) adjusted for brokerage commissions and expected outflows for scheduled vessels' maintenance. The undiscounted projected operating cash outflows are determined by reference to the Company's actual vessel operating expenses, assuming an average annual inflation rate of 2.5%. Effective fleet utilization is assumed to 98% in the Company's exercise.

The Company recorded net impairment loss of \$NIL, \$3,564 and \$147,143 for the years ended December 31, 2014, 2013 and 2012, respectively (Note 7).

(m) Office equipment, net

Equipment consists of computer software and hardware. The useful life of the computer software and hardware is 3 years. Depreciation is calculated on a straight-line basis.

(n) Goodwill

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. The Company tests its goodwill for potential impairment at year end or whenever there is an indication of impairment. The goodwill impairment test is a two-step process. Under the first step, the fair value of the reporting unit is compared to the carrying value of the reporting unit (including goodwill). If the fair value of the reporting unit is less than the carrying value of the reporting unit, goodwill impairment may exist, and the second step of the test is performed. Under the second step, the implied fair value of the goodwill is compared to the carrying value of the goodwill and an impairment loss is recognized to the extent that the carrying value of goodwill exceeds the implied fair value of goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation. The residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis and market capitalization analysis. If the fair value of the reporting unit exceeds its carrying value, step two does not have to be performed.

F-12

---

Seanergy Maritime Holdings Corp.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in footnotes in thousands of US Dollars, except for share and per share data)

The fair value for goodwill impairment testing is estimated using the expected present value of future cash flows, using judgments and assumptions that management believes are appropriate in the circumstances. The future cash flows from operations are determined by considering the charter revenues from existing time charters for the fixed fleet days and an estimated daily time charter equivalent for the non-fixed days (based on a combination of 2-year forward freight agreements and the median of the trailing 10-year historical charter rates available for each type of vessel).

The Company had one reporting unit and tested its goodwill for potential impairment, and concluded that indication of impairment existed as of September 30, 2012. The fair value for goodwill impairment test was estimated using the expected present value of future cash flows, using judgments and assumptions that management believes were appropriate in the circumstances and using the market capitalization approach. The future cash flows from operations were determined by considering the charter revenues from existing time charters for the fixed fleet days and an estimated daily time charter equivalent for the non-fixed days (based on a combination of 2-year forward freight agreements and the median of the trailing 10-year historical charter rates available for each type of vessel). The weighted average cost of capital used was 7.42% for the nine month period ended September 30, 2012. As a result, an impairment loss for goodwill of \$NIL, \$NIL and \$4,365 was recorded, for the years ended December 31, 2014, 2013 and 2012, respectively.

(o) Dry-Docking and Special Survey Costs

The Company follows the deferral method of accounting for dry-docking costs and special survey costs whereby actual costs incurred are deferred and are amortized on a straight-line basis over the period through the expected date of the next dry-docking which is scheduled to become due in 2 to 3 years. Dry-docking costs which are not fully amortized by the next dry-docking period are expensed.

(p) Commitments and Contingencies

Liabilities for loss contingencies, arising from claims, assessments, litigation, fines and penalties, environmental and remediation obligations and other sources are recorded when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

(q) Revenue Recognition

Voyage revenues are generated from time charters, bareboat charters and voyage charters. A time charter is a contract for the use of a vessel for a specific period of time and a specified daily charter hire rate, which is generally payable in advance. Some of the time charters also include profit sharing provisions, under which additional revenue can be realized in the event the spot rates are higher than the base rates under the time charters. A bareboat charter is a contract in which the vessel is provided to the charterer for a fixed period of time at a specified daily rate, which is generally payable in advance. Voyage charter agreements are charter hires, where a contract is made in the spot market for the use of a vessel for a specific voyage at a specified charter rate per ton of cargo.

Time charter revenue, including bareboat hire, is recorded over the term of the charter agreement as the service is provided and collection of the related revenue is reasonably assured. Under a time charter, revenue is adjusted for a vessel's off hire days due to major repairs, dry dockings or special or intermediate surveys. Voyage charter revenue is recognized on a pro-rata basis over the duration of the voyage, when a voyage agreement exists, the price is fixed or determinable, service is provided and the collection of the related revenue is reasonably assured. A voyage is deemed

to commence when a vessel is available for loading and is deemed to end upon the completion of the discharge of the delivered cargo.

Revenue earned from related parties is included in Vessel revenue – related party.

Deferred revenue represents cash received prior to the balance sheet date and is related to revenue applicable to periods after such date.

(r) Commissions

Commissions, which include address and brokerage commissions, are recognized in the same period as the respective charter revenues. Address commissions to third parties are included in Commissions. Brokerage commissions to related parties are included in Voyage expenses – related party. Brokerage commissions to third parties are included in Direct voyage expenses.

F-13

---

Seanergy Maritime Holdings Corp.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in footnotes in thousands of US Dollars, except for share and per share data)

(s) Vessel Voyage Expenses

Vessel voyage expenses primarily consist of port, canal, bunker expenses and brokerage commissions that are unique to a particular charter and are paid for by the charterer under time charter agreements and other non-specified voyage expenses.

(t) Repairs and Maintenance

All repair and maintenance expenses, including major overhauling and underwater inspection expenses are expensed in the year incurred. Such costs are included in Vessel operating expenses.

(u) Financing Costs

Underwriting, legal and other direct costs incurred with the issuance of long-term debt or to refinance existing debt are deferred and amortized to interest expense over the life of the related debt using the effective interest method. Unamortized fees relating to loans repaid are expensed in the period the repayment is made.

(v) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized, when applicable, for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest related to unrecognized tax benefits in interest expense and penalties in general and administration expenses.

Maritime Capital Shipping (HK) Limited, the Company's management office in Hong Kong, is subject to Hong Kong profits tax at a rate of 16.5% on the estimated assessable profit for the year.

Seanergy Management Corp. ("Seanergy Management"), the Company's management company, established in Greece under Greek Law 89/67 (as amended to date), is subject to an annual contribution calculated on the total amount of foreign exchange annually imported and converted to Euros during 2012-2015 according to a new tax bill passed in 2013 under the laws of the Republic of Greece. The new tax bill was retroactive to 2012. The contribution to be paid in 2015 by Seanergy Management for 2014 is estimated at approximately \$61.

Additionally, effective January 1, 2013 onwards, each foreign flagged vessel managed in Greece by Greek or foreign ship management companies is subject to Greek tonnage tax, under the laws of the Republic of Greece. The Company's vessels' technical management company, Enterprises Shipping and Trading, S.A. ("EST"), an affiliate, is responsible for the filing and payment of the respective tonnage tax on behalf of Seanergy. The tonnage tax is recorded within Vessel operating expenses in the consolidated statement of comprehensive income/(loss).



Pursuant to the Internal Revenue Code of the United States (the "Code"), U.S. source income from the international operations of ships is generally exempt from U.S. tax if the company operating the ships meets both of the following requirements: (a) the Company is organized in a foreign country that grants an equivalent exception to corporations organized in the United States and (b) either (i) more than 50% of the value of the Company's stock is owned, directly or indirectly, by individuals who are "residents" of the Company's country of organization or of another foreign country that grants an "equivalent exemption" to corporations organized in the United States (50% Ownership Test) or (ii) the Company's stock is "primarily and regularly traded on an established securities market" in its country of organization, in another country that grants an "equivalent exemption" to United States corporations, or in the United States (Publicly-Traded Test).

Notwithstanding the foregoing, the regulations provide, in pertinent part, that each class of the Company's stock will not be considered to be "regularly traded" on an established securities market for any taxable year in which 50% or more of the vote and value of the outstanding shares of such class are owned, actually or constructively under specified stock attribution rules, on more than half the days during the taxable year by persons who each own 5% or more of the value of such class of the Company's outstanding stock ("5 Percent Override Rule").

F-14

---

Seanergy Maritime Holdings Corp.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in footnotes in thousands of US Dollars, except for share and per share data)

The Company and each of its subsidiaries expects to qualify for this statutory tax exemption for the 2014, 2013 and 2012 taxable years, and the Company takes this position for United States federal income tax return reporting purposes. However, there are factual circumstances beyond the Company's control that could cause it to lose the benefit of this tax exemption in future years and thereby become subject to United States federal income tax on its United States source income such as if, for a particular taxable year, other shareholders with a five percent or greater interest in the Company's stock were, in combination with the Company's existing 5% shareholders, to own 50% or more of the Company's outstanding shares of its stock on more than half the days during the taxable year.

The Company estimates that since no more than the 50% of its shipping income would be treated as being United States source income, the effective tax rate is expected to be 2% and accordingly it anticipates that the impact on its results of operations will not be material. The Company has assessed that it satisfies the Publicly-Traded Test and all of its United States source shipping income is exempt from U.S. federal income tax for the years ended December 31, 2014, 2013 and 2012. Based on its U.S. source Shipping Income for 2014, 2013 and 2012, the Company would be subject to U.S. federal income tax of approximately \$NIL, \$25 and \$85, respectively, in the absence of an exemption under Section 883.

(w) Stock-based Compensation

Stock-based compensation represents vested and non-vested common stock granted to directors and employees for their services. The Company calculates stock-based compensation expense for the award based on its fair value on the grant date and recognizes it on a straight-line basis over the vesting period.

(x) Earnings (Losses) per Share

Basic earnings (losses) per common share are computed by dividing net income (loss) available to Seanergy's shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings (losses) per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted at the beginning of the periods presented, or issuance date, if later. Potential common shares that have an anti-dilutive effect (i.e. those that increase income per share or decrease loss per share) are excluded from the calculation of diluted earnings per share.

(y) Segment Reporting

Seanergy reports financial information and evaluates its operations by total charter revenues and not by the length of vessel employment, customer, or type of charter. As a result, management, including the chief operating decision maker, reviews operating results solely by revenue per day and operating results of the fleet and thus, Seanergy has determined that it operates under one reportable segment. Furthermore, when Seanergy charters a vessel to a charterer, the charterer is free to trade the vessel worldwide and, as a result, disclosure of geographic information is impracticable.

(z) Financial Instruments

Derivative instruments (including certain derivative instruments embedded in other contracts) are recorded in the balance sheet as either an asset or liability measured at its fair value, with changes in the derivatives' fair value recognized currently in earnings unless specific hedge accounting criteria are met. The Company was party to interest swap agreements where it received a floating interest rate and paid a fixed interest rate for a certain period in

exchange. These contracts did not qualify for hedge accounting and as such changes in their fair values were reported to earnings. The fair value of those agreements equated to the amount that would be paid by the Company if the agreements were cancelled at the reporting date, taking into account current interest rates.

F-15

---

Seanergy Maritime Holdings Corp.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in footnotes in thousands of US Dollars, except for share and per share data)

(aa) Fair Value Measurements

In May 2011, the FASB issued new guidance for fair value measurements intended to achieve common fair value measurement and disclosure requirements in U.S. GAAP and International Financial Reporting Standards ("IFRS"). The amended guidance provides a consistent definition of fair value to ensure that the fair value measurement and disclosure requirements are similar between U.S. GAAP and IFRS. The amended guidance changes certain fair value measurement principles and enhances the disclosure requirements, particularly for Level 3 fair value measurements. The amended guidance was effective for the Company beginning January 1, 2012. The adoption of the new guidance for fair value measurements had no effect on the Company's consolidated financial statements.

(ab) Troubled Debt Restructurings

A restructuring of a debt constitutes a troubled debt restructuring if the lender or creditor for economic or legal reasons related to the Company's financial difficulties grants a concession to the Company that it would not otherwise consider. Troubled debt that is fully satisfied by foreclosure, repossession, or other transfer of assets or by grant of equity securities by the Company is included in the term troubled debt restructuring and accounted as such.

The Company, when issuing or otherwise granting an equity interest to a lender or creditor to settle fully a payable or debt, accounts for the equity interest granted at its fair value. The difference between the fair value of the equity interest granted and the carrying amount of the payable or debt settled is recognized as a gain on restructuring of payables or debt. Legal fees and other direct costs incurred in granting an equity interest to a creditor reduce the fair value of the equity interest issued. All other direct costs incurred in connection with a troubled debt restructuring are charged to expense as incurred.

(ac) Recent Accounting Pronouncements

In April 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-08 "Presentation of Financial Statements and Property, Plant and Equipment: Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity" changing the presentation of discontinued operations on the statements of income and other requirements for reporting discontinued operations. Under the new standard, a disposal of a component or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results when the component meets the criteria to be classified as held-for-sale or is disposed. The amendments in this update also require additional disclosures about discontinued operations and disposal of an individually significant component of an entity that does not qualify for discontinued operations. The new accounting guidance is effective for interim and annual periods beginning after December 15, 2014. Early adoption is permitted but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued or available for issuance.

In May 2014, the FASB issued No. ASU 2014-09 "Revenue from Contracts with Customers" clarifying the method used to determine the timing and requirements for revenue recognition on the statements of comprehensive income. Under the new standard, an entity must identify the performance obligations in a contract, the transaction price and allocate the price to specific performance obligations to recognize the revenue when the obligation is completed. The amendments in this update also require disclosure of sufficient information to allow users to understand the nature, amount, timing and uncertainty of revenue and cash flow arising from contracts. The new accounting guidance is effective for interim and annual periods beginning after December 15, 2016. Early adoption is not permitted.

In August 2014, the FASB issued ASU No. 2014-15 "Presentation of Financial Statements—Going Concern: Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern". ASU 2014-15 provides guidance about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. ASU 2014-15 requires an entity's management to evaluate at each reporting period based on the relevant conditions and events that are known at the date of financial statements are issued, whether there are conditions or events, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued and to disclose the necessary information. The new accounting guidance is effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted.

In January 2015, the FASB issued ASU No. 2015-01 "Income Statement—Extraordinary and Unusual Items: Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items". The concept of extraordinary items is removed and instead items that are both unusual in nature and infrequently occurring should be presented within income from continuing operations or disclosed in notes to financial statements because those items satisfy the conditions for an item that is unusual in nature or infrequently occurring. The new accounting guidance is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. Early application is permitted. Companies have the option to apply the amendments of ASU No. 2015-01 either prospectively or retrospectively.

F-16

---

Seanergy Maritime Holdings Corp.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in footnotes in thousands of US Dollars, except for share and per share data)

3. Transactions with Related Parties:

a. Release from related parties liabilities:

On March 5, 2014, the Company entered into an agreement with EST and Safbulk Pty Ltd ("Safbulk Pty"), an affiliate, in exchange of a full and complete release of all their claims upon the completion of the delivery of the last four remaining vessels and settlement agreement with Piraeus Bank. The transaction was completed successfully on March 11, 2014 and total liabilities amounting to approximately \$9,819 were released.

b. Equity Injection:

On January 4, 2012, the Company had entered into a share purchase agreement under which the Company sold 4,641,620 of its common shares to United Capital Investments Corp., Atrion Shipholding S.A., Plaza Shipholding Corp. and Comet Shipholding Inc., companies affiliated with the Restis family, for \$10,000. The common shares were sold at a price of \$2.15442 per share, which was the average closing price of Seanergy's common shares for the five trading days preceding the execution of the share purchase agreement. On January 31, 2012, the Company completed the equity injection plan with the four abovementioned entities. The shares to the four entities were issued on January 31, 2012.

On June 24, 2014, the Company had entered into a share purchase agreement under which the Company sold 1,890,000 of its common shares to Plaza Shipholding Corp. and Comet Shipholding Inc., companies affiliated with certain members of the Restis family, for \$1,134. The Company's Board of Directors obtained a fairness opinion from an independent third party for the share price. The price was determined using a build-up method, combining the Company's net asset value with the cost that a private company would incur to be listed on a U.S. stock exchange and with an additional option value to existing shareholders upon the consummation of the Asset Contribution calculated from the Black-Scholes options pricing model. On June 27, 2014, the Company completed the equity injection plan with the two abovementioned entities. The shares to the two entities were issued on June 27, 2014.

On September 29, 2014, the Company had entered into a share purchase agreement under which the Company sold 1,600,000 of its common shares to Plaza Shipholding Corp. and Comet Shipholding Inc., companies affiliated with certain members of the Restis family, for \$960. The Company's Board of Directors obtained an updated fairness opinion from an independent third party for the share price. The price was determined using a build-up method, combining the Company's net asset value with the cost that a private company would incur to be listed on a U.S. stock exchange and with an additional option value to existing shareholders upon the consummation of the Asset Contribution calculated from the Black-Scholes options pricing model. On September 30, 2014, the Company completed the equity injection plan with the two abovementioned entities. The shares to the two entities were issued on September 30, 2014.

On December 19, 2014, the Company had entered into a share purchase agreement under which the Company sold 4,440,000 of its common shares to Jelco Delta Holding Corp., or Jelco, a company affiliated with one member of the Restis family, for \$1,110. The Company's Board of Directors obtained a fairness opinion from an independent third party for the share price. The price was determined using a build-up method, combining the Company's net asset value with the cost that a private company would incur to be listed on a U.S. stock exchange. On December 30, 2014, the Company completed the equity injection plan with the abovementioned entity. The shares to the entity were issued on

December 30, 2014.

c. Technical Management Agreement:

A management agreement was signed between the Company and EST for the provision of technical management services relating to certain vessels previously owned by Seanergy. The fixed daily fee per vessel for the years ended December 31, 2014, 2013 and 2012, was \$0.45. The technical management agreement was automatically terminated with the sale of Seanergy's fleet and EST has released the Company from all its claims relating thereto.

The related expense for the years ended December 31, 2014, 2013 and 2012, amounted to \$122, \$743 and \$1,625, respectively, and is included under management fees - related party.

F-17

---

Seanergy Maritime Holdings Corp.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in footnotes in thousands of US Dollars, except for share and per share data)

d. Brokerage Agreement:

Under the terms of the brokerage agreements, Safbulk Pty and Safbulk Maritime S.A., also affiliates, together referred to as "Safbulk," provided commercial brokerage services for certain vessels previously owned under the Company's fleet in accordance with the instructions of Seanergy Management. Safbulk was entitled to receive a commission of 1.25% calculated on the collected gross hire/freight/demurrage payable when such amounts were collected. The brokerage agreements were automatically terminated with the sale of Seanergy's fleet and Safbulk has released the Company from all its claims relating thereto.

The fees charged by Safbulk amounted to \$24, \$313 and \$532 for the years ended December 31, 2014, 2013 and 2012, respectively, and are separately reflected as voyage expenses — related party.

In addition, Safbulk charged the Company commission for services provided in connection to the disposal of the vessels amounting to \$40 and \$392 for the years ended December 31, 2013 and 2012, respectively, and are included in loss on sale of vessels.

e. Charter Agreements:

Pursuant to charter party agreements dated June 16, 2011, each of the vessels BET Fighter and BET Scouter were chartered to Swissmarine Services S.A. ("Swissmarine"), an affiliate, for a period of 11 to 13 months, at a gross daily rate equal to the adjusted time charter average of the Baltic Capesize Index. Both charters commenced in June 2011, and were subject to an address commission of 3.75% to Swissmarine and a brokerage commission of 1.25% payable to Safbulk Pty.

Pursuant to charter party agreement dated June 16, 2011, the vessel BET Intruder was chartered to Swissmarine for a period of 11 to 13 months, at a gross daily rate of \$12.3. The charter commenced on September 16, 2011. The charter rate for the BET Intruder was subject to an address commission of 3.75% to Swissmarine and a brokerage commission of 1.25% payable to Safbulk Pty. Employment under the agreement ended July 29, 2012.

Pursuant to a charter party agreement dated October 7, 2011, the vessel BET Prince was chartered to Swissmarine for a period of 11 to 13 months, at a gross daily rate equal to the adjusted time charter average of the Baltic Capesize Index. The charter commenced in November 2011 and was subject to an address commission of 3.75% to Swissmarine and a brokerage commission of 1.25% payable to Safbulk Pty.

Pursuant to a charter party agreement dated July 24, 2012, the vessel BET Commander was chartered to Swissmarine, for a voyage from Brazil to Malaysia. Employment under the agreement was subject to an address commission of 3.75% to Swissmarine and a brokerage commission of 1.25% payable to Safbulk Pty. Employment under the charter commenced on August 23, 2012.

During the years ended December 31, 2014, 2013 and 2012, revenue from related parties amounted to \$NIL, \$NIL and \$8,221, respectively, and is shown net of off-hire expenses of \$NIL, \$NIL and \$261, respectively.

The address commissions amounted to \$NIL, \$NIL and \$298 for the years ended December 31, 2014, 2013 and 2012, respectively, and is recorded under commissions - related party in the accompanying consolidated statement of income/(loss). BET was sold on December 30, 2012 (Note 1a).



f. Property Lease Agreement:

On November 17, 2008, a lease agreement was entered into with Waterfront S.A., a company affiliated with a member of the Restis family, for the lease of Seanergy's executive offices. The initial lease term was from November 17, 2008 to November 16, 2011. On January 1, 2012, Seanergy exercised its option to extend the term until February 28, 2014, and the lease was further silently extended. On June 1, 2014, it was agreed that the monthly lease payment be extended until September 30, 2014 and on October 1, 2014, it was further agreed that the monthly lease payment be extended until December 31, 2014. In 2015, the lease payment was further agreed to be extended up to March 15, 2015, at which point the Company relocated its executive offices to premises owned by an unaffiliated third party. As of January 1, 2012, the monthly lease payment was amended to EUR 25, as of June 1, 2014, the monthly lease payment was amended to EUR 15, and as of January 1, 2015, the monthly lease payment was amended to EUR 25. A three month rent guarantee of \$55 and \$103 as of December 31, 2014 and 2013, respectively, is included in other current assets at December 31, 2014 and 2013.

The rent charged by Waterfront S.A. for the years ended December 31, 2014, 2013 and 2012, amounted to \$309, \$412 and \$402, respectively, and is included under general and administration expenses - related party.

F-18

---

Seanergy Maritime Holdings Corp.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in footnotes in thousands of US Dollars, except for share and per share data)

4. Due from / Due to Related Parties:

As of December 31, 2014, due to related parties of \$105 consists of liabilities of \$105 to Waterfront S.A. for common expenses for the leasehold property. As of December 31, 2013, due to related parties of \$9,049 consists of liabilities of \$8,313 to EST for working capital purposes, liabilities of \$135 to Waterfront S.A. for common expenses for the leasehold property, and liabilities of \$601 to Safbulk for commissions.

5. Inventories:

Inventories in the accompanying consolidated balance sheets are analyzed as follows:

|            | December<br>31, 2014 | December<br>31, 2013 |
|------------|----------------------|----------------------|
| Lubricants | -                    | 266                  |
| Bunkers    | -                    | 647                  |
| Total      | -                    | 913                  |

6. Other Current Assets:

The amounts in the accompanying consolidated balance sheets are analyzed as follows:

|                  | December<br>31, 2014 | December<br>31, 2013 |
|------------------|----------------------|----------------------|
| Prepaid expenses | 78                   | 441                  |
| Insurance claims | 22                   | 134                  |
| Other            | 204                  | 390                  |
| Total            | 304                  | 965                  |

Seanergy Maritime Holdings Corp.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in footnotes in thousands of US Dollars, except for share and per share data)

## 7. Vessels Held for Sale:

The Vessels Held for Sale amounts in the accompanying consolidated balance sheets are analyzed as follows:

|                                   | December<br>31, 2014 | December<br>31, 2013 |
|-----------------------------------|----------------------|----------------------|
| Cost:                             |                      |                      |
| Beginning balance                 | 109,178              | 55,647               |
| - Transfers from vessels          | -                    | 101,222              |
| - Transfers from deferred charges | -                    | 956                  |
| - Remeasurement                   | -                    | 8,000                |
| - Disposals                       | (109,178 )           | (56,647 )            |
| Ending balance                    | -                    | 109,178              |
| Accumulated depreciation:         |                      |                      |
| Beginning balance                 | (49,037 )            | (15,897 )            |
| - Additions                       | -                    | (49,037 )            |
| - Disposals                       | 49,037               | 15,897               |
| Ending balance                    | -                    | (49,037 )            |
| Net book value                    | -                    | 60,141               |

## Vessel Disposals:

During the year ended December 31, 2013, eight vessels were disposed. Seven vessels financed by the DVB and UOB loan facilities were disposed as a result of the sale of their vessel owning companies (Note 1a). The eighth vessel, African Oryx, was sold on April 10, 2013. During the year ended December 31, 2014, the Company sold its four remaining vessels which were financed by Piraeus Bank (Note 1b).

F-20

Seanergy Maritime Holdings Corp.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in footnotes in thousands of US Dollars, except for share and per share data)

Net Impairment Loss:

During the year ended December 31, 2013, the Company recorded an impairment loss of \$867 for the vessel African Oryx that was sold on April 10, 2013 and \$10,697 for the vessels Davakis G. and Delos Ranger, which were measured at their fair values, upon classification of the vessels financed by the Piraeus Bank loan facilities to current assets as of June 30, 2013, as per the Company's restructuring plan (Note 1b). This was partially offset with the impairment re measurement of \$1,000 relating to the UOB vessels, as discussed above, and the impairment re measurement \$7,000 of Davakis G. and Delos Ranger as of December 31, 2013. The impairment loss was measured as the amount by which the carrying amount of the vessel exceeded its fair value less cost to sell, which was determined using the valuation derived from market data available at December 31, 2013.

During the year ended December 31, 2012, the Company recorded an impairment loss of \$54,611 for all of its vessels disposed except for the vessel African Zebra and the vessel BET Scouter. The impairment loss was measured as the amount by which the carrying amount of the vessels exceeded their fair value. Fair value was determined using the agreed sale price adjusted for selling costs. In addition, an impairment loss of \$67,275 and \$24,078 was recognized upon classification of the vessels financed by the DVB and UOB loan facilities (Note 1(a)) as held for sale and as a result of the Company's impairment test exercise at December 31, 2012 for the remainder of its fleet, respectively. The impairment loss was measured as the amount by which the carrying amount of the vessels exceeded their fair value, which was determined using the valuation derived from market data available at December 31, 2012. In the context of the Company's impairment test exercise, an additional amount of \$1,179 of unamortized deferred dry-docking costs associated with the impaired vessels was written off in 2012.

8. Long-Term Debt:

The amounts in the accompanying consolidated balance sheets are analyzed as follows:

|   | December<br>31, 2014 | December<br>31, 2013 |
|---|----------------------|----------------------|
| Piraeus Bank reducing revolving credit facility | -                    | 40,929               |
| Piraeus Bank term facility                      | -                    | 93,982               |
| Total   | -                    | 134,911              |
| Less - current portion                          | -                    | (134,911)            |
| Long-term portion                               | -                    | -                    |

A long term debt (the "Facility") of up to \$255,000 had been provided by Piraeus Bank, the special successor of former Cyprus Popular Bank Public Co Ltd ("CPB"), formerly known as Marfin Popular Bank Public Co Ltd, successor by way of cross-border merger of Marfin Egnatia Bank Societe Anonyme, or Piraeus Bank, being available in two facilities as described below. The Facility was guaranteed by Seanergy, as corporate guarantor. An arrangement fee of \$2,550 was paid on the draw-down date. The Company had utilized \$48,000 of an available reducing revolving credit facility that was provided to partly finance the vessels described below and to provide corporate liquidity and \$165,000 of an amortizing term facility to partly finance the below vessels aggregate acquisition costs.

On February 12, 2014, the Company entered into a delivery and settlement agreement with Piraeus Bank for the sale of its four remaining vessels, to a nominee of the lender, in exchange for a nominal cash consideration and full satisfaction of the underlying loan facilities. The four vessels were the dry bulk carriers Bremen Max, Hamburg Max, Davakis G. and Delos Ranger. On March 11, 2014, the Company closed on the delivery and settlement agreement with Piraeus Bank to unwind its final credit facility. The Company has sold its four remaining vessels to a nominee of

the lender in full satisfaction of the underlying loan. In exchange for the sale, approximately \$44,369 and \$101,228 of outstanding debt and accrued interest under the Revolving Facility and the Term Facility, respectively, were discharged and the Company's guarantee was fully released.

9. Trade Accounts and Other Payables:

The amounts in the accompanying consolidated balance sheets are analyzed as follows:

|            | December<br>31, 2014 | December<br>31, 2013 |
|------------|----------------------|----------------------|
| Creditors  | 184                  | 1,631                |
| Insurances | 3                    | 161                  |
| Other      | 77                   | 356                  |
| Total      | 264                  | 2,148                |

F-21

---

## 10. Financial Instruments:

### (a) Significant Risks and Uncertainties, including Business and Credit Concentration

The Company places its temporary cash investments, consisting mostly of deposits, primarily with high credit qualified financial institutions. The Company performs periodic evaluations of the relative credit standing of those financial institutions that are considered in the Company's investment strategy. The Company limits its credit risk with accounts receivable by performing ongoing credit evaluations of its customers' financial condition and generally does not require collateral for its accounts receivable and does not have any agreements to mitigate credit risk. The Company limits the exposure of non-performance by counterparties to derivative instruments by diversifying among counterparties with high credit ratings, and performing periodic evaluations of the relative credit standing of the counterparties.

### (b) Interest Rate Risk

#### Fair Value of Financial Instruments

The fair values of the financial instruments shown in the consolidated balance sheets as of December 31, 2014 and 2013 represent management's best estimate of the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Company's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Company based on the best information available in the circumstances.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- a. Cash and cash equivalents, accounts receivable trade, net, trade accounts and other payables, due to related parties, accrued expenses, and accrued interest: the carrying amounts approximate fair value because of the short maturity of these instruments.
- b. Long-term debt: The carrying value approximates the fair market value as the long-term debt bears interest at floating interest rate.

### (c) Fair Value Hierarchy

The Company adopted the guidance under ASC820 as amended by ASU 2011-04, for fair value measurements of financial assets and financial liabilities and for fair value measurements of non-financial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. This statement establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurement involving significant unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities;
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data;
- Level 3: Unobservable inputs that are not corroborated by market data.

The Company's items that are measured at fair value on a non-recurring basis at December 31, 2013 were:

|                           | Level 1 | Level 2 | Level 3 | Total  |
|---------------------------|---------|---------|---------|--------|
| Vessels held for sale (1) | -       | -       | 48,000  | 48,000 |
|                           | -       | -       | 48,000  | 48,000 |

The Company compared the carrying values of the vessels which were classified as held for sale in the accompanying consolidated balance sheet for the years ended December 31, 2013 (Note 7), with their estimated (1) fair market values less costs to sell and recognized an impairment loss of \$3,564 (including re measurement of \$8,000) in the accompanying consolidated statement of income.

F-22

---

The effect of financial instruments on the consolidated statement of income/(loss) for the years ended December 31, 2014, 2013 and 2012 are:

| Derivatives not designated as hedging instruments | Location of loss recognized | Amount of loss |            |
|---|-----------------------------|----------------|------------|
|   |                             | 2014           | 2013       |
| Interest rate swaps                               | Loss on interest rate swaps | -              | (8 ) (189) |

#### 11. Commitments and Contingencies:

Various claims, lawsuits, and complaints, including those involving government regulations and product liability, arise in the ordinary course of the shipping business. In addition, losses may arise from disputes with charterers, agents, insurance and other claims with suppliers relating to the operations of the Company's vessels. Currently, management is not aware of any such claims or contingent liabilities, which should be disclosed, or for which a provision should be established in the accompanying consolidated financial statements.

The Company accrues for the cost of environmental liabilities when management becomes aware that a liability is probable and is able to reasonably estimate the probable exposure. Currently, management is not aware of any such claims or contingent liabilities, which should be disclosed, or for which a provision should be established in the accompanying consolidated financial statements. A minimum of up to \$1,000,000 of liabilities associated with the individual vessels actions, mainly for sea pollution, are covered by the Protection and Indemnity (P&I) Club insurance.

Rental expense for the years ended December 31, 2014, 2013 and 2012 was \$350, \$499 and \$514, respectively (Note 3f). Fixed future minimum rent commitments as of December 31, 2014, based on a Euro/U.S. dollar exchange rate of €1.00:\$1.2141 and on a U.S. dollar/Hong Kong dollar exchange rate of \$1.00:HK\$7.7564, were as follows:

|                          |    |
|--------------------------|----|
| Year ending December 31, |    |
| 2015                     | 38 |
| Total                    | 38 |

#### 12. Capital Structure:

##### (a) Common Stock

On June 24, 2014, the Company entered into a registration rights agreement in connection with the share purchase agreement under which the Company sold 1,890,000 of its common shares to Plaza Shipholding Corp. and Comet Shipholding Inc., companies affiliated with the Restis family, for \$1,134 (Note 3b).

On September 29, 2014, the Company entered into a registration rights agreement in connection with the share purchase agreement under which the Company sold 1,600,000 of its common shares to Plaza Shipholding Corp. and Comet Shipholding Inc., companies affiliated with the Restis family, for \$960 (Note 3b).

On December 19, 2014, the Company entered into a share purchase agreement under which the Company sold 4,440,000 of its common shares to Jelco, for \$1,110. On December 30, 2014, the Company completed the equity injection plan with the abovementioned entity. The shares to the entity were issued on December 30, 2014 (Note 3b).

##### (b) Warrants and Unit Purchase Option



In connection with the public offering of January 28, 2010, the Company granted 1,041,667 warrants with an exercise price of \$19.80 each on February 3, 2010 and on March 19, 2010, Seenergy granted 97,250 additional warrants. The fair value of these warrants amounted to \$1,053. The warrants were exercisable beginning on August 3, 2010 and expire on January 28, 2015. No expenses were recorded in connection with these warrants which were classified in equity.

F-23

---

Following the Company's reverse stock split in June 2011, with respect to the warrants from the Company's 2010 secondary offering, as a result of the reverse stock split, each warrant now reflects an increase in the per share exercise price and a decrease in the number of warrant shares at the same proportion as the reverse stock split. Accordingly, each warrant is now exercisable for one-fifteenth of a share, following the reverse stock split at an exercise price of \$19.80 for each such warrant share.

The underwriters of the Company's initial public offering on September 28, 2007, did not exercise the Unit Purchase Option offered by the Company in connection to that initial public offering and the option expired on September 24, 2012.

As of December 31, 2014 and 2013, the Company had outstanding underwriters' warrants exercisable to purchase an aggregate of approximately 75,927 shares of Seanergy's common stock.

(c) Preferred Stock

As of December 31, 2014 and 2013, no shares of preferred stock have been issued.

(d) Dividends

The declaration and payment of any dividend is subject to the discretion of Seanergy's board of directors and is dependent upon its earnings, financial condition, cash requirements and availability and restrictions in any applicable loan agreements. No dividends were declared for the years ended December 31, 2014, 2013 and 2012.

13. Direct Voyage Expenses and Vessel Operating Expenses:

Direct voyage expenses are analyzed as follows:

|               | Year ended December 31 |       |        |
|---------------|------------------------|-------|--------|
|               | 2014                   | 2013  | 2012   |
| Bunkers       | 1,087                  | 6,563 | 10,736 |
| Port expenses | 123                    | 888   | 1,609  |
| Commissions   | 1                      | 243   | 266    |
| Other         | 63                     | 341   | 976    |
| Total         | 1,274                  | 8,035 | 13,587 |

Vessel operating expenses are analyzed as follows:

|                              | Year ended December 31 |       |        |
|------------------------------|------------------------|-------|--------|
|                              | 2014                   | 2013  | 2012   |
| Crew wages and related costs | 700                    | 5,624 | 13,670 |
| Chemicals and lubricants     | 72                     | 862   | 2,831  |
| Repairs and maintenance      | 65                     | 2,594 | 6,592  |

Edgar Filing: Seenergy Maritime Holdings Corp. - Form 20-F/A

|                        |       |        |        |
|------------------------|-------|--------|--------|
| Insurance              | 169   | 1,233  | 2,791  |
| Miscellaneous expenses | -     | 773    | 1,099  |
| Total                  | 1,006 | 11,086 | 26,983 |

F-24

---

Seanergy Maritime Holdings Corp.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in footnotes in thousands of US Dollars, except for share and per share data)

14. General and Administration Expenses:

General and administrative expenses are analyzed as follows:

|   | Year ended December<br>31 |       |       |
|---|---------------------------|-------|-------|
|   | 2014                      | 2013  | 2012  |
| Auditors' and accountants' fees                   | 176                       | 263   | 712   |
| Professional services                             | 502                       | 968   | 2,142 |
| Salaries, BOD remuneration and other compensation | 1,594                     | 1,993 | 2,210 |
| Directors and Officers Insurance                  | 124                       | 133   | 137   |
| Other   | 591                       | 609   | 1,136 |
| Total   | 2,987                     | 3,966 | 6,337 |

Other general and administration expenses are analyzed as follows:

|                                      | Year ended<br>December 31 |      |       |
|--------------------------------------|---------------------------|------|-------|
|                                      | 2014                      | 2013 | 2012  |
| Seanergy's executive office expenses | 71                        | 96   | 136   |
| MCS office rent                      | 40                        | 86   | 112   |
| Travel and transportation            | 90                        | 128  | 132   |
| Subscriptions                        | 23                        | 52   | 94    |
| Other                                | 367                       | 247  | 662   |
| Total                                | 591                       | 609  | 1,136 |

Seanergy Maritime Holdings Corp.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in footnotes in thousands of US Dollars, except for share and per share data)

## 15. Interest and Finance Costs:

Interest and finance costs are analyzed as follows:

|  | Year ended December 31 |       |        |
|--|------------------------|-------|--------|
|  | 2014                   | 2013  | 2012   |
| Interest on long-term debt             | 811                    | 5,075 | 9,602  |
| Interest on revolving credit facility  | 396                    | 2,144 | 2,252  |
| Amortization of debt issuance costs    | -                      | 1,090 | 466    |
| Arrangement fees on undrawn facilities | 246                    | -     | -      |
| Other                                  | 10                     | 80    | 160    |
| Total                                  | 1,463                  | 8,389 | 12,480 |

## 16. Earnings per Share:

The calculation of net earnings per common share is summarized below:

|  | For the years ended December 31 |            |            |
|--|---------------------------------|------------|------------|
|  | 2014                            | 2013       | 2012       |
| Basic:   |                                 |            |            |
| Net income / (loss)                                  | 80,348                          | 10,907     | (193,768 ) |
| Weighted average common shares outstanding – basic   | 13,364,723                      | 11,958,140 | 11,576,576 |
| Net income / (loss) per common share – basic         | \$6.01                          | \$0.91     | \$(16.74 ) |
| Diluted:   |                                 |            |            |
| Net income / (loss)                                  | 80,348                          | 10,907     | (193,768 ) |
| Weighted average common shares outstanding – basic   | 13,364,723                      | 11,958,140 | 11,576,576 |
| Non-vested equity incentive shares                   | 27                              | 1,136      | -          |
| Weighted average common shares outstanding – diluted | 13,364,750                      | 11,959,276 | 11,576,576 |
| Net income / (loss) per common share – diluted       | \$6.01                          | \$0.91     | \$(16.74 ) |

Non-vested shares issued under the Equity Incentive Plan (Note 17) of 2,218 are excluded from the diluted EPS calculation for the years ended December 31, 2012, due to their anti-dilutive effect.

As of December 31, 2014, 2013 and 2012, all outstanding warrants to acquire 1,138,917, 1,138,917 and 1,138,917 shares of common stock, respectively, were anti-dilutive.



Seanergy Maritime Holdings Corp.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in footnotes in thousands of US Dollars, except for share and per share data)

Thus, as of December 31, 2014, 2013 and 2012, securities that could potentially dilute basic EPS in the future that were not included in the computation of diluted EPS as mentioned above are:

|                   | 2014      | 2013      | 2012      |
|-------------------|-----------|-----------|-----------|
| Private warrants  | 1,138,917 | 1,138,917 | 1,138,917 |
| Non-vested shares | -         | -         | 2,218     |
| Total             | 1,138,917 | 1,138,917 | 1,141,135 |

17. Equity Incentive Plan:

On January 12, 2011, the Board adopted the Seanergy Maritime Holdings Corp. 2011 Equity Incentive Plan ("Plan"). A total of 8,750,000 shares of common stock were reserved for issuance under the Plan, which is administered by the Compensation Committee of the Board of Directors. Under the Plan, officers, key employees, directors, consultants and service providers may be granted incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, unrestricted stock and restricted stock units at the discretion of the Compensation Committee. In May 2012, the total number of shares originally reserved under the Plan was adjusted to 583,334 shares to reflect the Reverse Stock Split.

On February 16, 2011, the Compensation Committee granted an aggregate of 3,332 restricted shares of common stock, pursuant to the Plan. Of the total 3,332 shares issued, 2,667 shares were granted to Seanergy's two executive directors and the other 665 shares were granted to certain of Seanergy's other employees. The fair value of each share on the grant date was \$13.28 and is expensed over three years. All the shares vest proportionally over a period of three years, commencing on January 10, 2012. 1,114 shares vested on January 10, 2012, 1,110 shares vested on January 10, 2013 and 1,097 shares vested on January 10, 2014.

The amortization of stock based compensation for the years ended December 31, 2014, 2013 and 2012 amounted to \$NIL, \$15 and \$15, respectively and is recorded in general and administrative expenses (Note 14).

18. Subsequent Events:

The Company has evaluated subsequent events that occurred after the balance sheet date but before the issuance of these consolidated financial statements and, where it was deemed necessary, appropriate disclosures have been made.

- a) On January 1, 2015, the lease of Seanergy's executive offices was extended for one month up to January 31, 2015, at a monthly lease payment of EUR 25. On February 1, 2015, the lease of Seanergy's executive offices was further extended for one month up to February 28, 2015, at a monthly lease payment of EUR 25. On March 13, 2015, the lease of Seanergy's executive offices was further extended up to March 15, 2015, at a lease payment of EUR 12.5, at which point the Company relocated its executive offices to premises owned by an unaffiliated third party.
- b) On January 2, 2015, the Company paid \$1,730 as a deposit for the purchase of the second hand Capesize vessel as per agreement dated December 23, 2014, for a gross purchase price of \$17,300 (Note 1c). On March 19, 2015, the Company acquired the 2001 Capesize, 171,199 DWT vessel M/V Leadership from an unaffiliated third party. The acquisition of the vessel was financed by (i) a shareholder's convertible note of \$4,000 dated March 12, 2015 by Jelco, (ii) by \$8,750 loan agreement with Alpha Bank, dated March 6, 2015 and (iii) by an equity injection of \$4,500 on March 16, 2015 by Jelco in exchange for the issuance of 25,000,500 newly issuance shares of common

stock. The convertible note is repayable in ten consecutive semi-annual installments of \$200, along with a balloon installment of \$2,000 payable on the final maturity date. The note bears interest of Libor plus a margin of 5% with quarterly interest payments. At Jelco's option, the Company's obligation to repay the principal amount under the convertible note may be paid in common shares at a conversion price of \$0.18 per share. The Company has the right to defer up to three consecutive installments to the balloon installment. The Alpha Bank loan is repayable in twenty consecutive quarterly installments, the first four installments being \$200 each and the next sixteen quarterly installments being \$250 each, along with a balloon installment of \$3,950 payable on the final maturity date. The loan bears interest of Libor plus a margin of 3.75% with quarterly interest payments. On March 12, 2015, the Company had entered into a share purchase agreement under which the Company sold 25,000,500 of its common shares to Jelco for \$4,500. The Company's Board of Directors obtained a fairness opinion from an independent third party for the share price. The price was determined using a build-up method, combining the Company's net asset value with the cost that a private company would incur to be listed on a U.S. stock exchange. On March 16, 2015, the Company completed the equity injection plan with the abovementioned entity. The shares to the entity were issued on March 16, 2015.

c) On January 15, 2015, the Company announced that the closing of the previously announced agreement for the contribution of four Capesize vessels to Seanergy has been extended to June 30, 2015. The Company also announced that continued discussions could lead to changes in the transaction which remains subject to certain conditions and sellers' third party consents.

F-27

---



Seanergy Maritime Holdings Corp.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in footnotes in thousands of US Dollars, except for share and per share data)

- d) On January 28, 2015, the Company received written notification from the NASDAQ Stock Market, indicating that because the closing bid price of the Company's common stock for 30 consecutive business days, from December 12, 2014 to January 27, 2015, was below the minimum \$1.00 per share bid price requirement for continued listing on the Nasdaq Capital Market, the Company is not in compliance with Nasdaq Listing Rule 5550(a)(2). Pursuant to Nasdaq Listing Rule 5810(c)(3)(A), the applicable grace period to regain compliance is 180 days, or until July 27, 2015. The Company intends to monitor the closing bid price of its common stock between now and July 27, 2015 and is considering its options, including a reverse stock split, in order to regain compliance with the Nasdaq Capital Market minimum bid price requirement. The Company can cure this deficiency if the closing bid price of its common stock is \$1.00 per share or higher for at least ten consecutive business days during the grace period. In the event the Company does not regain compliance within the 180-day grace period and it meets all other listing standards and requirements, the Company may be eligible for additional 180-day grace period. The Company intends to cure the deficiency within the prescribed grace period. During this time, the Company's common stock will continue to be listed and trade on the Nasdaq Capital Market. The Company's business operations are not affected by the receipt of the notification.
- e) As of February 2, 2015, by virtue of a proxy granted to Claudia Restis, the beneficial owner of 100% of the capital stock of each of Comet Shipholding Inc. and Jelco, by Plaza Shipholding Corp., Claudia Restis may be deemed to beneficially own 4,271,393 shares of common stock pursuant to which Claudia Restis may be deemed to share the power to vote such shares.
- f) On February 11, 2015, the Company's wholly owned subsidiary Leader Shipping Co., or Leader, signed a management agreement with V.Ships Greece Ltd. for the provision of technical management services relating to the newly acquired vessel M/V Leadership. The monthly fixed management fee is agreed to approximately \$11.
- g) On March 2, 2015, the Company's wholly owned subsidiary Seanergy Management Corp. signed a commercial management agreement with Fidelity Marine Inc., or Fidelity, for a minimum period of one year and shall continue thereafter until terminated by either party giving to the other notice in writing. Pursuant to this commercial management agreement, Fidelity will perform the commercial management of the Company's fleet and its employment. The Company shall reimburse Fidelity for all reasonable running and/or out of pocket expenses, including but not limited to, telephone, fax, stationary and printing expenses, as well as any pre-approved travelling expenses in relation to this agreement.
- h) On March 12, 2015, the Company entered into a share purchase agreement under which the Company sold 1,667,000 of its common shares to its Chief Executive Officer, or CEO, for \$300. The Company's Board of Directors obtained a fairness opinion from an independent third party for the share price. The price was determined using a build-up method, combining the Company's net asset value with the cost that a private company would incur to be listed on a U.S. stock exchange. On March 16, 2015, the Company completed the equity injection plan with the abovementioned entity. The shares to the CEO were issued on March 16, 2015. The funds were contributed for general corporate purposes.
- i) On March 19, 2015, Seanergy Shipmanagement Corp., or Seanergy Shipmanagement, entered into an agreement with Leader, the owner of the M/V Leadership, for the provision of the vessel's insurances, bunkering and operation. Leader shall reimburse Seanergy Shipmanagement for all reasonable running and/or out of pocket expenses in relation to this agreement. The agreement between Leader and Seanergy Shipmanagement is for an indefinite period until terminated by either party giving to the other notice in writing.

F-28