

EUROSEAS LTD.
Form 6-K
August 10, 2012

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

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13A-16 OR 15D-16 OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the month of August 2012

Commission File Number: 001-33283

EUROSEAS LTD.
(Translation of registrant's name into English)

4 Messogiou & Evropis Street
151 25 Maroussi, Greece
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Edgar Filing: EUROSEAS LTD. - Form 6-K

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): [].

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): [].

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

INFORMATION CONTAINED IN THIS FORM 6-K REPORT

Attached to this Report on Form 6-K as Exhibit 1 is a copy of the press release issued by Euroseas Ltd. (the Company) on August 8, 2012: Euroseas Ltd. Reports Results for the Six-Month Period and Quarter Ended June 30, 2012.

Euroseas Ltd. Reports Results for the Six-Month Period and Quarter Ended June 30, 2012

Maroussi, Athens, Greece August 8, 2012 Euroseas Ltd. (NASDAQ: ESEA), an owner and operator of drybulk and container carrier vessels and provider of seaborne transportation for drybulk and containerized cargoes, announced today its results for the three and six month periods ended June 30, 2012.

Second Quarter 2012 Highlights:

-

Net loss of \$1.4 million or \$0.04 loss per share basic and diluted on total net revenues of \$12.8 million. Adjusted net loss¹ for the period would have also been \$1.3 million, or \$0.04 loss per share, basic and diluted.

-

Adjusted EBITDA¹ was \$3.4 million.

•

An average of 15.00 vessels were owned and operated during the second quarter of 2012 earning an average time charter equivalent rate of \$9,757 per day.

•

Declared a quarterly dividend of \$0.02 per share for the second quarter of 2012 payable on or about September 7, 2012 to shareholders of record on August 31, 2012. This is the twenty-eighth consecutive quarterly dividend declared.

First Half 2012 Highlights:

•

Net loss of \$10.4 million or \$0.32 loss per share basic and diluted on total net revenues of \$26.7 million. Adjusted net loss¹ for the period would have been \$1.4 million, or \$0.04 loss per share basic and diluted.

•

Adjusted EBITDA¹ was \$8.3 million.

•

An average of 15.42 vessels were owned and operated during the first half of 2012 earning an average time charter equivalent rate of \$10,431 per day.

•

Declared two quarterly dividends for a total of \$0.06 per share during the first half of 2012

•

¹ Adjusted EBITDA, Adjusted net loss and Adjusted loss per share are not recognized measurements under GAAP. Refer to a subsequent section of the Press Release for the definitions and reconciliation of these measurements to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP.

Aristides Pittas, Chairman and CEO of Euroseas, commented: During the first half of 2012, the containership market remained depressed for the size of vessels we operate and stayed very close to the very low levels last seen in the beginning of 2010. On the drybulk side, although the market is also depressed, our fleet of 5 vessels is fully chartered at above market rates on average throughout 2012 and well into 2013, positively contributing to our earnings.

We anticipate an uncertain market environment heavily influenced by world-wide economic developments. We have been positioning Euroseas to be able to deal with any adverse developments, like a protracted market downturn, while at the same time give us the ability of capitalizing on investment opportunities that might appear. In this regard, we completed a shareholders' rights offering that provided us with approximately an additional \$15.0 million of cash which increased our cash position close to more than \$48 million as of June 30, 2012.

On the investment front, we continue monitoring investment possibilities in the containership and drybulk sectors. We expect to see very attractive opportunities over the next 12 months in both of the above sectors.

While we remain very cautious regarding the markets over the next 12-18 months, we are optimistic about the prospects of Euroseas because of our low leverage, strong balance sheet and cost efficient operations. In that spirit, our Board decided to declare a quarterly dividend of \$0.02 per share taking into account the higher share count after the rights offering which represents an annual yield of about 6.8% on the basis of our stock price on August 7, 2012.

Tasos Aslidis, Chief Financial Officer of Euroseas, commented: The results of the second quarter of 2012 mainly reflect the depressed level of the containership market compared to the same quarter of 2011 and the lower number of

vessels we operated.

Total daily vessel operating expenses, including management fees, general and administrative expenses but excluding drydocking costs, averaged \$6,072 per vessel per day during the second quarter of 2012 as compared to \$6,066 per vessel per day for the same quarter of last year, and \$6,029 per vessel per day for the first half of 2012 as compared to \$6,002 per vessel per day for the same period of 2011, reflecting a nearly zero increase. As always, we want to emphasize that cost control remains a key component of our strategy.

As of June 30, 2012, our outstanding debt was \$67.1 million versus restricted and unrestricted cash of about \$48.2 million. As of the same date, our scheduled debt repayments over the next 12 months amounted to about \$13.0 million a number low enough to provide us with significant operational cash flow comfort. All our debt covenants are satisfied.

Second Quarter 2012 Results:

For the second quarter of 2012, the Company reported total net revenues of \$12.8 million representing a 17.9% decrease over total net revenues of \$15.6 million during the second quarter of 2011. The Company reported net loss for the period of \$1.4 million as compared to income of \$0.0 million for the second quarter of 2011. The results for the second quarter of 2012 include a \$0.3 million net unrealized gain on derivatives and a \$0.4 million net realized loss on derivatives as compared to \$0.6 million net unrealized loss on derivatives and trading securities and \$0.2 million realized loss on derivatives for the same period of 2011.

Depreciation expenses for the second quarter of 2012 were \$4.3 million compared to \$4.6 million during the same period of 2011. On average, 15.00 vessels were owned and operated during the second quarter of 2012 earning an average time charter equivalent rate of \$9,757 per day compared to 16.00 vessels in the same period of 2011 earning on average \$11,302 per day.

Adjusted EBITDA for the second quarter of 2012 was \$3.4 million, compared to \$5.0 million achieved during the second quarter of 2011. Please see below for Adjusted EBITDA reconciliation to net income / loss and cash flow provided by operating activities.

Basic and diluted loss per share for the second quarter of 2012 was \$0.04, calculated on 33,206,325 basic and diluted weighted average number of shares outstanding, compared to basic and diluted earnings per share of \$0.00 for the second quarter of 2011, calculated on 31,741,359 basic and 31,858,740 diluted weighted average number of shares outstanding, respectively.

Excluding the effect on the earnings for the quarter of the unrealized gain on derivatives and the realized loss on derivatives, the adjusted loss per share for the quarter ended June 30, 2012 would have remained unchanged at \$0.04 loss per share basic and diluted, compared to net income of \$0.00 per share basic and diluted for the quarter ended June 30, 2011. Usually, security analysts do not include the above items in their published estimates of earnings per share.

First Half 2012 Results:

For the first half of 2012, the Company reported total net revenues of \$26.7 million representing a 10.4% decrease over total net revenues of \$29.8 million during the first half of 2011. The Company reported a net loss for the period of \$10.4 million as compared to net loss of \$0.6 million for the first half of 2011. The results for the first half of 2012 include a \$0.4 million net unrealized gain on derivatives and trading securities, a \$0.8 million net realized loss on derivatives and a \$8.6 million loss on sale of a vessel as compared to a \$0.1 million net unrealized loss on derivatives and trading securities and \$0.4 million realized loss on derivatives for the same period of 2011.

Depreciation expenses for the first half of 2012 were \$8.8 million compared to \$9.2 million during the same period of 2011. On average, 15.42 vessels were owned and operated during the first half of 2012 earning an average time charter equivalent rate of \$10,431 per day compared to 16.00 vessels in the same period of 2011 earning on average \$11,198 per day.

Adjusted EBITDA for the first half of 2012 was \$8.3 million, a 4.6% decrease from \$8.7 million achieved during the first half of 2011. Please see below for Adjusted EBITDA reconciliation to net income/loss and cash flow provided by operating activities.

Basic and diluted loss per share for the first half of 2012 was \$0.32 calculated on 32,558,052 weighted average number of shares outstanding, compared to basic and diluted loss per share of \$0.02 for the first half of 2011, calculated on 31,741,359 basic and diluted weighted average number of shares outstanding.

Excluding the effect on the losses for the first half of 2012 of the unrealized loss on derivatives, realized loss on derivatives, realized gain on trading securities and loss on sale of vessel, the adjusted loss per share for the six-month period ended June 30, 2012 would have been \$0.04 per share basic and diluted compared to loss of \$0.04 per share basic and diluted for the same period in 2011. Usually, security analysts do not include the above items in their published estimates of earnings per share.

Fleet Profile:

The Euroseas Ltd. fleet profile is as follows:

| Name | Type | Dwt | TEU | Year Built | Employment | TCE Rate (\$/day) |
|--------------------------------|-------------|------------|------------|-------------------|--|--------------------------|
| <u>Dry Bulk Vessels</u> | | | | | | |
| | | | | | TC til Feb-14 + \$11,200 +50/50 Profit Share | |
| PANTELIS | Panamax | 74,020 | | 2000 | | |
| | | | | | 1 Year in Charterers Option | \$14,200 |
| ELENI P | Panamax | 72,119 | | 1997 | TC til Jan-13 | \$16,500 |
| IRINI | Panamax | 69,734 | | 1988 | TC til Apr-13 | \$14,000 |
| | | | | | TC til Feb-13 | \$10,300 |
| ARISTIDES N.P. | Panamax | 69,268 | | 1993 | TC til Sep-13 | |

Edgar Filing: EUROSEAS LTD. - Form 6-K

| | | | | | | | |
|--|--------------|----------------|-------|------|----|---|----------|
| MONICA P (*) | Handymax | 46,667 | | 1998 | | | \$12,375 |
| Total Dry Bulk Vessels | | 331,808 | | | | | |
| | 5 | | | | | | |
| <u>Multipurpose Dry Cargo Vessels</u> | | | | | | | |
| ANKING | | 22,568 | 950 | 1990 | TC | til Mar -13 | \$8,600 |
| | 1 | | | | | | |
| <u>Container Carriers</u> | | | | | | | |
| MAERSK NOUMEA | Intermediate | 34,677 | 2,556 | 2001 | TC | til Jun-13 | \$15,750 |
| | | | | | | TC till Feb-13(*) | \$6,000 |
| | | | | | | + | |
| TIGER BRIDGE | Intermediate | 31,627 | 2,228 | 1990 | | 9-12 months in Charterers Option | \$9,000 |
| AGGELIKI P | Intermediate | 30,360 | 2,008 | 1998 | TC | til Sep-12(*) | \$6,500 |
| DESPINA P | Handy size | 33,667 | 1,932 | 1990 | TC | til Mar-13 | \$7,000 |
| | | | | | | | \$7,000 |
| CAPTAIN COSTAS (ex-OEL TRANSWORLD) | Handy size | 30,007 | 1,742 | 1992 | | TC til Mar-13 1 Year in Charterers Option | \$12,000 |
| | | | | | | | \$6,000 |
| MARINOS | Handy size | 23,596 | 1,599 | 1993 | | TC 'til Sep-12(*) +6 months in Charterers Option | \$8,250 |
| | | | | | | | \$8,250 |
| MANOLIS P | Handy size | 20,346 | 1,452 | 1995 | | TC till Sep -12 | \$6,500 |
| NINOS (ex-YM QINGDAO I) | Feeder | 18,253 | 1,169 | 1990 | TC | til Sep-12 | \$7,375 |

| | | | | | | |
|---------------------------------|-----------|----------------|---------------|------|---------------|---------|
| KUO HSIUNG | Feeder | 18,154 | 1,169 | 1993 | TC til Oct-12 | \$7,375 |
| Total Container Carriers | 9 | 240,687 | 15,855 | | | |
| Fleet Grand Total | 15 | 595,063 | 16,805 | | | |

Summary Fleet Data:

| | 3 months, ended | 3 months, ended | 6 months, ended | 6 months, ended |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| | June 30, 2011 | June 30, 2012 | June 30, 2011 | June 30, 2012 |
| FLEET DATA | | | | |
| Average number of vessels (1) | 16.00 | 15.00 | 16.00 | 15.42 |
| Calendar days for fleet (2) | 1,456 | 1,365 | 2,896 | 2,806 |
| Scheduled off-hire days incl. laid-up (3) | 20.25 | 3.00 | 84.6 | 3.00 |
| Available days for fleet (4) = (2) - (3) | 1,435.8 | 1,362 | 2,811.4 | 2,803 |
| Commercial off-hire days (5) | 20.2 | 13.92 | 48.0 | 192.27 |
| Operational off-hire days (6) | 1.5 | 6.64 | 7.9 | 14.64 |
| Voyage days for fleet (7) = (4) - (5) - (6) | 1,414.1 | 1,341.4 | 2,755.5 | 2,596.1 |
| Fleet utilization (8) = (7) / (4) | 98.5% | 98.5% | 98.0% | 92.8% |
| Fleet utilization, commercial (9) = ((4) - (5)) / (4) | 98.6% | 99.0% | 98.3% | 93.3% |
| Fleet utilization, operational (10) = ((4) - (6)) / (4) | 99.9% | 99.5% | 99.7% | 99.5% |
| AVERAGE DAILY RESULTS | | | | |
| Time charter equivalent rate (11) | 11,302 | 9,757 | 11,198 | 10,431 |
| Vessel operating expenses excl. drydocking expenses (12) | 5,523 | 5,442 | 5,455 | 5,366 |
| General and administrative expenses (13) | 543 | 631 | 547 | 661 |
| Total vessel operating expenses (14) | 6,066 | 6,072 | 6,002 | 6,028 |
| Drydocking expenses (15) | 543 | 301 | 786 | 158 |

(1) Average number of vessels is the number of vessels that constituted our fleet for the relevant period, as measured

by the sum of the number of calendar days each vessel was a part of our fleet during the period divided by the number of calendar days in that period.

(2) Calendar days. We define calendar days as the total number of days in a period during which each vessel in our fleet was in our possession including off-hire days associated with major repairs, drydockings or special or intermediate surveys or days of vessels in lay-up. Calendar days are an indicator of the size of our fleet over a period and affect both the amount of revenues and the amount of expenses that we record during that period.

(3) The scheduled off-hire days including vessels laid-up are days associated with scheduled repairs, drydockings or special or intermediate surveys or days of vessels in lay-up. We use available days to measure the number of days in a period during which vessels were available to generate revenues.

(4) Available days. We define available days as the total number of days in a period during which each vessel in our fleet was in our possession net of scheduled off-hire days including days of vessels laid-up.

(5) Commercial off-hire days. We define commercial off-hire days as days waiting to find employment.

(6) Operational off-hire days. We define operational off-hire days as days associated with unscheduled repairs or other off-hire time related to the operation of the vessels,

(7) Voyage days. We define voyage days as the total number of days in a period during which each vessel in our fleet was in our possession net of commercial and operational off-hire days. We use voyage days to measure the number of days in a period during which vessels actually generate revenues.

(8) Fleet utilization. We calculate fleet utilization by dividing the number of our voyage days during a period by the number of our available days during that period. We use fleet utilization to measure a company's efficiency in finding suitable employment for its vessels and minimizing the amount of days that its vessels are off-hire for reasons such as unscheduled repairs or days waiting to find employment.

(9) Fleet utilization, commercial. We calculate commercial fleet utilization by dividing our available days net of commercial off-hire days during a period by our available days during that period.

(10) Fleet utilization, operational. We calculate operational fleet utilization by dividing our available net of operational off-hire days during a period by our available days during that period.

(11) Time charter equivalent, or TCE, is a measure of the average daily revenue performance of a vessel on a per voyage basis. Our method of calculating TCE is consistent with industry standards and is determined by dividing revenue generated from voyage charters net of voyage expenses by voyage days for the relevant time period. Voyage expenses primarily consist of port, canal and fuel costs that are unique to a particular voyage, which would otherwise be paid by the charterer under a time charter contract, as well as commissions. TCE is a standard shipping industry performance measure used primarily to compare period-to-period changes in a shipping company's performance despite changes in the mix of charter types (i.e., spot voyage charters, time charters and bareboat charters) under which the vessels may be employed between the periods.

(12) Daily vessel operating expenses, which includes crew costs, provisions, deck and engine stores, lubricating oil, insurance, maintenance and repairs and management fees are calculated by dividing vessel operating expenses by fleet calendar days for the relevant time period. Drydocking expenses are reported separately.

(13) Daily general and administrative expense is calculated by dividing general and administrative expense by fleet calendar days for the relevant time period.

(14) Total vessel operating expenses, or TVOE, is a measure of our total expenses associated with operating our vessels. TVOE is the sum of vessel operating expenses excluding drydocking expenses and general and administrative expenses. Daily TVOE is calculated by dividing TVOE by fleet calendar days for the relevant time period.

(15) Drydocking expenses, which include expenses during drydockings that would have been capitalized and amortized under the deferral method divided by the fleet calendar days for the relevant period. Drydocking expenses could vary substantially from period to period depending on how many vessels underwent drydocking during the period.

Conference Call and Webcast:

Tomorrow, Thursday, August 9, 2012 at 9:30 a.m. EDT, the company's management will host a conference call to discuss the results.

Conference Call details:

Participants should dial into the call 10 minutes before the scheduled time using the following numbers: 1 866 819 7111 (from the US), 0800 953 0329 (from the UK) or +44 (0)1452 542 301 ((from outside the U.S.) Please quote Euroseas .

A recording of the conference call will be available until August 16, 2012 by dialing 1 866 247 4222 (from the US), 0800 953 1533 (from the UK) or +44 (0)1452 550 000 (standard international replay.) Access Code: 6973591#

Audio webcast Slides Presentation:

There will be a live and then archived audio webcast of the conference call, via the internet through the Euroseas website (www.euroseas.gr). Participants to the live webcast should register on the website approximately 10 minutes prior to the start of the webcast. A slide presentation on the Second Quarter and First Half 2012 results in PDF format will also be available 30 minutes prior to the conference call and webcast accessible on the company's website (www.euroseas.gr) on the webcast page. Participants to the webcast can download the PDF presentation.

Euroseas Ltd.**Unaudited Condensed Statements of Operations****(All amounts expressed in U.S. Dollars except share amounts)**

| | Three Months Ended June 30, 2011 | Three Months Ended June 30, 2012 | Six Months Ended June 30, 2011 | Six Months Ended June 30, 2012 |
|--|---|---|---|---|
| Revenues | | | | |
| Voyage revenue | 16,263,042 | 13,403,797 | 31,073,588 | 28,015,876 |
| Related party revenue | 59,836 | 60,000 | 119,014 | 120,000 |
| Commissions | (719,899) | (681,673) | (1,357,355) | (1,424,181) |
| Net revenues | 15,602,979 | 12,782,124 | 29,835,247 | 26,711,695 |
| Operating expenses | | | | |
| Voyage expenses | 280,814 | 315,063 | 218,273 | 936,871 |
| Vessel operating expenses | 6,534,829 | 6,204,131 | 12,887,740 | 12,517,084 |
| Drydocking expenses | 790,853 | 410,595 | 2,276,954 | 442,616 |
| Depreciation | 4,587,139 | 4,283,094 | 9,174,278 | 8,819,420 |
| Management fees | 1,506,720 | 1,223,594 | 2,910,624 | 2,539,457 |
| Other general and administrative expenses | 790,596 | 861,031 | 1,584,531 | 1,857,961 |
| Net loss on sale of vessel | - | - | - | 8,568,234 |
| Other income | (263,000) | - | (263,000) | (153,104) |
| Total operating expenses | 14,227,951 | 13,297,508 | 28,749,400 | 35,528,539 |
| Operating income/(loss) | 1,375,028 | (515,384) | 1,045,847 | (8,816,844) |
| Other income/(expenses) | | | | |
| Interest and finance cost | (549,791) | (494,021) | (1,128,692) | (1,024,846) |
| Loss on derivatives, net | (723,069) | (135,457) | (435,091) | (422,533) |

Edgar Filing: EUROSEAS LTD. - Form 6-K

| | | | | |
|--|--------------------|--------------------|--------------------|---------------------|
| (Loss)/Gain on trading securities | (59,001) | (19,409) | (119,766) | 20,373 |
| Foreign exchange (loss)/ gain | (4,980) | 13,027 | (21,545) | 16,285 |
| Interest income | 55,882 | 83,740 | 112,091 | 161,367 |
| Other expenses, net | (1,280,959) | (552,120) | (1,593,003) | (1,249,354) |
| Equity loss in joint venture | (66,960) | (322,839) | (16,348) | (284,451) |
| Net income / (loss) | 27,109 | (1,390,343) | (563,504) | (10,350,649) |
| Earnings (loss), per share ² , basic | 0.00 | (0.04) | (0.02) | (0.32) |
| Weighted average number of shares ² , basic | 31,741,359 | 33,206,325 | 31,741,359 | 32,558,052 |
| Earnings (loss), per share ² , diluted | 0.00 | (0.04) | (0.02) | (0.32) |
| Weighted average number of shares ² , diluted | 31,858,740 | 33,206,325 | 31,741,359 | 32,558,052 |

² The earnings per share and the weighted average number of shares, basic and diluted, have been adjusted retroactively for all periods presented to give effect to the bonus element of the shares associated with the rights offering which expired on June 15, 2012.

Euroseas Ltd.

Unaudited Condensed Balance Sheets

(All amounts expressed in U.S. Dollars except share amounts)

June 30,

2012

ASSETS

Current Assets:

| | | |
|---------------------------|------------|------------|
| Cash and cash equivalents | 31,204,863 | 39,373,317 |
| Trade accounts receivable | 1,370,886 | 992,853 |
| Other receivables, net | 2,324,131 | 2,865,022 |
| Inventories | 2,606,535 | 1,628,952 |
| Due from related party | 208,704 | 1,963,031 |
| Restricted cash | 870,111 | 931,385 |

Edgar Filing: EUROSEAS LTD. - Form 6-K

| | | |
|-------------------------------|--------------------|--------------------|
| Trading securities | 27,473 | - |
| Prepaid expenses | 264,884 | 347,831 |
| Total current assets | 38,877,587 | 48,102,391 |
| Fixed assets: | | |
| Vessels, net | 237,063,878 | 215,500,934 |
| Long-term assets: | | |
| Restricted cash | 5,050,000 | 7,900,000 |
| Deferred charges, net | 697,951 | 387,999 |
| Investment in joint venture | 14,458,752 | 17,924,301 |
| Total long-term assets | 257,270,581 | 241,713,234 |
| Total assets | 296,148,168 | 289,815,625 |

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

| | | |
|----------------------------------|-------------------|-------------------|
| Long term debt, current portion | 13,332,000 | 13,012,000 |
| Trade accounts payable | 1,886,766 | 2,277,136 |
| Accrued expenses | 1,659,594 | 1,648,167 |
| Accrued dividends | 47,525 | 81,050 |
| Deferred revenue | 2,268,038 | 1,921,838 |
| Derivatives | 1,907,088 | 1,662,967 |
| Total current liabilities | 21,101,011 | 20,603,158 |

Long-term liabilities:

| | | |
|--|-------------------|-------------------|
| Long term debt, net of current portion | 61,581,000 | 54,125,000 |
| Derivatives | 1,544,409 | 1,360,268 |
| Total long-term liabilities | 63,125,409 | 55,485,268 |
| Total liabilities | 84,226,420 | 76,088,426 |

Shareholders' equity:

Common stock (par value \$0.03, 200,000,000 shares authorized, 45,019,305 issued and outstanding)

| | | |
|---|---------|-----------|
| Preferred shares (par value \$0.01, 20,000,000 shares authorized, no shares issued and outstanding) | 935,017 | 1,350,580 |
|---|---------|-----------|

| | | |
|---|--------------------|--------------------|
| | - | - |
| Additional paid-in capital | 236,843,470 | 251,422,582 |
| Accumulated deficit | (25,856,739) | (39,045,962) |
| Total shareholders' equity | 211,921,748 | 213,727,199 |
| Total liabilities and shareholders' equity | 296,148,168 | 289,815,625 |

Euroseas Ltd.

Unaudited Condensed Statements of Cash Flows

(All amounts expressed in U.S. Dollars)

| | 2011 | Six Months Ended June 30, 2012 |
|---|------------------|---|
| Cash flows from operating activities: | | |
| Net loss | (563,504) | (10,350,649) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation of vessels | 9,174,278 | 8,819,420 |
| Amortization of deferred charges | 76,449 | 66,559 |
| Amortization of fair value of time charters | (1,318,211) | - |
| Losses in investment in joint venture | 16,348 | 284,451 |
| Share-based compensation | 359,079 | 326,496 |
| Unrealized loss / (gain) on derivatives, net | 687 | (428,261) |
| Loss / (gain) on trading securities | 119,766 | (20,373) |
| Proceeds from sale of trading securities | - | 47,846 |
| Loss on sale of vessel | - | 8,568,234 |
| Changes in operating assets and liabilities | (2,327,709) | (1,141,092) |
| Net cash provided by operating activities | 5,537,183 | 6,172,631 |
| Cash flows from investing activities: | | |
| Contribution to joint venture | - | (3,750,000) |

| | | |
|--|---------------------|--------------------|
| Insurance proceeds | 1,429,275 | - |
| Proceeds from sale of vessel | - | 4,250,843 |
| Change in restricted cash | 105,596 | (3,161,274) |
| Net cash provided by / (used in) investing activities | 1,534,871 | (2,660,431) |
| Cash flows from financing activities: | | |
| Dividends paid | (4,030,287) | (2,805,049) |
| Loan arrangements fees paid | (220,000) | - |
| Proceeds from shares issued | - | 15,237,304 |
| Repayment of long-term debt | (7,586,000) | (7,776,000) |
| Net cash (used in)/ provided by financing activities | (11,836,287) | 4,656,255 |
| Net (decrease) / increase in cash and cash equivalents | (4,764,233) | 8,168,454 |
| Cash and cash equivalents at beginning of period | 34,273,518 | 31,204,863 |
| Cash and cash equivalents at end of period | 29,509,285 | 39,373,317 |

Euroseas Ltd.

Reconciliation of Adjusted EBITDA to

Net Income / (loss) and Cash Flow Provided By Operating Activities

(All amounts expressed in U.S. Dollars)

| | Three Months Ended June 30, 2011 | Three Months Ended June 30, 2012 | Six Months Ended June 30, 2011 | Six Months Ended June 30, 2012 |
|----------------------------|--|--|-----------------------------------|-----------------------------------|
| Net income / (loss) | 27,109 | (1,390,343) | (563,504) | (10,350,649) |

| | | | | |
|--|------------------|------------------|------------------|------------------|
| Interest and finance costs, net (incl. interest income) | 493,909 | 410,281 | 1,016,601 | 863,479 |
| Depreciation | 4,587,139 | 4,283,094 | 9,174,278 | 8,819,420 |
| Loss on derivatives, net | 723,069 | 135,457 | 435,091 | 422,533 |
| Loss on sale of vessel | - | - | - | 8,568,234 |
| Amortization of deferred revenue of below market time charter acquired | (791,607) | - | (1,318,211) | - |
| Adjusted EBITDA | 5,039,619 | 3,438,489 | 8,744,255 | 8,323,017 |

| | Three Months Ended June 30, 2011 | Three Months Ended June 30, 2012 | Six Months Ended June 30, 2011 | Six Months Ended June 30, 2012 |
|---|---|---|---|---|
| Net cash flow provided by operating activities | 1,677,116 | 3,482,527 | 5,537,183 | 6,172,631 |
| Changes in operating assets / liabilities | 3,002,693 | (311,594) | 2,327,709 | 1,141,092 |
| Loss on interest rate and FFA derivatives (realized) | 193,443 | 406,831 | 434,404 | 850,794 |
| Loss on trading securities and investment in joint venture, net | (125,961) | (390,094) | (136,114) | (311,924) |
| | (164,898) | (127,073) | (359,079) | (326,496) |

Share-based compensation

| | | | | |
|------------------------|------------------|------------------|------------------|------------------|
| Interest, net | 457,226 | 377,892 | 940,152 | 796,920 |
| Adjusted EBITDA | 5,039,619 | 3,438,489 | 8,744,255 | 8,323,017 |

Adjusted EBITDA Reconciliation:

Euroseas Ltd. considers Adjusted EBITDA to represent net earnings before interest, income taxes, depreciation, amortization, gain / loss in derivatives, loss on sale of vessel, and amortization of deferred revenues from above or below market time charters acquired. Adjusted EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations, as determined by United States generally accepted accounting principles, or U.S. GAAP, and our calculation of Adjusted EBITDA may not be comparable to that reported by other companies. Adjusted EBITDA is included herein because it is a basis upon which we assess our financial performance and liquidity position and because we believe that it presents useful information to investors regarding a company's ability to service and/or incur indebtedness. The Company's definition of Adjusted EBITDA may not be the same as that used by other companies in the shipping or other industries.

Euroseas Ltd.**Reconciliation of Net income / (loss) to Adjusted net income / (loss)****(All amounts expressed in U.S. Dollars except share data and per share amounts)**

| | Three Months Ended June 30, 2011 | Three Months Ended June 30, 2012 | Six Months Ended June 30, 2011 | Six Months Ended June 30, 2012 |
|---|---|---|---|---|
| Net income / (loss) | 27,109 | (1,390,343) | (563,504) | (10,350,649) |
| Unrealized loss / (gain) on derivatives, net | 529,626 | (271,374) | 687 | (428,261) |
| Unrealized loss on trading securities | 59,001 | - | 119,766 | - |
| Realized gain on trading securities | - | - | - | (20,373) |
| Realized loss on derivatives | 193,443 | 406,831 | 434,404 | 850,794 |
| Amortization of deferred revenue of below market time charter acquired | (791,607) | - | (1,318,211) | - |
| Loss on sale of vessel | - | - | - | 8,568,234 |
| Adjusted net income/ (loss) | 17,572 | (1,254,886) | (1,326,858) | (1,380,255) |
| | 0.00 | (0.04) | (0.04) | (0.04) |

Adjusted net income/(loss) per share,
basic

| | | | | |
|--|------------|------------|------------|------------|
| Weighted average number of shares, basic | 31,741,359 | 33,206,325 | 31,741,359 | 32,558,052 |
| Adjusted net income/(loss) per share, diluted | 0.00 | (0.04) | (0.04) | (0.04) |
| Weighted average number of shares, diluted | 31,858,740 | 33,206,325 | 31,909,778 | 32,558,052 |

Adjusted Net Income/(loss) and Adjusted Net Income /(loss) per share Reconciliation:

Euroseas Ltd. considers Adjusted Net Income/(loss) to represent net earnings before gain / loss in derivatives, amortization of deferred revenues from above or below market time charters acquired, unrealized gain/loss on trading securities, and loss on sale of vessel. Adjusted Net Income/(loss) and Adjusted Net Income /(loss)s per share is included herein because we believe it assists our management and investors by increasing the comparability of the Company's fundamental performance from period to period by excluding the potentially disparate effects between periods of gain / loss in derivatives, amortization of deferred revenues from above or below market time charters acquired and unrealized loss on trading securities, which items may significantly affect results of operations between periods.

Adjusted Net Income/(loss) and Adjusted Net Income /(loss) per share do not represent and should not be considered as an alternative to net income/(loss) or earnings/(loss) per share, as determined by U.S. GAAP, The Company's definition of Adjusted Net Income/(loss) and Adjusted Net Income /(loss) per share may not be the same as that used by other companies in the shipping or other industries

About Euroseas Ltd.

Euroseas Ltd. was formed on May 5, 2005 under the laws of the Republic of the Marshall Islands to consolidate the ship owning interests of the Pittas family of Athens, Greece, which has been in the shipping business over the past 136 years. Euroseas trades on the NASDAQ Global Market under the ticker ESEA since January 31, 2007.

Euroseas operates in the dry cargo, drybulk and container shipping markets. Euroseas' operations are managed by Eurobulk Ltd., an ISO 9001:2008 certified affiliated ship management company, which is responsible for the day-to-day commercial and technical management and operations of the vessels. Euroseas employs its vessels on spot and period charters and through pool arrangements.

The Company has a fleet of 15 vessels, including 4 Panamax drybulk carriers and 1 Handymax drybulk carrier, 3

Intermediate containership, 4 Handysize containerships, 2 Feeder containerships and a multipurpose dry cargo vessel. Euroseas` 5 drybulk carriers have a total cargo capacity of 331,808 dwt, its 10 containerships have a cargo capacity of 15,855 teu and its multipurpose vessel has a cargo capacity of 22,568 dwt or 950 teu.

Forward Looking Statement

This press release contains forward-looking statements (as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended) concerning future events and the Company`s growth strategy and measures to implement such strategy; including expected vessel acquisitions and entering into further time charters. Words such as expects, intends, plans, believes, anticipates, hopes, variations of such words and similar expressions are intended to identify forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. These statements involve known and unknown risks and are based upon a number of assumptions and estimates that are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of the Company. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to changes in the demand for dry bulk vessels and container ships, competitive factors in the market in which the Company operates; risks associated with operations outside the United States; and other factors listed from time to time in the Company`s filings with the Securities and Exchange Commission. The Company expressly disclaims any obligations or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company`s expectations with respect thereto or any change in events, conditions or circumstances on which any statement is based.

Visit our website www.euroseas.gr

Company Contact

Tasos Aslidis

Chief Financial Officer

Euroseas Ltd.

11 Canterbury Lane,

Watchung, NJ 07069

Tel. (908) 301-9091

E-mail: aha@euroseas.gr

Investor Relations / Financial Media

Nicolas Bornozis

President

Capital Link, Inc.

230 Park Avenue, Suite 1536

New York, NY 10169

Tel. (212) 661-7566

E-mail:

euroseas@capitallink.com

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EUROSEAS LTD.

(registrant)

Dated: August 10, 2012

By: /s/ Aristides J. Pittas

Aristides J. Pittas

President