



Fourth Quarter and Full Year 2005 Earnings Release

March 29, 2006

1870



Today



Safe Harbor Statement



Statements in this presentation may be "forward-looking statements" within the meaning of federal securities laws. The matters discussed herein that are forward-looking statements are based on current management expectations that involve risks and uncertainties that may result in such expectations not being realized. Actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements due to numerous potential risks and uncertainties including, but not limited to, the need to manage our growth and integrate additional capital, acquire additional vessels, volatility in the dry-bulk shipping business and vessel charter rates, our ability to obtain sufficient capital, the volatility of our stock price, and other risks and factors. Forward-looking statements made during this presentation speak only as of the date on which they are made, and Euroseas does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this presentation.

Because forward-looking statements are subject to risks and uncertainties, we caution you not to place undue reliance on any forward-looking statements. All written or oral forward-looking statements by Euroseas or persons acting on its behalf are qualified by these cautionary statements.

This presentation also contains historical data about the dry bulk and containerized trade, dry bulk and containership fleet and dry bulk and containership rates. These figures have been compiled by the Company based on available data from a variety of sources like broker reports and various industry publications. The Company exercised reasonable care and judgment in preparing these estimates, however, the estimates provided herein may not match information from other sources.

Company Introduction & History



Euroseas Ltd. – Company Introduction



- Involved in ocean-going transportation – we transport:
 - Bulk raw materials including iron ore, coal, grain & others; and,
 - Containerized trade (container boxes)
- Owner of 8 vessels, 5 dry bulkers and 3 containerships
 - Backed by the Pittas family with four generations of maritime history dating back to the late 19th century

■ Financial Highlights:

	<u>4th Quarter 2005</u>	<u>Full Year 2005</u>
<u>Net Revenues:</u>	\$9.9 million	\$42.1 million
<u>EBITDA:</u>	\$6.3 million	\$30.4 million
<u>Net Income:</u>	\$4.7 million	\$25.2 million

[Please see Appendix for EBITDA reconciliation]

2005 – A pivotal year for Euroseas



- Completed a private placement in Aug. 2005 raising \$21 million from institutional investors
- F-1 and F-4 registration statements were declared effective by SEC on Feb. 3rd, 2006
- Approved for trading on OTCBB (symbol ESEAF)
- Plan to list in NASDAQ

Euroseas Fleet of Vessels



M/V JOHN P. 26,354 DWT
BLT 1981 Handysize Bulker



M/V PANTELIS P. 26,354 DWT
BLT 1981 Handysize Bulker



M/V ARIEL 33,712 DWT
BLT 1977 Handysize Bulker



M/V NIKOLAOS P. 34,750 DWT
BLT 1984 Handysize Bulker



M/V Y. M. QINGDAO I 18,253 DWT
BLT '90 Handy Containership



M/V KUO HSIUNG 18,154 DWT
BLT '93 Handy Containership



M/V ARTEMIS 29,693 DWT
BLT '87 Handy Containership



M/V IRINI 69,734 DWT
BLT 1988 Panamax Bulk Carrier

Our fleet consists of:

3 handysize containerships, 4,636 teu (66,199 dwt) - average age 16 years

1 panamax bulker, 69,734 dwt - 18 years old

4 handysize bulkers 121,170 dwt – average age 25 years old

signed MoA to sell M/V *John P* for \$4.95 million with delivery June/July 2006

The fleet is managed by Eurobulk Ltd., an affiliated company

Eurobulk Ltd. is an ISO 9001:2000 Certified Management Company



Financial results and dividend history



Income Statement



INCOME STATEMENT in '000 USD except per share amounts and number of vessels	Year ending at December 31,			Three months ending at Decemembr 31,	
	2003	2004	2005	2004	2005
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
TC Equivalent revenue	25,514	45,348	43,853	12,661	9,898
Commissions	-906	-2,215	-2,388	-614	-540
Operating expenses					
Vessel operating expenses	8,776	8,906	8,610	2,124	2,288
Management fees	1,723	1,972	1,912	500	481
General & Admin. Expenses	0	0	421	0	290
Total operating expenses	10,499	10,879	10,943	2,624	3,059
Amortization and depreciation	-4,758	-3,462	-4,208	-987	-1,402
Net gain on sale of vessel	0	2,316	0	0	0
Operating income	9,352	31,108	26,313	8,437	4,896
Interest and finance cost	-793	-708	-1,496	-273	-387
Other Income (expenses), net	-132	212	361	258	212
Net income for the year	8,427	30,612	25,178	8,422	4,721
Earnings per share	0.28	1.03	0.78	0.28	0.13
based on number of shares	29,754	29,754	32,218	29,754	36,781
Number of vessels	8.00	7.31	7.10	7.00	7.39

Fleet Data



Per Vessel Statistics in USD/day/vessel	Year ending at December 31,			Three months ending at Decemembr 31,	
	2003 (audited)	2004 (audited)	2005 (audited)	2004 (unaudited)	2005 (unaudited)
Number of vessels	8.00	7.31	7.10	7.00	7.39
Period Days (days)					
Calendar	2,920	2,677	2,591	644	680
Available	2,867	2,554	2,546	643	660
Voyage	2,846	2,542	2,508	643	660
Utilization Rate (%)	99.3%	99.5%	98.5%	99.9%	100.0%
Averages in USD/day/vessel					
Time Charter Equivalent (TCE)	8,738	17,839	17,487	19,705	14,997
Vessel running expenses	3,005	3,327	3,323	3,298	3,364
Management fees	590	737	738	776	708
Vessel operating expenses	3,595	4,064	4,061	4,074	4,072
General & Admin. Expenses	0	0	162	0	426
Total operating expenses	3,595	4,064	4,223	4,074	4,498
Amortization & Depreciation	-1,629	-1,293	-1,624	-1,533	-2,062

Select Financials, Balance Sheet



BALANCE SHEET in thousand USD	Year ending Dec. 31,	
	2004 (audited)	2005 (audited)
Assets		
Current assets		
Cash and cash equivalents	15,497	20,447
Cash in related party accounts	0	3,013
Other Current Assets	964	1,891
Total current assets	16,461	25,351
Vessels, net	34,171	52,335
Deferred charges, net	2,205	1,856
Total assets	52,838	79,541
Current liabilities		
Long-term debt, current portion	6,030	14,430
Other current liabilities	7,735	3,985
Total current liabilities	13,765	18,415
Long-term debt, net of current portion	7,960	34,130
Total liabilities	21,725	52,545
Shareholders' equity		
Common stock	298	368
Additional paid-in capital	17,073	17,884
Retained earnings	13,742	8,745
Total shareholders' equity	31,113	26,997
Total liabilities and shareholders' equity	52,838	79,541

2006 Q1 events:

- Signed MOA to sell the 26,354 dwt handysize bulker *M/V John P* for \$4.95 million.
- Paid dividend of \$2.27 million

2005 Q4 events:

- Purchased *M/V Artemis* (2,098 teu) for about \$21 million in November 2005, 3-year time charter attached
- Additional debt to finance purchase of *M/V Artemis* of \$15.5 million
- Paid dividend of \$2.65 million

Dividend Policy & History



- “Euroseas plans to distribute, on a quarterly basis, substantially all available cash flow generated by operations less expenses, debt service, reserves for drydocking expenses, special surveys, and after establishing necessary working capital reserves. Necessary working capital reserves will be determined by the business needs, terms of existing credit facilities, growth strategies, and other cash needs as determined by the Board of Directors, or required by prevailing law. “
 - Dividend is at the discretion of the Board
- Dividend History
 - November 2, 2005 - \$0.07/share
 - February 7, 2006 - \$0.06/share



Business strategy



Our Business Strategy



■ Our Investment and Employment Strategy

- To be active in the dry bulk and containership markets
- To employ our vessels in a mix of profitable time charter and spot market employment through our strong worldwide network of clients
- To run our vessels efficiently and economically
- To take advantage of the cyclical nature of the market to buy and sell vessels at the right time

■ Our Execution Strategy

- We expect 2006 to present purchasing opportunities which will enable us to use the private placement proceeds (\$15-18 m) and standard industry leverage to buy 3-5 vessels
- We continuously inspect and evaluate vessels listed for sale; we target vessels 5 to 20 years old which we believe give the best ROE
- We will continue managing and chartering our ships through our affiliated companies Eurobulk and Eurochart, thus maintaining the efficient and economical operation we have achieved over the years

Euroseas Fleet Employment

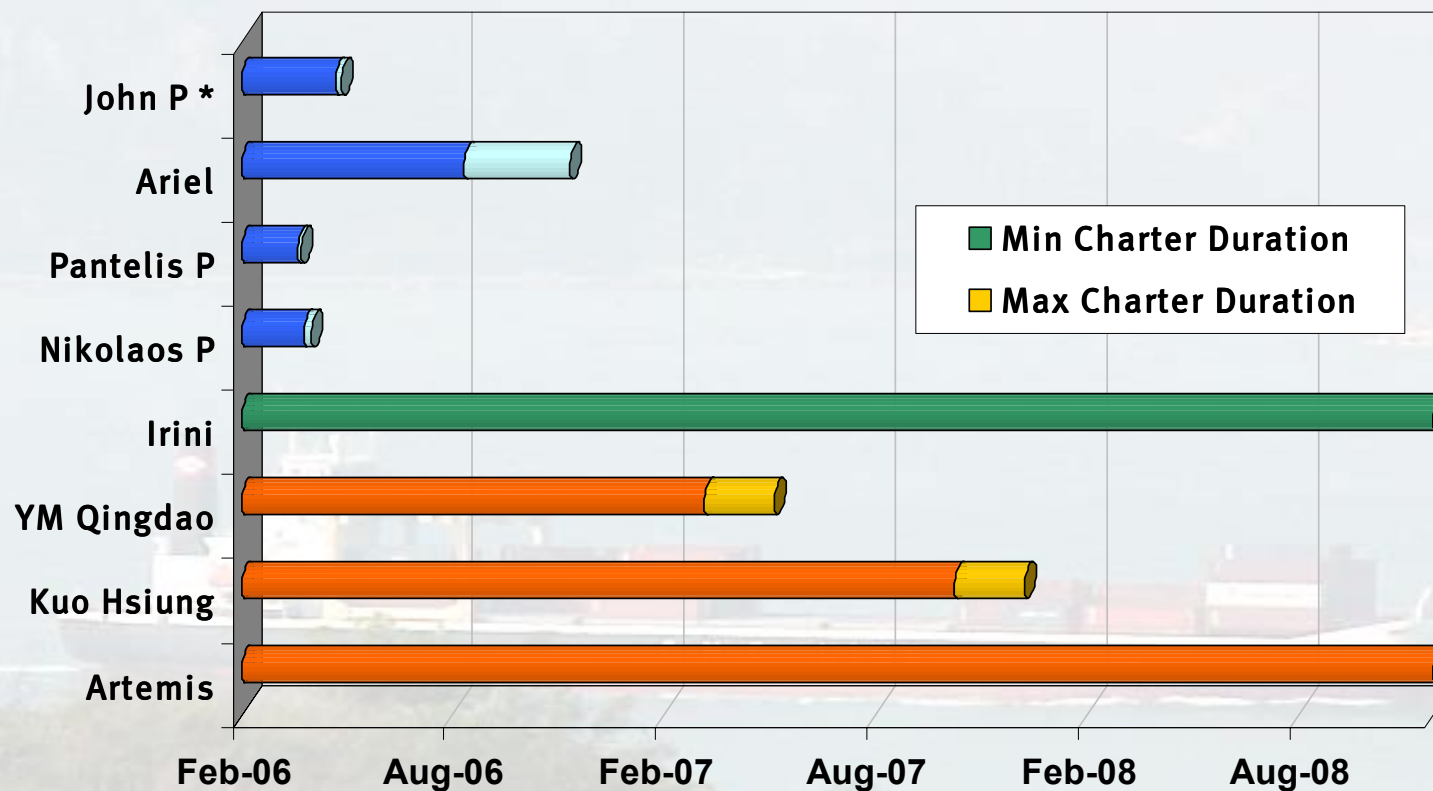


- Our containerships are employed under Time Charters with remaining terms from 1.2 to almost 3 years
 - M/V *YM Qingdao* - 'til Mar-2007 for \$11,900/day
 - M/V *Kuo Hsiung* - 'til Nov-2006 for \$16,000/day then 'til Nov-07 for \$12,000/day
 - M/V *Artemis* - 'til Dec-2008 for \$19,000/day

- Our larger bulker, panamax m/v *Irini*, participates in the Klaveness Baumarine pool and in 3 short funds (i.e. contracts to carry cargo at agreed rates)
 - Securing a rate range in the \$17,000-20,000 / day for the greater part of the next 3 years (covered at 102% in 2006, 77% for 2007 and 42% for 2008, approximately)

- Our handysize fleet of 4 vessels are/will be employed in the short-term “spot” market
 - Will secure longer-term charters at appropriate rates when and if available
 - Vessels have low running costs and low capital costs

Vessels Employment Chart



75% of our ship capacity days in 2006, and, 35-40% in 2007

- are fixed or are under TC contracts, and thus protected from market fluctuations

Our contract coverage gives us a solid revenue base for 2006:

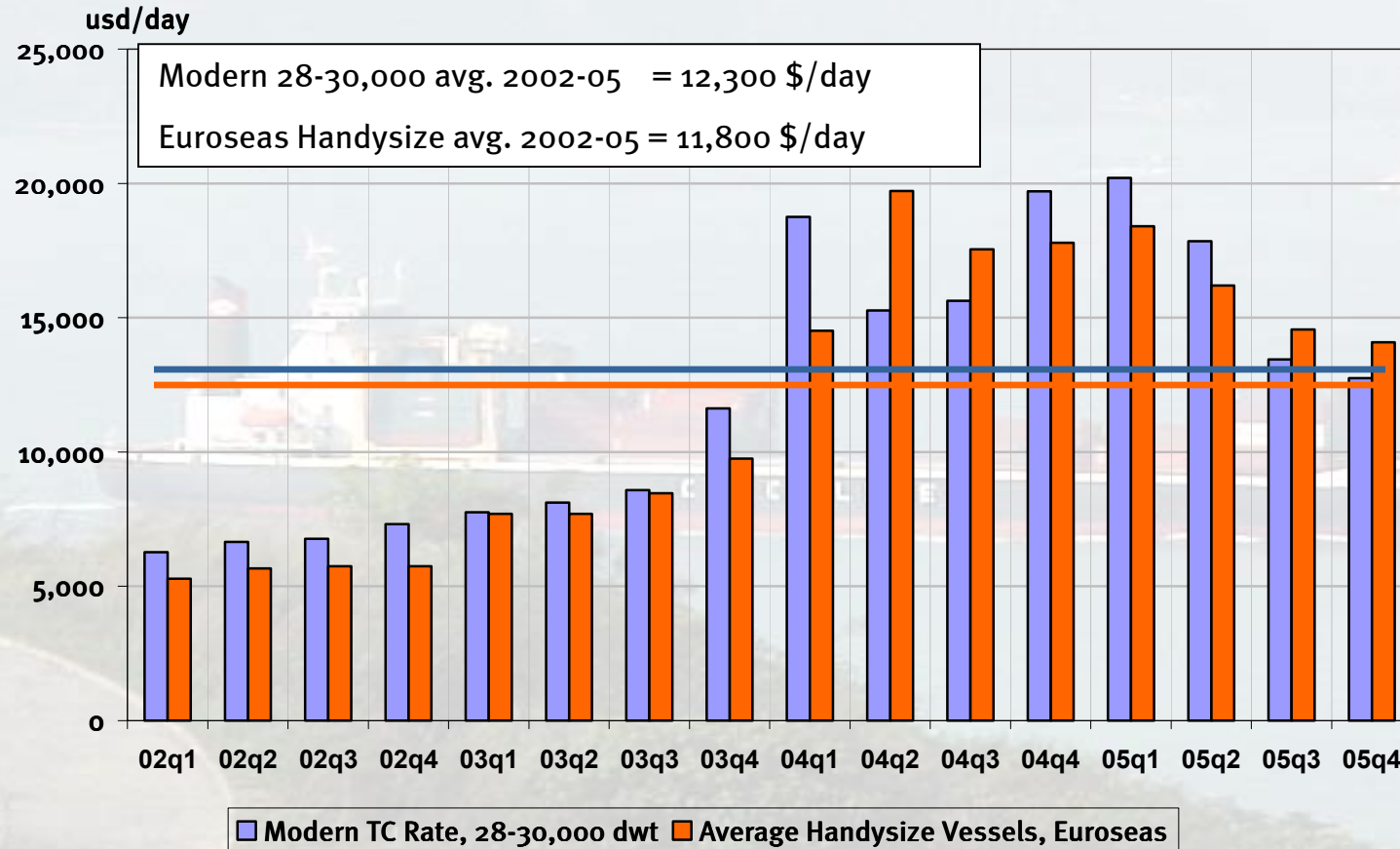
- Gross contracted TCE daily revenue of containerships & Irimi of about \$65,000

* m/v John P to be delivered to buyers late June/early July

Own Earnings Vs. Market Rates



Our actual average rates for our 4 Handysize vessels compared against the 1-year TC rate for a 5-year old handysize vessel



Source: Company compiled data based on industry / broker reports and Company data



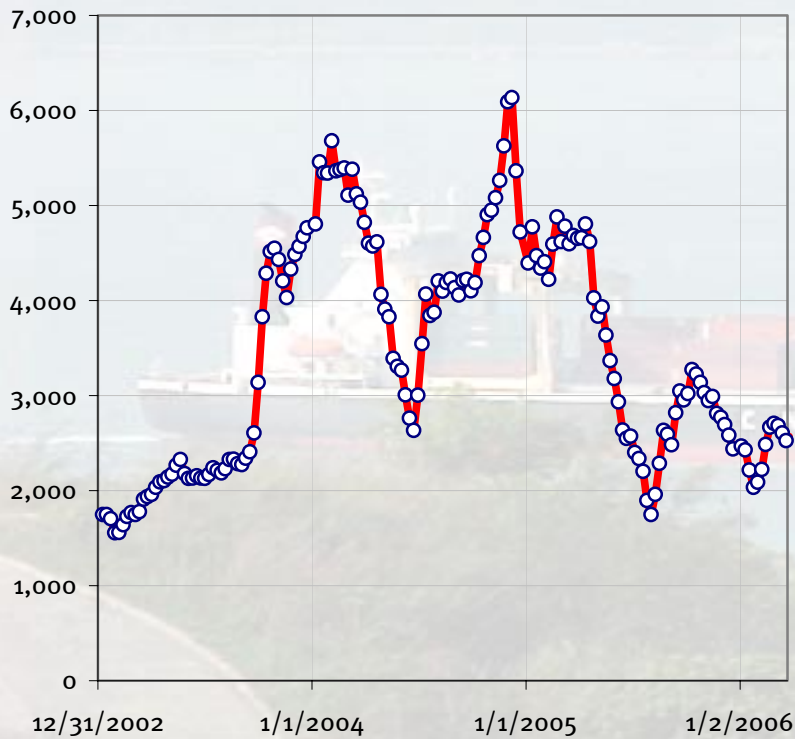
Industry Overview



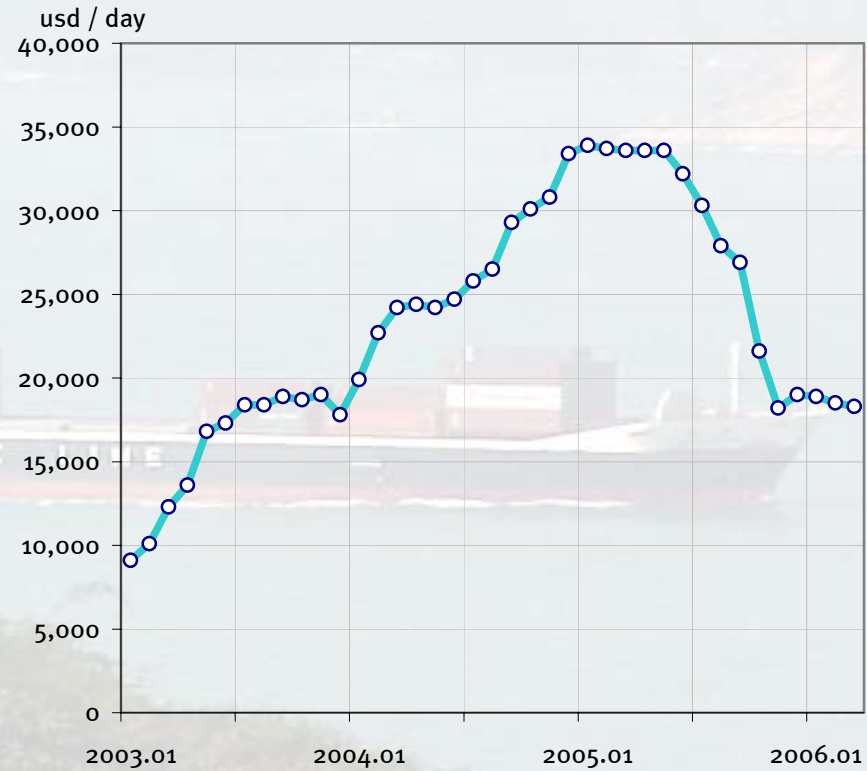
Market Rate Developments



Baltic Dry Index



2000-TEU C'ship, gearless, 1-yr TC Rate

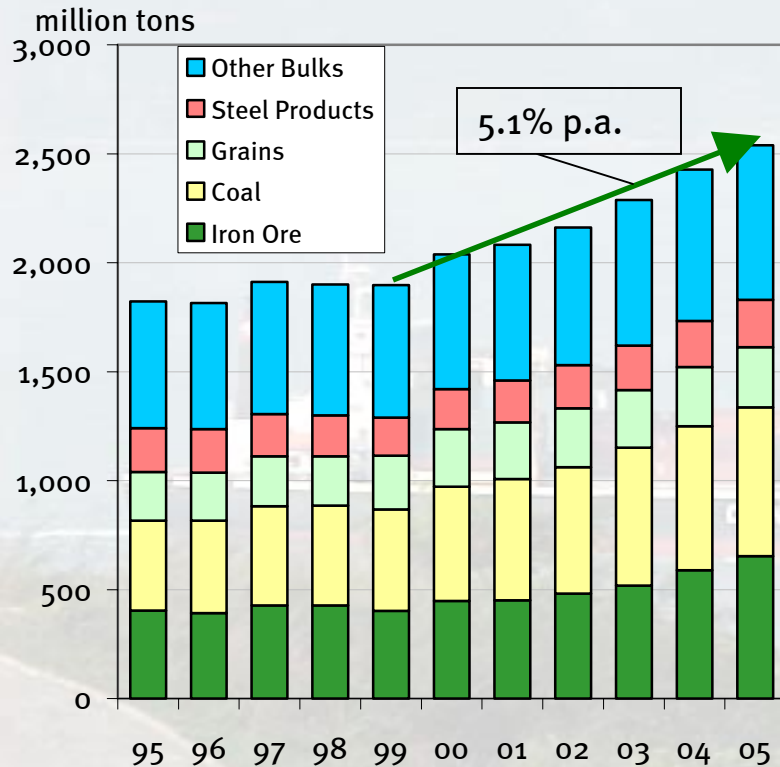


Source: Company compiled data based on industry / broker reports and Company data

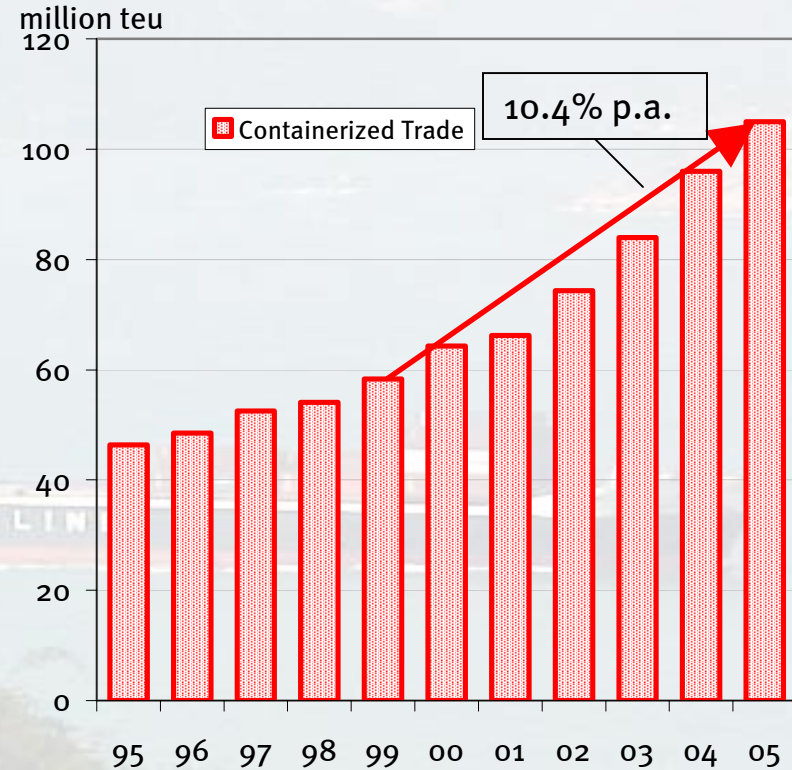


Dry Bulk & Container Trade Growth

Dry Bulk Trade



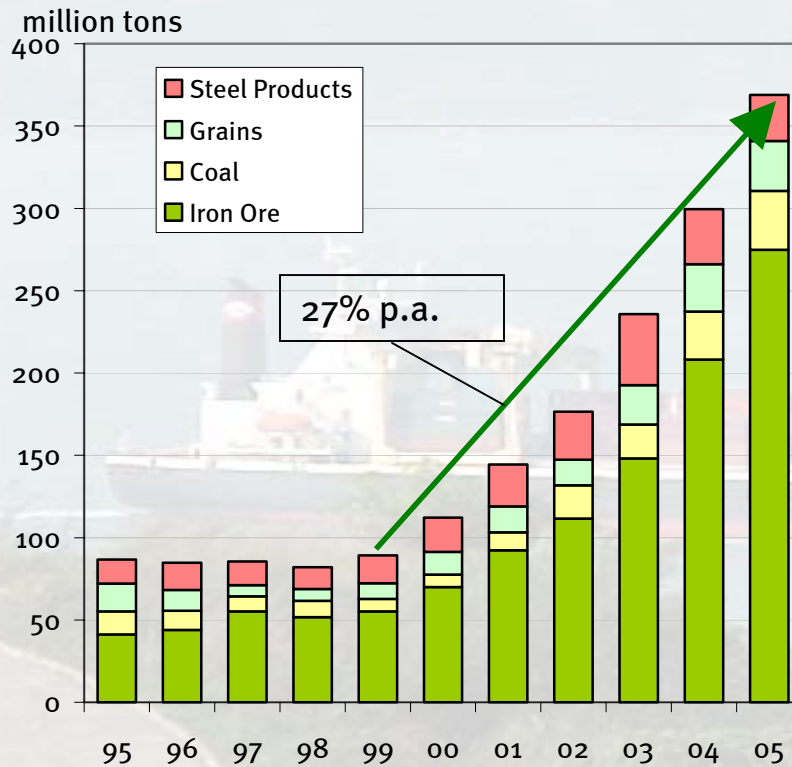
Containerized Trade



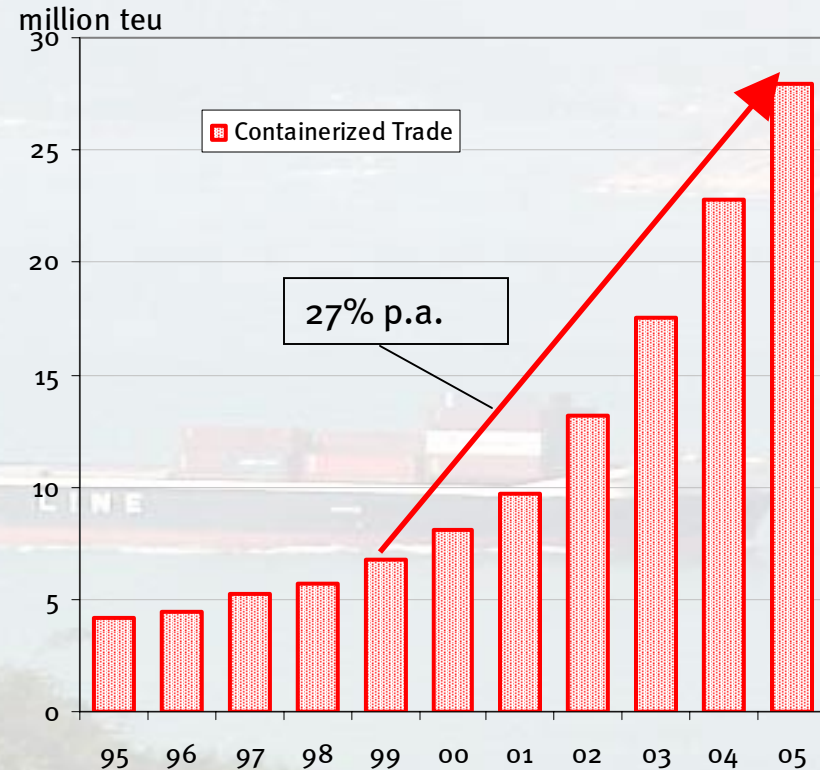
Source: Company compiled data based on industry publications; figures for 2005 are estimates

China Is The Driving Force

Selected Bulk Imports - China



Container Exports - China

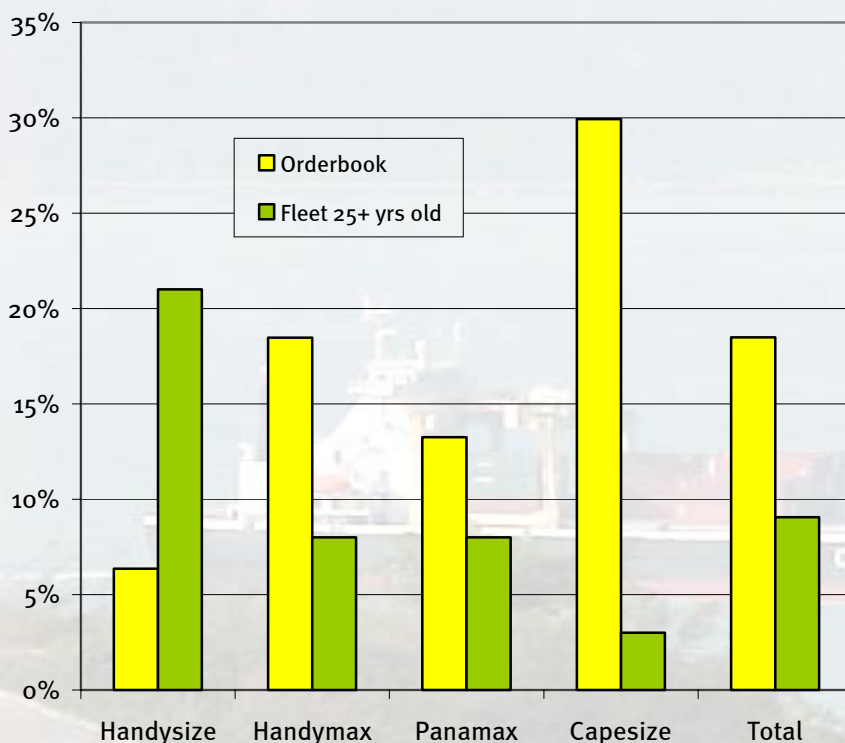


In 2005, China contributed about 62% of dry bulk trade growth and 57% of the containerized trade growth

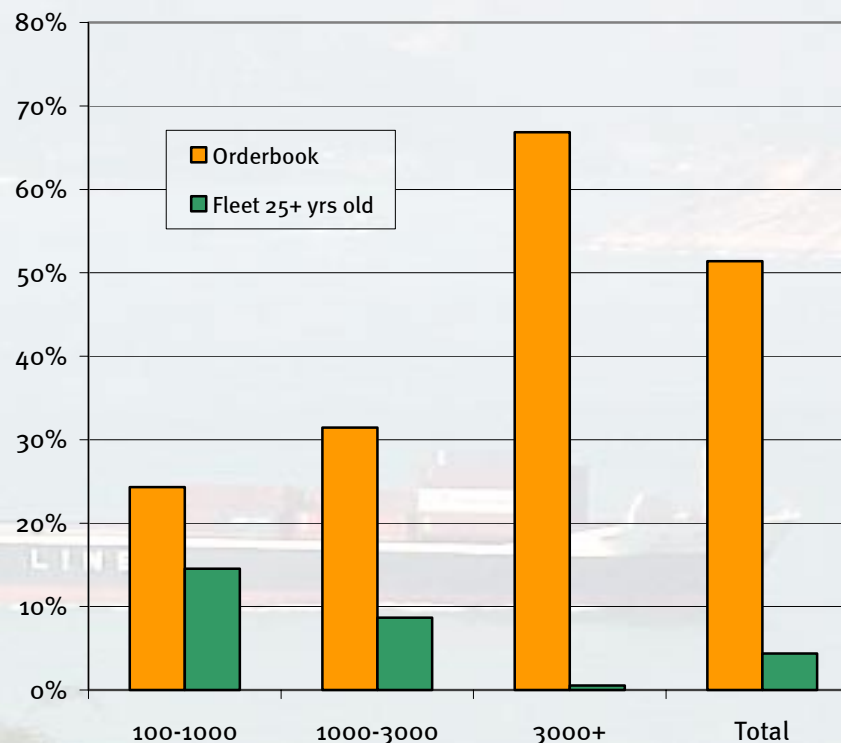
Source: Company compiled data based on industry publications; figures for 2005 are estimates

Fleet Development

Dry Bulk Fleet Profile (% of fleet), end '05



Containership Fleet Profile (% of fleet), end '05



- Presently, it takes about 3 years to deliver a vessel => orderbook will be delivered over the next 3-3.5 years
- We operate in segments (handysize, 1000-2000 teu) where less fleet growth is expected

Source: Company compiled data based on industry publications

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Appendix



Appendix: EBITDA Reconciliation



	Three Months Ended December 31, 2004	Three Months Ended December 31, 2005	Full Year Ended December 31, 2004	Full Year Ended December 31, 2005
Net income	8,421,827	4,721,478	30,611,765	25,178,454
Interest and finance costs, net	135,267	174,852	521,215	1,035,414
Depreciation and amortization	987,154	1,401,904	3,461,678	4,208,252
Adjusted EBITDA	9,544,248	6,298,234	34,594,658	30,422,120

EBITDA Reconciliation:

Euroseas Ltd. considers EBITDA to represent net earnings before interest, taxes, depreciation, amortization and gains (or losses) from sale of vessels. 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 EBITDA may not be comparable to that reported by other companies. EBITDA is included herein because it is a basis upon which we assess our 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 EBITDA may not be the same as that used by other companies in the shipping or other industries. The EBITDA for 2004 includes a capital gain of \$2,315,477 from the sale of mv/ Widar.