

ULTRAPETROL BAHAMAS LTD
Form F-1/A
September 26, 2006

As filed with the Securities and Exchange Commission on September 26, 2006

Registration Statement No. 333-132856

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1
TO
FORM F-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Ultrapetrol (Bahamas) Limited
(Exact name of registrant as specified in its charter)

Commonwealth of The Bahamas
(State or other jurisdiction of
incorporation or organization)
Ultrapetrol (Bahamas) Limited
Attention: Felipe Menendez R.
Ocean Centre, Montagu Foreshore
East Bay St.
Nassau, Bahamas
P.O. Box SS-19084
(242) 364-4755
(Address and telephone number of
Registrant's principal executive
offices)

4412
(Primary Standard Industrial
Classification Code Number)

N/A
(I.R.S. Employer
Identification No.)
Seward & Kissel LLP
Attention: Lawrence Rutkowski, Esq.
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Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this Registration Statement.

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

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

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

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

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Number of Shares	Maximum Price Per Share	Proposed Maximum Aggregate Offering Price ⁽¹⁾⁽²⁾	Amount of Registration Fee ⁽³⁾
Common Stock, par value \$.01 per share	14,375,000	\$ 15	\$215,625,000	\$23,072

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(a) under the Securities Act of 1933.

(2) Includes common stock, if any, that may be sold pursuant to the underwriters' over-allotment option.

(3) \$18,725 of the registration fee has been previously paid.

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

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

PRELIMINARY PROSPECTUS Subject to Completion September 26, 2006

12,500,000 Shares

Ultrapetrol (Bahamas) Limited

Common Stock

This is the initial public offering of our common stock. No public market currently exists for our common stock. We are offering 12,500,000 shares of common stock. We expect the public offering price to be between \$13.00 and \$15.00 per share.

Our common stock has been approved for listing, subject to notice of issuance, on The Nasdaq Global Market under the symbol "ULTR".

Investing in our common stock involves a high degree of risk. Before buying any shares, you should carefully read the discussion of material risks of investing in our common stock in "Risk factors" beginning on page 12 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds, before expenses, to us	\$	\$

The underwriters may purchase from the selling shareholders identified in this prospectus up to an additional 1,875,000 shares of our common stock at the public offering price, less the underwriting discounts and commissions, to cover over-allotments, if any, within 30 days from the date of this prospectus. If the underwriters exercise this option in full, the total underwriting discounts and commissions will be \$ and the total proceeds to the selling shareholders, before expenses, will be \$. We will not receive any of the proceeds from any shares of common stock sold by the selling shareholders.

The underwriters are offering the common stock as set forth under "Underwriting." Delivery of the shares will be made on or about , 2006.

UBS Investment Bank

Bear, Stearns & Co. Inc.

Merrill Lynch & Co.

Jefferies & Company

Raymond James

DVB Capital Markets

You should rely only on the information contained in this prospectus or to which we have referred you. We have not, and the underwriters have not authorized anyone to provide you with additional or different information. We are not, and the underwriters are not offering to sell these securities in any jurisdiction where the offer or sale is not permitted. The information in this prospectus may only be accurate on the date of this prospectus regardless of the time of delivery of this prospectus or of any sale of shares of our common stock.

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Dealer Prospectus Delivery Obligation

Through and including _____, 2006 (the 25th day after the date of this prospectus), federal securities law may require all dealers that effect transactions in these securities, whether or not participating in this offering, to deliver a prospectus. This requirement is in addition to the dealer’s obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

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Enforceability of civil liabilities

We are a Bahamian corporation. Our subsidiaries are incorporated in Argentina, The Bahamas, Brazil, Chile, Colombia, Liberia, Mexico, Panama, Paraguay, Spain, the United Kingdom, the United States of America, Uruguay and Venezuela. All of our vessels and barges are flagged in Argentina, Bolivia, Brazil, Chile, Liberia, Panama or Paraguay. Most of our and our subsidiaries’ offices, administrative activities and other assets, as well as those of the independent public accountants and the expert named herein, are located outside the United States. In addition, some of our directors and officers, and the directors and officers of our subsidiaries, are residents of jurisdictions other than the United States, and all or a substantial portion of the assets of such persons are or may be located outside the United States. As a result, it may be difficult for you to effect service of process within the United States upon us or our subsidiaries or such persons, and it may be difficult for you to enforce judgments obtained in United States courts against us or our subsidiaries, our directors and officers, the directors and officers of our subsidiaries, the independent public accountants or the expert named herein, or the assets of any such parties located outside the United States. Further, it may be difficult for you to enforce judgments obtained in United States courts, including those predicated upon the civil liability provision of the federal securities laws of the United States, against such parties in courts outside of the United States.

Industry

The discussions relating to the international shipping industry contained under the sections of this prospectus entitled “Summary,” “The international shipping industry” and “Business” have been reviewed by Doll Shipping Consultancy, or DSC, which has confirmed to us that the discussion contained in those sections accurately describes the international shipping markets subject to the reliability of the data supporting the statistical and graphical information present in this prospectus.

DSC is an independent company based in the United Kingdom that provides market analysis and strategic planning services to the shipping industry, and has provided us with statistical and other data regarding the shipping industry and the particular markets in which we operate. You can find these data in this prospectus in, among other locations, the section entitled “The international shipping industry.” DSC has advised us that these data are drawn from published and private industry sources. DSC has also advised us that:

some industry data they provided are based upon estimates or subjective judgments in circumstances where data for actual market transactions either do not exist or are not publicly available;

the published information of other maritime data collection experts may differ from the data provided to us by DSC; and

while DSC has taken reasonable care in the compilation of the data it has provided to us and believes such data to be accurate, data collection is subject to limited audit and validation procedures.

Neither we nor any of our affiliates have independently verified the information supplied to us by DSC and neither we nor any of our affiliates make any representations regarding its accuracy.

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Ultrapetrol (Bahamas) Limited Summary Organizational Chart

1. We currently own 96.43% of our River Business; we have reached an agreement to purchase the remaining 3.57%, and we expect to repay the resulting obligation with a portion of the proceeds of this offering.
 2. Our partner in Brazil, Comintra Enterprises Ltd., or Comintra, owns 5.55% of UP Offshore.
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Summary

This summary highlights selected information in this prospectus. It may not contain all the information that may be important to you. You should review carefully the risk factors and the more detailed information and financial statements, including the consolidated pro forma financial information, contained elsewhere in this prospectus, for a more complete understanding of our business and this offering. In March 2006, we acquired a 66.67% equity interest in UP Offshore (Bahamas) Limited, or UP Offshore, the entity through which we operate our Offshore Supply Business, from LAIF XI Ltd., or LAIF, a related company, bringing our ownership in UP Offshore to 94.45%. We refer to this transaction as the “UP Offshore Acquisition.” In March 2006, we also acquired Ravenscroft Shipping (Bahamas) S.A., or Ravenscroft, the entity through which we manage the vessels in our Offshore Supply, Ocean, and Passenger Businesses, from other related companies. Throughout this prospectus, we have included pro forma financial information that gives effect to the UP Offshore Acquisition, the distribution of treasury stock pro rata to existing shareholders and this offering and the expected use of proceeds therefrom; see “Unaudited pro forma condensed consolidated financial information”. In this prospectus, unless the context otherwise indicates, the terms “we,” “us” and “our” (and similar terms) refer to Ultrapetrol (Bahamas) Limited and its subsidiaries. The information in this prospectus describing our common stock, including some special voting rights, gives effect to the adoption of our Amended and Restated Memorandum of Association which will take effect prior to the closing of this offering. Unless otherwise indicated, all references to currency amounts in this prospectus are in U.S. Dollars. See the “Glossary of

shipping terms'' included in this prospectus for definitions of certain terms used in this prospectus that are commonly used in the shipping industry.

Our Company

We are an industrial transportation company serving the marine transportation needs of our clients in the markets on which we focus. We serve the shipping markets for grain, forest products, minerals, crude oil, petroleum, and refined petroleum products, as well as the offshore oil platform supply market, and the leisure passenger cruise market through our operations in the following four segments of the marine transportation industry.

Our River Business, with approximately 490 barges, is the largest owner and operator of river barges and pushboats that transport dry bulk and liquid cargos through the Hidrovia Region of South America, a large area with growing agricultural, forest and mineral related exports. This region is crossed by navigable rivers that flow through Argentina, Bolivia, Brazil, Paraguay and Uruguay to ports serviced by ocean export vessels.

Our Offshore Supply Business owns and operates vessels that provide critical logistical and transportation services for offshore petroleum exploration and production companies, primarily in the North Sea and the coastal waters of Brazil. Our Offshore Supply Business fleet currently consists of proprietarily designed, technologically advanced platform supply vessels, or PSVs, including four in operation and two under construction and contracted to be delivered in 2007 and 2008.

Our Ocean Business owns and operates six oceangoing vessels, including three versatile Suezmax Oil-Bulk-Ore, or Suezmax OBO, vessels, one Aframax tanker, one semi-integrated tug/barge unit and one chemical/product tanker. Our Ocean Business fleet has an aggregate carrying capacity of approximately 600,000 deadweight tons, or dwt, and our three Suezmax OBOs are capable of carrying either dry bulk or liquid cargos, providing flexibility as dynamics change between these market sectors.

Our Passenger Business fleet consists of two vessels with a total carrying capacity of approximately 1,600 passengers, and operates primarily in the European cruise market. We currently employ each of our passenger vessels under seasonal charters with a tour operator. In addition, we are currently negotiating opportunities to operate these vessels during periods outside the European travel season.

We have a diverse customer base including large and well-known petroleum, agricultural, mining and tour operating companies. Some of our significant customers over the last three years include affiliates of Archer Daniels Midland, British Gas, Cargill, Chevron, Continental Grain, Empresa Nacional de Petroleo (ENAP), the national oil company of Chile, Industrias Oleaginosas, Panocean, Petrobras, the national oil company of Brazil, Petropar, the national oil company of Paraguay, Rio Tinto, Swissmarine, Total, Trafigura, Travelplan, and Vicentin.

opportunities and minimize our dependence on any particular sector of the marine transportation industry.

Our Competitive Strengths

We believe that the following strengths have contributed to our success.

Multiple Growth Opportunities. We believe that we have successfully identified a series of growth opportunities in the marine transportation industry and have built businesses with competitive advantages that have grown rapidly by meeting the needs of a range of multinational customers.

Diversification. We believe that our diversification across multiple segments of the marine transportation industry provides significant protection against business cycles in any particular segment.

Large Scale Generates Efficiencies. We are the largest provider of river transportation services in the Hidrovia Region, which gives us economies of scale and increased negotiating power. Our size has enabled us, alone among our competitors in the Hidrovia Region, to implement an operational system through which we provide our customers with a continuous stream of available barges while reducing our operating costs on a per ton basis.

Advanced Technology. Our PSVs have advanced dynamic positioning systems and benefit from our proprietary design that includes oil recovery capabilities and greater cargo capacity and deck space than PSVs of standard design. These capabilities enable us to better serve clients operating in challenging offshore environments. Our River Business uses a navigational system that allows around-the-clock operation on a river system that lacks the signals otherwise necessary for night navigation.

Versatile Ocean Fleet. We can readily switch our Suezmax OBOs between dry bulk and liquid cargo carriage to take advantage of rate differentials in these markets. Further, because of her narrow beam, our Aframax tanker is able, despite her large Aframax dwt, to transit the Panama Canal.

Long-Term Customer Relationships. We have long-standing relationships with large, stable customers, including affiliates of major international oil and agriculture companies, including Petrobras and Cargill, which have been our customers for 12 years and eight years respectively, as well as Archer Daniels Midland, Continental Grain and ENAP.

High Standards of Performance and Safety. The quality of our vessels and the expertise of our vessel managers, crews and engineering resources help us maintain safe, reliable and consistent performance.

Established History and Experienced Management Team. Our management team is led by members of the Menendez family, which has been in the shipping industry since 1876. Our senior executive officers have on average 34 years of experience in the shipping industry.

Preferential Treatment in Certain Markets. Certain countries provide preferential treatment for vessels that are flagged in their jurisdiction or chartered in for operation by local ship operators. Brazilian law provides a preference for the utilization of Brazilian-flagged vessels in its cabotage trade. Through one of our Brazilian subsidiaries, we have the competitive advantage of being able to trade our PSVs in the Brazilian cabotage market, enabling them to obtain employment in preference to vessels without those cabotage privileges. In addition, certain of our ocean vessels enjoy special privileges in Argentina and Chile.

Our Business Strategy

Our business strategy is to continue to operate as a diversified marine transportation company with an aim to maximize our growth and profitability while limiting our exposure to the cyclical behavior of individual sectors of the marine transportation industry. We plan to implement our business strategy by pursuing the following objectives.

Capitalizing on Attractive Fundamentals in Our River Business. We plan to use our leading market position in the Hidrovia Region to grow our River Business by capitalizing on the region's growing agricultural, iron ore and other commodity exports, the cost effectiveness of river transport compared to

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available alternatives and our proprietary transportation infrastructure. We plan to increase the size and capacity of many of our existing barges and invest in river infrastructure in order to take advantage of this opportunity.

Expanding Our Offshore Supply Business. We have taken delivery of four proprietary designed PSVs for our Offshore Supply Business and have two more PSVs under construction. We are negotiating the construction of four additional PSVs, which would give us a total fleet of ten vessels.

Growing Our Ocean Fleet. We plan on incorporating additional chemical/product tankers into our ocean fleet. We believe that these ships will fill a demand from our existing customers for vessels to service routes where both the point of origin and destination are in South America.

Redeploying Vessels to the Most Attractive Markets. Under appropriate market conditions, we intend to take advantage of the versatility of some of our vessels and to alter the geographic and industry focus of our operations by redeploying vessels to the most profitable markets. In addition, we actively manage the deployment of our fleet between longer-term and shorter-term time charters.

Expanding Our Passenger Fleet. We intend to further expand our Passenger Business through timely and selective acquisitions of secondhand passenger vessels in accordance with identified customer needs and to increase revenue by also employing our vessels outside of the European travel season.

Generating Operational Efficiencies. We have identified opportunities and are implementing our plans to improve overall efficiency and profitability. For example, in our River Business, we plan to increase the size and capacity of many of our existing barges and invest in new engines that burn less expensive fuel for our line pushboats, which we use on our longer river voyages. We will also continue to focus on optimizing our barge and tug scheduling, maximizing loads and convoy size and minimizing empty return voyages.

Chartering Strategy and Fleet Management

We continually monitor developments in the shipping industry and make charter-related decisions on an individual vessel and segment basis as well as our view of overall market conditions.

We conduct the day-to-day management and administration of our operations in-house and through our subsidiaries. Our subsidiary, Ravenscroft, provides technical ship management for the vessels in our Offshore Supply, Ocean and Passenger Businesses while our subsidiary, UABL Limited, or UABL, manages our River Business. In addition to servicing our own vessels, Ravenscroft manages vessels owned by third parties.

Important Developments and Current Initiatives

We believe the following developments and initiatives will have a significant impact on the operations of our various businesses.

River Business

New vessels. During 2005, we acquired 35 barges and two pushboats for use in our River Business. Our 2006 operating results will reflect the deployment of these vessels for a full year.

Expansion and fuel efficiency initiatives. We have begun a three year program to expand the size of many of our barges. To date, we have expanded 12 barges, and we expect to have a total of 22 expanded by the end of the first quarter of 2007. We are also working on a four year program to replace the diesel engines in our line pushboats with new engines that will burn less expensive heavy fuel oil. We have contracted to purchase six of these new engines from MAN Diesel with expected delivery dates in July and November of 2007. We anticipate the most significant impact from these programs on our operations will occur after 2006.

Offshore Supply Business

Acquisition of additional 66.67% interest. In March 2006, we acquired an additional 66.67% of UP Offshore, which is the holding company for our Offshore Supply Business, raising our ownership to 94.45%. Prior to this

transaction, we used the equity method of accounting for our investment in UP Offshore. As a result of the transaction, we consolidate UP Offshore into our financial results. In compliance with the requirements of the indenture governing our 9% First Preferred Ship Mortgage Notes due 2014, or, the Notes, we obtained a fairness opinion from an internationally recognized accounting firm in connection with this acquisition.

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New vessels. During 2005, UP Offshore took delivery of two newly built PSVs and placed them into service. The 2005 operating results of UP Offshore reflect the operation of these two vessels for less than half-a-year as they were the first vessels UP Offshore put into service. Our 2006 operating results will reflect the deployment of these vessels for a full year. Those results will also reflect the partial year operations of two additional newly built PSVs, one that we received and placed into service in March 2006, and one that we received in August 2006 and placed into service in September 2006. We have also contracted to receive two additional newly built PSVs in 2007 and 2008.

Ocean Business

Vessel acquisitions and dispositions in our Ocean Business. In May 2005, we disposed of our Capesize bulk carrier, the Cape Pampas, and in July 2005 we purchased our chemical/product tanker, Miranda I, which we placed into service in October 2005. Our 2006 operating results will reflect the operation of the Miranda I for a full year and the loss of revenue and costs associated with the Cape Pampas. We are also exploring the acquisition of one or more additional vessels in our Ocean Business for delivery in 2006 and 2007.

Passenger Business

Vessel deployment in our Passenger Business. We purchased the passenger vessel, Grand Victoria, in 2005. As we immediately undertook a refurbishment and re-classification of that vessel, we did not place her in service in 2005. For 2006, both of our passenger vessels are employed for the full European travel season. We completed a refurbishment of all passenger accommodations on the New Flamenco in February 2006 and she has secured employment at increased rates for the European summer season of 2007 with an option for the 2008 summer season. We have announced an agreement with Monarch Classic Cruises for the Grand Victoria to participate in their program in the Aegean Sea during the European summer season of 2007. We are also exploring the deployment of both our passenger vessels outside of the European travel season.

Vessel Management

Acquisition of Ravenscroft. In March 2006, we acquired Ravenscroft, the technical manager for our Offshore Supply, Ocean and Passenger businesses. We expect this transaction to open new business opportunities for us and to eliminate the management fees paid to related parties, while bringing the costs of ship management in-house. In compliance with the requirements of the indenture governing our Notes, we obtained a fairness opinion from an internationally recognized accounting firm in connection with this acquisition.

Our Corporate History

We were originally formed by members of the Menendez family with a single oceangoing vessel in 1992, and were incorporated in our current form as a Bahamas corporation on December 23, 1997.

Our Ocean Business has grown through the investment of capital from the operation of our fleet along with other sources of capital to acquire additional vessels. In 1998, we issued \$135.0 million of 10½% First Preferred Ship Mortgage Notes due 2008, or the Prior Notes. By 2001, our fleet reached 13 oceangoing vessels with a total carrying capacity of 1.1 million dwt. During 2003, in an effort to remain ahead of changing environmental protection regulations, we began to sell all of our single hull Panamax and Aframax tankers (five vessels in total), a process that we completed in early 2004.

We began our River Business in 1993 with a fleet consisting of one pushboat and four barges. In October 2000, we formed a joint venture with American Commercial Barge Lines Ltd., or ACL. From 2000 to 2004, we built UABL into the leading river barge company in the Hidrovia Region of South America. Using some of the proceeds from the sale of our single hull Panamax tankers, in 2004, we purchased from ACL their 50% equity interest in UABL.

During 2000, we received a \$50.0 million equity investment from Solimar Holdings, Ltd., or Solimar, a wholly-owned subsidiary of the AIG-GE Capital Latin American Infrastructure Fund L.P., or the Fund. The Fund was established at the end of 1996 to make equity investments in Latin America and the Caribbean countries. The Fund has also been our partner in other ventures, including UP Offshore.

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In December 2002, we began our relationship with International Finance Corporation, or IFC, which is the private sector arm of the World Bank Group that provides loans, equity, and other services to support the private sector in developing countries. In total, IFC, together with its participant bank and co-lender, KfW, has provided us with \$115.0 million of credit and equity commitments to support our River and Offshore Supply Businesses.

We formed our Offshore Supply Business during 2003 in a joint venture with LAIF, a wholly-owned subsidiary of the Fund, and Comintra. We capitalized the business with \$45.0 million of common equity and \$70.0 million of debt and preferred equity from IFC to construct our initial fleet of six PSVs.

In November 2004, we issued \$180.0 million of 9% First Preferred Ship Mortgage Notes due 2014, or the Notes. The proceeds of the Notes offering were used principally to prepay the Prior Notes and to buy an additional Ocean Business asset, further invest in our River Business, and to diversify into the Passenger Business with the acquisition of two passenger vessels.

Corporate Information

We are incorporated in the Commonwealth of The Bahamas under the name Ultrapetrol (Bahamas) Limited. Our principal offices in the Bahamas are located at Ocean Centre, Montagu Foreshore, East Bay St., P.O. Box SS-19084, Nassau, Bahamas. Our telephone number there is 1 (242) 364-4755.

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The offering

Common stock offered by us

12,500,000 shares.

Underwriters' over-allotment option

1,875,000 shares from the selling shareholders.

Common stock to be outstanding
immediately after this offering

28,000,000 shares, excluding 310,000 restricted shares to be issued on the closing of this offering. See "Management — Employment agreements."

Use of proceeds

We expect to use the net proceeds of this offering as follows:

\$48.0 million to repay the note we issued to LAIF, a related company, in connection with our purchase of its 66.67% interest in UP Offshore;

\$11.5 million to repay the notes we issued to Crosstrees Maritime Inc. and Crosstrade Maritime Inc., related companies, in connection with our purchase of Ravenscroft and related assets;

\$52.9 million to repay some of our variable interest rate indebtedness owed to IFC and certain of our other lenders including an affiliate of one of our underwriters;

\$4.3 million to redeem UP Offshore's redeemable preferred shares issued to IFC;

\$6.2 million to discharge the obligation to IFC resulting from our purchase of its interest in our River Business;

\$20.0 million to be held as working capital to fund a portion of the balance of the construction costs of the last two PSVs being built in Brazil; and

the remainder for general corporate purposes.

We will not receive any of the proceeds from any sale of our common stock by the selling shareholders. See “Use of proceeds.”

Dividend policy

We anticipate retaining most of our future earnings, if any, for use in our operations and the expansion of our business. Any determination as to dividend policy will be made by our board of directors and will depend on a number of factors, including the requirements of Bahamian law, our future earnings, capital requirements, financial condition and future prospects, restrictions imposed by the terms of our indebtedness, and such other factors as our board of directors may deem relevant. See “Dividend policy.”

Nasdaq Global Market listing

Our common stock has been approved for listing, subject to notice of issuance, on The Nasdaq Global Market under the symbol “ULTR.”

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Special Voting Rights

Under our Amended and Restated Memorandum of Association, the existing shareholders are expressly entitled to seven votes per share on all shares held directly by them and all other holders of shares of our common stock are entitled to one vote per share. The special voting rights of these existing shareholders are transferable to each other but are not transferable to any other shareholders, and apply only to shares held by them on the date of this offering and not to any shares they subsequently purchase or repurchase. Our Amended and Restated Memorandum of Association also provides certain protections for our shareholders that do not have these special voting rights including certain tag-along rights. After giving effect to this offering, our existing shareholders will have 89.67% of the voting power of our common stock. Please see “Description of capital stock” elsewhere in this prospectus.

Unless we indicate otherwise or the context otherwise requires, all information in this prospectus:

gives effect to a 7.34862 for one stock split that occurred on September 25, 2006;

assumes that the underwriters do not exercise their over-allotment option;

does not give effect to the issuance on the closing of this offering of 310,000 restricted shares and the granting of options on the closing of this offering to purchase an additional 348,750 shares pursuant to our equity incentive plan, as described under “Management — Employment agreements;” and

does not give effect to the warrant in favor of Solimar representing 146,384 shares of our common stock.

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Risk factors

Investing in our common stock involves substantial risks. We summarize some of these risks below.

Some of the sectors of the shipping industry in which we operate are cyclical and volatile. Some of our businesses operate in highly volatile and cyclical markets characterized by large fluctuations in demand and charter rates. If these businesses suffer from adverse market conditions, our results of operations will be adversely affected.

Our River Business can be affected by adverse weather conditions that reduce production of the goods we transport or navigability of the river system on which we operate. Droughts and other adverse weather conditions, such as floods, have in the past and could in the future result in a decline in production of the agricultural products we transport. Further, certain conditions, such as low water levels, could reduce or limit our ability to effectively transport cargo on the rivers.

Our vessels are at risk of being damaged due to operational risks that may lead to unexpected consequences, which may adversely affect our earnings. Our vessels and their cargos are at risk of being damaged or lost because of events we cannot control, such as marine disasters, bad weather, mechanical failures, human error, war, terrorism, piracy and other circumstances or events. Although we insure our vessels against those types of risks commonly insured against by vessel owners and operators, we may not be adequately insured against all risks.

We are an international company that is exposed to the risks of doing business in many different and often less developed emerging market countries. We conduct almost all of our operations outside of the United States, including in countries that are less developed, such as Argentina, Bolivia, Brazil, Chile, China, Paraguay, South Africa and Uruguay. By operating in these countries, we are subject to numerous risks, including political and economic instability, unfavorable legal, regulatory and tax changes, and others.

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	(Unaudited)					31, 2005	June 30, 2006
	(Dollars in thousands, except share and per share data)					(Unaudited)	
Statement of Operations Data:							
Revenues	\$75,233	\$95,160	\$125,361	\$68,913	\$77,156	\$125,333	\$77,483
Operating expenses ⁽³⁾	(41,303)	(40,815)	(73,061)	(32,298)	(44,185)	(70,415)	(41,989)
Depreciation and amortization	(22,567)	(18,688)	(21,333)	(10,687)	(12,987)	(22,340)	(13,498)
Management fees to related parties ⁽⁴⁾	(2,863)	(1,513)	(2,118)	(864)	(511)	(2,118)	(639)
Administrative and commercial expenses	(4,955)	(7,494)	(7,617)	(3,400)	(5,029)	(8,859)	(5,307)
Other operating income (expenses) ⁽⁵⁾	(2,124)	784	22,021	21,867	—	22,021	—
Operating profit	1,421	27,434	43,253	43,531	14,444	43,622	16,050
Financial expense	(16,207)	(16,134)	(19,141)	(9,317)	(9,669)	(17,246)	(8,581)
Financial gain (loss) on extinguishment of debt ⁽⁶⁾	1,782	(5,078)	—	—	—	—	—
Financial income	201	119	1,152	263	273	1,026	224
Investment in affiliates ⁽⁷⁾	3,140	406	(497)	(163)	724	(492)	395
Other income (expenses)	(337)	174	384	(22)	62	386	49
Income (loss) before income taxes and minority interest	(10,000)	6,921	25,151	34,292	5,834	27,296	8,137
Income taxes	(185)	(642)	(786)	(11)	(79)	(786)	(79)