

Navios Maritime Holdings Inc.  
Form 20-F/A  
June 20, 2011

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 20-F/A  
Amendment No. 1**

**(Mark One)**

**REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (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, 2010**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**OR**

**SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of event requiring shell company report**

**For the transition period from to**

**Commission file number**

**001-33311**

**Navios Maritime Holdings Inc.**

(Exact name of Registrant as specified in its charter)

**Not Applicable**

(Translation of Registrant's Name into English)

**Republic of Marshall Islands**

(Jurisdiction of incorporation or organization)

**85 Akti Miaouli Street**

**Piraeus, Greece 185 38**

(Address of principal executive offices)

**Kenneth R. Koch, Esq., Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Tel: (212) 935-3000,**

**Fax: (212) 983-3115, The Chrysler Center, 666 Third Avenue, New York, New York 10017**

(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 each class**

**Name of each exchange on which registered**

Common Stock, par value \$.0001 per share

New York Stock Exchange LLC

**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:

101,563,766 as of December 31, 2010.

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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 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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 is a large accelerated filer, an accelerated filer or a non-accelerated filer. See the definition 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

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. 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

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**INTRODUCTORY NOTE**

We are filing this Amendment to our Form 20-F for the fiscal year ended December 31, 2010 to insert the signature line in the Report of Independent Registered Public Accounting Firm at December 31, 2010 and December 31, 2009 and for each of the three years in the period ended December 31, 2010. The Report had been signed and delivered to us by the Independent Registered Public Accounting Firm, but the signature line was inadvertently omitted when the Form 20-F was filed.

Other than inserting the signature line to the Report, no other changes have been made to the previously filed Form 20-F.

**PART III**

**Item 17. Financial Statements**

See Item 18.

**Item 18. Financial Statements**

The financial information required by this Item is set forth on pages F-1 to F-63 and are filed as part of this annual report.

Separate consolidated financial statements and notes thereto for Navios Partners for each of the years ended December 31, 2010, 2009 and 2008 are being provided as a result of Navios Partners meeting a significance test pursuant to Rule 3-09 of Regulation S-X for the year ended December 31, 2010 and, accordingly, the financial statements of Navios Partners for the year ended December 31, 2010 are required to be filed as part of this Annual Report on Form 20-F. See Exhibit 15.3 to this Annual Report on Form 20-F.

**Item 19. Exhibits**

- 1.1 Amended and Restated Articles of Incorporation. (Incorporated by reference to the Registration Statement on Form F-1 of Navios Maritime Holdings Inc. (File No. 333-129382)).
- 1.2 Bylaws. (Incorporated by reference to the Registration Statement on Form F-1 of Navios Maritime Holdings Inc. (File No. 333-129382)).
- 1.3 Articles of Amendment of Articles of Incorporation. (Incorporated by reference to Exhibit 99.1 of the Form 6-K filed on January 17, 2007).

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- 2.1 Specimen Unit Certificate (Incorporated by reference to the Registration Statement on Form F-1 of Navios Maritime Holdings Inc. (File No. 333-129382)).
- 2.2 Specimen Common Stock Certificate. (Incorporated by reference to the Registration Statement on Form F-1 of Navios Maritime Holdings Inc. (File No. 333-129382)).
- 2.3 Stockholders Rights Agreement, dated as of October 6, 2008, between Navios Maritime Holdings Inc. and Continental Stock Transfer and Trust Company (Incorporated by reference to Exhibit 99.1 of the Form 6-K filed on October 6, 2008).
- 2.4 Certificate of Designations of Rights, Preferences and Privileges of Preferred Stock of Navios Maritime Holdings Inc. (Incorporated by reference to Exhibit 99.2 of the Form 6-K filed on October 6, 2008).
- 2.5 Certificate of Designation, Preferences and Rights of Series A Convertible Preferred Stock of Navios Maritime Holdings Inc. (Incorporated by reference to Exhibit 3.1 of the Form 6-K filed on July 7, 2009).
- 2.6 Form of \$20.0 million 6% Bond Due 2012 (Incorporated by reference to Exhibit 10.1 of the Form 6-K filed on August 5, 2009).
- 2.7 Certificate of Designation, Preferences and Rights of Series B Convertible Preferred Stock of Navios Maritime Holdings Inc. (Incorporated by reference to Exhibit 3.1 of the Form 6-K filed on September 22, 2009).
- 2.8 Certificate of Designation, Preferences and Rights of Series C Convertible Preferred Stock of Navios Maritime Holdings Inc. (Incorporated by reference to Exhibit 3.1 of the Form 6-K filed on September 24, 2009).
- 2.9 Certificate of Designation, Preferences and Rights of Series D Convertible Preferred Stock of Navios Maritime Holdings Inc. (Incorporated by reference to Exhibit 3.1 of the Form 6-K filed on February 4, 2010).
- 2.10 Certificate of Designation, Preferences and Rights of Series E Convertible Preferred Stock of Navios Maritime Holdings Inc. (Incorporated by reference to Exhibit 1.1 of the Form 6-K filed on November 15, 2010).
- 2.11 Certificate of Designation, Preferences and Rights of Series F Convertible Preferred Stock of Navios Maritime Holdings Inc. (Incorporated by reference to Exhibit 1.1 of the Form 6-K filed on December 22, 2010).
- 4.1 2006 Employee, Director and Consultant Stock Plan (Incorporated by reference to Exhibit 10.1 of the Form 6-K filed on May 16, 2007).
- 4.2 Fourteenth Supplemental Indenture, dated as of June 4, 2008 (Incorporated by reference to Exhibit 99.1 of the Form 6-K filed on June 13, 2008).
- 4.3 Fifteenth Supplemental Indenture, dated as of June 4, 2008 (Incorporated by reference to Exhibit 99.2 of the Form 6-K filed on June 13, 2008).

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- 4.4 Financial Agreement, dated as of March 31, 2008, between Nauticler S.A. and Marfin Egnatia Bank, S.A. (Incorporated by reference to Exhibit 99.3 of the Form 6-K filed on June 13, 2008).
- 4.5 Facility Agreement, dated as of June 24, 2008, with Navios Maritime Holdings Inc. as a guarantor, for a loan amount up to \$133.0 million (Incorporated by reference to Exhibit 99.1 to the Form 6-K filed on July 14, 2008).
- 4.6 Sixteenth Supplemental Indenture, dated as of August 4, 2008 (Incorporated by reference to Exhibit 99.1 of the Form 6-K filed on September 19, 2008).
- 4.7 Seventeenth Supplemental Indenture, dated as of August 4, 2008 (Incorporated by reference to Exhibit 99.2 of the Form 6-K filed on September 19, 2008).
- 4.8 Eighteenth Supplemental Indenture, dated as of August 28, 2008 (Incorporated by reference to Exhibit 99.3 of the Form 6-K filed on September 19, 2008).
- 4.9 Nineteenth Supplemental Indenture, dated as of September 18, 2008 (Incorporated by reference to Exhibit 99.4 of the Form 6-K filed on September 19, 2008).
- 4.10 Twentieth Supplemental Indenture, dated as of September 18, 2008 (Incorporated by reference to Exhibit 99.5 of the Form 6-K filed on September 19, 2008).

- 4.11 Twenty-First Supplemental Indenture, dated as of November 10, 2008 (Incorporated by reference to Exhibit 99.1 of the Form 6-K filed on December 10, 2008).
- 4.12 Facility Agreement, dated as of November 10, 2008, with Navios Maritime Holdings Inc. as a guarantor, for a loan amount up to \$90.0 million (Incorporated by reference to Exhibit 99.2 of the Form 6-K filed on December 10, 2008).
- 4.13 Twenty-Second Supplemental Indenture to the Indenture dated December 18, 2006, dated as of February 24, 2009 (Incorporated by reference to Exhibit 99.1 of the Form 6-K filed on May 18, 2009).
- 4.14 Loan Agreement, dated March 26, 2009, among Surf Maritime Co., Pueblo Holdings Ltd., Ginger Services Co. and Marfin Egnatia Bank S.A. (Incorporated by reference to Exhibit 99.2 of the Form 6-K filed on May 18, 2009).
- 4.15 Financial Agreement, dated March 20, 2009, between Nauticler S.A. and Marfin Popular Bank Public Co., Ltd. (Incorporated by reference to Exhibit 99.3 of the Form 6-K filed on May 18, 2009).
- 4.16 Third Supplemental Agreement in relation to the Facility Agreement dated February 1, 2007, dated March 23, 2009 (Incorporated by reference to Exhibit 99.4 of the Form 6-K filed on May 18, 2009).
- 4.17 Amendment to Share Purchase Agreement, dated June 29, 2009, between Anemos Maritime Holdings Inc. and Navios Maritime Partners L.P. (Incorporated by reference to Exhibit 10.1 of the Form 6-K filed on July 7, 2009).
- 4.18 Amendment to Omnibus Agreement, dated June 29, 2009, among Navios Maritime Holdings Inc., Navios GP L.L.C., Navios Maritime Operating L.L.C., and Navios Maritime Partners L.P. (Incorporated by reference to Exhibit 10.2 of the Form 6-K filed on July 7, 2009).
- 4.19 Facility Agreement for \$240.0 million, dated June 24, 2009, among the Borrowers listed therein and Commerzbank AG (Incorporated by reference to Exhibit 10.3 of the Form 6-K filed on July 7, 2009).
- 4.20 Twenty-Third Supplemental Indenture, dated as of July 2, 2009 (Incorporated by reference to Exhibit 99.1 of the Form 6-K filed on August 5, 2009).
- 4.21 Twenty-Fourth Supplemental Indenture, dated as of July 14, 2009 (Incorporated by reference to Exhibit 99.2 of the Form 6-K filed on August 5, 2009).
- 4.22 Supplemental Agreement in relation to the Facility Agreement dated December 11, 2007, dated July 10, 2009, among Chilali Corp., Rumer Holdings Ltd. and Emporiki Bank of Greece S.A. with Navios Maritime Holdings Inc. as guarantor (Incorporated by reference to Exhibit 99.3 of the Form 6-K filed on August 5, 2009).
- 4.23 Amended and Restated Loan Agreement in respect of a loan facility of up to \$120.0 million, dated May 25, 2009 with Navios Maritime Holdings Inc. as guarantor (Incorporated by reference to Exhibit 99.2 of the Form 6-K filed on October 8, 2009).
- 4.24 Supplemental Agreement in relation to the Amended and Restated Loan Agreement dated May 25, 2009, dated July 16, 2009 (Incorporated by reference to Exhibit 99.1 of the Form 6-K filed on October 8, 2009).

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- 4.25 Second Supplemental Agreement in relation to the Facility Agreement dated December 11, 2007, dated August 28, 2009 (Incorporated by reference to Exhibit 99.3 of the Form 6-K filed on October 8, 2009).
- 4.26 Facility Agreement for \$66.5 million, dated August 28, 2009, with Navios Maritime Holdings Inc. as guarantor (Incorporated by reference to Exhibit 99.4 of the Form 6-K filed on October 8, 2009).
- 4.27 Facility Agreement for \$75.0 million, dated August 28, 2009, with Navios Maritime Holdings Inc. as guarantor (Incorporated by reference to Exhibit 99.5 of the Form 6-K filed on October 8, 2009).
- 4.28 Twenty-Fifth Supplemental Indenture, dated September 8, 2009 (Incorporated by reference to Exhibit 99.6 of the Form 6-K filed on October 8, 2009).
- 4.29 Loan Agreement for up to \$110.0 million, dated October 23, 2009, with Navios Maritime Holdings Inc. as guarantor (Incorporated by reference to Exhibit 99.1 of the Form 6-K filed on November 10, 2009 (Film No. 091172561)).
- 4.30 Indenture relating to  $8\frac{7}{8}\%$  First Priority Ship Mortgage Notes due 2017, dated November 2, 2009, among Navios Maritime Holdings Inc., Navios Maritime Finance (US) Inc. and Wells Fargo Bank, National Association (Incorporated by reference to Exhibit 99.3 of the Form 6-K filed on November 10, 2009 (Film No. 091172624)).



- 4.31 Registration Rights Agreement, dated as of November 2, 2009 (Incorporated by reference to Exhibit 99.4 of the Form 6-K filed on November 10, 2009 (Film No. 091172624)).
- 4.32 First Supplemental Indenture to the indenture dated November 2, 2009, dated as of January 29, 2010 (Incorporated by reference to Exhibit 99.6 of the Form 6-K filed on February 17, 2010).
- 4.33 Twenty-Seventh Supplemental Indenture dated as of January 29, 2010 (Incorporated by reference to Exhibit 99.6 of the Form 6-K filed on February 17, 2010).
- 4.34 Twenty-Sixth Supplemental Indenture dated as of October 23, 2009 (Incorporated by reference to Exhibit 99.6 of the Form 6-K filed on February 17, 2010).
- 4.35 Credit Agreement, dated as of April 7, 2010 (Incorporated by reference to Exhibit 10.1 of the Form 6-K filed on April 8, 2010).
- 4.36 Credit Agreement, dated as of April 8, 2010 (Incorporated by reference to Exhibit 10.2 of the Form 6-K filed on April 8, 2010).
- 4.37 Second Supplemental Indenture, dated as of March 30, 2010 (Incorporated by reference to Exhibit 10.1 of the Form 6-K filed on April 21, 2010).
- 4.38 Third Supplemental Indenture, dated as of April 7, 2010 (Incorporated by reference to Exhibit 10.2 of the Form 6-K filed on April 21, 2010).
- 4.39 Twenty-Eighth Supplemental Indenture, dated as of March 19, 2010 (Incorporated by reference to Exhibit 10.3 of the Form 6-K filed on April, 2010).
- 4.40 Twenty-Ninth Supplemental Indenture, dated as of April 7, 2010 (Incorporated by reference to Exhibit 10.4 of the Form 6-K filed on April, 2010).
- 4.41 Fourth Supplemental Agreement, dated as of January 8, 2010 (Incorporated by reference to Exhibit 10.2 of the Form 6-K filed on May 18, 2010).
- 4.42 Fifth Supplemental Agreement, dated as of April 28, 2010 (Incorporated by reference to Exhibit 10.1 of the Form 6-K filed on May 18, 2010).
- 4.43 Fourth Supplemental Agreement, dated as of June 7, 2010 (Incorporated by reference to Exhibit 10.1 of the Form 6-K filed on June 17, 2010).
- 4.44 Fifth Supplemental Agreement, dated as of June 7, 2010 (Incorporated by reference to Exhibit 10.2 of the Form 6-K filed on June 17, 2010).
- 4.45 Facility Agreement for \$40.0 million, dated as of August 20, 2010 (Incorporated by reference to Exhibit 10.1 of the Form 6-K filed on September 1, 2010).
- 4.46 Loan Agreement for \$40.0 million with Navios Maritime Acquisition Corporation, dated as of September 7, 2010 (Incorporated by reference to Exhibit 10.1 of the Form 6-K filed on October 14, 2010).

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- 4.47 Letter Amendment, dated as of September 24, 2010 (Incorporated by reference to Exhibit 10.2 of the Form 6-K filed on October 14, 2010).
- 4.48 Facility Agreement of up to \$40.0 million dated as of September 30, 2010 (Incorporated by reference to Exhibit 10.3 of the Form 6-K filed on October 14, 2010).
- 4.49 Amended and Restated Loan Agreement for \$120.0 million (Incorporated by reference to Exhibit 10.1 of the Form 6-K filed on November 15, 2010).
- 4.50 Fifth Supplemental Indenture, dated as of August 10, 2010 (Incorporated by reference to Exhibit 10.1 of the Form 6-K filed on February 1, 2011).
- 4.51 Thirty-First Supplemental Indenture, dated as of August 10, 2010 (Incorporated by reference to Exhibit 10.3 of the Form 6-K filed on February 1, 2011).

- 4.52 Sixth Supplemental Indenture, dated as of January 28, 2011 (Incorporated by reference to Exhibit 10.2 of the Form 6-K filed on February 1, 2011).
- 4.53 Indenture for the 8<sup>1/2</sup> % Senior Notes due 2019, dated as of January 28, 2011 (Incorporated by reference to Exhibit 4.1 of the Form 6-K filed on February 1, 2011).
- 4.54 Thirty-Second Supplemental Indenture, dated as of January 28, 2011 (Incorporated by reference to Exhibit 10.2 of the Form 6-K filed on February 1, 2011).
- 4.55 Supplemental Agreement dated January 28, 2011 relating to the Facility Agreement, dated as of June 24, 2009, for \$240.0 million (Incorporated by reference to Exhibit 10.1 of the Form 6-K filed on February 4, 2011).
- 4.56 Supplemental Agreement dated January 28, 2011 relating to the Facility Agreement, dated as of September 30, 2010, for \$40.0 million (Incorporated by reference to Exhibit 10.2 of the Form 6-K filed on February 4, 2011).
- 4.57 Supplemental Agreement dated January 28, 2011 relating to the Facility Agreement, dated as of December 11, 2007 (as amended), for \$154.0 million (Incorporated by reference to Exhibit 10.3 of the Form 6-K filed on February 4, 2011).
- 4.58 Supplemental Agreement dated January 28, 2011 relating to the Facility Agreement, dated as of August 28, 2009 (as amended), for \$75.0 million (Incorporated by reference to Exhibit 10.4 of the Form 6-K filed on February 4, 2011).
- 4.59 Supplemental Agreement dated January 28, 2011 relating to the Amended and Restated Loan Agreement, dated as of October 27, 2010, in respect of a loan facility of up to \$120.0 million (Incorporated by reference to Exhibit 10.5 of the Form 6-K filed on February 4, 2011).
- 4.60 Supplemental Agreement dated January 28, 2011 relating to the Loan Agreement, dated as of October 23, 2009 (as amended), for a revolving credit facility of up to \$110.0 million (Incorporated by reference to Exhibit 10.6 of the Form 6-K filed on February 4, 2011).
- 4.61 Sixth Supplemental Agreement dated January 28, 2011 relating to the Facility Agreement, dated as of February 1, 2007 (as amended), for a term loan facility of up to \$280.0 million (Incorporated by reference to Exhibit 10.7 of the Form 6-K filed on February 4, 2011).
- 4.62 Supplemental Agreement dated January 28, 2011 relating to the Facility Agreement, dated as of August 20, 2010, for a term loan facility of up to \$40.0 million (Incorporated by reference to Exhibit 10.8 of the Form 6-K filed on February 4, 2011).
- 4.63 Supplemental Agreement dated January 28, 2011 relating to the Facility Agreement, dated as of August 28, 2009 (as amended), for a term loan facility of up to \$66.5 million (Incorporated by reference to Exhibit 10.9 of the Form 6-K filed on February 4, 2011).
- 8.1 List of subsidiaries.\*
- 12.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act.

- 12.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act.
- 13.1 Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act.
- 15.1 Consent of PricewaterhouseCoopers S.A.
- 15.2 Consent of PricewaterhouseCoopers S.A.\*
- 15.3 Financial Statements of Navios Maritime Partners L.P. for the year ended December 31, 2010.\*  
\* Filed previously.

**SIGNATURE**

Navios Maritime Holdings Inc. hereby certifies that it meets all of the requirements for filing its Annual Report on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

Navios Maritime Holdings Inc.

By: /s/ Angeliki Frangou

Name: **Angeliki Frangou**

Title: **Chairman and Chief Executive  
Officer**

**Date: June 20, 2011**

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

	<b>Page</b>
<b>NAVIOS MARITIME HOLDINGS INC.</b>	
<u>REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	F-2
<u>CONSOLIDATED BALANCE SHEETS AT DECEMBER 31, 2010 AND 2009</u>	F-3
<u>CONSOLIDATED STATEMENTS OF INCOME FOR EACH OF THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008</u>	F-5
<u>CONSOLIDATED STATEMENTS OF CASH FLOWS FOR EACH OF THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008</u>	F-6
<u>CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR EACH OF THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008</u>	F-8
<u>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS</u>	F-9
F-1	

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**To the Shareholders and the Board of Directors of  
Navios Maritime Holdings Inc.:**

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, changes in equity and cash flows present fairly, in all material respects, the financial position of Navios Maritime Holdings Inc. and its subsidiaries (the Company) at December 31, 2010 and December 31, 2009 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's annual report on internal control over financial reporting, appearing in Item 15(b) of the Company's 2010 Annual Report on Form 20-F. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included 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. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's 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 the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; 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 financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers S.A.

Athens, Greece

April 6, 2011

**NAVIOS MARITIME HOLDINGS INC.  
CONSOLIDATED BALANCE SHEETS**

(Expressed in thousands of U.S. dollars except share data)

	Notes	December 31, 2010	December 31, 2009
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4, 12	\$ 207,410	\$ 173,933
Restricted cash	2, 11, 12	34,790	107,158
Accounts receivable, net	5	70,388	78,504
Short-term derivative assets	12	1,420	38,382
Due from affiliate companies	16	2,603	1,973
Prepaid expenses and other current assets	6	33,354	27,730
<b>Total current assets</b>		<b>349,965</b>	<b>427,680</b>
Deposit for vessel acquisitions	7	377,524	344,515
Vessels, port terminal and other fixed assets, net	7, 24	2,249,677	1,577,741
Long-term derivative assets	12	149	8,181
Restricted cash	2	18,787	
Deferred financing costs, net	2	37,755	25,685
Deferred dry dock and special survey costs, net		12,007	5,953
Investments in leased assets			18,431
Investments in affiliates	9, 16	18,695	13,042
Investments in available for sale securities	7, 9, 16, 24	99,078	46,314
Other long term assets		10,370	19,153
Intangibles other than goodwill	8	327,703	300,571
Goodwill	3	175,057	147,916
<b>Total non-current assets</b>		<b>3,326,802</b>	<b>2,507,502</b>
<b>Total assets</b>		<b>\$ 3,676,767</b>	<b>\$ 2,935,182</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable		\$ 49,496	\$ 61,990
Dividends payable	2	7,214	6,052
Accrued expenses	10	62,417	48,030
Deferred income and cash received in advance	16	17,682	9,529
Short term derivative liability	12	245	10,675
Capital lease obligations	7	1,252	
Current portion of long term debt	11	63,297	59,804
<b>Total current liabilities</b>		<b>201,603</b>	<b>196,080</b>
Senior and ship mortgage notes, net of discount	11	1,093,787	693,049
Long term debt, net of current portion	11	918,826	869,853



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Capital lease obligations, net of current portion	7	31,009	
Unfavorable lease terms	8	56,875	59,203
Other long term liabilities and deferred income	16	36,020	33,470
Deferred tax liability	2, 22	21,104	22,777
<b>Total non-current liabilities</b>		<b>2,157,621</b>	<b>1,678,352</b>
<b>Total liabilities</b>		<b>2,359,224</b>	<b>1,874,432</b>

**Commitments and contingencies** 14

**Stockholders equity**

Preferred Stock \$0.0001 par value, authorized 1,000,000  
 shares, 8,479 and 8,201 issued and outstanding as of  
 December 31, 2010 and December 31, 2009, respectively

See notes to consolidated financial statements.

F-3

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**NAVIOS MARITIME HOLDINGS INC.  
CONSOLIDATED BALANCE SHEETS**

(Expressed in thousands of U.S. dollars except share data)

	Notes	December 31, 2010	December 31, 2009
Common stock \$0.0001 par value, authorized 250,000,000 shares, issued and outstanding 101,563,766 and 100,874,199, as of December 31, 2010 and 2009, respectively		10	10
Additional paid-in capital		531,265	533,729
Accumulated other comprehensive income		32,624	15,156
Retained earnings		495,684	376,585
<b>Total Navios Holdings stockholders equity</b>		<b>1,059,583</b>	<b>925,480</b>
Noncontrolling interest	23	257,960	135,270
<b>Total stockholders equity</b>		<b>1,317,543</b>	<b>1,060,750</b>
<b>Total liabilities and stockholders equity</b>		<b>\$ 3,676,767</b>	<b>\$ 2,935,182</b>

See notes to consolidated financial statements.

F-4

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**NAVIOS MARITIME HOLDINGS INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**

(Expressed in thousands of U.S. dollars except share and per share data)

	Note	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Revenue	20	\$ 679,918	\$ 598,676	\$ 1,246,062
Time charter, voyage and logistic business expenses		(336,558)	(353,838)	(1,066,239)
Direct vessel expenses		(47,109)	(31,454)	(26,621)
General and administrative expenses		(58,604)	(43,897)	(37,047)
Depreciation and amortization	7, 8	(101,793)	(73,885)	(57,062)
Provision for losses on accounts receivable	5	(4,660)	(2,237)	(2,668)
Interest income from investments in finance leases		877	1,330	2,185
Interest income		3,642	1,699	7,753
Interest expense and finance cost, net	18	(106,022)	(63,618)	(49,128)
Gain on derivatives	12	4,064	375	8,092
Gain on sale of assets/partial sale of subsidiary	19	55,432	20,785	27,817
Gain on change in control	16	17,742		
Other income		9,472	6,749	948
Other expense		(11,303)	(20,508)	(7,386)
<b>Income before equity in net earnings of affiliated companies</b>		<b>\$ 105,098</b>	<b>\$ 40,177</b>	<b>\$ 46,706</b>
Equity in net earnings of affiliated companies	9, 16	40,585	29,222	17,431
<b>Income before taxes</b>		<b>\$ 145,683</b>	<b>\$ 69,399</b>	<b>\$ 64,137</b>
Income tax (expense)/benefit	2, 22	(414)	1,565	56,113
<b>Net income</b>		<b>\$ 145,269</b>	<b>\$ 70,964</b>	<b>\$ 120,250</b>
Less: Net loss/(income) attributable to the noncontrolling interest	23	488	(3,030)	(1,723)
<b>Net income attributable to Navios Holdings common stockholders</b>		<b>\$ 145,757</b>	<b>\$ 67,934</b>	<b>\$ 118,527</b>
<b>Basic earnings per share attributable to Navios Holdings common stockholders</b>		<b>\$ 1.43</b>	<b>\$ 0.68</b>	<b>\$ 1.14</b>
<b>Weighted average number of shares, basic</b>	21	<b>100,518,880</b>	<b>99,924,587</b>	<b>104,343,083</b>
<b>Diluted earnings per share attributable to Navios Holdings common stockholders</b>		<b>\$ 1.24</b>	<b>\$ 0.65</b>	<b>\$ 1.10</b>

<b>Weighted average number of shares, diluted</b>	21	<b>116,182,356</b>	<b>105,194,659</b>	<b>107,344,748</b>
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See notes to consolidated financial statements.

F-5

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**NAVIOS MARITIME HOLDINGS INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in thousands of U.S. dollars)

	Note	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
<b>OPERATING ACTIVITIES:</b>				
Net income		\$ 145,269	\$ 70,964	\$ 120,250
<b>Adjustments to reconcile net income to net cash provided by/(used in) operating activities:</b>				
Depreciation and amortization	7, 8	101,793	73,885	57,062
Amortization and write-off of deferred financing cost		11,752	6,682	2,077
Amortization of deferred dry dock costs		3,306	2,441	1,933
Provision for losses on accounts receivable	5	4,660	2,237	2,668
Unrealized loss/(gain) on FFA derivatives	12	19,903	(1,674)	8,220
Unrealized (gain)/loss on warrants	12	(5,888)	(5,863)	5,282
Unrealized loss on available for sale securities	24		13,778	
Unrealized (gain)/loss on interest rate swaps	12	(1,133)	(1,774)	1,874
Share based compensation and consultancy fees	13	8,095	2,187	2,694
Gains on sale of assets/partial sale of subsidiary	19, 16	(55,432)	(20,785)	(27,817)
Gain on repurchase of convertible bond	11	(3,799)		
Gain on change in control	16	(17,742)		
Income tax expense/(benefit)	2, 22	414	(1,565)	(56,113)
Compensation income			(6,082)	
Earnings in affiliates and joint ventures, net of dividends received	9, 16	(5,844)	(1,355)	(4,517)
<b>Changes in operating assets and liabilities:</b>				
Decrease in restricted cash		3,855	11,078	65,839
Decrease in accounts receivable		3,465	29,082	2,473
Decrease/ (increase) in prepaid expenses and other assets		2,770	(9,465)	16,704
(Increase)/decrease in due from affiliates		(630)	(296)	2,781
Decrease in accounts payable		(11,445)	(10,610)	(42,154)
Increase/(decrease) in accrued expenses		(1,927)	12,306	(10,584)
Decrease in deferred voyage revenue		(2,104)	(5,172)	(19,737)
(Decrease)/increase in other long term liabilities		(15,123)	(11,659)	13,627
Increase/(decrease) in derivative accounts	12	7,612	71,633	(167,297)
Payments for dry dock and special survey costs		(9,337)	(3,522)	(3,653)
<b>Net cash provided by/(used in) operating activities</b>		<b>\$ 182,490</b>	<b>\$ 216,451</b>	<b>\$ (28,388)</b>
<b>INVESTING ACTIVITIES:</b>				
Acquisition of subsidiary, net of cash acquired	3	(98,913)	(369)	(107,569)

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Deposits in escrow in connection with acquisition of subsidiary	3			(2,500)
Proceeds from sale of assets	19	484,082	66,600	70,088
Decrease/(increase) in restricted cash	11	67,659	(90,878)	
Receipts from finance lease		180	567	4,843
Deposits for vessel acquisitions	7	(343,243)	(238,810)	(197,853)
Acquisition of vessels	7	(222,773)	(512,760)	(118,814)
Purchase of property and equipment	7	(16,761)	(26,888)	(100,832)
<b>Net cash used in investing activities</b>		<b>\$ (129,769)</b>	<b>\$ (802,538)</b>	<b>\$ (452,637)</b>

F-6

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**NAVIOS MARITIME HOLDINGS INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in thousands of U.S. dollars)

		<b>Year Ended December 31, 2010</b>	<b>Year Ended December 31, 2009</b>	<b>Year Ended December 31, 2008</b>
	<b>Note</b>			
<b>FINANCING ACTIVITIES:</b>				
Proceeds from long-term loans	11	466,634	621,270	314,827
Proceeds from ship mortgage and senior notes, net of discount	11	400,000	394,412	
Repayment of long term debt and payment of principal	11	(804,397)	(333,952)	(52,563)
Proceeds from warrant exercise		(2,060)		
Debt issuance costs		(23,458)	(18,097)	(2,310)
Decrease/(increase) in restricted cash		17,662	(9,500)	
Dividends/Contributions from noncontrolling shareholders		(470)	563	
Repurchase of preferred stock	17	(49,016)		
Preferred shares issuance costs		(1,819)		
Repurchase of convertible bond	11	(29,100)		
Issuance of common stock	17	415		6,749
Dividends paid		(27,037)	(27,583)	(28,588)
Proceeds from equity offering, net of fees	17	33,402		
Acquisition of treasury stock	17		(717)	(51,033)
<b>Net cash (used in)/provided by financing activities</b>		<b>(19,244)</b>	<b>626,396</b>	<b>187,082</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>33,477</b>	<b>40,309</b>	<b>(293,943)</b>
<b>Cash and cash equivalents, beginning of year</b>		<b>173,933</b>	<b>133,624</b>	<b>427,567</b>
<b>Cash and cash equivalents, end of year</b>		<b>\$ 207,410</b>	<b>\$ 173,933</b>	<b>\$ 133,624</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>				
Cash paid for interest		\$ 94,742	\$ 58,224	\$ 48,570
Cash paid for income taxes		\$ 485	\$ 2,238	\$ 2,553
<b>Non-cash investing and financing activities</b>				
Issuance of convertible debt in connection with the acquisition of vessels see Note 7 and 11		\$	\$ 31,673	\$
Issuance of preferred stock in connection with the acquisition of vessels see Note 7 and 17		\$ 69,301	\$ 40,284	\$

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Equity in net earnings of affiliated companies see Note 9 and 16	\$	40,585	\$	29,222	\$	17,431
Dividends declared but not paid see Note 2	\$	7,214	\$	6,052	\$	9,096
Shares released to the shareholders of Horamar see Note 3	\$	10,869	\$		\$	11,638
For investments in available for sale securities see Note 24	\$	35,297	\$		\$	44,936
Debt assumed in connection with acquisitions of businesses see Note 11	\$	543,438	\$	804	\$	11,665
Capitalized deferred financing costs into vessel cost	\$	590	\$	125	\$	9
Capital lease obligations	\$	34,033	\$		\$	
Consultancy fees	\$	5,619	\$		\$	
Contribution from non controlling shareholders	\$	2,237	\$		\$	

See notes to consolidated financial statements.

F-7



**NAVIOS MARITIME HOLDINGS INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in thousands of U.S. dollars except share data)

	Number of Preferred Shares	Number of Preferred Stock	Number of Common Shares	Additional Common Stock	Paid-in Capital	Accumulated		Total Navios Holdings Equity	Noncontrolling Interest	Total Equity
						Retained Earnings	Other Comprehensive Income/(Loss)			
<b>Balance</b>										
<b>December 31, 2007</b>		\$ 106,412,429	\$ 11	\$ 536,306	\$ 252,826	\$ (19,939)	\$ 769,204	\$	\$ 769,204	
Net income					118,527		118,527	1,723	120,250	
Other comprehensive income/(loss):										
- Unrealized holding losses on investments in-available-for-sale securities						(22,578)	(22,578)		(22,578)	
- Reclassification to earnings						19,939	19,939		19,939	
Total comprehensive income							115,888	1,723	117,611	
Issuance of common stock (Note 17)			1,351,368		6,756		6,756		6,756	
Acquisition of Horamar Noncontrolling interests in subsidiaries of Horamar								96,186	96,186	
Acquisition of treasury shares (Note 17)			(7,534,870)	(1)	(51,032)		(51,033)		(51,033)	
Stock based compensation expenses (Note 17)			259,857		2,689		2,689		2,689	
Dividends declared/paid						(37,684)	(37,684)		(37,684)	
<b>Balance</b>										
<b>December 31, 2008</b>		\$ 100,488,784	\$ 10	\$ 494,719	\$ 333,669	\$ (22,578)	\$ 805,820	\$ 128,959	\$ 934,779	
Net income					67,934		67,934	3,030	70,964	
Other comprehensive										

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income/(loss):									
- Unrealized holding losses on investments in-available-for-sale securities						23,956	23,956		23,956
- Reclassification to earnings						13,778	13,778		13,778
Total comprehensive income							105,668	3,030	108,698
Contribution from noncontrolling shareholders								2,801	2,801
Acquisition of Hidronave S.A.								480	480
Acquisition of treasury shares (Note 17)		(331,900)	(717)				(717)		(717)
Issuance of Preferred Stock (Note 17)	8,701		35,127				35,127		35,127
Conversion of Preferred Stock	(500)	357,142	2,448				2,448		2,448
Stock based compensation expenses (Note 17)		360,173	2,152				2,152		2,152
Dividends declared/paid					(25,018)		(25,018)		(25,018)
<b>Balance</b>									
<b>December 31, 2009</b>	<b>8,201</b>	<b>100,874,199</b>	<b>\$ 10</b>	<b>\$ 533,729</b>	<b>\$ 376,585</b>	<b>\$ 15,156</b>	<b>\$ 925,480</b>	<b>\$ 135,270</b>	<b>\$ 1,060,750</b>
Net income					145,757		145,757	(488)	145,269
Other comprehensive income/(loss):									
- Unrealized holding gains on investments in available-for-sale securities						17,468	17,468		17,468
Total comprehensive income							163,225	(488)	162,737
Consolidation of Navios Acquisition								65,157	65,157
Navios Acquisition consultancy fees								5,619	5,619
Navios Acquisition equity issuance and warrant exercise(net of \$3,364 of				(23,945)			(23,945)	50,530	26,585

program related expenses) including reallocation adjustments									
Navios Acquisition equity consideration for VLCC acquisition (Note 3)								10,744	10,744
Navios Acquisition dividends paid								(1,120)	(1,120)
Navios Logistics release of escrow shares (Note 3)								10,869	10,869
Navios Logistics dividends to noncontrolling shareholders								(470)	(470)
Navios Logistics reallocation of non-controlling interest								(19,501)	(19,501)
Navios Logistics equity issuance								1,350	1,350
Repurchase of preferred stock (including expenses of \$318) (Note 17)	(13,132)		(49,016)				(49,016)		(49,016)
Issuance of Preferred Stock (Note 17)	13,410		67,633				67,633		67,633
Stock-based compensation (Note 17)		689,567	2,864				2,864		2,864
Dividends declared					(26,658)		(26,658)		(26,658)
<b>Balance</b>									
<b>December 31, 2010</b>	<b>8,479</b>	<b>\$ 101,563,766</b>	<b>\$ 10</b>	<b>\$ 531,265</b>	<b>\$ 495,684</b>	<b>\$ 32,624</b>	<b>\$ 1,059,583</b>	<b>\$ 257,960</b>	<b>\$ 1,317,543</b>

See notes to consolidated financial statements.

F-8

**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in thousands of U.S. dollars except share data)

**NOTE 1: DESCRIPTION OF BUSINESS**

On August 25, 2005, pursuant to a Stock Purchase Agreement dated February 28, 2005, as amended, by and among International Shipping Enterprises, Inc. ( ISE ), Navios Maritime Holdings Inc. ( Navios Holdings or the Company ) and all the shareholders of Navios Holdings, ISE acquired Navios Holdings through the purchase of all of the outstanding shares of common stock of Navios Holdings. As a result of this acquisition, Navios Holdings became a wholly owned subsidiary of ISE. In addition, on August 25, 2005, simultaneously with the acquisition of Navios Holdings, ISE effected a reincorporation from the State of Delaware to the Republic of the Marshall Islands through a downstream merger with and into its newly acquired wholly owned subsidiary, whose name was and continues to be Navios Maritime Holdings Inc.

*Navios Logistics*

On January 1, 2008, pursuant to a share purchase agreement, Navios Holdings contributed (i) \$112,200 in cash and (ii) the authorized capital stock of its wholly owned subsidiary Corporacion Navios Sociedad Anonima ( CNSA ) in exchange for the issuance and delivery of 12,765 shares of Navios South American Logistics Inc. ( Navios Logistics ), representing 63.8% (67.2% excluding contingent consideration) of its outstanding stock. Navios Logistics acquired all ownership interests in the Horamar Group ( Horamar ) in exchange for (i) \$112,200 in cash, of which \$5,000 was kept in escrow and payable upon the attainment of certain EBITDA targets during specified periods through December 2008 (the EBITDA Adjustment ) and (ii) the issuance of 7,235 shares of Navios Logistics representing 36.2% (32.8% excluding contingent consideration) of Navios Logistics outstanding stock, of which 1,007 shares were kept in escrow pending attainment of certain EBITDA targets. In November 2008, \$2,500 in cash and 503 shares were released from escrow when Horamar achieved the interim EBITDA target. As a result, Navios Holdings owned 65.5% (excluding 504 shares that remained in escrow as of such November 2008 date) of Navios Logistics.

On March 20, 2009, August 19, 2009, and December 30, 2009, the agreement pursuant to which Navios Logistics acquired CNSA and Horamar was amended to postpone until June 30, 2010 the date for determining whether the EBITDA target was achieved. On June 17, 2010, \$2,500 in cash and the 504 shares remaining in escrow were released from escrow upon the achievement of the EBITDA target threshold. Following the release of the remaining shares that were held in escrow, Navios Holdings currently owns 63.8% of Navios Logistics (see Note 3).

Horamar was a privately held Argentina-based group specializing in the transportation and storage of liquid cargoes and the transportation of drybulk cargoes in South America along the Hidrovia river system. The cash contribution for the acquisition of Horamar was financed entirely by existing cash. Through the acquisition of Horamar, Navios Holdings formed Navios Logistics, an end-to-end logistics business and port terminal business through the combination of its existing port operations in Uruguay with the barge and upriver port businesses that specializes in the transportation and storage of liquid cargoes and the transportation of drybulk cargoes in South America.

Navios Logistics is one of the largest logistics companies in the Hidrovia region of South America, serving the storage and marine transportation needs of its customers through its port terminal, river barge and coastal cabotage operations. Navios Logistics is focused on providing its customers integrated transportation, storage and related services through its port facilities, its large, versatile fleet of dry and liquid cargo barges and its product tankers, to serve the needs of a number of rapidly growing South American industries, including mineral and grain commodity providers as well as users of refined petroleum products.

Navios Logistics is focused on two key transportation markets in South America: the Hidrovia region river system and cabotage trades along the eastern coast of South America. The Hidrovia represents an economically dynamic system of ports, terminals and waterways that flow through five countries (Argentina, Bolivia, Brazil, Paraguay and Uruguay) and facilitate trade in this fertile and resource-rich region while providing access to the Atlantic Ocean and the global export market. The Hidrovia is one of the largest navigable river systems in the world, comparable in length to the Mississippi River in the United States. The Hidrovia river system and seaborne trade up and down the South American coast are efficient means of commodity transportation, given the current shortage of

adequate highway and rail infrastructure.

F-9

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

*Navios Acquisition*

On July 1, 2008, the Company completed the initial public offering, or the IPO, of its subsidiary, Navios Maritime Acquisition Corporation ( Navios Acquisition ) (NYSE: NNA), a blank check company. In the offering, Navios Acquisition sold 25,300,000 units for an aggregate purchase price of \$253,000. Simultaneously with the completion of the IPO, the Company purchased private placement warrants of Navios Acquisition for an aggregate purchase price of \$7,600 ( Private Placement Warrants ). Prior to the IPO, Navios Holdings had purchased 8,625,000 units ( Sponsor Units ) for a total consideration of \$25, of which an aggregate of 290,000 units were transferred to the Company's officers and directors and an aggregate of 2,300,000 Sponsor Units were returned to Navios Acquisition and cancelled upon receipt. Each unit consisted of one share of Navios Acquisition's common stock and one warrant ( Sponsor Warrants, together with the Private Placement Warrants, the Navios Acquisition Warrants ). Navios Acquisition, at the time, was not a controlled subsidiary of the Company but was accounted for under the equity method due to the Company's significant influence over Navios Acquisition.

On April 8, 2010, pursuant to the terms and conditions of the Acquisition Agreement by and between Navios Acquisition and Navios Holdings, Navios Acquisition agreed to acquire 13 vessels (11 product tankers and two chemical tankers) plus options to purchase two additional product tankers, for an aggregate purchase price of \$457,659. Each vessel is commercially and technically managed under a management agreement with a subsidiary of Navios Holdings.

On May 25, 2010, after its special meeting of stockholders, Navios Acquisition announced the approval of (a) the acquisition of 13 vessels (11 product tankers and two chemical tankers) (the Initial Acquisition ) for an aggregate purchase price of \$457,659, of which \$123,359 was to be from existing cash and the \$334,300 balance from debt financing pursuant to the terms and conditions of the Acquisition Agreement by and between Navios Acquisition and Navios Holdings and (b) certain amendments to Navios Acquisition's amended and restated articles of incorporation.

Following the consummation of the transactions described in the Acquisition Agreement, Navios Holdings was released from all debt and equity commitments for the above vessels and Navios Acquisition reimbursed Navios Holdings for equity payments made prior to the stockholders' meeting under the purchase contracts for the vessels, plus all associated payments previously made by Navios Holdings amounting to \$76,485.

Navios Holdings has purchased 6,337,551 shares of Navios Acquisition's common stock for \$63,230 in open market purchases. Moreover, on May 28, 2010, certain shareholders of Navios Acquisition redeemed 10,021,399 shares upon de-SPAC-ing. As of May 28, 2010, following these transactions, Navios Holdings owned 12,372,551 shares, or 57.3%, of the outstanding common stock of Navios Acquisition. At that point, Navios Holdings acquired control over Navios Acquisition, and consequently concluded a business combination had occurred and consolidated the results of Navios Acquisition from that date onwards.

Upon obtaining control of Navios Acquisition, the investment in shares of common stock and the investment in warrants were remeasured to fair value resulting in a gain of \$17,742 recorded in the statements of income under Gain on change in control and a gain of \$5.9 million recorded in the statement of income under Gain on derivatives, respectively. Noncontrolling interest was recognized at fair value, being the number of shares not controlled by the Company at the public share price as of May 28, 2010 of \$6.56, amounting to \$60,556. Goodwill amounting to \$13,143 was recognized representing the residual of Navios Holdings' investment amounting to \$95,232, the recognition of noncontrolling interest of \$60,556 less the fair value of Navios Acquisition's net assets amounting to \$142,645 on May 28, 2010. For the assets and liabilities of Navios Acquisition, at fair value, as of May 28, 2010, see Note 3.

Navios Acquisition is an owner and operator of tanker vessels focusing in the transportation of petroleum products (clean and dirty) and bulk liquid chemicals.

**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

- (a) **Basis of presentation:** The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.
- (b) **Change in accounting policy:** In December 2007, the Financial Accounting Standards Board ( FASB ) issued Statement of Financial Accounting Standards for Noncontrolling Interests in Consolidated Financial Statements, according to which accounting and reporting for noncontrolling interests will be characterized as noncontrolling interests and classified as a component of equity. The Statement also establishes reporting requirements that provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. This Statement applies to all entities that prepare consolidated financial statements, except not-for profit organizations, but affects only those entities that have an outstanding noncontrolling interest in one or more subsidiaries or that consolidate a subsidiary that have an outstanding noncontrolling interest. The guidance was effective for Navios Holdings as of January 1, 2009 and as a result the Company has adopted the presentation of noncontrolling interests in the consolidated balance sheets, consolidated statements of income, consolidated statements of cash flows, consolidated statement of changes in equity and Note 23.
- (c) **Principles of consolidation:** The accompanying consolidated financial statements include the accounts of Navios Holdings and its majority owned subsidiaries. All significant intercompany balances and transactions have been eliminated in the consolidated statements.

The Company also consolidates entities that are determined to be variable interest entities as defined in the accounting guidance, if it determines that it is the primary beneficiary. A variable interest entity is defined as a legal entity where either (a) equity interest holders as a group lack the characteristics of a controlling financial interest, including decision making ability and an interest in the entity's residual risks and rewards, or (b) the equity holders have not provided sufficient equity investment to permit the entity to finance its activities without additional subordinated financial support, or (c) the voting rights of some investors are not proportional to their obligations to absorb the expected losses of the entity, their rights to receive the expected residual returns of the entity, or both and substantially all of the entity's activities either involve or are conducted on behalf of an investor that has disproportionately few voting rights.

**Subsidiaries:** Subsidiaries are those entities in which the Company has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies. The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition. The excess of the cost of acquisition over the fair value of the net assets acquired and liabilities assumed is recorded as goodwill.

**Investments in Affiliates and Joint Ventures:** Affiliates are entities over which the Company generally has between 20% and 50% of the voting rights, or over which the Company has significant influence, but which it does not exercise control. Joint ventures are entities over which neither partner exercises control. Investments in these entities are accounted for by the equity method of accounting. Under this method the Company records an investment in the stock of an affiliate or joint venture at cost, and adjusts the carrying amount for its share of the earnings or losses of the affiliate or joint venture subsequent to the date of investment and reports the recognized earnings or losses in income. Dividends received from an affiliate or joint ventures reduce the carrying amount of the investment. When the Company's share of losses in an affiliate or joint venture equals or exceeds its interest in the affiliate, the Company does not recognize further losses, unless the Company has incurred obligations or made payments on behalf of the affiliate or the joint venture.





**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

**Subsidiaries included in the consolidation:**

Company Name	Nature / Vessel Name	Effective Ownership Interest	Country of Incorporation	Statement of operations					
				2010	2009	2008			
Navios Maritime Holdings Inc.	Holding Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Navios Corporation	Sub-Holding Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Navios International Inc.	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Navimax Corporation	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Navios Handybulk Inc.	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Hestia Shipping Ltd.	Operating Company	100%	Malta	1/1	12/31	1/1	12/31	1/1	12/31
Anemos Maritime Holdings Inc.	Sub-Holding Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Navios ShipManagement Inc.	Management Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
NAV Holdings Limited	Sub-Holding Company	100%	Malta	1/1	12/31	1/1	12/31	1/1	12/31
Kleimar N.V.	Operating Company/Vessel Owing Company	100%	Belgium	1/1	12/31	1/1	12/31	1/1	12/31
Kleimar Ltd.	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Bulkinvest S.A.	Operating Company	100%	Luxembourg	1/1	12/31	1/1	12/31	1/1	12/31
Primavera Shipping Corporation	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	10/15	12/31
Ginger Services Co.	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	12/22	12/31
Aquis Marine Corp.	Sub-Holding Company	100%	Marshall Is.	3/23	12/31				
Navios Tankers Management Inc.	Management Company	100%	Marshall Is.	3/24	12/31				
Navios Maritime Acquisition Corporation	Sub-Holding Company	100%	Marshall Is.					3/14	6/30
Astra Maritime Corporation	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	10/15	12/31
Achilles Shipping Corporation	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Apollon Shipping Corporation	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31

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Herakles Shipping Corporation	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	1/1	12/31
Hios Shipping Corporation	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	1/1	12/31
Ionian Shipping Corporation	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	1/1	12/31
Kypros Shipping Corporation	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	1/1	12/31
Meridian Shipping Enterprises Inc.	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	1/1	12/31
Mercator Shipping Corporation	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	1/1	12/31
Arc Shipping Corporation	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	1/1	12/31
Horizon Shipping Enterprises Corporation	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	1/1	12/31
Magellan Shipping Corporation	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	1/1	12/31
Aegean Shipping Corporation	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	1/1	12/31
Star Maritime Enterprises Corporation	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	1/1	12/31
Aurora Shipping Enterprises Ltd.	Vessel Owning Company	100%	Marshall Is.				1/21	6/30
Corsair Shipping Ltd.	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	6/11	12/31
Rowboat Marine Inc.	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	6/11	12/31
Hyperion Enterprises Inc.	Vessel Owning Company	100%	Marshall Is.	1/1	1/7	1/1	1/1	12/31
Beaufiks Shipping Corporation	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	6/19	12/31
Sagittarius Shipping Corporation	Vessel Owning Company	100%	Marshall Is.			1/1	3/6	12/31
Nostos Shipmanagement Corp.	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	1/1	12/31
Aegean Sea Maritime Holdings Inc.	Sub-Holding Company	100%	Marshall Is.	3/18	5/27			
Amorgos Shipping Corporation	Vessel Owning Company	100%	Marshall Is.	3/18	5/27			
Andros Shipping Corporation <sup>(1)</sup>	Vessel Owning Company	100%	Marshall Is.	3/18	5/27			
Antiparos Shipping Corporation <sup>(1)</sup>	Vessel Owning Company	100%	Marshall Is.	3/18	5/27			

**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

Company Name	Nature / Vessel Name	Effective Ownership Interest	Country of Incorporation	Statement of operations					
				2010	2009		2008		
Ikaria Shipping Corporation <sup>(1)</sup>	Vessel Owning Company	100%	Marshall Is.	3/18	5/27				
Kos Shipping Corporation <sup>(1)</sup>	Vessel Owning Company	100%	Marshall Is.	3/18	5/27				
Mylene Shipping Corporation <sup>(1)</sup>	Vessel Owning Company	100%	Marshall Is.	3/18	5/27				
Skiathos Shipping Corporation <sup>(1)</sup>	Vessel Owning Company	100%	Marshall Is.	3/18	5/27				
Syros Shipping Corporation <sup>(1)</sup>	Vessel Owning Company	100%	Marshall Is.	3/18	5/27				
Skopelos Shipping Corporation	Vessel Owning Company	100%	Cayman Is.	3/18	5/27				
Sifnos Shipping Corporation <sup>(1)</sup>	Vessel Owning Company	100%	Marshall Is.	3/18	5/27				
Ios Shipping Corporation	Vessel Owning Company	100%	Cayman Is.	3/18	5/27				
Thera Shipping Corporation <sup>(1)</sup>	Vessel Owning Company	100%	Marshall Is.	3/18	5/27				
Crete Shipping Corporation <sup>(1)</sup>	Vessel Owning Company	100%	Marshall Is.	3/18	5/27				
Rhodes Shipping Corporation <sup>(1)</sup>	Vessel Owning Company	100%	Marshall Is.	3/18	5/27				
Tinos Shipping Corporation <sup>(1)</sup>	Vessel Owning Company	100%	Marshall Is.	3/18	5/27				
Portorosa Marine Corporation	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Shikhar Ventures S.A	Vessel Owning Company	100%	Liberia	1/1	12/31	1/1	12/31	1/1	12/31
Sizzling Ventures Inc.	Operating Company	100%	Liberia	1/1	12/31	1/1	12/31	1/1	12/31
Rheia Associates Co.	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Taharqa Spirit Corp.	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Rumer Holding Ltd.	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Chilali Corp.	Vessel Owning Company	100%	Marshall Is.	1/1	3/17	1/1	12/31	1/1	12/31
Pharos Navigation S.A.	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Pueblo Holdings Ltd.	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	8/8	12/31
Surf Maritime Co.	Vessel Owning Company	100%	Marshall Is.	1/1	5/19	1/1	12/31	8/8	12/31
	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	7/29	12/31

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Quena Shipmanagement Inc.	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Orbiter Shipping Corp.	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	12/14	12/31		
Aramis Navigation (2)	Vessel Owning Company	100%	Panama	1/1	12/31	1/1	12/31	1/1	12/31
White Narcissus Marine S.A.	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Navios G.P. L.L.C.	Vessel Owning Company	100%	Marshall Is.	1/1	11/14	6/11-12/31			
Pandora Marine Inc.	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	6/11	12/31		
Floral Marine Ltd.	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	6/11-12/31			
Red Rose Shipping Corp.	Vessel Owning Company	100%	Liberia	1/1	11/14	6/22-12/31			
Customized Development S.A.	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	7/14	12/31		
Highbird Management Inc.	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	6/22-12/31			
Ducale Marine Inc.	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	7/14	12/31		
Kohylia Shipmanagement S.A.	Vessel Owning Company	100%	Marshall Is.	2/16	12/31				
Vector Shipping Corporation	Vessel Owning Company	100%	Liberia	5/19	12/31				
Faith Marine Ltd. (2)	Operating Company	100%	Delaware	1/1	12/31	10/20-12/31			
Navios Maritime Finance (US) Inc.									

F-13

**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

Company Name	Nature / Vessel Name	Effective Ownership Interest	Country of Incorporation	Statement of operations		
				2010	2009	2008
<b>Navios Maritime Acquisition Corporation and Subsidiaries:</b>						
Navios Maritime Acquisition Corporation	Sub-Holding Company	53.7%	Marshall Is.	5/28	12/31	
Aegean Sea Maritime Holdings Inc.	Sub-Holding Company	53.7%	Marshall Is.	5/28	12/31	
Amorgos Shipping Corporation	Vessel Owning Company	53.7%	Marshall Is.	5/28	12/31	
Andros Shipping Corporation <sup>(1)</sup>	Vessel Owning Company	53.7%	Marshall Is.	5/28	12/31	
Antiparos Shipping Corporation <sup>(1)</sup>	Vessel Owning Company	53.7%	Marshall Is.	5/28	12/31	
Ikaria Shipping Corporation <sup>(1)</sup>	Vessel Owning Company	53.7%	Marshall Is.	5/28	12/31	
Kos Shipping Corporation <sup>(1)</sup>	Vessel Owning Company	53.7%	Marshall Is.	5/28	12/31	
Mytlene Shipping Corporation <sup>(1)</sup>	Vessel Owning Company	53.7%	Marshall Is.	5/28	12/31	
Skiathos Shipping Corporation <sup>(1)</sup>	Vessel Owning Company	53.7%	Marshall Is.	5/28	12/31	
Syros Shipping Corporation <sup>(1)</sup>	Vessel Owning Company	53.7%	Marshall Is.	5/28	12/31	
Skopelos Shipping Corporation	Vessel Owning Company	53.7%	Cayman Is.	5/28	12/31	
Sifnos Shipping Corporation <sup>(1)</sup>	Vessel Owning Company	53.7%	Marshall Is.	5/28	12/31	
Ios Shipping Corporation	Vessel Owning Company	53.7%	Cayman Is.	5/28	12/31	
Thera Shipping Corporation <sup>(1)</sup>	Vessel Owning Company	53.7%	Marshall Is.	5/28	12/31	
Shinyo Dream Limited	Vessel Owning Company	53.7%	Hong Kong	9/10	12/31	
Shinyo Kannika Limited	Vessel Owning Company	53.7%	Hong Kong	9/10	12/31	
Shinyo Kieran Limited <sup>(1)</sup>	Vessel Owning Company	53.7%	British Virgin Is.	9/10	12/31	
Shinyo Loyalty Limited	Vessel Owning Company	53.7%	Hong Kong	9/10	12/31	
Shinyo Navigator Limited	Vessel Owning Company	53.7%	Hong Kong	9/10	12/31	
Shinyo Ocean Limited	Vessel Owning Company	53.7%	Hong Kong	9/10	12/31	
Shinyo Saowalak Limited		53.7%		9/10	12/31	

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	Vessel Owning Company		British Virgin Is.		
Crete Shipping Corporation (1)	Vessel Owning Company	53.7%	Marshall Is.	5/28	12/31
Rhodes Shipping Corporation (1)	Vessel Owning Company	53.7%	Marshall Is.	5/28	12/31
Tinos Shipping Corporation (1)	Vessel Owning Company	53.7%	Marshall Is.	5/28	12/31
Folegandros Shipping Corporation (1)	Vessel Owning Company	53.7%	Marshall Is.	10/26	12/31
Navios Acquisition Finance (US) Inc	Operating Company	53.7%	Delaware	10/05	12/31
Serifos Shipping Corporation (1)	Vessel Owning Company	53.7%	Marshall Is.	10/26	12/31

F-14

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

Company Name	Nature / Vessel Name	Effective Ownership Interest	Country of Incorporation	Statement of operations				
				2010	2009		2008	
<b>Navios South American Logistics and Subsidiaries:</b>								
Navios South American Logistics Inc.	Sub-Holding Company	63.8%	Marshall Is.	1/1 12/31	1/1	12/31	1/1	12/31
Corporacion Navios S.A.	Operating Company	63.8%	Uruguay	1/1 12/31	1/1	12/31	1/1	12/31
Nauticler S.A.	Sub-Holding Company	63.8%	Uruguay	1/1 12/31	1/1	12/31	1/1	12/31
Compania Naviera Horamar S.A.	Vessel Operating Company/Management Company	63.8%	Argentina	1/1 12/31	1/1	12/31	1/1	12/31
Compania de Transporte Fluvial Int S.A.	Sub-Holding Company	63.8%	Uruguay	1/1 12/31	1/1	12/31	1/1	12/31
Ponte Rio S.A.	Operating Company	63.8%	Uruguay	1/1 12/31	1/1	12/31	1/1	12/31
Thalassa Energy S.A.	Barge Owning Company	39.9%	Argentina	1/1 12/31	1/1	12/31	1/1	12/31
HS Tankers Inc.	Vessel Owning Company	32.5%	Panama	1/1 12/31	1/1	12/31	1/1	12/31
HS Navegation Inc.	Vessel Owning Company	32.5%	Panama	1/1 12/31	1/1	12/31	1/1	12/31
HS Shipping Ltd Inc.	Vessel Owning Company	39.9%	Panama	1/1 12/31	1/1	12/31	1/1	12/31
HS South Inc.	Vessel Owning Company	39.9%	Panama	1/1 12/31	1/1	12/31	1/1	12/31
Mercopar Internacional S.A. <sup>(3)</sup>	Sub-Holding Company	63.8%	Uruguay		1/1	12/9	1/1	12/31
Nagusa Internacional S.A. <sup>(3)</sup>	Sub-Holding Company	63.8%	Uruguay		1/1	12/9	1/1	12/31
Hidrovia OSR Internacional S.A. <sup>(3)</sup>	Sub-Holding Company	63.8%	Uruguay		1/1	12/9	1/1	12/31
Petrovia Internacional S.A.	Land-Owning Company	63.8%	Uruguay	1/1 12/31	1/1	12/31	1/1	12/31
Mercopar S.A.	Operating/Barge Owning Company	63.8%	Paraguay	1/1 12/31	1/1	12/31	1/1	12/31
Navegacion Guarani S.A.	Operating Barge and Pushboat Owning Company	63.8%	Paraguay	1/1 12/31	1/1	12/31	1/1	12/31
Hidrovia OSR S.A.	Oil Spill Response & Salvage Services/Vessel Owning Company	63.8%	Paraguay	1/1 12/31	1/1	12/31	1/1	12/31

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Petrovia S.A. <sup>(4)</sup>	Shipping Company	63.8%	Paraguay		1/1	1/20	1/1	12/31
Mercofluvial S.A.	Operating Barge and Pushboat Owning Company	63.8%	Paraguay	1/1 12/31	1/1	12/31	1/1	12/31
Petrolera San Antonio S.A. (PETROSAN)	Port Facility Operating Company	63.8%	Paraguay	1/1 12/31	1/1	12/31	1/1	12/31
Flota Mercante Paraguaya S.A. <sup>(4)</sup>	Shipping Company	63.8%	Paraguay		1/1	2/13	1/1	12/31
Compania de Transporte Fluvial S.A. <sup>(4)</sup>	Shipping Company	63.8%	Paraguay		1/1	2/13	1/1	12/31
Hidrogas S.A. <sup>(4)</sup>	Shipping Company	63.8%	Paraguay		1/1	1/20	1/1	12/31
Stability Oceanways S.A.	Operating Barge and Pushboat Owning Company	63.8%	Panama	1/1 12/31	1/1	12/31	4/16	12/31
Hidronave S.A.	Pushboat Owning Company	32.5%	Brazil	1/1 12/31	1/11	12/31		
Navarra Shipping Corporation	Operating Company	63.8%	Marshall Is.	4/1 12/31				
Pelayo Shipping Corporation	Operating Company	63.8%	Marshall Is.	4/1 12/31				

(1) Each company has the rights over a shipbuilding contract of a tanker vessel. (Note 7)

(2) Each company has the rights over a shipbuilding contract of a dry cargo vessel. (Note 7)

(3) These companies were sold on December 10, 2009 to independent third parties.

(4) During 2009, these companies were merged into other Paraguayan shipping companies within the Navios Logistics group.



**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

**Affiliates included in the financial statements accounted for under the equity method:**

Company Name	Nature / Vessel Name	Ownership Interest	Country of Incorporation	Statement of operations				
				2010	2009	2008		
Navios Maritime Partners L.P. (*)	Sub-Holding Company	18.76%	Marshall Is.	1/1	12/31	1/1	12/31	1/1 12/31
Navios Maritime Operating L.L.C. (*)	Operating Company	18.76%	Marshall Is.	1/1	12/31	1/1	12/31	1/1 12/31
Libra Shipping Enterprises Corporation (*)	Vessel Owning Company	18.76%	Marshall Is.	1/1	12/31	1/1	12/31	1/1 12/31
Alegria Shipping Corporation (*)	Vessel Owning Company	18.76%	Marshall Is.	1/1	12/31	1/1	12/31	1/1 12/31
Felicity Shipping Corporation (*)	Vessel Owning Company	18.76%	Marshall Is.	1/1	12/31	1/1	12/31	1/1 12/31
Gemini Shipping Corporation (*)	Vessel Owning Company	18.76%	Marshall Is.	1/1	12/31	1/1	12/31	1/1 12/31
Galaxy Shipping Corporation (*)	Vessel Owning Company	18.76%	Marshall Is.	1/1	12/31	1/1	12/31	1/1 12/31
Prosperity Shipping Corporation (*)	Vessel Owning Company	18.76%	Marshall Is.	1/1	12/31	1/1	12/31	1/1 12/31
Fantastiks Shipping Corporation (*)	Vessel Owning Company	18.76%	Marshall Is.	1/1	12/31	1/1	12/31	1/1 12/31
Aldebaran Shipping Corporation (*)	Vessel Owning Company	18.76%	Marshall Is.	1/1	12/31	1/1	12/31	1/1 12/31
Aurora Shipping Enterprises Ltd. (*)	Vessel Owning Company	18.76%	Marshall Is.	1/1	12/31	1/1	12/31	7/1 12/31
Sagittarius Shipping Corporation (*)	Vessel Owning Company	18.76%	Marshall Is.	1/1	12/31	6/10	12/31	
Palermo Shipping S.A. (*)	Vessel Owning Company	18.76%	Marshall Is.	1/1	12/31	10/29	12/31	
Customized Development S.A. (*)	Vessel Owning Company	18.76%	Liberia	11/15	12/31			
Pandora Marine Inc. (*)	Vessel Owning Company	18.76%	Marshall Is.	11/15	12/31			
Hyperion Enterprises Inc. (*)	Vessel Owning Company	18.76%	Marshall Is.	1/8	12/31			
Chilali Corp. (*)	Vessel Owning Company	18.76%	Marshall Is.	03/18	12/31			
JTC Shipping Trading Ltd. (*)	Operating Company	18.76%	Malta	3/18	12/31			
Surf Maritime Co. (*)	Vessel Owning Company	18.76%	Marshall Is.	5/20	12/31			
Acropolis Chartering & Shipping Inc.	Brokerage Company	50%	Liberia	1/1	12/31	1/1	12/31	1/1 12/31
Navios Maritime Acquisition Corporation	Sub-Holding Company	19%	Marshall Is.	1/1	5/27	1/1	12/31	7/1 12/31

(\*) Percentage does not include the ownership of 3,131,415, 1,174,219 and 788,370 common units received in relation to the sale of the Navios Hope, the Navios Aurora II and both the Navios Fulvia and the Navios Melodia, respectively, to Navios Maritime Partners L.P. ( Navios Partners ) since these are considered available-for-sale securities.

F-16

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**NAVIOS MARITIME HOLDINGS INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

- (d) **Use of estimates:** The preparation of consolidated financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. On an on-going basis, management evaluates the estimates and judgments, including those related to uncompleted voyages, future drydock dates, the carrying value of investments in affiliates, the selection of useful lives for tangible assets, expected future cash flows from long-lived assets to support impairment tests, provisions necessary for accounts receivables, provisions for legal disputes, pension benefits, and contingencies. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates under different assumptions and/or conditions.
- (e) **Cash and cash equivalents:** Cash and cash equivalents consist of cash on hand, deposits held on call with banks, and other short-term liquid investments with original maturities of three months or less.
- (f) **Restricted cash:** Restricted cash consists of the restricted portion of derivative base and margin collaterals with NOS ASA, a Norwegian clearing house, and cash retention accounts which are restricted for use as general working capital unless such balances exceed installment and interest payments due to vessels lenders. A portion of the amounts on deposit with NOS ASA and LCH are held as base and margin collaterals on active trades. As of December 31, 2010 and 2009, the restricted balance with NOS ASA was \$250 and \$471, respectively, and with LCH was \$0 and \$1,104, respectively.

Also included in restricted cash as of December 31, 2010 and 2009 are amounts held as security in the form of letters of guarantee or letters of credit totaling \$1,098 and \$2,167, respectively. In addition, at each of December 31, 2010 and 2009 restricted cash includes \$18,430 and \$103,416 (out of which \$90,878 was kept in a pledged account and during 2010 was released to the Company subject to nomination of substitute vessels agreed by the bank), respectively. As of December 2010, the amount of \$18,430 relates to amounts held in retention account in order to service debt and interest payments, as required by certain of Navios Holdings credit facilities.

Restricted cash consists also of cash reserves totalling \$33,261 as of December 31, 2010 relating to Navios Acquisition, held to pay future installments for vessel deposits in accordance with Navios Acquisition's new build program. In addition, restricted cash also includes an amount of \$538 held in retention account in order to service debt and interest payments, as required by certain of Navios Acquisition's credit facilities as of December 31, 2010.

- (g) **Insurance claims:** Insurance claims at each balance sheet date consist of claims submitted and/or claims in the process of compilation or submission (claims pending). They are recorded on the accrual basis and represent the claimable expenses, net of applicable deductibles, incurred through December 31 of each reported period, which are probable to be recovered from insurance companies. Any remaining costs to complete the claims are included in accrued liabilities. The classification of insurance claims into current and non-current assets is based on management's expectations as to their collection dates.
- (h) **Inventories:** Inventories, which are comprised of lubricants and stock provisions on board the owned vessels, are valued at the lower of cost or market value as determined on the first-in first-out basis.

- (i) **Vessel, Port Terminal. Tanker Vessels, Barges, Push boats and Other Fixed Assets, net:** Vessels, port terminal, tanker vessels, barges, push boats and other fixed assets acquired as parts of business combination would be recorded at fair value on the date of acquisition. Vessels acquired as asset acquisitions would be stated at historical cost, which consists of the contract price and any material expenses incurred upon acquisition (improvements and delivery expenses). Subsequent expenditures for major improvements and upgrading are capitalized, provided they appreciably extend the life, increase the earnings capacity or improve the efficiency or safety of the vessels. The cost and related accumulated depreciation of assets retired or sold are removed from the accounts at the time of sale or retirement and any gain or loss is included in the accompanying consolidated statements of income.

Expenditures for routine maintenance and repairs are expensed as incurred.

Depreciation is computed using the straight line method over the useful life of the vessels, after considering the estimated residual value.

Annual depreciation rates used, which approximate the useful life of the assets are:

F-17

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

Vessels	25 years
Port facilities and transfer station	3 to 40 years
Tanker vessels, barges and push boats	15 to 44 years
Furniture, fixtures and equipment	3 to 10 years
Computer equipment and software	5 years
Leasehold improvements	shorter of lease term or 6 years

Management estimates the residual values of the Company's vessels based on a scrap value of \$285 per lightweight ton, as the Company believes this level is common in the shipping industry. Management estimates the useful life of its vessels to be 25 years from the vessel's original construction. However, when regulations place limitations over the ability of a vessel to trade on a worldwide basis, its useful life is re-estimated to end at the date such regulations become effective. An increase in the useful life of a vessel or in its residual value would have the effect of decreasing the annual depreciation charge and extending it into later periods. A decrease in the useful life of a vessel or in its residual value would have the effect of increasing the annual depreciation charge.

- (j) **Deposits for vessels acquisitions:** This represents amounts paid by the Company in accordance with the terms of the purchase agreements for the construction of vessels and other long-lived fixed assets. Interest costs incurred during the construction (until the asset is substantially complete and ready for its intended use) are capitalized. Capitalized interest for the year ended December 31, 2010 amounted to \$11,295 (\$11,854 and \$4,070 for the years ended December 31, 2009 and 2008, respectively).
- (k) **Assets Held for Sale:** It is the Company's policy to dispose of vessels and other fixed assets when suitable opportunities occur and not necessarily to keep them until the end of their useful life. The Company classifies assets and disposal groups as being held for sale in accordance with accounting for the impairment or the disposal of long-lived assets, when the following criteria are met: management has committed to a plan to sell the asset (disposal group); the asset (disposal group) is available for immediate sale in its present condition; an active program to locate a buyer and other actions required to complete the plan to sell the asset (disposal group) have been initiated; the sale of the asset (disposal group) is probable, and transfer of the asset (disposal group) is expected to qualify for recognition as a completed sale within one year; the asset (disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and 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 or disposal groups classified as held for sale are measured at the lower of their carrying amount or fair value less cost to sell. These assets are not depreciated once they meet the criteria to be held for sale. No assets were classified as held for sale in any of the periods presented.
- (l) **Impairment of Long Lived Assets:** Vessels, other fixed assets, other long lived assets and certain identifiable intangibles held and used by Navios Holdings are reviewed periodically for potential impairment whenever events or changes in circumstances indicate that the carrying amount of a particular asset may not be fully recoverable. In accordance with accounting for long-lived assets, management determines projected undiscounted cash flows for each asset and compares it to its carrying amount. In the event that projected undiscounted cash flows for an asset is less than its carrying amount, then management reviews fair values and compares them to the asset's carrying amount. In the event that impairment occurs, an impairment charge is recognized by comparing the asset's carrying amount to its fair value. For the purposes of assessing impairment, long lived-assets are grouped at the lowest levels for which there are separately identifiable cash flows.

For the year ended December 31, 2010, the management of Navios Holdings after considering various indicators, including but not limited to the market price of its long-lived assets, its contracted revenues and cash flows and the economic outlook, concluded that no impairment loss should be recognized on the long-lived assets of Navios Holdings.

Although management believes the underlying indicators supporting this assessment are reasonable, if charter rate trends and the length of the current market downturn continue, management may be required to perform impairment analysis in the future that could expose Navios Holdings to material impairment charges in the future.

No impairment loss was recognized for any of the periods presented.

F-18

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**NAVIOS MARITIME HOLDINGS INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

**(m) *Deferred Drydock and Special Survey Costs:*** The Company's vessels, barges and push boats are subject to regularly scheduled drydocking and special surveys which are carried out every 30 and 60 months, respectively for vessels, every 60 months for oceangoing vessels and every 84 months for pushboats and barges, to coincide with the renewal of the related certificates issued by the Classification Societies, unless a further extension is obtained in rare cases and under certain conditions. The costs of drydocking and special surveys is deferred and amortized over the above periods or to the next drydocking or special survey date if such has been determined. Unamortized drydocking or special survey costs of vessels, barges and push boats sold are written off to income in the year the vessel, barge or push boat is sold.

This cost is determined by reference to the estimated economic benefits to be derived until the next drydocking or special survey. For each of the years ended December 31, 2010, 2009 and 2008, the amortization was \$3,306, \$2,441, and \$1,933, respectively.

**(n) *Asset Retirement Obligation:*** The Company recorded a legal obligation associated with the retirement of a tangible long lived asset in the period in which it is incurred. At December 31, 2010 and 2009, the asset balance was \$19 and \$20 for each period, respectively. At December 31, 2010 and 2009, the liability balance associated with the lease of port terminal was \$42 and \$39, respectively.

**(o) *Deferred Financing Costs:*** Deferred financing costs include fees, commissions and legal expenses associated with obtaining loan facilities. These costs are amortized over the life of the related debt using the effective interest rate method, and are included in interest expense. Amortization and write offs for each of the years ended December 31, 2010, 2009 and 2008 were \$11,752, \$6,682 and \$2,077, respectively.

**(p) *Goodwill and Other Intangibles***

**(i) *Goodwill:*** As required by the accounting guidance, goodwill acquired in a business combination initiated after June 30, 2001 is not to be amortized. Goodwill is tested for impairment at the reporting unit level at least annually and written down with a charge to operations if its carrying amount exceeds the estimated implied fair value.

The Company will evaluate impairment of goodwill using a two-step process. First, the aggregate fair value of the reporting unit is compared to its carrying amount, including goodwill. The Company determines the fair value of the reporting unit based on a combination of discounted cash flow analysis and an industry market multiple.

If the fair value of a reporting unit exceeds the carrying amount, no impairment exists. If the carrying amount of the reporting unit exceeds the fair value, then the Company must perform the second step to determine the implied fair value of the reporting unit's goodwill and compare it with its carrying amount. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit to all the assets and liabilities of that reporting unit, as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price. If the carrying amount of the goodwill exceeds the implied fair value, then goodwill impairment is recognized by writing the goodwill down to its implied fair value.

No impairment loss was recognized for any of the periods presented.

**(ii) Intangibles other than goodwill:** Navios Holdings' intangible assets and liabilities consist of favorable lease terms, unfavorable lease terms, customer relationships, trade name, port terminal operating rights, backlog assets and liabilities. The fair value of the trade name was determined based on the relief from royalty method which values the trade name based on the estimated amount that a company would have to pay in an arms length transaction to use that trade name. The asset is being amortized under the straight line method over 32 years.

The fair value of customer relationships was determined based on the excess earnings method, which relies upon the future cash flow generating ability of the asset. The asset is amortized under the straight line method over 20 years.

Other intangibles that are being amortized, such as the amortizable portion of favorable leases, port terminal operating rights, and backlog assets and liabilities, would be considered impaired if their carrying value could not be recovered from the future undiscounted cash flows associated with the asset. Vessel purchase options, which are included in favorable lease terms, are not amortized and would be considered impaired if the carrying value of an option, when added to the option price of the vessel, exceeded the fair value of the vessel.

F-19

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**NAVIOS MARITIME HOLDINGS INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

When intangible assets or liabilities associated with the acquisition of a vessel are identified, they are recorded at fair value. Fair value is determined by reference to market data and the discounted amount of expected future cash flows. Where charter rates are higher than market charter rates, an asset is recorded, being the difference between the acquired charter rate and the market charter rate for an equivalent vessel. Where charter rates are less than market charter rates, a liability is recorded, being the difference between the assumed charter rate and the market charter rate for an equivalent vessel. The determination of the fair value of acquired assets and assumed liabilities requires us to make significant assumptions and estimates of many variables including market charter rates, expected future charter rates, the level of utilization of our vessels and our weighted average cost of capital. The use of different assumptions could result in a material change in the fair value of these items, which could have a material impact on our financial position and results of operations.

The amortizable value of favorable and unfavorable leases is amortized over the remaining life of the lease term and the amortization expense is included in the statement of income in the Depreciation and Amortization line item.

The amortizable value of favorable leases would be considered impaired if its fair market value could not be recovered from the future undiscounted cash flows associated with the asset. Vessel purchase options that have not been exercised, which are included in favorable lease terms, are not amortized and would be considered impaired if the carrying value of an option, when added to the option price of the vessel, exceeded the fair value of the vessel. As of December 31, 2010 there was no impairment of intangible assets.

Vessel purchase options, which are included in favourable leases, are not amortized and when the purchase option is exercised the asset will be capitalized as part of the cost of the vessel and will be depreciated over the remaining useful life of the vessel. Vessel purchase options which are included in unfavourable lease terms, are not amortized and when the purchase option is exercised by the charterer and the underlying vessel is sold, it will be recorded as part of gain/loss on sale of the assets. If the option is not exercised at the expiration date it will be written-off to the statements of income.

The weighted average amortization periods for intangibles are:

<b>Intangible assets/liabilities</b>	<b>Years</b>
Trade name	21.0
Favorable lease terms (*)	6.6
Unfavorable lease terms (**)	4.7
Port terminal operating rights	30.0
Customer relationships	20.0
Backlog asset port terminal	3.6

(\*) The intangible asset associated with the favorable lease terms includes an amount of \$53,668 related to purchase options for the vessels. This amount is not amortized and should the purchase options be exercised, any unamortized portion of this asset will be capitalized as part of the cost of the vessel and will be depreciated over the remaining useful life of the vessel (Note 8) and if not exercised, the intangible will be written off. As of December 31, 2010, and 2009, \$16,545 and \$16,545, respectively, had been transferred to the acquisition cost of vessels and as of December 31, 2009 the amount of \$2,885, had been written off due to the sale of Navios Sagittarius to Navios Partners on June 10, 2009.

(\*\*) The intangible liability associated with the unfavorable lease terms includes an amount of \$15,890 related to purchase options held by third parties. This amount is not amortized and if exercised by the third party the liability will be included in the calculation of the gain or loss of the related vessel and if not exercised, the intangible will be written off. As of December 31, 2010 and 2009, no purchase options held by third parties have been exercised.



**NAVIOS MARITIME HOLDINGS INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

- (q) **Foreign Currency Translation:** The Company's functional and reporting currency is the U.S. dollar. The Company engages in worldwide commerce with a variety of entities. Although, its operations may expose it to certain levels of foreign currency risk, its transactions are predominantly U.S. dollar denominated. Additionally, the Company's subsidiaries in Uruguay, Argentina, Brazil and Paraguay transact a nominal amount of their operations in Uruguayan pesos, Argentinean pesos, Reales and Guaranies whereas the Company's wholly-owned vessel subsidiaries and the vessel management subsidiary transact a nominal amount of their operations in Euros; however, all of the subsidiaries' primary cash flows are U.S. dollar denominated. Transactions in currencies other than the functional currency are translated at the exchange rate in effect at the date of each transaction. Differences in exchange rates during the period between the date a transaction denominated in a foreign currency is consummated and the date on which it is either settled or translated, are recognized in the statement of income. The foreign currency exchange (losses)/gains recognized in the consolidated statement of income for each of the years ended December 31, 2010, 2009 and 2008, were \$(20), \$181 and \$(11), respectively.
- (r) **Provisions:** The Company, in the ordinary course of business, is subject to various claims, suits and complaints. Management, in consultation with internal and external advisers, will provide for a contingent loss in the financial statements if the contingency had been incurred at the date of the financial statements and the likelihood of loss was probable and the amount can be reasonably estimated. If the Company has determined that the reasonable estimate of the loss is a range and there is no best estimate within the range, the Company will provide the lower amount of the range. See Note 14, Commitments and Contingencies for further discussion.

The Company participates in Protection and Indemnity (P&I) insurance plans provided by mutual insurance associations known as P&I clubs. Under the terms of these plans, participants may be required to pay additional premiums (supplementary calls) to fund operating deficits incurred by the clubs (back calls). Obligations for back calls are accrued annually based on information provided by the clubs.

Provisions for estimated losses on uncompleted voyages and vessels time chartered to others are provided for in the period in which such losses are determined. At December 31, 2010, the balance for provision for loss making voyages in progress was \$21 (2009: \$2,048).

- (s) **Segment Reporting:** Operating segments, as defined, are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Based on the Company's methods of internal reporting and management structure, the Company has three reportable segments: Drybulk Vessel Operations, Tanker Vessel Operations and Logistics Business. The Drybulk Vessel Operations business consists of transportation and handling of bulk cargoes through ownership, operation, and trading of vessels, freight, and FFAs. Following the acquisition of Horamar and the formation of Navios Logistics, the Company has renamed its Port Terminal Segment to Logistics Business Segment, to include the activities of Horamar which provides similar products and services in the region that Navios' existing port facility currently operates. Following also the formation of Navios Acquisition, the Company included an additional reportable segment, the Tanker Vessel Operations business, which consists of transportation and handling of liquid cargoes through ownership, operation, and trading of tanker vessels.
- (t) **Revenue and Expense Recognition:**

**Revenue Recognition:** Revenue is recorded when services are rendered, the Company has a signed charter agreement or other evidence of an arrangement, the price is fixed or determinable, and collection is reasonably

assured. The Company generates revenue from the following sources, (1) transportation of cargo, (2) time charter of vessels and (3) port terminal operations.

Voyage revenues for the transportation of cargo are recognized ratably over the estimated relative transit time of each voyage. 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 current cargo. Estimated losses on voyages are provided for in full at the time such losses become evident. Under a voyage charter, the Company agrees to provide a vessel for the transportation of specific goods between specific ports in return for payment of an agreed upon freight rate per ton of cargo.

Profit-sharing revenues are calculated at an agreed percentage of the excess of the charterer's average daily income (calculated on a quarterly or half-yearly basis) over an agreed amount and accounted for on an accrual basis based on provisional amounts and for those contracts that provisional accruals cannot be made due to the nature of the profit share elements, these are accounted for on the actual cash settlement.

F-21

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

Revenues from time chartering of vessels are accounted for as operating leases and are thus recognized on a straight line basis as the average revenue over the rental periods of such charter agreements, as service is performed, except for loss generating time charters, in which case the loss is recognized in the period when such loss is determined. A time charter involves placing a vessel at the charterers disposal for a period of time during which the charterer uses the vessel in return for the payment of a specified daily hire rate. Short period charters for less than three months are referred to as spot-charters. Charters extending three months to a year are generally referred to as medium term charters. All other charters are considered long term. Under time charters, operating cost such as for crews, maintenance and insurance are typically paid by the owner of the vessel.

Revenues from port terminal operations consist of an agreed flat fee per ton and cover the services performed to unload barges (or trucks), transfer the product into the silos for temporary storage and then loading the ocean-going vessels. Revenues are recognized upon completion of loading the ocean-going vessels. Additionally, fees are charged for vessel dockage and for storage time in excess of contractually specified terms. Dockage revenues are recognized ratably up to completion of loading. Storage fees are assessed and recognized when the product remains in the silo storage beyond the contractually agreed time allowed. Storage fee revenue is recognized ratably over the storage period and ends when the product is loaded onto the ocean-going vessel.

**Forward Freight Agreements (FFAs):** Realized gains or losses from FFAs are recognized monthly concurrent with cash settlements. In addition, the FFAs are marked to market quarterly to determine the fair values which generate unrealized gains or losses. Trading of FFAs could lead to material fluctuations in the Company's reported results from operations on a period to period basis. See Note 12.

**Deferred Voyage Revenue:** Deferred voyage revenue primarily relates to cash received from charterers prior to it being earned. These amounts are recognized as revenue over the voyage or charter period.

**Time Charter, Voyage and Port Terminal Expense:** Time charter and voyage expenses comprise all expenses related to each particular voyage, including time charter hire paid and voyage freight paid, bunkers, port charges, canal tolls, cargo handling, agency fees and brokerage commissions. Also included in time charter and voyage expenses are charterers liability insurances, provision for losses on time charters and voyages in progress at year-end, direct port terminal expenses and other miscellaneous expenses.

**Direct Vessel Expense:** Direct vessel expenses consist of all expenses relating to the operation of vessels, including crewing, repairs and maintenance, insurance, stores and lubricants and miscellaneous expenses such as communications and amortization of drydocking and special survey costs.

**Prepaid Voyage Costs:** Prepaid voyage costs relate to cash paid in advance for expenses associated with voyages. These amounts are recognized as expense over the voyage or charter period.

**(u) Employee benefits:**

**Pension and retirement obligations-crew:** The Company's ship-owning subsidiary companies employ the crew on board under short-term contracts (usually up to nine months) and, accordingly, they are not liable for any pension or post-retirement benefits.

**Provision for employees severance and retirement compensation:** The employees in the Company's office in Greece are protected by Greek labor law. Accordingly, compensation is payable to such employees upon dismissal or retirement. The amount of compensation is based on the number of years of service and the amount

of remuneration at the date of dismissal or retirement. If the employees remain in the employment of the Company until normal retirement age, they are entitled to retirement compensation which is equal to 40% of the compensation amount that would be payable if they were dismissed at that time. The number of employees that will remain with the Company until retirement age is not known. The Company is required to annually value the statutory terminations indemnities liability. Management obtains a valuation from independent actuaries to assist in the calculation of the benefits. The Company provides, in full, for the employees' termination indemnities liability. This liability amounted to \$542 and \$368 at December 31, 2010 and 2009, respectively.

F-22

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**NAVIOS MARITIME HOLDINGS INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

**U.S. Retirement savings plan:** The Company sponsors a 401(k) retirement savings plan, which is categorized as a defined contribution plan. The plan is available to full time employees who meet the plan's eligibility requirements. The plan permits employees to make contributions up to 15% of their annual salary with the Company matching up to the first 6%. The Company makes monthly contributions (matching contributions) to the plan based on amounts contributed by employees. Subsequent to making the matching contributions, the Company has no further obligations. The Company may make an additional discretionary contribution annually if such a contribution is authorized by the Board of Directors. The plan is administered by an independent professional firm that specializes in providing such services. See Note 13.

**Other post-retirement obligations:** The Company has a legacy pension arrangement for certain Bahamian, Uruguayan and former Navios Corporation employees. The entitlement to these benefits is only to these former employees. The expected costs of these benefits are accrued each year, using an accounting methodology similar to that for defined benefit pension plans. These obligations are valued annually by independent actuaries.

**Stock-based compensation:** On October 18, 2007 and December 16, 2008, the Compensation Committee of the Board of Directors authorized the issuance of restricted common stock, restricted stock units and stock options in accordance with the Company's stock option plan for its employees, officers and directors. The Company awarded shares of restricted common stock and restricted stock units to its employees, officers and directors and stock options to its officers and directors, based on service conditions only, which vest over two and three years, respectively. On December 17, 2009 and December 16, 2010, the Company authorized the issuance of shares of restricted common stock, restricted stock units and stock options in accordance with the Company's stock option plan for its employees, officers and directors. The awards on December 17, 2009 and December 16, 2010, of restricted common stock and restricted stock units to its employees, officers and directors, vest over three years.

The fair value of stock option grants is determined with reference to option pricing models, principally adjusted Black-Scholes models. The fair value of restricted stock and restricted stock units is determined by reference to the quoted stock price on the date of grant. Compensation expense, net of estimated forfeitures, is recognized based on a graded expense model over the vesting period.

(v) **Financial Instruments:** Financial instruments carried on the balance sheet include cash and cash equivalents, restricted cash, trade receivables and payables, other receivables and other liabilities, long-term debt and capital leases. The particular recognition methods applicable to each class of financial instrument are disclosed in the applicable significant policy description of each item, or included below as applicable.

**Financial risk management:** The Company's activities expose it to a variety of financial risks including fluctuations in future freight rates, time charter hire rates, and fuel prices, credit and interest rates risk. Risk management is carried out under policies approved by executive management. Guidelines are established for overall risk management, as well as specific areas of operations.

**Credit risk:** The Company closely monitors its exposure to customers and counter-parties for credit risk. The Company has policies in place to ensure that it trades with customers and counterparties with an appropriate credit history. Derivative counter-parties and cash transactions are limited to high quality credit financial institutions.

**Interest rate risk:** The Company is party to interest rate swap agreements. The purpose of the agreements is to reduce exposure to fluctuations in interest rates. Any differential to be paid or received on an interest rate swap agreement is recognized as a component of gain/loss on derivatives over the period of the agreement. Gains and losses on early termination of interest rate swaps are taken to the consolidated statement of income. The effective

portion of changes in the fair value of interest rate swap agreements that are designated and qualify as cash flow hedges are recognized in equity. The gain or loss relating to the ineffective portion is recognized in the statement of income.

**Liquidity risk:** Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company monitors cash balances adequately to meet working capital needs.

**Foreign exchange risk:** Foreign currency transactions are translated into the measurement currency rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income.

F-23

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

**Accounting for derivative financial instruments and hedging activities:**

The Company enters into drybulk shipping FFAs as economic hedges relating to identifiable ship and or cargo positions and as economic hedges of transactions the Company expects to carry out in the normal course of its shipping business. By utilizing certain derivative instruments, including drybulk shipping FFAs, the Company manages the financial risk associated with fluctuating market conditions. In entering into these contracts, the Company has assumed the risk that might arise from the possible inability of counterparties to meet the terms of their contracts.

The Company also trades drybulk shipping FFAs which are cleared through NOS ASA, a Norwegian clearing house and LCH, the London clearing house. NOS ASA and LCH call for both base and margin collaterals, which are funded by Navios Holdings, and which in turn substantially eliminate counterparty risk. Certain portions of these collateral funds may be restricted at any given time as determined by NOS ASA and LCH.

At the end of each calendar quarter, the fair value of drybulk shipping FFAs traded over-the-counter are determined from an index published in London, United Kingdom and the fair value of those FFAs traded with NOS ASA and LCH are determined from the NOS and LCH valuations accordingly.

The Company records all of its derivative financial instruments and hedges as economic hedges except for those qualifying for hedge accounting. Gains or losses of instruments qualifying for hedge accounting as cash flow hedges are reflected under Accumulated Other Comprehensive Income/(Loss) in stockholders' equity, while those instruments that do not meet the criteria for hedge accounting are reflected in the statements of income. For FFAs that qualify for hedge accounting the changes in fair values of the effective portion representing unrealized gain or losses are recorded under Accumulated Other Comprehensive Income/(Loss) in stockholders' equity while the unrealized gains or losses of the FFAs not qualifying for hedge accounting together with the ineffective portion of those qualifying for hedge accounting, are recorded in the statement of operations under Gain/(Loss) on derivatives. The gains/(losses) included in Accumulated Other Comprehensive Income/(Loss) are being reclassified to earnings under Revenue in the statements of income in the same period or periods during which the hedged forecasted transaction affects earnings. The reclassification to earnings commenced in the third quarter of 2006 and extended until December 31, 2008, depending on the period or periods during which the hedged forecasted transactions affected earnings. All of the amount included in Accumulated Other Comprehensive Income/(Loss) had been reclassified to earnings as of December 31, 2008. For both years ended December 31, 2010 and 2009, no losses/gains were included in Accumulated Other Comprehensive Income/(Loss), and nothing was reclassified to earnings. For the year ended December 31, 2008, \$19,939 was included in Accumulated Other Comprehensive Income/(Loss) and was reclassified to earnings in 2009.

The Company classifies cash flows related to derivative financial instruments within cash provided by operating activities in the consolidated statements of cash flows.

- (w) **Earnings per Share:** Basic earnings per share are computed by dividing net income attributable to Navios Holdings common stockholders by the weighted average number of common shares outstanding during the periods presented. Diluted earnings per share reflect the potential dilution that would occur if securities or other contracts to issue common stock were exercised. Dilution has been computed by the treasury stock method whereby all of the Company's dilutive securities (the warrants and stock options) are assumed to be exercised and the proceeds used to repurchase common shares at the weighted average market price of the Company's common stock during the relevant periods. The incremental shares (the difference between the number of shares assumed issued and the number of shares assumed purchased) shall be included in the denominator of the diluted earnings

per share computation. Restricted stock and restricted stock units (vested and unvested) are included in the calculation of the diluted earnings per share, based on the weighted average number of restricted stock and restricted stock units assumed to be outstanding during the period. Convertible shares are including in the calculation of the diluted earnings per share, based on the weighted average number of convertible shares assumed to be outstanding during the period.

- (x) **Income Taxes:** The Company is a Marshall Islands Corporation. Pursuant to various treaties and the United States Internal Revenue Code, the Company believes that substantially all its operations are exempt from income taxes in the Marshall Islands and United States of America. The tax expense reflected in the Company's consolidated financial statements for the year ended December 31, 2007 was attributable to its subsidiary in Belgium, which was subject to the Belgium income tax regime (Note 22). In June 2008, Navios Holdings' Belgian subsidiary received a ruling from the Belgian tax authorities, confirming that provided it meets certain quantitative criteria, it would be eligible to be taxed under the tonnage tax system (rather than the income tax regime up to 2007). The effect of the ruling was that the deferred taxes recognized in the balance sheets relating to Kleimar N.V. ( Kleimar ) (amounting to \$57,249) were reversed through the statement of income in the second quarter of 2008.

F-24

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**NAVIOS MARITIME HOLDINGS INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

The tax expense reflected in the Company's consolidated financial statements for the year ended December 31, 2010 was attributable to its subsidiaries in South America, which are subject to the Argentinean and Paraguayan income tax regime.

The asset and liability method is used to account for future income taxes. Under this method, future income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts and the tax bases of assets and liabilities. Future income tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A deferred tax asset is recognized for temporary differences that will result in deductible amounts in future years. A valuation allowance is recognized if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realized.

- (y) **Dividends:** Dividends are recorded in the Company's financial statements in the period in which they are declared. At December 31, 2010, the dividend declared relating to the third quarter of 2010 of approximately \$6,094 was paid on January 4, 2011, and thus it is recorded on the consolidated balance sheets as a current liability.

On November 8, 2010, the Board of Directors of Navios Acquisition declared a quarterly cash dividend for the third quarter of 2010 of \$0.05 per share of common stock. The dividend was paid on January 12, 2011 to stockholders of record as of December 8, 2010. Dividend payable to third parties amounting to \$1,120 is recorded on the consolidated balance sheets as a current liability.

- (z) **Guarantees:** A liability for the fair value of the obligation undertaken in issuing the guarantee is recognized. The recognition of fair value is not required for certain guarantees such as the parent's guarantee of a subsidiary's debt to a third party or guarantees on product warranties. For those guarantees excluded from the above guidance, fair value recognition provision, financial statement disclosures of their terms are made.

- (aa) **Leases:** Vessel leases where Navios Holdings is regarded as the lessor are classified as either finance leases or operating leases based on an assessment of the terms of the lease. For charters classified as finance type leases the minimum lease payments are recorded as the gross investment in the lease. The difference between the gross investment in the lease and the sum of the present values of the two components of the gross investment is recorded as unearned income which is amortized to income over the lease term as finance lease interest income to produce a constant periodic rate of return on the net investment in the lease.

- (ab) **Accounting for the acquisition of Horamar:** The Company accounted for the acquisition of Horamar Group (as described in Note 3) as a partial sale of CNSA to the noncontrolling shareholders of Navios Logistics, and a partial acquisition of Horamar. Accordingly in 2008, a gain was recognized by Navios for the portion of CNSA sold amounting to \$2,702. Horamar's assets and liabilities were revalued to 100% of their respective fair values, CNSA's assets and liabilities were recorded at carryover basis, reflecting the common control nature of the transaction. The contingent shares consideration has been fully accounted at December 31, 2010.

- (ac) **Treasury Stock:** Treasury stock is accounted for using the cost method. Excess of the purchase price of the treasury stock acquired, plus direct acquisition costs over its par value is recorded in additional paid-in capital.

- (ad)

***Trade Accounts receivable:*** The amount shown as accounts receivable, trade, at each balance sheet date, includes receivables from charterers for hire, freight and demurrage billings and FFA counterparties, 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.

F-25

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**NAVIOS MARITIME HOLDINGS INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

**(ae) Convertible Preferred Stock :** 2% Mandatorily Convertible Preferred Stock ( Preferred Stock ) are recorded at fair market value on issuance. The fair market value is determined using a binomial valuation model. The model which is used takes into account the credit spread of the Company, the volatility of its stock, as well as the price of its stock at the issuance date. Each preferred share has a par value of \$0.0001. Each holder of Preferred Stock is entitled to receive an annual dividend equal to 2% on the nominal value of the Preferred Stock, payable quarterly, until such time as the Preferred Stock converts into common stock. Five years after the issuance date all Preferred Stock shall automatically convert into shares of common stock at a conversion price equal to \$10.00 per preferred share. At any time following the third anniversary from their issuance date, if the closing price of the common stock has been at least \$20.00 per share, for 10 consecutive business days, the remaining balance of the then-outstanding preferred shares shall automatically convert at a conversion price equal to \$14.00 per share of common stock. The holders of Preferred Stock are entitled, at their option, at any time following their issuance date and prior to their final conversion date, to convert all or any such then-outstanding preferred shares into common stock at a conversion price equal to \$14.00 per preferred share.

**(af) Investment in available for sale securities:** The Company classifies its existing marketable equity securities as available-for-sale. These securities are carried at fair value, with unrealized gains and losses excluded from earnings and reported directly in stockholders' equity as a component of other comprehensive income (loss) unless an unrealized loss is considered other-than-temporary, in which case it is transferred to the statements of income. Management evaluates securities for other than temporary impairment ( OTTI ) on a quarterly basis. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the investee, and (3) the intent and ability of the Company to retain its investment in the investee for a period of time sufficient to allow for any anticipated recovery in fair value.

**(ag) Financial Instruments and Fair Value:** The Company adopted guidance on Fair Value Measurements as of January 1, 2008. According to this guidance, 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 unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under guidance on Fair Value Measurements are described below:

*Basis of Fair Value Measurement*

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. In determining the appropriate levels, the Company performs a detailed analysis of the assets and liabilities that are subject to guidance on Fair Value Measurements.

**(ah) Recent Accounting Pronouncements:**

*Fair Value Disclosures*

In January 2010, the FASB issued amended standard requiring additional fair value disclosures. The amended standards require disclosures of transfers in and out of Levels 1 and 2 of the fair value hierarchy, as well as requiring gross basis disclosures for purchases, sales, issuances and settlements within the Level 3

reconciliation. Additionally, the update clarifies the requirement to determine the level of disaggregation for fair value measurement disclosures and to disclose valuation techniques and inputs used for both recurring and nonrecurring fair value measurements in either Level 2 or Level 3. Navios Holdings adopted the new guidance in the first quarter of fiscal year 2010, except for the disclosures related to purchases, sales, issuance and settlements within level 3, which will be effective for Navios Holdings beginning in the first quarter of fiscal year 2011. The adoption of the new standard did not have a significant impact on Navios Holdings consolidated financial statements.

F-26

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

*Measuring Liabilities at Fair Value*

In August 2009, the FASB released new guidance concerning measuring liabilities at fair value. The new guidance provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using certain valuation techniques. Additionally, it clarifies that a reporting entity is not required to adjust the fair value of a liability for the existence of a restriction that prevents the transfer of the liability. This new guidance is effective for the first reporting period after its issuance. The application of this new guidance did not have a significant impact on Navios Holdings' consolidated financial statements.

*Determining the Primary Beneficiary of a Variable Interest Entity*

In June 2009, the FASB issued new guidance concerning the determination of the primary beneficiary of a variable interest entity (VIE). This new guidance amends current U.S. GAAP by: requiring ongoing reassessments of whether an enterprise is the primary beneficiary of a VIE; amending the quantitative approach previously required for determining the primary beneficiary of the VIE; modifying the guidance used to determine whether an entity is a VIE; adding an additional reconsideration event (e.g., troubled debt restructurings) for determining whether an entity is a VIE; and requiring enhanced disclosures regarding an entity's involvement with a VIE. This new guidance was effective for Navios Holdings beginning in its first quarter of fiscal year 2010 and its adoption did not have any significant effect on its financial position, results of operations, or cash flows. Navios Holdings will continue to consider the impacts of this new guidance on an on-going basis.

*Transfers of Financial Assets*

In June 2009, the FASB issued new guidance concerning the transfer of financial assets. This guidance amends the criteria for a transfer of a financial asset to be accounted for as a sale, creates more stringent conditions for reporting a transfer of a portion of a financial asset as a sale, changes the initial measurement of a transferor's interest in transferred financial assets, eliminates the qualifying special-purpose entity concept and provides for new disclosures. This new guidance was effective for Navios Holdings for transfers of financial assets beginning in its first quarter of fiscal year 2010 and its adoption did not have any significant effect on its financial position, results of operations, or cash flows.

*Subsequent Events*

In February 2010, the FASB issued amended guidance on subsequent events. Securities and Exchange Commission filers are no longer required to disclose the date through which subsequent events have been evaluated in originally issued and revised financial statements. This guidance was effective immediately and Navios Holdings adopted these new requirements in the first quarter of fiscal year 2010.

*Supplementary Pro Forma Information for Business Combinations*

In December 2010, the FASB issued an amendment of the Accounting Standards Codification regarding Business Combinations. This amendment affects any public entity as defined by Topic 805 that enters into business combinations that are material on an individual or aggregate basis. The amendments specify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendments in this Update also expand the supplemental pro

forma disclosures under Topic 805 to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. Early adoption is permitted. Navios Holdings adopted these new requirements in fiscal year 2010.

**NOTE 3: ACQUISITIONS**

***Navios Acquisition acquired assets from Navios Holdings upon de- SPAC -ing***

On April 8, 2010, pursuant to the terms and conditions of the Acquisition Agreement by and between Navios Acquisition and Navios Holdings, Navios Acquisition agreed to acquire 13 vessels (11 product tankers and two chemical tankers) plus options to purchase two additional product tankers, for an aggregate purchase price of \$457,659. Each vessel is commercially and technically managed under a management agreement with a subsidiary of Navios Holdings.

F-27

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

On May 25, 2010, after its special meeting of stockholders, Navios Acquisition announced the approval of (a) the acquisition of 13 vessels (11 product tankers and two chemical tankers) for an aggregate purchase price of \$457,659, pursuant to the terms and conditions of the Acquisition Agreement by and between Navios Acquisition and Navios Holdings and (b) certain amendments to Navios Acquisition's amended and restated articles of incorporation.

Following the consummation of the transactions described in the Acquisition Agreement, Navios Holdings was released from all debt and equity commitments for the above vessels and Navios Acquisition reimbursed Navios Holdings for equity payments made prior to the stockholders' meeting under the purchase contracts for the vessels, plus all associated payments previously made by Navios Holdings amounting to \$76,485.

On May 28, 2010, certain shareholders of Navios Acquisition redeemed their shares upon de-SPAC-ing, and Navios Holdings' ownership of Navios Acquisition increased to 57.3%. At that point, Navios Holdings concluded that the increase in its ownership interest resulted in obtaining control over Navios Acquisition and, consequently, concluded that a business combination had occurred and consolidated Navios Acquisition from that date onwards. The table below shows the fair values of Navios Acquisition assets and liabilities as of May 28, 2010:

	<b>As of May 28, 2010</b>
<b>Tangible assets</b>	
Deposits for vessel acquisitions	\$ 175,005
<b>Intangible assets</b>	
Purchase options	3,158
<b>Working capital</b>	
Working capital	(1,324)
Cash and cash equivalents	66,355
Restricted cash	35,596
	100,627
<b>Long term liabilities</b>	
Liability relating to shipbuilding contracts	(3,158)
Long-term debt	(132,987)
	(136,145)
<b>Total net assets acquired</b>	<b>142,645</b>
<b>Goodwill</b>	<b>13,143</b>
	<b>\$ 155,788</b>
<b>Consideration</b>	
Navios Holdings investment in Navios Acquisition	95,232
Noncontrolling interest	60,556
<b>Total</b>	<b>\$ 155,788</b>

In connection with the business combination, the Company (i) re-measured its previously-held equity interests in Navios Acquisition to fair value and recognized the difference between fair value and the carrying value as a gain, (ii) recognized 100% of the identifiable assets and liabilities of Navios Acquisition at their fair values, (iii) recognized

a 42.7% noncontrolling interest at fair value, and (iv) recognized goodwill for the excess of the fair value of the noncontrolling interest and its previously-held equity interests in Navios Acquisition over the fair value of the identifiable assets and liabilities of Navios Acquisition. The fair value of the Company's previously-held investment in the common stock of Navios Acquisition, as well as the fair value of the noncontrolling interest as of May 28, 2010, were both calculated based on the closing price of Navios Acquisition's common stock on that date. The difference between the Company's legal ownership percentage of 57.3% (based on common stock outstanding) and the percentage derived by dividing the \$95,232 allocated to the Company's investment in Navios Acquisition and the total value ascribed to Navios Acquisition's net assets (including goodwill) of \$155,788 is a result of treating the Company's investment in Navios Acquisition's warrants as a previously-held equity interest for purposes of calculating goodwill in accordance with ASC 805.

The Company has considered the fact that Navios Acquisition did not have any vessel operations during 2009 and its statements of operations include mainly general and administrative expenses, formation and other costs and interest income from investment securities, resulting in a loss of \$648. As a result, the Company has evaluated that had the business combination been consummated as of January 1, 2009, Navios Holdings' pro forma revenue and net income effect for the year ended December 31, 2009 and 2010 would be immaterial and need not to be presented.

F-28

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

**VLCC Acquisition**

On September 10, 2010, Navios Acquisition consummated the acquisition of seven very large crude carrier tankers ( VLCC ), referred to here in as the VLCC Acquisition for \$134,270 of cash and the issuance of 1,894,918 shares totalling \$10,745 (of which 1,378,122 shares were deposited into one year escrow to provide for indemnity and other claims). As of December 31, 2010, there were no contingencies known to Navios Acquisition. The 1,894,918 shares were valued using the closing price of the stock on the date before the acquisition of \$5.67.

Transaction costs amounted to \$8,019 and have been fully expensed. Transaction costs includes \$5,619, which was the fair value of the 3,000 preferred shares issued to a third party as compensation for consulting services (see Note 17).

Goodwill arising from the transaction is not tax deductible and has been allocated to the Company's Tanker Vessel operations.

The VLCC Acquisition was treated as a business combination. The following table summarizes the consideration paid and the fair value of assets and liabilities assumed on September 10, 2010:

**VLCC Acquisition****Purchase price:**

Cash consideration	\$ 134,270
Equity issuance	10,745

**Total purchase price** **145,015**

## Fair value of assets and liabilities acquired:

Vessels	419,500
Deposits for vessel acquisition	62,575
Favorable lease terms	57,070
Current assets, including cash of \$32,232	35,716
Current liabilities	(15,155)
Long term debt assumed (including current portion)	(410,451)
Unfavorable lease terms	(5,819)

**Fair value of net assets acquired** **143,436**

**Goodwill** **\$ 1,579**

The acquired intangible assets and liabilities, listed below, as determined at the acquisition date and where applicable, are amortized under the straight line method over the periods indicated below:

	<b>Weighted average amortization (years)</b>	<b>December 31, 2010 Amortization</b>
Favorable lease terms	12.5	\$ (4,566)
Unfavorable lease terms	8.5	683

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The following is a summary of the acquired identifiable intangible assets as of December 31, 2010:

<b>Description</b>	<b>Gross Amount</b>	<b>Accumulated Depreciation</b>	<b>Net Amount</b>
Favorable lease terms	\$ 57,070	\$ (1,236)	\$ 55,834
Unfavorable lease terms	(5,819)	208	(5,611)
<b>Balance December 31, 2010</b>	<b>\$ 51,251</b>	<b>\$ (1,028)</b>	<b>\$ 50,223</b>

If the VLCC Acquisition had been consummated as of January 1, 2009, Navios Holdings pro-forma revenues and net income for the year ended December 31, 2010 would have been \$729,914 and \$154,941, respectively, while Navios Holdings pro forma revenues and net income for the year ended December 31, 2009 would have been \$664,326 and \$77,131, respectively.

F-29

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

The unaudited pro forma results are for comparative purposes only and do not purport to be indicative of the results that would have actually been obtained if the acquisition and related financing had occurred at the beginning of the period presented.

Revenue and net loss of Navios Acquisition for the year ended December 31, 2010 amounted to \$33,568 and \$8,294, respectively.

The VLCC Acquisition contributed revenues of \$26,592 and net loss of \$8,838 to Navios Acquisition for the year ended December 31, 2010.

***Acquisition of Horamar Group***

On January 1, 2008, pursuant to a share purchase agreement, Navios Holdings contributed (i) \$112,200 in cash and (ii) the authorized capital stock of its wholly owned subsidiary CNSA in exchange for the issuance and delivery of 12,765 shares of Navios Logistics, representing 63.8% (67.2% excluding contingent consideration) of its outstanding stock. Navios Logistics acquired all ownership interests in Horamar in exchange for (i) \$112,200 in cash, of which \$5,000 was kept in escrow and payable upon the attainment of certain EBITDA targets during specified periods through December 2008 (the EBITDA Adjustment ) and (ii) the issuance of 7,235 shares of Navios Logistics representing 36.2% (32.8% excluding contingent consideration) of Navios Logistics outstanding stock, of which 1,007 shares were kept in escrow pending attainment of certain EBITDA targets. In November 2008, \$2,500 in cash and 503 shares were released from escrow when Horamar achieved the interim EBITDA target. As a result, Navios Holdings owned 65.5% (excluding 504 shares that remained in escrow at December 31, 2009) of Navios Logistics. On March 20, 2009, August 19, 2009, and December 30, 2009, the agreement pursuant to which Navios Logistics acquired CNSA and Horamar was amended to postpone until June 30, 2010 the date for determining whether the EBITDA target was achieved. On June 17, 2010, \$2,500 in cash and the 504 shares remaining in escrow were released from escrow upon the achievement of the EBITDA target thresholds.

Goodwill arising from the acquisition has all been allocated to the Company's Logistics Business segment. None of the goodwill is deductible for tax purposes.

Following the release of the escrow in November 2008, as a result of Horamar achieving the interim EBITDA target, goodwill increased by \$11,638, to reflect the changes in noncontrolling interests. Excluding the remaining contingent consideration still in escrow, Navios Holdings held 65.5% of Navios Logistics' outstanding stock.

On June 17, 2010, following the release of \$2,500 in cash and the 504 shares in escrow upon the achievement of the EBITDA target thresholds, goodwill increased by \$13,371. The 504 remaining shares held in escrow and released in June 2010 were valued at a new fair value of \$10,869. The noncontrolling interest was adjusted for the percentage change in ownership by Navios Holdings.

The noncontrolling interest balance in the Company's consolidated financial statements resulted from the acquisition consists of two separate elements. The first element represents the impact on the noncontrolling interest balance resulting from the creation of a new noncontrolling interest in Navios Logistics (i.e., the portion of Navios Logistics that is now owned by the former shareholders). The second element represents the impact on the non-controlling interest balance resulting from the recognition of the existing non-controlling interests in various subsidiaries of Horamar that were outstanding prior to the acquisition and remained outstanding following the acquisition.

The new fair value was determined by valuating the Navios Logistics business as of the date of the release. Because the shares of Navios Logistics are not publicly-traded, the fair value of the shares released from escrow during 2010 was estimated based on a discounted cash flow analysis prepared by the Company, which projected the expected future cash flows for its logistics business and discounted those cash flows at a rate that reflects the business weighted average cost of capital. The Company used the following key methods and assumptions in the discounted cash flow analysis (i) projected its free cash flows (EBITDA less capital expenditures and income taxes) for each of the years from 2010 through 2014 on the basis of a compound annual growth rate for revenue of approximately 8.8%, (ii) prepared its cash flow projections on the basis of revenue producing assets that were owned by the logistics

business as of the date of the analysis, (iii) calculated a terminal value for the business by applying a growth factor of 4.9% in perpetuity to projected free cash flow for the last specifically-forecasted year (2014), (iv) discounted its projected future cash flows, including the terminal value, using a weighted-average cost of capital of 12.9% and (v) deducted net debt of the business from the discounted cash flows in arriving at estimated fair value of the equity of logistics business.

F-30

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

**NOTE 4: CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following:

	<b>December 31, 2010</b>	<b>December 31, 2009</b>
Cash on hand and at banks	\$ 114,615	\$ 60,316
Short-term deposits and highly liquid funds	92,795	113,617
<b>Total cash and cash equivalents</b>	<b>\$ 207,410</b>	<b>\$ 173,933</b>

Short term deposits and highly liquid funds are comprised of deposits with banks with original maturities of less than 90 days.

**NOTE 5: ACCOUNTS RECEIVABLE, NET**

Accounts receivable consist of the following:

	<b>December 31, 2010</b>	<b>December 31, 2009</b>
Accounts receivable	\$ 79,023	\$ 89,084
Less: provision for doubtful receivables	(8,635)	(10,580)
<b>Accounts receivables, net</b>	<b>\$ 70,388</b>	<b>\$ 78,504</b>

Changes to the provisions for doubtful accounts are summarized as follows:

	<b>Balance at Beginning of Period</b>	<b>Charges to Costs and expenses</b>	<b>Amount Utilized</b>	<b>Balance at End of Period</b>
<b>Allowance for doubtful receivables</b>				
Year ended December 31, 2008	\$ (5,675)	\$(2,668)	\$	\$ (8,343)
Year ended December 31, 2009	\$ (8,343)	\$(2,237)	\$	\$(10,580)
Year ended December 31, 2010	\$(10,580)	\$(4,660)	\$6,605	\$ (8,635)

Concentration of credit risk with respect to accounts receivable are limited due to the Company's large number of customers, who are internationally dispersed and have a variety of end markets in which they sell. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Company's trade receivables. For the year ended December 31, 2010, none of the customers accounted for more than 10% of the Company's revenue. For the year ended December 31, 2009, one customer accounted for 13.2% of the Company's revenue and for the year ended 2008, none of the customers accounted for more than 10% of the Company's revenue.

**NOTE 6: PREPAID EXPENSES AND OTHER CURRENT ASSETS**

Prepaid expenses and other current assets consist of the following:

<b>December 31, 2010</b>	<b>December 31, 2009</b>
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Prepaid voyage costs	\$	7,536	\$	1,825
Claim receivables, net		2,721		3,907
Advances to agents		349		937
Inventories		19,425		13,716
Prepaid taxes		1,833		2,526
Contributions from noncontrolling shareholders				2,302
Other		1,490		2,517
<b>Total prepaid expenses and other current assets</b>	<b>\$</b>	<b>33,354</b>	<b>\$</b>	<b>27,730</b>

Claims receivable mainly represent claims against vessels' insurance underwriters in respect of damages arising from accidents or other insured risks, as well as claims under charter contracts including off-hires. While it is anticipated that claims receivable will be recovered within one year, such claims may not all be recovered within one year due to the attendant process of settlement. Nonetheless, amounts are classified as current as they represent amounts currently due to the Company. All amounts are shown net of applicable deductibles.

F-31

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

**NOTE 7: VESSELS, PORT TERMINAL AND OTHER FIXED ASSETS**

<b>Vessels</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
<b>Balance December 31, 2007</b>	<b>\$ 433,302</b>	<b>\$ (34,173)</b>	<b>\$ 399,129</b>
Additions	133,932	(20,368)	113,564
Disposals	(28,647)	219	(28,428)
<b>Balance December 31, 2008</b>	<b>538,587</b>	<b>(54,322)</b>	<b>484,265</b>
Additions	883,108	(32,498)	850,610
Disposals	(30,975)	5,844	(25,131)
<b>Balance December 31, 2009</b>	<b>1,390,720</b>	<b>(80,976)</b>	<b>1,309,744</b>
Additions	544,234	(54,581)	489,653
Disposals	(386,571)	8,475	(378,096)
<b>Balance December 31, 2010</b>	<b>\$ 1,548,383</b>	<b>\$ (127,082)</b>	<b>\$ 1,421,301</b>
<b>Port Terminals</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
<b>Balance December 31, 2007</b>	<b>\$ 27,098</b>	<b>\$ (2,149)</b>	<b>\$ 24,949</b>
Acquisition of subsidiary (Note 3)	12,557		12,557
Additions	4,770	(1,730)	3,040
<b>Balance December 31, 2008</b>	<b>44,425</b>	<b>(3,879)</b>	<b>40,546</b>
Additions	3,045	(2,244)	801
Transfer to port terminals	12,659	(437)	12,222
<b>Balance December 31, 2009</b>	<b>60,129</b>	<b>(6,560)</b>	<b>53,569</b>
Additions	5,129	(2,471)	2,658
<b>Balance December 31, 2010</b>	<b>\$ 65,258</b>	<b>\$ (9,031)</b>	<b>\$ 56,227</b>
<b>Tanker vessels, barges and push boats (Navios Logistics)</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
<b>Balance December 31, 2007</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Acquisition of subsidiary (Note 3)	126,732		126,732
Additions	93,941	(13,436)	80,505
<b>Balance December 31, 2008</b>	<b>220,673</b>	<b>(13,436)</b>	<b>207,237</b>
Additions	30,829	(16,049)	14,780
Disposals	(392)	250	(142)
Transfer to port terminals	(12,659)	437	(12,222)

<b>Balance December 31, 2009</b>	<b>238,451</b>	<b>(28,798)</b>	<b>209,653</b>
Additions	40,453	(13,886)	26,567
Disposals	(67)	47	(20)
<b>Balance December 31, 2010</b>	<b>\$ 278,837</b>	<b>\$ (42,637)</b>	<b>\$ 236,200</b>

<b>Tanker vessels (Navios Acquisition)</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
<b>Balance December 31, 2009</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Vessels delivered from initial acquisition	119,251	(2,024)	117,227
VLCC Acquisition (Note 3)	419,500	(7,068)	412,432
<b>Balance December 31, 2010</b>	<b>\$ 538,751</b>	<b>\$ (9,092)</b>	<b>\$ 529,659</b>

**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

<b>Other fixed assets</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
<b>Balance December 31, 2007</b>	<b>\$ 2,652</b>	<b>\$ (1,139)</b>	<b>\$ 1,513</b>
Acquisition of subsidiary (Note 3)	2,106		2,106
Disposals	(258)	258	
Additions	2,466	(1,039)	1,427
<b>Balance December 31, 2008</b>	<b>6,966</b>	<b>(1,920)</b>	<b>5,046</b>
Additions	592	(734)	(142)
Disposals	(345)	216	(129)
Write off of fully depreciated assets	(673)	673	
<b>Balance December 31, 2009</b>	<b>6,540</b>	<b>(1,765)</b>	<b>4,775</b>
Additions	2,389	(822)	1,567
Disposals	(162)	110	(52)
<b>Balance December 31, 2010</b>	<b>\$ 8,767</b>	<b>\$ (2,477)</b>	<b>\$ 6,290</b>
<b>Total</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
<b>Balance December 31, 2007</b>	<b>\$ 463,052</b>	<b>\$ (37,461)</b>	<b>\$ 425,591</b>
Acquisition of subsidiary (Note 3)	141,395		141,395
Additions	235,109	(36,573)	198,536
Disposals	(28,905)	477	(28,428)
<b>Balance December 31, 2008</b>	<b>810,651</b>	<b>(73,557)</b>	<b>737,094</b>
Additions	917,574	(51,525)	866,049
Disposals	(31,712)	6,310	(25,402)
Write off of fully depreciated assets	(673)	673	
<b>Balance December 31, 2009</b>	<b>1,695,840</b>	<b>(118,099)</b>	<b>1,577,741</b>
Additions	1,130,956	(80,852)	1,050,104
Disposals	(386,800)	8,632	(378,168)
<b>Balance December 31, 2010</b>	<b>\$ 2,439,996</b>	<b>\$ (190,319)</b>	<b>\$ 2,249,677</b>

*Sale of Vessels*

On July 1, 2008, the Navios Hope was sold to Navios Partners in accordance with the terms of the Partners Omnibus Agreement. The sale price consisted of \$35,000 in cash and \$44,936 in common units (3,131,415 common units) of Navios Partners. The investment in the 3,131,415 common units is classified as Investments in available for sale securities (see Note 9, 16).

On June 10, 2009, Navios Holdings sold to Navios Partners the rights to the Navios Sagittarius, a 2006 Japanese-built Panamax vessel with a capacity of 75,756 dwt, for cash consideration of \$34,600 (see Note 16).

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On October 29, 2009, Navios Holdings sold to Navios Partners the Navios Apollon for cash consideration of \$32,000 (see Note 16).

On January 8, 2010, Navios Holdings sold the Navios Hyperion, a 2004-built Panamax vessel, to Navios Partners for cash consideration of \$63,000 (see Note 16).

On March 18, 2010, Navios Holdings sold the Navios Aurora II, a 2009 South Korean-built Capesize vessel with a capacity of 169,031 dwt, to Navios Partners for consideration of \$110,000. Out of the \$110,000 purchase price, \$90,000 was paid in cash and the remaining amount was paid through the receipt of 1,174,219 common units of Navios Partners. (see Note 9, 16).

On May 21, 2010, Navios Holdings sold the Navios Pollux, a 2009 South-Korean-built Capesize vessel, to Navios Partners for a cash consideration of \$110,000 (see Note 16).

On November 15, 2010, Navios Holdings sold to Navios Partners the vessels Navios Melodia and Navios Fulvia, two 2010-built Capesize vessels, for a total consideration of \$176,971, of which \$162,000 was paid in cash and the remaining with 788,370 common units of Navios Partners (see Note 9, 16).

F-33

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

*Vessel Acquisitions*

As of December 31, 2010, Navios Holdings exercised purchase options comprising of five Ultra Handymax, six Panamax and one Capesize vessels. The Navios Meridian, Navios Mercator, Navios Arc, Navios Galaxy I, Navios Magellan, Navios Horizon, Navios Star, Navios Hyperion, Navios Orbiter, Navios Hope, Navios Fantastiks and Navios Vector were delivered at various dates from November 30, 2005 until April 28, 2010. The rights to the Navios Fantastiks were sold to Navios Partners on November 15, 2007, while the Navios Hope was sold to Navios Partners on July 1, 2008.

Since July 2007, Navios Holdings entered into agreements for the acquisition of 11 Capesize vessels to be built in South Korea and Japan. On November 4, 2008, Navios Holdings cancelled three of the contracts for a total cancellation fee of \$1,500 which was expensed. The shipyard installment payments for the construction of these vessels were spread against the payments for the construction of the remaining Capesize vessels under construction by the same shipyard.

Of the eight remaining Capesize vessels, the Navios Bonavis, with a capacity of 180,022 dwt, was delivered on June 29, 2009 for an acquisition price of \$120,746, the Navios Happiness, with a capacity of 180,022 dwt, was delivered on July 23, 2009 for an acquisition price of \$120,843, the Navios Pollux, with a capacity of 180,727 dwt, was delivered on July 24, 2009 for an acquisition price of \$110,781, the Navios Aurora II with a capacity of 169,031 dwt, was delivered on November 25, 2009 for an acquisition price of \$110,716 (of which \$92,179 was paid in cash, \$10,000 in shares (698,812 shares issued in December 2007 to the shipbuilder in connection with a progress payment at \$14.31 per share, which represents the closing price for the common stock of the Company on the date of issuance) and the remaining amount was funded through the issuance of 1,702 shares of preferred stock, see also Note 17), the Navios Lumen with a capacity of 180,661 dwt, was delivered on December 10, 2009 for an acquisition price of \$112,375, the Navios Phoenix with a capacity of 180,242 dwt, was delivered on December 21, 2009 for an acquisition price of \$105,895 and the Navios Stellar with a capacity of 169,001 dwt, was delivered on December 23, 2009 for an acquisition price of \$94,854 (of which \$85,692 was paid in cash and the remaining amount was funded through the issuance of 1,800 shares of preferred stock, see also Note 17).

The eighth remaining Capesize vessel, the Navios Antares, with a capacity of 169,059 dwt, was delivered on January 20, 2010 for an acquisition price of \$115,747 (of which \$30,847 was paid in cash, \$10,000 in shares (698,812 common shares issued in December 2007 to the shipbuilder in connection with a progress payment at \$14.31 per share, which represents the closing price for the common stock of the Company on the date of issuance), \$64,350 was financed through loan and the remaining amount was funded through the issuance of 1,780 shares of preferred stock (see also Note 17).

In June 2008, Navios Holdings entered into agreements to acquire two Ultra Handymax vessels for its wholly owned fleet. The first vessel, the Navios Ulysses, is a 2007-built, 55,728 dwt, Ultra Handymax built in Japan that was delivered on October 10, 2008. The vessel's purchase price was approximately \$79,123. The second vessel, the Navios Vega, is a 58,792 dwt, 2009-built Ultra Handymax vessel built in Japan that was delivered on February 18, 2009 for an acquisition cost of approximately \$72,140, of which \$40,000 was paid in cash and the remaining was paid through the issuance of a 2% convertible debt having a three-year maturity (see Note 11).

In June 2009, Navios Holdings entered into agreements to acquire four additional Capesize vessels for its wholly owned fleet. Their delivery was expected in various dates during the second half of 2010. Total consideration for the vessels was \$324,450. Part of the consideration amounting to \$93,700, could be paid with preferred stock at the Company's option prior to, or upon delivery of the vessels. All preferred stock has similar characteristics with those described in Note 17. As of December 31, 2010, all four vessels, the Navios Melodia, Navios Fulvia, Navios Buena Ventura and Navios Bonheur, were delivered to Navios Holdings.

In August 2009, Navios Holdings agreed to acquire two additional Capesize vessels for its wholly owned fleet. Both of them were delivered during the fourth quarter of 2010. Total consideration of the vessels was approximately \$141,458 of which \$47,890 was funded through the issuance of shares of preferred stock with similar characteristics

to those described in Note 17.

On September 18, 2009, the Navios Celestial, a 2009-built, 58,084 dwt, Ultra Handymax was delivered to Navios Holdings. The vessel's acquisition price was approximately \$34,132 of which \$31,629 was paid in cash. The remaining amount was funded through the issuance of 500 preferred stock which have a nominal value of \$5,000 and a fair value of \$2,503. See also Note 17.

On April 28, 2010, the Navios Vector, a 50,296 dwt Ultra Handymax vessel and former long-term chartered-in vessel in operation, was delivered to Navios Holdings' owned fleet. The Navios Vector's acquisition cost was approximately \$30,000, which was financed through the release of \$17,982 release of restricted cash, which was kept for investing activities, and the remaining balance through existing cash.

On September 20, 2010, the Navios Melodia, a 2010-built, 179,132 dwt, Capesize vessel, was delivered to Navios Holdings for an acquisition price of approximately \$69,065, of which \$19,657 was paid in cash, \$36,987 financed through a loan and the remaining was funded through the issuance of 2,500 shares of preferred stock that have a nominal value of \$25,000 and a fair value of \$12,421 (Note 17).

F-34

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**NAVIOS MARITIME HOLDINGS INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

On October 1, 2010, the Navios Fulvia, a 2010-built, 179,263 dwt Capesize vessel, was delivered to Navios Holdings. The vessel's purchase price was approximately \$67,511, of which \$14,254 was paid in cash, \$36,987 was financed through a loan and the remaining was funded through the issuance of 1,870 shares of preferred stock in 2009 that have a nominal value of \$18,700 and a fair value of \$7,177 and through the issuance of 1,870 shares of preferred stock in 2010 that have a nominal value of \$18,700 and a fair value of \$9,093 (see Note 17).

On October 29, 2010, the Navios Buena Ventura, a new 2010-built, 179,132 dwt Capesize vessel, was delivered from a South Korean shipyard to Navios Holdings' owned fleet for an acquisition price \$71,209, of which \$19,089 was paid in cash, \$39,000 financed through loan and the remaining was funded through the issuance of 2,500 shares of preferred stock that have a nominal value of \$25,000 and a fair value of \$13,120 (Note 17). Following the delivery of the Navios Buena Ventura, \$39,000 (see Note 11), which was kept in a pledged account in Dekabank, was released to finance the delivery of this vessel as collateral.

On November 17, 2010, the Navios Luz, a new 2010-built, 179,144 dwt Capesize vessel, was delivered from a South Korean shipyard to Navios Holdings' owned fleet. The vessel's acquisition price was \$54,501, of which \$563 was paid in cash, \$37,500 financed through a loan and the remaining was funded through the issuance of 2,571 shares of preferred stock in 2009 that have a nominal value of \$25,710 and a fair value of \$11,728 and through the issuance of 980 shares of preferred stock in 2010 that have a nominal value of \$9,800 and a fair value of \$4,710 (see Note 17).

On December 3, 2010, the Navios Etoile, a new 2010-built, 179,234 dwt Capesize vessel, was delivered from a South Korean shipyard to Navios Holdings' owned fleet. The vessel's acquisition price was \$66,163, of which \$22,781 was paid in cash, \$37,500 financed through a loan and the remaining was funded through the issuance of 258 shares of preferred stock in 2009 that have a nominal value of \$2,580 and a fair value of \$1,177 and through the issuance of 980 shares of preferred stock in 2010 that have a nominal value of \$9,800 and a fair value of \$4,705.

On December 17, 2010, the Navios Bonheur, a new 2010-built, 179,259 dwt Capesize vessel, was delivered from a South Korean shipyard to Navios Holdings' owned fleet, for an acquisition price \$68,883, of which \$691 was paid in cash, \$56,790 financed through a loan and the remaining was funded through the issuance of 2,500 shares of preferred stock that have a nominal value of \$25,000 and a fair value of \$11,402 (see Note 17).

*Deposits for Vessel Acquisitions*

On January 27, 2010, Navios Holdings agreed to acquire a new build 180,000 dwt Capesize vessel, Navios Azimuth, for a nominal price of \$55,500 of which \$52,500 payable in cash and \$3,000 in the form of shares of preferred stock. The vessel was under construction with a South Korean shipyard and delivered on February 14, 2011. As of December 31, 2010, Navios Holdings paid an amount of \$40,500 and issued 300 shares of preferred stock, which have a nominal value of \$3,000 and a fair value of \$1,651 (see Note 17). As of December 31, 2010, the total amount of \$42,151 has been included in Deposit for vessels acquisitions.

In April 2010, Navios Holdings agreed to acquire a new build Capesize vessel with a capacity of 180,000 dwt, Navios Altamira, for a purchase price of \$54,000. The vessel was under construction with a South Korean shipyard and delivered on January 28, 2011. As of December 31, 2010, Navios Holdings paid \$35,000 for this vessel, which has been included in Deposit for vessels acquisitions.

In November 2010, Navios Holdings agreed to exercise its option to purchase the Navios Astra for \$20,972. The Navios Astra was delivered on February 21, 2011. As of December 31, 2010, Navios Holdings paid a 10% deposit on the purchase price for the acquisition of the Navios Astra amounting to \$2,097, which has been included in Deposit for vessels acquisitions.

*Navios Acquisition*

On June 29, 2010, Navios Acquisition took delivery of the Colin Jacob, an LR1 product tanker, as part of the initial acquisition of the 13 vessels, for total cost of \$43,733, cash paid was \$39,310 and \$4,423 was transferred from vessel deposits.

On July 2, 2010, Navios Acquisition took delivery of the Ariadne Jacob, an LR1 product tanker, as part of the initial acquisition of the 13 vessels, for total cost of \$43,729, cash paid was \$39,306 and \$4,423 was transferred from

vessel deposits.

On September 10, 2010, Navios Acquisition took delivery of seven very large crude carriers, six of which are currently operating and one will be delivered in June 2011. Total fair value attributed to the six currently operating vessels was \$419,500 (see Note 3).

F-35

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

On October 27, 2010, Navios Acquisition s took delivery of the Nave Cosmos, a 25,130 dwt chemical tanker, from a South Korean shipyard for total cost of \$31,789. Cash paid was \$11,294 and \$20,495 was transferred from vessel deposits.

Deposits for vessel acquisition represent deposits for vessels to be delivered in the future. As of December 31, 2010, Navios Acquisition vessel deposits amounted to \$296,690 of which \$181,050 was financed through loans, \$1,649 was financed through the issuance of shares of preferred stock (see note 17) and the balance from existing cash.

*Navios Logistics*

During 2008, Navios Logistics acquired a fleet of liquid and dry barges and pushboats for transporting dry and liquid cargo on the river system in the Hidrovia region. The total cost of the acquisition of fixed assets, including transportation costs, amounted to approximately \$72,000 and the fleet was fully operational during the fourth quarter of 2008. The acquisition was financed by a loan facility of \$70,000 with Marfin Egnatia Bank S.A.

In September 2008, Navios Logistics began the construction of a new silo at its port facility in Uruguay, which has been fully operational since August 2009 and has added an additional of 80,000 metric tons storage capacity. The project was funded by Navios Logistics internally generated cash. For the construction of the new silo, Navios Logistics paid an amount of \$7,537 (\$4,770 was paid during 2008 and \$2,767 during 2009).

On July 25, 2008, Navios Logistics took delivery of a product tanker vessel named the Estefania H. The purchase price of the vessel (including direct costs) amounted to approximately \$19,695.

On June 2, 2009, Navios Logistics took delivery of the Makenita H, a tanker vessel. The purchase price of the vessel amounted to approximately \$25,207.

On October 29, 2009, Navios Logistics acquired 51% of the outstanding share capital of Hidronave S.A. for cash consideration of \$500 and took delivery of the Nazira, a push-boat. The fair value of the asset at the acquisition date was \$1,700 and the goodwill arising from the acquisition amounted to \$284, which has all been allocated to the Company s Logistics Business segment.

During the first quarter of 2010, Navios Logistics began the construction of a grain drying and conditioning facility at its dry port facility in Nueva Palmira. The facility, which is expected to be operative by April 2011, is being financed entirely with funds provided by the port operations. For the construction of the facility Navios Logistics paid an amount of \$3,043 during the year ended December 31, 2010.

In 2010, Navios Logistics acquired two 29 acre parcels of land located south of the Nueva Palmira Free Zone as part of a project to develop a new transshipment facility for mineral ores and liquid bulks, paying a total of \$987.

On February 3, 2010, Navios Logistics took delivery of the Sara H, a 9,000 dwt, double-hull product oil tanker vessel, which is chartered-out for three years, beginning March 2010. The purchase price of the vessel (including direct costs) amounted to approximately \$17,981. The vessel was financed through a long-term loan with terms similar to those relating to the Makenita H and the Estefania H (see Note 11).

In June 2010, Navios Logistics entered into long-term bareboat agreements for two new product tankers, the Stavroula and the Jiujiang, each with a capacity of 16,871 dwt. The Jiujiang and Stavroula were delivered in June and July 2010, respectively. Both tankers are chartered-in for a two-year period, and Navios Logistics has the obligation to purchase the vessels immediately upon the expiration of their respective charter periods. The purchase price of the vessels (including direct costs and first trip expenses) amounted to approximately \$18,717 and \$17,895. As of December 31, 2010 the obligations for the Jiujiang and the Stavroula were accounted for as capital leases and the lease payments performed during 2010 for both vessels were \$1,772.

**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

**NOTE 8: INTANGIBLE ASSETS OTHER THAN GOODWILL**

Intangible assets as of December 31, 2010 and 2009 consisted of the following:

**Navios Holdings (excluding Navios Acquisition)**

	Acquisition Cost	Accumulated Amortization	Disposal/Transfer to vessel cost	Net Book Value December 31, 2010
Trade name	\$ 100,420	\$ (18,172)	\$	\$ 82,248
Port terminal operating rights	34,060	(4,605)		29,455
Customer relationships	35,490	(5,323)		30,167
Favorable construction contracts	7,600		(7,600)	
Favorable lease terms (*)(**)	250,674	(123,178)	(655)	126,841
<b>Total Intangible assets</b>	<b>428,244</b>	<b>(151,278)</b>	<b>(8,255)</b>	<b>268,711</b>
Unfavorable lease terms (***)	(127,513)	76,249		(51,264)
<b>Total</b>	<b>\$ 300,731</b>	<b>\$ (75,029)</b>	<b>\$ (8,255)</b>	<b>\$ 217,447</b>

**Navios Acquisition**

	Acquisition Cost	Accumulated Amortization	Disposal/Transfer To vessel cost	Net Book Value December 31, 2010
Favorable lease terms	60,228	(1,236)		58,992
<b>Total intangible assets</b>	<b>60,228</b>	<b>(1,236)</b>		<b>58,992</b>
Unfavorable lease terms	(5,819)	208		(5,611)
<b>Total</b>	<b>\$ 54,409</b>	<b>\$ (1,028)</b>	<b>\$</b>	<b>\$ 53,381</b>

**Total Navios Holdings**

	Acquisition Cost	Accumulated Amortization	Disposal/Transfer to vessel cost	Net Book Value December 31, 2010
<b>Total intangible assets</b>	<b>\$ 488,472</b>	<b>\$ (152,514)</b>	<b>\$ (8,255)</b>	<b>\$ 327,703</b>

Total unfavorable lease terms	(133,332)	76,457		(56,875)
<b>Total</b>	<b>\$ 355,140</b>	<b>\$ (76,057)</b>	<b>\$ (8,255)</b>	<b>\$ 270,828</b>

**Total Navios Holdings**

	<b>Acquisition Cost</b>	<b>Accumulated Amortization</b>	<b>Disposal/Transfer to vessel cost</b>	<b>Net Book Value December 31, 2009</b>
Trade name	\$ 100,420	\$ (14,320)	\$	\$ 86,100
Port terminal operating rights	34,060	(3,678)		30,382
Customer relationships	35,490	(3,549)		31,941
Favorable construction contracts	7,600		(3,200)	4,400
Favorable lease terms (**)	255,816	(103,760)	(4,308)	147,748
<b>Total intangible assets</b>	<b>433,386</b>	<b>(125,307)</b>	<b>(7,508)</b>	<b>300,571</b>
Unfavorable lease terms (***)	(130,523)	71,320		(59,203)
Backlog assets	14,830	(14,830)		
<b>Total</b>	<b>\$ 317,693</b>	<b>\$ (68,817)</b>	<b>\$ (7,508)</b>	<b>\$ 241,368</b>

**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

- (\*) On April 28, 2010, the Navios Vector, a 50,296 dwt Ultra-Handymax vessel and former long-term chartered-in vessel in operation, was delivered to Navios Holdings' owned fleet. The unamortized amount of \$655 of the Navios Vector's favorable lease was included as an adjustment to the carrying value of the vessel.
- (\*\*) The intangible asset associated with the favorable lease terms includes an amount of \$53,668 related to purchase options for the vessels. This amount is not amortized and should the purchase options be exercised, any unamortized portion of this asset will be capitalized as part of the cost of the vessel and will be depreciated over the remaining useful life of the vessel (Note 8) and if not exercised, the intangible will be written off. As of December 31, 2010, and 2009, \$16,545 and \$16,545, respectively, had been transferred to the acquisition cost of vessels and as of December 31, 2009 the amount of \$2,885, had been written off due to the sale of Navios Sagittarius to Navios Partners on June 10, 2009.
- (\*\*\*) The intangible liability associated with the unfavorable lease terms includes an amount of \$15,890 related to purchase options held by third parties. This amount is not amortized and if exercised by the third party the liability will be included in the calculation of the gain or loss of the related vessel and if not exercised, the intangible will be written off. As of December 31, 2010 and 2009, no purchase options held by third parties have been exercised.

	<b>Amortization Expense Year Ended December 31, 2010</b>	<b>Amortization Expense Year Ended December 31, 2009</b>	<b>Amortization Expense Year Ended December 31, 2008</b>
Trade name	\$ (3,852)	\$ (3,853)	\$ (3,860)
Port terminal operating rights	(927)	(927)	(929)
Customer relationships	(1,774)	(1,774)	(1,774)
Favorable lease terms	(21,488)	(33,243)	(34,015)
Unfavorable lease terms	8,147	17,481	22,543
Backlog assets		(44)	(2,454)
<b>Total</b>	<b>\$ (19,894)</b>	<b>\$ (22,360)</b>	<b>\$ (20,489)</b>

The remaining aggregate amortization of acquired intangibles will be as follows:

Description	Within						Total
	one year	Year Two	Year Three	Year Four	Year Five	Thereafter	
<b>Navios Holdings (excluding Navios Acquisition)</b>							
Trade name	\$ 3,853	\$ 3,860	\$ 3,853	\$ 3,853	\$ 3,853	\$ 62,976	\$ 82,248
Favorable lease terms	17,661	17,670	14,328	12,879	11,510	21,713	95,761

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Unfavorable lease terms	(6,439)	(6,136)	(5,131)	(4,933)	(3,545)	(9,190)	(35,374)
Port terminal operating rights	925	930	926	925	925	24,824	29,455
Customer relationships	1,775	1,775	1,775	1,775	1,775	21,292	30,167
	<b>17,775</b>	<b>18,099</b>	<b>15,751</b>	<b>14,499</b>	<b>14,518</b>	<b>121,615</b>	<b>202,257</b>
<b>Navios Acquisition</b>							
Favorable lease terms	4,856	5,418	5,418	5,135	4,959	30,048	55,834
Unfavorable lease terms	(683)	(683)	(683)	(683)	(683)	(2,196)	(5,611)
	<b>4,173</b>	<b>4,735</b>	<b>4,735</b>	<b>4,452</b>	<b>4,276</b>	<b>27,852</b>	<b>50,223</b>
<b>Total</b>	<b>\$ 21,948</b>	<b>\$ 22,834</b>	<b>\$ 20,486</b>	<b>\$ 18,951</b>	<b>\$ 18,794</b>	<b>\$ 149,467</b>	<b>\$ 252,480</b>

On June 10, 2009, Navios Holdings sold to Navios Partners the rights of the Navios Sagittarius, a 2006 Japanese-built Panamax vessel with a capacity of 75,756 dwt, for cash consideration of \$34,600. The book value of the vessel was \$4,308, resulting in a gain from the sale of \$30,292, of which \$16,782 had been recognized at the time of sale in the statements of income under Gain on sale of assets and the remaining \$13,510 representing profit of Navios Holdings 44.6% interest in Navios Partners has been deferred under Other long term liabilities and deferred income and is being recognized to income based on the remaining term of the vessel's contract rights or until the vessel's rights are sold (see Note 16).

**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

**NOTE 9: INVESTMENT IN AFFILIATES**

**Navios Maritime Partners L.P.**

On August 7, 2007, Navios Holdings formed Navios Partners under the laws of Marshall Islands. Navios GP L.L.C. (the General Partner), a wholly owned subsidiary of Navios Holdings, was also formed on that date to act as the general partner of Navios Partners and received a 2% general partner interest.

On June 9, 2009, Navios Holdings relieved Navios Partners from its obligation to purchase the Capesize vessel Navios Bonavis for \$130,000 and, with the delivery of the Navios Bonavis to Navios Holdings, Navios Partners was granted a 12-month option to purchase the vessel for \$125,000. In return, Navios Partners issued to Navios Holdings 1,000,000 subordinated Series A units. The 1,000,000 subordinated Series A units are included in Investments in affiliates. The Company calculated the fair value of the 1,000,000 subordinated Series A units by adjusting the publicly-quoted price for Navios Partners common units on the transaction date to reflect the differences between the common and subordinated Series A units of Navios Partners. Principal among these differences is the fact that the subordinated Series A units are not entitled to dividends prior to their automatic conversion to common units on the third anniversary of their issuance. Accordingly, the present value of the expected dividends during that three-year period (discounted at a rate that reflects Navios Partners estimated weighted average cost of capital) was deducted from the publicly-quoted price for Navios Partners common units in arriving at the estimated fair value of the subordinated Series A units of \$6.08/unit or \$6,082 for the 1,000,000 units received, which was recognized in Navios Holdings results as a non-cash compensation income. In addition, Navios Holdings was released from the omnibus agreement restrictions for two years in connection with acquiring vessels from third parties (but not from the requirement to offer to sell to Navios Partners qualifying vessels in Navios Holdings existing fleet). The subordinated series A units are accounted for at cost.

Navios Partners is engaged in the seaborne transportation services of a wide range of drybulk commodities including iron ore, coal, grain and fertilizer, chartering its vessels under medium to long-term charters. The operations of Navios Partners are managed by Navios Shipmanagement Inc. (the Manager), from its offices in Piraeus, Greece.

As of December 31, 2010 and December 31, 2009, the carrying amount of the investment in Navios Partners (subordinated units and general partner units) is accounted for under the equity method was \$12,218 and \$6,012, respectively. The 3,131,415 common units, from the sale of the Navios Hope, the 1,174,219 common units received from the sale of the Navios Aurora II, on March 18, 2010, and 788,370 common units from the sale of both the Navios Fulvia and the Navios Melodia on November 15, 2010, to Navios Partners, were accounted for under investment in available for sale securities. As of December 31, 2010 and December 31, 2009, the carrying amount of the investment in available-for-sale common units was \$99,078 and \$46,314, respectively.

Dividends received during the year ended December 31, 2010 and 2009 were \$21,231 and \$18,066, respectively.

**Acropolis Chartering and Shipping Inc.**

Navios Holdings has a 50% interest in Acropolis Chartering & Shipping, Inc. (Acropolis), a brokerage firm for freight and shipping charters. Although Navios Holdings owns 50% of the stock, the two shareholders have agreed that the earnings and amounts declared by way of dividends will be allocated 35% to the Company with the balance to the other shareholder. As of December 31, 2010 and 2009, the carrying amount of the investment was \$385 and \$686, respectively. Dividends received for each of the years ended December 31, 2010 and 2009, were \$966 and \$878, respectively.

**Navios Maritime Acquisition Corporation**

On July 1, 2008, the Company completed the IPO of units in its subsidiary, Navios Acquisition, a blank check company. In the offering, Navios Acquisition sold 25,300,000 units for an aggregate purchase price of \$253,000. Simultaneously with the completion of the IPO, the Company purchased Private Placement Warrants of Navios Acquisition for an aggregate purchase price of \$7,600. Prior to the IPO, Navios Holdings had purchased 8,625,000 Sponsor Units for a total consideration of \$25, of which an aggregate of 290,000 units were transferred to the

Company's officers and directors and an aggregate of 2,300,000 Sponsor Units were returned to Navios Acquisition and cancelled upon receipt. Each unit consisted of one share of Navios Acquisition's common stock and one Sponsor Warrant. Navios Acquisition at the time was not a controlled subsidiary of the Company but was accounted for under the equity method due to the Company's significant influence over Navios Acquisition.

F-39

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**NAVIOS MARITIME HOLDINGS INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

On May 28, 2010, certain stockholders of Navios Acquisition redeemed their shares upon de-SPAC -ing, and Navios Holdings' ownership of Navios Acquisition increased to 57.3%. At that point, Navios Holdings concluded that the increase in its ownership interest resulted in obtaining control over Navios Acquisition and, consequently, concluded that a business combination had occurred and has consolidated the results of Navios Acquisition from that date onwards (see Note 1,3).

Summarized financial information of the affiliated companies is presented below:

	December 31, 2010			December 31, 2009		
	Navios Partners	Navios Acquisition	Acropolis	Navios Partners	Navios Acquisition	Acropolis
<b>Balance Sheet</b>						
Current assets	\$ 55,612	\$	\$ 1,018	\$ 92,579	\$ 142	\$ 2,067
Non-current assets	785,273		30	344,177	251,493	35
Current liabilities	45,425		228	13,351	9,356	243
Non-current liabilities	303,957			215,415		

  

	Year Ended December 31, 2010			Year Ended December 31, 2009			Year Ended December 31, 2008		
	Navios Partners	Navios Acquisition	Acropolis	Navios Partners	Navios Acquisition	Acropolis	Navios Partners	Navios Acquisition	Acropolis
<b>Income Statement</b>									
Revenue	\$ 143,231	\$ 2,934	\$ 92,643	\$ 3,260	\$ 75,082	\$ 8,423			
Net Income/(loss)	60,511	1,720	34,322	(648)	2,329	28,758	1,047	4,558	

**NOTE 10: ACCRUED EXPENSES**

Accrued expenses consist of the following:

	December 31, 2010	December 31, 2009
Payroll	\$ 9,624	\$ 6,827
Accrued interest	19,102	13,573
Accrued voyage expenses	12,421	12,979
Accrued running costs	5,920	3,743
Provision for losses on voyages in progress	21	2,048
Audit fees and related services	506	64
Accrued taxes	2,840	2,195
Professional fees	2,841	1,651
Other accrued expenses	9,142	4,950
<b>Total accrued expenses</b>	<b>\$ 62,417</b>	<b>\$ 48,030</b>



**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

**NOTE 11: BORROWINGS**

Borrowings consist of the following:

	<b>December 31, 2010</b>	<b>December 31, 2009</b>
<b><i>Navios Holdings loans</i></b>		
Loan Facility HSH Nordbank and Commerzbank A.G.	\$ 62,961	\$ 146,810
Revolver Facility HSH Nordbank and Commerzbank A.G.	15,745	23,893
Commerzbank A.G.	111,496	174,055
Dekabank Deutsche Girozentrale	91,000	120,000
Loan Facility Emporiki Bank (\$154,000)	61,380	113,870
Loan Facility Emporiki Bank (\$75,000)	75,000	61,671
Loan DVB Bank (\$21,000)		16,240
Emporiki Bank (\$40,000)	28,000	
Loan DNB NOR Bank (\$40,000)	19,000	
Loan DNB NOR Bank	60,700	66,500
Loan facility Marfin Egnatia Bank		34,025
Convertible debt		33,500
Unsecured bond	20,000	20,000
Ship mortgage notes	400,000	400,000
Senior notes	300,000	300,000
 Total Navios Holdings loans	 \$ 1,245,282	 \$ 1,510,564
	<b>December 31, 2010</b>	<b>December 31, 2009</b>
<b><i>Navios Logistics loans</i></b>		
Loan Marfin Egnatia Bank	\$ 70,000	\$ 70,000
Other long-term loans	57,423	50,393
 Total Navios Logistics loans	 \$ 127,423	 \$ 120,393
	<b>December 31, 2010</b>	<b>December 31, 2009</b>
<b><i>Navios Acquisition loans</i></b>		
Deutsche Schifsbank AG, Alpha Bank AE, Credit Agricole Corporate and Investment Bank	\$ 107,236	\$
BNP Paribas S.A. and DVB Bank SE	36,175	
DVB Bank SE and ABN AMRO Bank N.V.	50,207	
Marfin Egnatia Bank	80,000	
Eurobank Ergasias S.A. \$52,000	22,800	
Eurobank Ergasias S.A. \$52,000	13,000	
Ship Mortgage Notes	400,000	

Total Navios Acquisition loans	\$	709,418	\$
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F-41

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

	<b>December 31, 2010</b>	<b>December 31, 2009</b>
<b><i>Total Navios Holdings loans (including Navios Acquisition and Navios Logistics loans)</i></b>		
Total borrowings	\$ 2,082,123	\$ 1,630,957
Less: unamortized discount	(6,213)	(8,251)
Less: current portion	(63,297)	(59,804)
<b>Total long-term borrowings</b>	<b>\$ 2,012,613</b>	<b>\$ 1,562,902</b>

**Senior Notes:** In December 2006, the Company issued \$300,000 senior notes at 9.5% fixed rate due on December 15, 2014. The senior notes are fully and unconditionally guaranteed, jointly and severally and on an unsecured senior basis, by all of the Company's subsidiaries, other than a subsidiary of Kleimar, Navios Logistics and its subsidiaries and the general partner of Navios Partners. In addition, the Company had the option to redeem the notes in whole or in part, at any time before December 15, 2010, at a redemption price equal to 100% of the principal amount plus a make whole price which is based on a formula calculated using a discount rate of treasury bonds plus 50 bps, and now has such option since it is after December 15, 2010, to redeem at a fixed price of 104.75%, which price declines ratably until it reaches par in 2012 (see Note 26). Furthermore, upon occurrence of certain change of control events, the holders of the notes may require the Company to repurchase some or all of the notes at 101% of their face amount. Under a registration rights agreement, the Company and the guarantors filed a registration statement prior to June 25, 2007, which was filed and became effective on July 5, 2007, that enabled the holders of notes to exchange the privately placed notes with publicly registered notes with identical terms. The senior notes contain covenants which, among other things, limit the incurrence of additional indebtedness, issuance of certain preferred stock, the payment of dividends, redemption or repurchase of capital stock or making restricted payments and investments, creation of certain liens, transfer or sale of assets, entering in transactions with affiliates, merging or consolidating or selling all or substantially all of Company's properties and assets and creation or designation of restricted subsidiaries. Pursuant to the covenant regarding asset sales, the Company has to repay the senior notes at par plus interest with the proceeds of certain asset sales if the proceeds from such asset sales are not reinvested in the business within a specified period or used to pay secured debt.

**Ship Mortgage Notes:** In November 2009, the Company issued \$400,000 first priority ship mortgage notes due on November 1, 2017 at 8.875% fixed rate. The ship mortgage notes are senior obligations of Navios Holdings and are secured by first priority ship mortgages on 15 vessels owned by certain subsidiary guarantors and other related collateral securities. The ship mortgage notes are fully and unconditionally guaranteed, jointly and severally by all of the Company's direct and indirect subsidiaries that guarantee the 9.5% senior notes. The guarantees of the Company's subsidiaries that own mortgage vessels are senior secured guarantees and the guarantees of the Company's subsidiaries that do not own mortgage vessels are senior unsecured guarantees. Concurrently with the issuance of the ship mortgage notes, Navios Holdings has deposited \$105,000 from the proceeds of the issuance into an escrow account. In December 2009, this amount was released to partially finance the acquisition of two designated Capesize vessels. At any time before November 1, 2012, Navios Holdings may redeem up to 35% of the aggregate principal amount of the ship mortgage notes with the net proceeds of a public equity offering at 108.875% of the principal amount of the ship mortgage notes, plus accrued and unpaid interest, if any, so long as at least 65% of the originally issued aggregate principal amount of the ship mortgage notes remains outstanding after such redemption. In addition, the Company has the option to redeem the ship mortgage notes in whole or in part, at any time (1) before November 1, 2013, at a redemption price equal to 100% of the principal amount plus a make whole price which is based on a formula calculated using a discount rate of treasury bonds plus 50 bps, and (2) on or after November 1, 2013, at a fixed price of 104.438%, which price declines ratably until it reaches par in 2015.



**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

Furthermore, upon occurrence of certain change of control events, the holders of the ship mortgage notes may require the Company to repurchase some or all of the notes at 101% of their face amount. Pursuant to the terms of a registration rights agreement, as a result of satisfying certain conditions, the Company and the guarantors are not obligated to file a registration statement that would have enabled the holders of ship mortgage notes to exchange the privately placed notes with publicly registered notes with identical terms. The ship mortgage notes contain covenants which, among other things, limit the incurrence of additional indebtedness, issuance of certain preferred stock, the payment of dividends, redemption or repurchase of capital stock or making restricted payments and investments, creation of certain liens, transfer or sale of assets, entering into certain transactions with affiliates, merging or consolidating or selling all or substantially all of Company's properties and assets and creation or designation of restricted subsidiaries. The Company is in compliance with the covenants as of December 31, 2010.

**Loan Facilities:**

The majority of the Company's senior secured credit facilities include maintenance covenants, including loan-to-value ratio covenants, based on either charter-adjusted valuations, or charter-free valuations. As of December 31, 2010, the Company was in compliance with all of the covenants under each of its credit facilities outlined below.

*HSH/Commerzbank Facility:* In February 2007, Navios Holdings entered into a secured loan facility with HSH Nordbank and Commerzbank AG maturing on October 31, 2014. The facility composed of a \$280,000 term loan facility and a \$120,000 reducing revolving facility. In April 2008, the Company entered into an agreement for the amendment of the facility due to a prepayment of \$10,000. After such amendment the term loan facility was repayable in 19 quarterly payments of \$2,647, seven quarterly payments of \$5,654 and a balloon payment of \$166,382. In March 2009, Navios Holdings further amended its facility agreement, effective as of November 15, 2008, as follows: (a) to reduce the Security Value Maintenance ratio (SVM) (ratio of the charter-free valuations of the mortgaged vessels over the outstanding loan amount) from 125% to 100%; (b) to obligate Navios Holdings to accumulate cash reserves into a pledged account with the agent bank of \$14,000 (\$5,000 in March 2009 and \$1,125 on each loan repayment date during 2009 and 2010, starting from January 2009); and (c) to set the margin at 200 bps. The amendment was effective until January 31, 2010.

Following the sale of the Navios Apollon on October 29, 2009, Navios Holdings prepaid \$13,501 of the loan facility and permanently reduced its revolving credit facility by \$4,778.

Following the issuance of the ship mortgage notes in November 2009, the mortgages and security interests on ten vessels previously secured by the loan and the revolving facility were fully released in connection with the partial prepayment of the facility with approximately \$197,599, of which \$195,000 was funded from the issuance of the ship mortgage notes and the remaining \$2,599 from the Company's cash. The Company permanently reduced the revolving facility by an amount of \$26,662 and the term loan facility by \$80,059. In April 2010, Navios Holdings further amended its facility agreement with HSH/Commerzbank as follows: (a) release of certain pledge deposits amounting to \$117,519 and acceptance additional securities of substitute vessels; and (b) to set a margin ranging from 115 bps to 175 bps depending on the specified security value. In April, 2010, the available amount of \$21,551 under the revolving facility was drawn and an amount of \$117,519 was kept in a pledged account. On April 29, 2010, restricted cash of \$17,982 for financing the Navios Vector acquisition was drawn. The amount of \$73,974 for financing the Navios Melodia and Navios Fulvia acquisition (\$36,987 for each vessel) was drawn from the pledged account and a prepayment of \$25,553 was made on October 1, 2010. As a result, no outstanding amount was kept in the pledged account as of December 31, 2010.

The loan facility requires compliance with financial covenants, including specified SVM contained to total debt percentage and minimum liquidity. It is an event of default under the revolving credit facility if such covenants are not complied with or if Angeliki Frangou, the Company's Chairman and Chief Executive Officer, beneficially owns less than 20% of the issued stock.

The revolving credit facility is available for future acquisitions and general corporate and working capital purposes.

On November 15, 2010, following the sale of the Navios Melodia and the Navios Fulvia to Navios Partners, for a total consideration of \$177,000 of which \$162,000 was paid in cash and the remaining in Navios Partners units, Navios Holdings fully repaid its outstanding loan balance with HSH Nordbank in respect of the two vessels amounting to \$71,898.

As of December 31, 2010, the outstanding amount under the revolving credit facility was \$15,745 and the outstanding amount under the loan facility was \$62,961.

*Emporiki Facilities:* In December 2007, Navios Holdings entered into a facility agreement with Emporiki Bank of Greece of up to \$154,000 in order to partially finance the construction of two Capesize bulk carriers. In July 2009, following an amendment of the above-mentioned agreement, the amount of the facility has been changed to up to \$130,000.

**NAVIOS MARITIME HOLDINGS INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

In August 2009, Navios Holdings entered into another loan agreement with Emporiki Bank of Greece of up to \$75,000 (divided into two tranches of \$37,500) to partially finance the acquisition costs of two Capesize vessels. Each tranche of the facility is repayable in 20 semi-annual installments of \$1,375 with a final payment of \$10,000 on the last payment date. The repayment of each tranche starts six months after the delivery date of the respective Capesize vessel. It bears interest at a rate of LIBOR plus 175 bps. As of December 31, 2010, the full amount of \$75,000 was drawn under this facility. The loan facility requires compliance with certain financial covenants and the covenants contained in the senior notes. Following the delivery of both vessels the loan also requires compliance with certain financial covenants.

On March 18, 2010, following the sale of the Navios Aurora II to Navios Partners, Navios Holdings repaid \$64,350. Following the delivery of the Navios Antares on January 2010, an additional amount of \$14,830 was drawn and the outstanding amount of the facility \$64,350. The amended facility is repayable in 10 semi-annual installments of \$2,970 and 10 semi-annual installments of \$1,980 with a final balloon payment of \$14,850 on the last payment date. The interest rate of the amended facility is based on a margin of 175 bps. The loan facility requires compliance with certain financial covenants and the covenants contained in the senior notes. As of December 31, 2010, the outstanding amount under this facility was \$61,380.

In September 2010, Navios Holdings entered into another facility agreement with Emporiki Bank of Greece of up to \$40,000 in order to partially finance the construction of one Capesize bulk carrier. The loan is repayable in 20 semi-annual equal installments of \$1,500 each, with a final balloon payment of \$10,000 on the last payment date. It bears interest at a rate of LIBOR plus 275 bps. The loan facility requires compliance with certain financial covenants and the covenants contained in the senior notes. As of December 31, 2010, the amount drawn was \$28,000.

*DNB Facilities:* In June 2008, Navios Holdings entered into a facility agreement with DNB NOR BANK ASA of up to \$133,000 in order to partially finance the construction of two Capesize bulk carriers. In June 2009, following an amendment of the above-mentioned agreement, one of the two tranches amounting to \$66,500 has been cancelled following the cancellation of construction of one of the two Capesize bulk carriers. As of December 31, 2010, the total available amount of \$66,500 was drawn. The amended facility is repayable six months following the delivery of the Capesize vessel in 11 semi-annual installments of \$2,900, with a final payment of \$34,600 on the last payment date. The loan facility requires compliance with certain financial covenants and the covenants contained in the senior notes. The interest rate of the amended facility is based on a margin of 225 bps as defined in the new agreement. As of December 31, 2010, the outstanding amount under this facility was \$60,700.

In August 2010, Navios Holdings entered into a facility agreement with DNB NOR BANK ASA of up to \$40,000 in order to partially finance the construction of one Capesize bulk carrier. The loan is repayable three months following the delivery of the Capesize vessel in 24 equal quarterly installments of \$645 each, with a final balloon payment of \$24,520 on the last payment date. It bears interest at a rate of LIBOR plus 275 bps. As of December 31, 2010, the amount drawn was \$19,000.

*Dekabank Facility:* In February 2009 (amended and restated in May 2009), Navios Holdings entered into a facility of up to \$120,000 with Dekabank Deutsche Girozentrale to finance the acquisition of two Capesize vessels. The loan is repayable upon delivery of the Capesize vessels in 20 semi-annual installments and bears an interest rate based on a margin of 190 bps. The loan facility requires compliance with certain financial covenants and the covenants contained in the senior notes. The loan also requires compliance with certain financial covenants. Following the sale of the Navios Pollux to Navios Partners in May 2010, an amount of \$39,000 was kept in a pledged account pending the delivery of a substitute vessel as collateral to this facility. The amount of \$39,000 kept in the pledged account was released to finance the delivery of the Capesize vessel Navios Buena Ventura that was delivered to Navios Holdings on October 29, 2010. As of December 31, 2010, \$91,000 was outstanding under this facility.

*Convertible Debt:* In February 2009, Navios Holdings issued \$33,500 of convertible debt at a fixed rate of 2% exercisable at a price of \$11.00 per share, exercisable until February 2012, in order to partially finance the acquisition of the Navios Vega. Interest was payable semi-annually. Unless previously converted, the amount was payable in

February 2012. The Company had the option to redeem the debt in whole or in part in multiples of a thousand dollars, at any time after February 2010 at a redemption price equal to 100% of the principal amount to be redeemed. The convertible debt was recorded at fair value on issuance at a discounted face value of 94.5%. The fair value was determined using a binomial stock price tree model that considered both the debt and conversion features. The model used takes into account the credit spread of the Company, the volatility of its stock, as well as the price of its stock at the issuance date.

On November 3, 2010, Navios Holdings purchased the 2% convertible debt having a principal amount of \$33,500, dated February 18, 2009, for an aggregate price of \$29,100, resulting in a gain of \$3,799 under Other income in the statements of income. The closing of the purchase of the convertible senior debt took place on November 16, 2010.



**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

*Marfin Facility:* In March 2009, Navios Holdings entered into a loan facility with Marfin Egnatia Bank of up to \$110,000 to be used to finance the pre-delivery installments for the construction of newbuilding vessels and for general corporate purposes. Following the refinancing of this facility in October 2009, as a result of which one subsidiary that is a guarantor of the ship mortgage notes issued in November 2009 was replaced as borrower with another, the facility term was extended to October 2011. It bears interest at a rate based on a margin of 275 bps. Since September 7, 2010, the available amount of the loan facility has been reduced to \$30,000. During 2010, a total amount of \$43,375 was drawn and has been fully repaid.

*Commerzbank Facility:* In June 2009, Navios Holdings entered into a new facility agreement of up to \$240,000 (divided into four tranches of \$60,000) with Commerzbank AG in order to partially finance the acquisition of a Capesize vessel and the construction of three Capesize vessels. Each tranche of the facility is repayable starting three months after the delivery of each Capesize vessel in 40 quarterly installments of \$882 with a final payment of \$24,706 on the last payment date. It bears interest at a rate based on a margin of 225 bps. As of December 31, 2010, the outstanding amount was \$111,496. The loan facility requires compliance with the covenants contained in the senior notes. Following the sale of two Capesize vessels, the Navios Melodia and the Navios Buena Ventura, on September 20, 2010 and October 29, 2010 to Navios Partners, respectively, Navios Holdings cancelled two of the four tranches and fully repaid in October 2010 their outstanding loan balances, \$53,600 and \$54,500, respectively.

*Unsecured Bond:* In July 2009, Navios Holdings issued a \$20,000 unsecured bond due in July 2012 as a partial payment for the acquisition price of a Capesize vessel. Interest will accrue on the principal amount of the unsecured bond at the rate of 6% per annum. All accrued interest (which will not be compounded) will be first due and payable in July 2012, which is the maturity date. The unsecured bond may be prepaid by Navios Holdings at any time without prepayment penalty.

*DVB Facility:* On August 4, 2005, Kleimar entered into a \$21,000 loan facility with DVB Bank for the purchase of a vessel. The loan was assumed upon acquisition of Kleimar and was repayable in 20 quarterly installments of \$280 each with a final balloon payment of \$15,400 in August 2010. The loan was secured by a mortgage on a vessel together with assignment of earnings and insurances. As of December 31, 2010, the outstanding amount under this facility had been fully repaid.

*Navios Acquisition loans:*

**Ship Mortgage Notes:** In October 2010, Navios Acquisition issued \$400,000 first priority ship mortgage notes (the Notes) due on November 1, 2017 at an 8.625% fixed rate. The Notes are senior obligations of Navios Acquisition and are secured by first priority ship mortgages on six VLCC vessels owned by certain subsidiary guarantors and certain other associated property and contract rights. The guarantees of Navios Acquisition's subsidiaries that own mortgage vessels are senior secured guarantees and the guarantees of Navios Acquisition's subsidiaries that do not own mortgage vessels are senior unsecured guarantees. Navios Acquisition may redeem the Notes in whole or in part, as its option, at any time (1) before November 1, 2013 at a redemption price equal to 100% of the principal amount plus a make whole price which is based on a formula calculated using a discount rate of treasury bonds plus 50 bps (2) on or after November 1, 2013, at a fixed price of 104.313%, which price declines ratably until it reaches par in. In addition, any time before November 1, 2013, Navios Acquisition may redeem up to 35% of the aggregate principal amount of the Notes with the net proceeds of an equity offering at 108.625% of the principal amount of the Notes, plus accrued and unpaid interest, if any, so long as at least 65% of the originally issued aggregate principal amount of the Notes remains outstanding after such redemption. Furthermore, upon occurrence of certain change of control events, the holders of the Notes may require Navios Acquisition to repurchase some or all of the Notes at 101% of their face amount, plus accrued and unpaid interest to the repurchase date. Under a registration rights agreement, the Navios Acquisition and the guarantors agreed to file a registration statement no later than five business days following the first year anniversary of the issuance of the Notes enabling the holders of ship mortgage notes to exchange the privately placed notes with publicly registered Notes with identical terms which was effective January 31, 2011.

Navios Acquisitions 8.625% Notes are fully and unconditionally guaranteed on a joint and several basis by all of the Navios Acquisitions subsidiaries with the exception of Navios Acquisition Finance (U.S.) Inc. (a co-issuer of the ship mortgage notes). All subsidiaries are 100% owned. Navios Acquisition does not have any independent assets or operations.

The Notes contain covenants which, among other things, limit the incurrence of additional indebtedness, issuance of certain preferred stock, the payment of dividends, redemption or repurchase of capital stock or making restricted payments and investments, creation of certain liens, transfer or sale of assets, entering into certain transactions with affiliates, merging or consolidating or selling all or substantially all of Navios Acquisition's properties and assets and creation or designation of restricted subsidiaries.

F-45

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

Following the issuance of the Notes and net proceeds raised of \$388,883, the securities on six VLCC vessels previously secured by the loan facilities were fully released in connection with the full repayment of the facilities totalling approximately \$343,841, and \$27,609 was used to partially repay the \$40,000 Navios Holdings credit facility, which has been eliminated upon consolidation.

**Credit Facilities**

*Deutsche Schiffsbank AG, Alpha Bank A.E., and Credit Agricole Corporate and Investment Bank:* As a result of the initial asset acquisition, that qualified as Navios Acquisition's initial business combination, Navios Acquisition assumed a loan agreement dated April 7, 2010, with Deutsche Schiffsbank AG, Alpha Bank A.E. and Credit Agricole Corporate and Investment Bank of up to \$150,000 (divided in six equal tranches of \$25,000 each) to partially finance the construction of two chemical tankers and four product tankers. Each tranche of the facility is repayable in 12 equal semi-annual installments of \$750 each with a final balloon payment of \$16,750 to be repaid on the last repayment date. The repayment of each tranche starts six months after the delivery date of the respective vessel which that tranche finances. It bears interest at a rate of LIBOR plus 250 bps. The loan also requires compliance with certain financial covenants. As of December 31, 2010, \$107,236 was drawn under this facility.

*BNP Paribas SA Bank and DVB Bank S.E.:* As a result of the initial asset acquisition, that qualified as Navios Acquisition's initial business combination, Navios Acquisition assumed a loan agreement dated April 8, 2010, of up to \$75,000 (divided in three equal tranches of \$25,000 each) for the purpose of part-financing the purchase price of three product tankers. Each of the tranche is repayable in 12 equal semi-annual installments of \$750 each with a final balloon payment of \$16,750 to be repaid on the last repayment date. The repayment date of each tranche starts six months after the delivery date of the respective vessel which that tranche finances. It bears interest at a rate of LIBOR plus 250 bps. The loan also requires compliance with certain financial covenants. As of December 31, 2010, \$36,175 was drawn under this facility.

*DVB Bank S.E. and ABN AMRO Bank N.V.:* On May 28, 2010, Navios Acquisition entered into a loan agreement with DVB Bank S.E. and ABN AMRO BANK N.V. of up to \$52,000 (divided into two tranches of \$26,000 each) to partially finance the acquisition costs of two product tanker vessels. Each tranche of the facility is repayable in 24 equal quarterly installments of \$448 each with a final balloon payment of \$15,241 to be repaid on the last repayment date. The repayment of each tranche starts three months after the delivery date of the respective vessel. It bears interest at a rate of LIBOR plus 275 bps. The loan also requires compliance with certain financial covenants. As of December 31, 2010, the outstanding amount under this facility was \$50,207.

*Marfin Egnatia Bank:* In September 2010, Navios Acquisition (through four subsidiaries) entered into a \$80,000 revolving credit facility with Marfin Egnatia Bank to partially finance the acquisition and construction of vessels and for investment and working capital purposes. The loans are secured by assignments of construction contracts and guarantees, as well as security interests in related assets. The loan matures on September 7, 2012 (with available one-year extensions) and bears interest at a rate of LIBOR plus 275 bps. As of December 31, 2010, the outstanding amount under this facility was \$80,000.

*Eurobank Ergasias S.A.:* On October 26, 2010, Navios Acquisition entered into a loan agreement with Eurobank Ergasias S.A. of up to \$52,200 (divided into two tranches of \$26,100 each) to partially finance the acquisition costs of two LR1 product tanker vessels. Each tranche of the facility is repayable in 32 equal quarterly installments of \$345, each with a final balloon payment of \$15,060, to be repaid on the last repayment date. The repayment of each tranche starts three months after the delivery date of the respective vessel. The loan bears interest at a rate of LIBOR plus (i) plus 250 bps for the period prior to the delivery date in respect of the vessel being financed, and (ii) thereafter 275 bps. The loan also requires compliance with certain financial covenants. The outstanding amount under this facility as of December 31, 2010 was \$22,800.

*Eurobank Ergasias S.A.:* On December 6, 2010, Navios Acquisition entered into a loan agreement with Eurobank Ergasias S.A. of up to \$52,000 (divided into two tranches of \$26,000 each) to partially finance the acquisition costs of two LR1 product tanker vessels. Each tranche of the facility is repayable in 32 equal quarterly

installments of \$345 each with a final balloon payment of \$14,960, to be repaid on the last repayment date. The repayment of each tranche starts three months after the delivery date of the respective vessel. It bears interest at a rate of LIBOR plus 300 bps. The loan also requires compliance with certain financial covenants. As of December 31, 2010, \$13,000 was drawn (\$6,500 from each of the two tranches under this facility).

**The VLCC Acquisition Credit Facilities**

On September 10, 2010, Navios Acquisition consummated the VLCC Acquisition. In connection with the acquisition of the VLCC vessels, Navios Acquisition entered into, assumed and supplemented the VLCC Acquisition credit facilities described below. The VLCC Acquisition credit facilities were fully repaid and terminated with the proceeds of the Notes on October 21, 2010.

In connection with the full repayment of the VLCC facilities of \$343,841 Navios Acquisition paid prepayment fees and breakage cost of \$2,503 and wrote-off unamortized deferred financing costs of \$2,938. The total amount of \$5,441 was expensed in the statement of income.

F-46

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**NAVIOS MARITIME HOLDINGS INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

On December 12, 2006, a loan of \$82,875 was obtained from HSH Nordbank AG. The loan is secured by the Shinyo Navigator together with security interests in related assets. The balance of the loan assumed at closing was \$56,125 and was repayable in one installment of \$2,125, one installment of \$1,810, 12 installments of \$2,023, eight installments of \$1,491 and four installments of \$1,997 after the prepayment of \$8,000 on September 13, 2010. Payments were to be made quarterly until the 10th anniversary of the date three months from the drawdown date. The facility was amended on September 9, 2010, in connection with the closing of the VLCC Acquisition, and was guaranteed by Navios Acquisition. The amended terms included (a) a new margin of 2.75%, (b) a financial covenant package similar to Navios Acquisition's other facility agreements, (c) the prepayment of \$800,000 held in a cash collateral account and (d) a minimum value clause at 115% starting on June 30, 2011 and 120% starting on December 31, 2011. A 1% fee on the outstanding balance of the facility as of September 10, 2010 was paid at closing. As of December 31, 2010 the outstanding amount under this facility was \$0 as the facility was repaid with the proceeds from the issuance of the Notes on October 21, 2010.

On September 5, 2007, a syndicated loan of \$65,000 was obtained from DVB Group MerchantBank (Asia) Ltd, BNP Paribas, Credit Suisse and Deutsche Schiffsbank AG. The loan was secured by the C. Dream together with security interests in related assets. The balance of the loan assumed at closing was \$54,700 and was repayable in one installment of \$900, four installments of \$950, four installments of \$1,000, four installments of \$1,075, four installments of \$1,150 four installments of \$1,200, seven installments of \$1,250 and a balloon payment of \$23,550 payable together with the last installment. Payments were to be made quarterly until the 10th anniversary of the date three months from the drawdown date. The facility was amended on September 10, 2010, in connection with the closing of the VLCC Acquisition, and was guaranteed by Navios Acquisition. The amended terms included (a) a new margin of 2.75%, (b) a financial covenant package similar to Navios Acquisition's other facility agreements and (c) a minimum value clause at 115% until December 31, 2011 and thereafter at 130%. A 1% fee on the outstanding balance of the facility as of September 10, 2010 was paid at closing. As of December 31, 2010, the outstanding amount under this facility was \$0 as it was repaid with the proceeds from the issuance of the Notes on October 21, 2010.

On January 4, 2007, a syndicated loan of \$86,800 was obtained from DVB Group MerchantBank (Asia) Ltd, Credit Suisse and Deutsche Schiffsbank AG. The loan was secured by the Shinyo Ocean together with security interests in related assets. The balance of the loan assumed on September 10, 2010 was \$58,907 and was repayable in three installments of \$1,575, four installments of \$1,675, four installments of \$1,725 four installments of \$1,850, four installments of \$1,950, four installments of \$2,100, three installments of \$2,200 and a balloon payment of \$10,382 payable together with the last installment. Payments are to be made quarterly until the 10th anniversary of the date three months from the drawdown date. The facility was amended on September 9, 2010, in connection with the closing of the VLCC Acquisition, and was guaranteed by Navios Acquisition. The amended terms included (a) a new margin of 2.75%, (b) a financial covenant package similar to Navios Acquisition's other facility agreements and (c) a minimum value clause at 115% until December 31, 2011 and thereafter at 130%. A 1% fee on the outstanding balance of the facility as of September 10, 2010 was paid at closing. The outstanding amount under this facility as of December 31, 2010 was \$0, since it was repaid with the proceeds from the issuance of the Notes on October 21, 2010.

On January 4, 2007, a syndicated loan of \$86,800 was obtained from DVB Group Merchant Bank (Asia) Ltd, Credit Suisse and Deutsche Schiffsbank AG. The loan was secured by the Shinyo Kannika together with security interests in related assets. The balance of the loan assumed on September 10, 2010 was \$58,784 and was payable in two installments of \$1,550, four installments of \$1,625, four installments of \$1,725, four installments of \$1,850, four installments of \$1,950, four installments of \$2,100, three installments of \$2,200 and a balloon payment of \$12,084 together with the last installment. Forty quarterly payments are to be made commencing on February 15, 2007. The facility was amended on September 9, 2010, in connection with the closing of the VLCC Acquisition, and was guaranteed by Navios Acquisition. The amended terms included (a) a new margin of 2.75%, (b) financial covenant package similar to Navios Acquisition's other facility agreements and (c) a minimum value clause at 115% until December 31, 2011 and thereafter at 130%. A 1% fee on the outstanding balance of the facility as of September 10,

2010 was paid at closing. As of December 31, 2010, the outstanding amount under this facility was \$0, as it was repaid with the proceeds from the issuance of the Notes on October 21, 2010.

On May 16, 2007, a syndicated loan in the amount of \$62,000 was obtained from DVB Group Merchant Bank (Asia) Ltd, Credit Suisse and Deutsche Schiffsbank AG. The loan was secured by the Shinyo Splendor together with security interests in related assets. The balance of the credit facility on September 10, 2010 was \$38,775 and was repayable in three installments of \$1,925, four installments of \$2,075, four installments of \$2,200 and three installments of \$2,350 together with a balloon payment of \$8,850. Payments were to be made for 28 quarters from the date three months from the drawdown date. The facility was amended on September 9, 2010, in connection with the closing of the VLCC transaction and was guaranteed by Navios Acquisition. The amended terms included (a) a new margin of 2.75% applicable for tranche A and margin of 4% applicable for tranche B, (b) a financial covenant package similar to Navios Acquisition's other facility agreements and (c) minimum value clause at 115% until December 31, 2011 on a charter attached basis and thereafter at 130% on a charter free basis. A 1% fee on the outstanding balance of the facility as of September 10, 2010 was paid at closing. As of December 31, 2010, the outstanding amount under this facility was \$0, since the facility was repaid through the issuance of the Ship Mortgage Notes on October 21, 2010.

F-47

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

On March 26, 2010, a loan facility of \$90,000 was obtained from China Merchant Bank Co., Ltd. to finance the construction of Shinyo Saowalak. The balance of the loan facility as of September 10, 2010 was \$90,000. The loan was secured by the Shinyo Saowalak together with security interests in related assets and was repayable by twelve installments of \$1,750, twelve installments of \$2,000 and sixteen installments of \$2,813. The first repayment was to be made on September 21, 2010 with the last installment to be paid on the date falling 117 months after September 21, 2010. The facility was amended on September 9, 2010, in connection with the closing of the VLCC Acquisition, and was guaranteed by Navios Acquisition. The amended terms included a financial covenant package similar to Navios Acquisition's other facility agreements. The outstanding amount under this facility as of December 31, 2010 was \$0, since the facility was paid in full on October 21, 2010 with the proceeds from the issuance of the Notes.

*Navios Logistics loans:*

*Marfin Facility*

On March 31, 2008, Nauticler S.A. entered into a \$70,000 loan facility for the purpose of providing Nauticler S.A. with investment capital to be used in connection with one or more investment projects. The loan was initially repayable in one installment by March 2011 and was bearing interest at LIBOR plus a margin of 175 bps. In March 2009, Navios Logistics transferred its loan facility of \$70,000 to Marfin Popular Bank Public Co. Ltd. The loan provided for an additional one year extension and an increase in margin to 275 bps. On March 23, 2010, the loan was extended for one additional year, providing an increase in margin to 300 bps. The loan is repayable in one payment in March 2012. As of December 31, 2010, the amount outstanding under this facility was \$70,000.

*Joint Venture Indebtedness*

In connection with the acquisition of Horamar, Navios Logistics assumed a \$9,500 loan facility that was entered into by HS Shipping Ltd. Inc. in 2006, in order to finance the building of a 8,974 dwt double hull tanker (Malva H). Since the vessel's delivery, the interest rate has been LIBOR plus 150 bps. The loan is repaid in installments that shall not be less than 90% of the amount of the last hire payment due to be paid to HS Shipping Ltd. Inc. The repayment date shall not extend beyond December 31, 2011. The loan can be pre-paid before such date, with two days written notice. The loan also requires compliance with certain covenants. As of December 31, 2010, the amount outstanding under this facility was \$6,645.

In connection with the acquisition of Horamar, Navios Logistics assumed a \$2,286 loan facility that was entered into by Thalassa Energy S.A., a Navios Logistics majority owned subsidiary, in October 2007, in order to finance the purchase of two self-propelled barges (the Formosa and San Lorenzo). The loan bears interest at LIBOR plus 150 bps. The loan is repaid in five equal installments of \$457 four of which were made in November 2008, June 2009, January and August 2010 and the remaining one was repaid in March 2011. The loan also requires compliance with certain covenants. The loan is secured by a first priority mortgage over the two self-propelled. As of December 31, 2010, the amount outstanding under this facility was \$457.

On September 4, 2009, HS Navigation Inc. entered into a loan facility for an amount of up to \$18,710 that bears interest at LIBOR plus 225 bps in order to finance the acquisition cost of the Estefania H. The loan is repayable in installments that shall not be less than the highest of (a) 90% of the amount of the last hire payment due to HS Navigation Inc. prior to the repayment date, and (b) \$250, inclusive of any interest accrued in relation to the loan at that time. The repayment date should not exceed beyond May 15, 2016. The loan also requires compliance with certain covenants. As of December 31, 2010, the amount outstanding under this facility was \$14,405.

On December 15, 2009, HS Tankers Inc., one of Navios Logistics majority owned subsidiaries, entered into a loan facility in order to finance the acquisition cost of the Makenita H for an amount of \$24,000 which bears interest at LIBOR plus 225 bps. The loan is repayable in installments that shall not be less than the highest of (a) 90% of the amount of the last hire payment due to HS Tankers Inc. prior to the repayment date, and (b) \$250, inclusive of any interest accrued in relation to the loan at that time. The repayment date shall not extend beyond March 24, 2016. The loan also requires compliance with certain covenants. As of December 31, 2010, the amount outstanding under this facility was \$21,093.

On December 20, 2010, HS South Inc., one of Navios Logistics majority owned subsidiaries, entered into a loan facility in order to finance the acquisition cost of the Sara H for an amount of \$14,385 which bears interest at LIBOR plus 225 bps. The loan will be repaid by installments. The loan is repayable in installments that shall not be less than the highest of (a) 90% of the amount of the last hire payment due to be HS South Inc. prior to the repayment date and (b) \$250, inclusive of any interest accrued in relation to the loan at that time. The repayment date should not exceed beyond May 24, 2016. The loan also requires compliance with certain covenants. As of December 31, 2010, the amount outstanding under this facility was \$14,087.

F-48

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

*Other Indebtedness*

In connection with the acquisition of Hidronave S.A. in October 29, 2009, Navios Logistics assumed an \$817 loan facility that was entered into by Hidronave S.A. in 2001, in order to finance the construction of a pushboat (Nazira). As of December 31, 2010, the outstanding loan balance was \$735. The loan facility bears interest at a fixed rate of 600 bps. The loan is repaid by installments of \$6 each and the final repayment date can not extend beyond August 10, 2021. The loan also requires compliance with certain covenants.

As of December 31, 2010, the Company and its subsidiaries were in compliance with all of the covenants under each of its credit facilities.

The maturity table below reflects the principal payments of all credit facilities outstanding as of December 31, 2010 for the next 5 years and thereafter are based on the repayment schedule of the respective loan facilities (as described above) and the outstanding amount due under the senior notes and the ship mortgage notes. The maturity table below includes in the amount shown for 2016 and thereafter future principal payments of the drawn portion of credit facilities associated with the financing of the construction of Capesize vessels delivered during the first quarter of 2011.

<b>Year</b>	<b>Amount in thousands of USD</b>	
2011	\$	63,297
2012		226,808
2013		58,245
2014		407,545
2015		70,475
2016 and thereafter		1,255,753
<b>Total</b>	<b>\$</b>	<b>2,082,123</b>

**NOTE 12: DERIVATIVES AND FAIR VALUE OF FINANCIAL INSTRUMENTS***Warrants*

The Company accounts for the Navios Acquisition Warrants (see Note 1), which were obtained in connection with its investment in Navios Acquisition, under guidance for accounting for derivative instruments and hedging activities. This accounting guidance establishes accounting and reporting standards for derivative instruments and other hedging activities. In accordance with the relative accounting guidance, the Company before acquiring control over Navios Acquisition, recorded the Navios Acquisition Warrants in the consolidated balance sheets under Long-term derivative assets at fair value, with changes in fair value recorded in (Loss)/gain on derivatives in the consolidated statements of income.

Prior to the consolidation of Navios Acquisition, Navios Holdings valued the Navios Acquisition Warrants at fair value amounting to \$14,069 (fair value \$9,120 of 7,600,000 warrants at \$1.20 per warrant and \$4,949 of 6,035,000 sponsor warrants at \$0.82 per warrant), and changes in fair value were recorded in (Loss)/gain on derivatives in the consolidated statements of income amounting to \$5,888 (\$5,863 and (\$5,282) for the year ended December 31, 2009 and 2008, respectively).

Upon obtaining control of Navios Acquisition (see Note 1), the investment in shares of common stock and the investment in warrants were remeasured to fair value resulting in a gain of \$17,742 recorded in the statements of income under Gain on change in control and noncontrolling interest was recognized at fair value, being the number of shares not controlled by the Company at the public share price as of May 28, 2010 of \$6.56, amounting to \$60,556.

*Interest rate risk*

The Company entered into interest rate swap contracts as economic hedges to its exposure to variability in its floating rate long-term debt. Under the terms of the interest rate swaps, the Company and the bank agreed to exchange at specified intervals, the difference between paying fixed rate and floating rate interest amount calculated by reference to the agreed principal amounts and maturities. Interest rate swaps allow the Company to convert long-term borrowings issued at floating rates into equivalent fixed rates. Even though the interest rate swaps were entered into for economic hedging purposes, the derivatives described below do not qualify for accounting purposes as cash flow hedges, under the relative accounting guidance, as the Company does not have currently written contemporaneous documentation, identifying the risk being hedged, and both on a prospective and retrospective basis, performed an effective test supporting that the hedging relationship is highly effective. Consequently, the Company recognizes the change in fair value of these derivatives in the statements of income.

F-49

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**NAVIOS MARITIME HOLDINGS INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

For the years ended December 31, 2010, 2009 and 2008, the realized loss on interest rate swaps was \$(1,155), \$(1,491) and \$(2,351), respectively. As of December 31, 2010 and 2009, the outstanding net liability was \$0 and \$1,133, respectively. The unrealized gain/(loss) as of December 31, 2010, 2009 and 2008 was \$1,133, \$1,774 and \$(1,874), respectively.

The swap agreements have been entered into by subsidiaries. The Royal Bank of Scotland, the Alpha Bank swap and the HSH Nordbank swap agreements have expired as of December 31, 2010.

**Forward Freight Agreements (FFAs)**

The Company actively trades in the FFAs market with both an objective to utilize them as economic hedging instruments that are highly effective in reducing the risk on specific vessel(s), freight commitments, or the overall fleet or operations, and to take advantage of short-term fluctuations in the market prices. FFAs trading generally have not qualified as hedges for accounting purposes, except as discussed below, and as such, the trading of FFAs could lead to material fluctuations in the Company's reported results from operations on a period to period basis.

Drybulk shipping FFAs generally have the following characteristics: they cover periods from one month to one year; they can be based on time charter rates or freight rates on specific quoted routes; they are executed between two parties and give rise to a certain degree of credit risk depending on the counterparties involved and they are settled monthly based on publicly quoted indices.

For FFAs that qualify for hedge accounting the changes in fair values of the effective portion representing unrealized gain or losses are recorded under Accumulated Other Comprehensive Income/(Loss) in stockholders' equity while the unrealized gains or losses of the FFAs not qualifying for hedge accounting together with the ineffective portion of those qualifying for hedge accounting, are recorded in the statements of income under (Loss)/gain on derivatives. The gains/(losses) included in Accumulated Other Comprehensive Income/(Loss) are being reclassified to earnings under Revenue in the statements of income in the same period or periods during which the hedged forecasted transaction affects earnings. The reclassification to earnings commenced in the third quarter of 2006 and extended until December 31, 2008, depending on the period or periods during which the hedged forecasted transactions affected earnings. For the years ended December 31, 2010, 2009 and 2008, losses of \$0, \$0 and \$19,939, respectively, included in Accumulated Other Comprehensive Income/ (Loss), were reclassified to earnings.

At December 31, 2010 and December 31, 2009, none of the mark to market positions of the open dry bulk FFA contracts, qualified for hedge accounting treatment. Drybulk FFAs traded by the Company that do not qualify for hedge accounting are shown at fair value through the statements of income.

The net (losses)/gains from FFAs recorded in the statement of income amounted to \$(1,802), \$(5,172) and \$16,244, for the years ended December 31, 2010, 2009 and 2008, respectively.

During each of the years ended December 31, 2010, 2009 and 2008, the changes in net unrealized gains/(losses) on FFAs amounted to \$(19,903), \$1,674 and \$(8,220), respectively.

The open drybulk shipping FFAs at net contracted (strike) rate after consideration of the fair value settlement rates is summarized as follows:

	<b>December 31, 2010</b>	<b>December 31, 2009</b>
<b>Forward Freight Agreements (FFAs)</b>		
Short term FFA derivative assets	\$	\$ 28,194
Long term FFA derivative assets	149	
Short term FFA derivative liability	(245)	(9,542)
<b>Net fair value on FFA contracts</b>	<b>\$ (96)</b>	<b>\$ 18,652</b>

<b>NOS FFAs portion of fair value transferred to NOS derivative account (*)</b>	<b>\$</b>	<b>92</b>	<b>\$</b>	<b>(77)</b>
<b>LCH FFAs portion of fair value transferred to LCH derivative account (**)</b>	<b>\$</b>	<b>1,328</b>	<b>\$</b>	<b>10,265</b>

The open interest rate swaps, after consideration of their fair value, are summarized as follows:

	<b>December 31, 2010</b>	<b>December 31, 2009</b>
<b>Interest Rate Swaps</b>		
Short term interest rate swap liability	\$	\$ (1,133)
<b>Net fair value of interest rate swap contract</b>	<b>\$</b>	<b>\$ (1,133)</b>

F-50

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

**Reconciliation of balances**

Total of balances related to derivatives and financial instruments:

	<b>December 31, 2010</b>	<b>December 31, 2009</b>
FFAs	\$ (96)	\$ 18,652
NOS FFAs portion of fair value transferred to NOS derivative account (*)	92	(77)
LCH FFAs portion of fair value transferred to LCH derivative account (**)	1,328	10,265
Navios Acquisition Warrants		8,181
Interest rate swaps		(1,133)
<b>Total</b>	<b>\$ 1,324</b>	<b>\$ 35,888</b>

**Balance Sheet Values**

	<b>December 31, 2010</b>	<b>December 31, 2009</b>
Total short term derivative asset	\$ 1,420	\$ 38,382
Total long term derivative asset	149	8,181
Total short term derivative liability	(245)	(10,675)
<b>Total</b>	<b>\$ 1,324</b>	<b>\$ 35,888</b>

(\*) NOS: The Norwegian Futures and Options Clearing House (NOS Clearing ASA).

(\*\*) LCH: The London Clearing House.

**Fair value of financial instruments**

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

**Cash and cash equivalents:** The carrying amounts reported in the consolidated balance sheets for interest bearing deposits approximate their fair value because of the short maturity of these investments.

**Forward Contracts:** The estimated fair value of forward contracts and other assets was determined based on quoted market prices.

**Borrowings:** The carrying amount of the floating rate loans approximates its fair value. Only the senior and ship mortgage notes have a fixed rate and their fair value, which was determined based on quoted market prices, is indicated in the table below.

**Interest rate swaps:** The fair value of the interest rate swaps is the estimated amount that the Company would receive or pay to terminate the swaps at the reporting date and are valued using pricing models.

***Forward freight agreements:*** The fair value of forward freight agreements is the estimated amount that the Company would receive or pay to terminate the agreement at the reporting date by obtaining quotes from brokers or exchanges.

F-51

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

The estimated fair values of the Company's financial instruments are as follows:

	<b>December 31, 2010</b>		<b>December 31, 2009</b>	
	<b>Book Value</b>	<b>Fair Value</b>	<b>Book Value</b>	<b>Fair Value</b>
Cash and cash equivalent	\$ 207,410	\$ 207,410	\$ 173,933	\$ 173,933
Restricted cash	\$ 53,577	\$ 53,577	\$ 107,158	\$ 107,158
Trade receivables	\$ 70,388	\$ 70,388	\$ 78,504	\$ 78,504
Accounts payable	\$ (49,496)	\$ (49,496)	\$ (61,990)	\$ (61,990)
Senior and ship mortgage notes, net of discount	\$(1,093,787)	\$(1,152,752)	\$(693,049)	\$(714,500)
Long term debt	\$ (982,123)	\$ (982,123)	\$(929,657)	\$(929,657)
Available for sale securities	\$ 99,078	\$ 99,078	\$ 46,314	\$ 46,314
Interest rate swaps	\$	\$	\$ (1,133)	\$ (1,133)
Navios Acquisition Warrants	\$	\$	\$ 8,181	\$ 8,181
Forward Freight Agreements, net	\$ (96)	\$ (96)	\$ 18,652	\$ 18,652

The following tables set forth by level our assets and liabilities that are measured at fair value on a recurring basis. As required by the fair value guidance, assets and liabilities are categorized in their entirety based on the lowest level of input that is significant to the fair value measurement.

**Fair Value Measurements as of December 31, 2010**

	<b>Total</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
		<b>Assets</b>		
FFAs	\$ 149	\$ 149	\$	\$
Investments in available for sale securities	99,078	99,078		
<b>Total</b>	<b>\$ 99,227</b>	<b>\$ 99,227</b>	<b>\$</b>	<b>\$</b>

**Fair Value Measurements as of December 31, 2010**

	<b>Total</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
		<b>Liabilities</b>		
FFAs	\$ 245	\$ 245	\$	\$
<b>Total</b>	<b>\$ 245</b>	<b>\$ 245</b>	<b>\$</b>	<b>\$</b>

**Fair Value Measurements as of December 31, 2009**

<b>Assets</b>	<b>Total</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
FFAs	\$ 28,194	\$ 28,194	\$	\$
Navios Acquisition Warrants	8,181		8,181	
Investments in available for sale securities	46,314	46,314		
<b>Total</b>	<b>\$ 82,689</b>	<b>\$ 74,508</b>	<b>\$ 8,181</b>	<b>\$</b>

F-52



**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

	Total	Fair Value Measurements as of December 31, 2009		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Liabilities</b>				
FFAs	\$ 9,542	\$ 9,542	\$	\$
Interest rate swap contracts	1,133		1,133	
Total	\$ 10,675	\$ 9,542	\$ 1,133	\$

The Company's FFAs are valued based on published quoted market prices. Navios Acquisition Warrants are valued based on quoted market indices taking into consideration their restricted nature. Investments in available for sale securities are valued based on published quoted market prices. Interest rate swaps are valued using pricing models and the Company generally uses similar models to value similar instruments. Where possible, the Company verifies the values produced by its pricing models to market prices. Valuation models require a variety of inputs, including contractual terms, market prices, yield curves, credit spreads, measures of volatility, and correlations of such inputs. The Company's derivatives trade in liquid markets, and as such, model inputs can generally be verified and do not involve significant management judgment. Such instruments are typically classified within Level 2 of the fair value hierarchy.

**NOTE 13: EMPLOYEE BENEFIT PLANS**

**Retirement Saving Plan**

The Company sponsors an employee saving plan covering all of its employees in the United States. The Company's contributions to the employee saving plan during the years ended December 31, 2010, 2009 and 2008, were approximately \$122, \$105 and \$101, respectively, which included a discretionary contribution of \$18, \$15, and \$15, respectively.

**Defined Benefit Pension Plan**

The Company sponsors a legacy unfunded defined benefit pension plan that covers certain Bahamian and Uruguayan nationals and former Navios Corporation employees. The liability related to the plan is recognized based on actuarial valuations. The current portion of the liability is included in accrued expenses and the non-current portion of the liability is included in other long term liabilities. There are no pension plan assets.

The Greek office employees are protected by the Greek Labor Law. According to the law, the Company is required to pay retirement indemnities to employees on dismissal, or on leaving with an entitlement to a full security retirement pension. The amount of the compensation is based on the number of years of service and the amount of the monthly remuneration including regular bonuses at the date of dismissal or retirement up to a maximum of two years salary. If the employees remain in the employment of the Company until normal retirement age, the entitled retirement compensation is equal to 40% of the compensation amount that would be payable if they were dismissed at that time. The number of employees that will remain with the Company until retirement age is not known. The Company considers this plan equivalent to a lump sum defined benefit pension plan and accounts it under FASB guidance on employer's accounting for pension.

**Stock Plan**

On October 18, 2007 and December 16, 2008, the Compensation Committee of the Board of Directors authorized the issuance of shares of restricted stock, restricted stock units and stock options in accordance with the

Company's stock option plan for its employees, officers and directors. The Company awarded shares of restricted stock and restricted stock units to its employees, officers and directors and stock options to its officers and directors, based on service conditions only, which vest over two years and three years, respectively.

On December 17, 2009, the Company authorized the issuance of shares of restricted stock, restricted stock units and stock options in accordance with the Company's stock option plan for its employees, officers and directors. Restricted stock and restricted stock units awarded on December 17, 2009 to its employees, officers and directors, are restricted for three years period.

On December 16, 2010, pursuant to the stock plan approved by the Board of Directors, Navios Holdings issued an additional 537,310 shares restricted of common stock to its employees, which vest over three years.

This restriction lapses in two or three equal tranches, over the requisite service periods, of one, two and three years from the grant date. Stock options have been granted to executives and directors only and vest in three equal tranches over the requisite service periods of one, two and three years from the grant date. Each option remains exercisable for seven years after its vesting date.

F-53

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

The fair value of all stock option awards has been calculated based on the modified Black-Scholes method. A description of the significant assumptions used to estimate the fair value of the stock option awards is set out below:

*Expected term:* The simplified method was used which includes taking the average of the weighted average time to vesting and the contractual term of the option award. The option awards vest over three years at 33.3%, 33.3% and 33.4% respectively, resulting in a weighted average time to vest of approximately 2 years. The contractual term of the award is 7 years. Utilizing the simplified approach formula, the derived expected term estimate for the Company's option award is 4.5 years.

*Expected volatility:* The historical volatility of Navios Holdings' shares was used in order to estimate the volatility of the stock option awards. The final expected volatility estimate (which equals the historical estimate is 81.52%, 68.86% and 61.30% for 2010, 2009 and 2008, respectively).

*Expected dividends:* The expected dividend is based on the current dividend, our historical pattern of dividend increases and the market price of our stock.

*Risk-free rate:* Navios Holdings has selected to employ the risk-free yield-to-maturity rate to match the expected term estimated under the simplified method. The 4.5 year yield-to-maturity rate as of the grant date is 1.81%, 3.64% and 1.23% for 2010, 2009 and 2008, respectively.

The fair value of restricted stock and restricted stock units grants excludes dividends to which holders of restricted stock and restricted stock units are not entitled. The expected dividend assumption used in the valuation of restricted stock and restricted stock units grant is \$0.06 for 2010, 2009 and 2008.

The weighted average grant date fair value of stock options and restricted stock and restricted stock units granted during the year ended December 31, 2010 was \$2.54, \$5.15 and \$5.15 respectively.

The weighted average grant date fair value of stock options and restricted stock and restricted stock units granted during the year ended December 31, 2009 was \$2.59, \$5.63 and \$5.63 respectively.

The weighted average grant date fair value of stock options and restricted stock and restricted stock units granted during the year ended December 31, 2008 was \$1.21, \$3.18 and \$3.18 respectively.

The effect of compensation expense arising from the stock-based arrangements described above amounts to \$2,476, \$2,187 and \$2,694 as of December 31, 2010, 2009 and 2008, respectively and it is reflected in general and administrative expenses on the income statement. The recognized compensation expense for the year is presented as adjustment to reconcile net income to net cash provided by operating activities on the statements of cash flows.

**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

The summary of stock-based awards is summarized as follows (in thousands except per share data):

	Shares	Weighted average exercise price	Weighted average remaining term	Aggregate intrinsic value
<b>Options</b>				
Outstanding at January 1, 2008	288,000			1,542
Granted	571,266	3.18		691
<b>Outstanding as of December 31, 2008</b>	<b>859,266</b>	<b>7.73</b>	<b>8.57</b>	<b>2,233</b>
Vested at December 31, 2008	96,000			
Exercisable at December 31, 2008	96,000			
Outstanding at January 1, 2009	859,266			2,233
Granted	405,365	5.87		1,049
<b>Outstanding as of December 31, 2009</b>	<b>1,264,631</b>	<b>7.13</b>	<b>8.02</b>	<b>3,282</b>
Vested at December 31, 2009	286,422			
Exercisable at December 31, 2009	286,422			
Outstanding at January 1, 2010	1,264,631			3,282
Exercised	(130,577)			(158)
Granted	954,842	5.15		2,422
<b>Outstanding as of December 31, 2010</b>	<b>2,088,896</b>	<b>6.47</b>	<b>7.98</b>	<b>5,546</b>
Vested at December 31, 2010	446,856			
Exercisable at December 31, 2010	316,279			
<b>Restricted stock and restricted stock units</b>				
Outstanding as of January 1, 2008	147,264			2,467
Granted	314,016			1,255
Vested	(79,858)			(1,301)
Forfeited or expired	(1,083)			(18)
<b>Non Vested as of December 31, 2008</b>	<b>380,339</b>		<b>1.7</b>	<b>2,403</b>
Outstanding as of January 1, 2009	380,339			2,403
Granted	384,149			2,164
Vested	(217,894)			(1,719)
Forfeited or expired	(22,457)			(127)
<b>Non Vested as of December 31, 2009</b>	<b>524,137</b>		<b>2.3</b>	<b>2,721</b>
Outstanding as of January 1, 2010	524,137			2,721

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Granted	567,810	2,924
Vested	(276,879)	(1,283)
Forfeited or expired	(12,652)	(61)

**Non Vested as of December 31, 2010** **802,416** **2.61** **4,301**

The estimated compensation cost relating to non-vested stock option and restricted stock and restricted stock units awards not yet recognized was \$2,831 and \$3,572, respectively, as of December 31, 2010 and are expected to be recognized over the weighted average period of 1.9 and 2.6 years, respectively.

F-55

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

**NOTE 14: COMMITMENTS AND CONTINGENCIES:**

As of December 31, 2010, the Company was contingently liable for letters of guarantee and letters of credit amounting to \$1,098 (2009: \$2,167) issued by various banks in favor of various organizations and the total amount was collateralized by cash deposits, which were included as a component of restricted cash.

The Company is involved in various disputes and arbitration proceedings arising in the ordinary course of business. Provisions have been recognized in the financial statements for all such proceedings where the Company believes that a liability may be probable, and for which the amounts are reasonably estimable, based upon facts known at the date the financial statements were prepared. In the opinion of management, the ultimate disposition of these matters is immaterial and will not adversely affect the Company's financial position, results of operations or liquidity.

As of December 31, 2010, the Company's subsidiaries in South America were contingently liable for various claims and penalties towards the local tax authorities amounting to \$4,674. The respective provision for such contingencies was included in Other long-term liabilities and deferred income. According to the acquisition agreement (see Note 1), if such cases materialize against the Company, the amounts involved will be reimbursed by the previous shareholders, and, as such, the Company has recognized a respective receivable (included in Other long-term assets) against such liability, since the management considers the receivable to be probable. The contingencies are expected to be resolved in the next four years. In the opinion of management, the ultimate disposition of these matters will not adversely affect the Company's financial position, results of operations or liquidity. On August 19, 2009, Navios Logistics issued a guarantee and indemnity letter that guarantees the performance by Petrolera San Antonio S.A. (Petrosan) of all its obligations to Vitol S.A. (Vitol) up to \$4,000. In addition, Petrosan agreed to pay Vitol immediately upon demand, any and all sums up to the referred limit, plus interest and costs, in relation to sales of gas oil under certain contracts between Vitol and Petrosan. The guarantee will expire on August 18, 2011.

In August 2009, Navios Logistics issued a performance guarantee of up to \$4,000 plus interest and costs in favor of a customer of its subsidiary, Petrolera San Antonio S.A., covering sales of gas oil contracted between the parties.

The Company, in the normal course of business, entered into contracts to time charter-in vessels for various periods through June 2023.

As of December 31, 2010, Navios Acquisition committed for future remaining contractual deposits for the vessels to be delivered on various dates through December 2012. The future minimum commitments by period as of December 31, 2010, of Navios Acquisition under its ship building contracts, were as follows:

	<b>Amount</b>
December 31, 2011	\$ 132,727
December 31, 2012	115,708
	<b>\$ 248,435</b>

**NOTE 15: LEASES****Chartered-in:**

As of December 31, 2010, the Company's future minimum commitments, net of commissions under chartered-in vessels were as follows:

	<b>Amount</b>
2011	\$ 94,643
2012	105,177
2013	106,695

2014	101,312
2015	93,974
2016 and thereafter	484,135
	<b>\$ 985,936</b>

Charter hire expense for Navios Holdings chartered-in vessels amounted to \$150,715, \$203,320 and \$897,062, for the each of the years ended December 31, 2010, 2009 and 2008, respectively.

Charter hire expense for logistics business chartered-in vessels amounted to \$5,359, \$3,743 and \$1,548, for the each of the years ended December 31, 2010, 2009 and 2008, respectively.

F-56

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

In November 2008, Navios Holdings cancelled the agreements, at no cost, to charter-in nine vessels.

**Chartered-out:**

The future minimum revenue, net of commissions, expected to be earned on non-cancelable time charters is as follows:

	<b>Amount</b>
2011	\$ 450,560
2012	385,439
2013	314,354
2014	232,458
2015	196,628
2016 and thereafter	853,908
<b>Total minimum revenue, net of commissions</b>	<b>\$ 2,433,347</b>

Revenues from time charter are not generally received when a vessel is off-hire, including time required for scheduled maintenance of the vessel. In arriving at the minimum future charter revenues, an estimated time off-hire to perform scheduled maintenance on each vessel has been deducted, although there is no assurance that such estimate will be reflective of the actual off-hire in the future.

**Office space:**

The future minimum commitments under lease obligations for office space are as follows:

	<b>Amount</b>
2011	\$ 2,137
2012	2,061
2013	1,941
2014	1,965
2015	2,051
2016 and thereafter	6,553
<b>Total minimum lease payments</b>	<b>\$ 16,708</b>

Rent expense for office space amounted to \$2,115, \$1,830, and \$1,860 for each of the years ended December 31, 2010, 2009 and 2008, respectively.

On January 2, 2006, the Company relocated its headquarters to new leased premises in Piraeus, Greece, under an eleven-year lease expiring in 2017. In 2001, the Company entered into a ten-year lease for office facilities in South Norwalk, Connecticut, that terminated during 2010. On October 30, 2006, the Company concluded an agreement with a third party to sublease approximately 2,000 square feet of its office premises in South Norwalk, Connecticut, with the same termination date of the prime lease. On October 31, 2007, the Company entered into a 12-year lease agreement for additional space of its offices in Piraeus and the lease agreement expires in 2019. On October 29, 2010, the existing lease agreement for its offices in Piraeus was amended to reduce the amount of space leased. On July 1, 2010, Kleimar entered into a new contract for the lease of approximately 632 square meters for its offices pursuant to a lease that expires in 2019. Navios Corporation also leases approximately 11,923 square feet of space at 825 3rd Avenue, New York pursuant to a lease that expires in 2019. Navios Logistics subsidiaries lease various premises in Argentina and Paraguay that expire in various dates through 2013. The above table incorporates the lease commitment on all offices as disclosed above.





**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

**NOTE 16: TRANSACTIONS WITH RELATED PARTIES**

**Office rent:** On January 2, 2006, Navios Corporation and Navios ShipManagement Inc., two wholly owned subsidiaries of Navios Holdings, entered into two lease agreements with Goldland Ktimatiki-Ikodomiki-Touristiki and Xenodohiaki Anonimos Eteria, a Greek corporation which is currently majority owned by Angeliki Frangou, Navios Holdings Chairman and Chief Executive Officer. The lease agreements provide for the leasing of two facilities located in Piraeus, Greece, of approximately 2,034.3 square meters and houses the operations of most of the Company's subsidiaries. The total annual lease payments are 450 (approximately \$596) and the lease agreements expire in 2017. These payments are subject to annual adjustments starting from the third year, which are based on the inflation rate prevailing in Greece as reported by the Greek State at the end of each year.

On October 31, 2007, Navios ShipManagement Inc. entered into a lease agreement with Emerald Ktimatiki-Ikodomiki-Touristiki and Xenodohiaki Anonimos Eteria, a Greek corporation that is currently majority owned by Angeliki Frangou, Navios Holdings Chairman and Chief Executive Officer. The lease agreement initially provided for the leasing of one facility in Piraeus, Greece, of approximately 1,376.5 square meters to house part of the operations of the Company. On October 29, 2010, the existing lease agreement was amended and Navios ShipManagement Inc. leases 253.75 less square meters. The total annual lease payments are 352 (approximately \$466) and the lease agreement expires in 2019. These payments are subject to annual adjustments starting from the third year, which are based on the inflation rate prevailing in Greece as reported by the Greek State at the end of each year.

On October 29, 2010, Navios Tankers Management Inc. entered into a lease agreement with Emerald Ktimatiki-Ikodomiki-Touristiki and Xenodohiaki Anonimos Eteria, a Greek corporation that is currently majority owned by Angeliki Frangou, Navios Holdings Chairman and Chief Executive Officer. The lease agreement provides for the leasing of one facility in Piraeus, Greece, of approximately 253.75 square meters and houses part of the operations of the Company. The total annual lease payments are 79 (approximately \$105) and the lease agreement expires in 2019. These payments are subject to annual adjustments starting from the third year, which are based on the inflation rate prevailing in Greece as reported by the Greek State at the end of each year.

**Purchase of services:** The Company utilizes Acropolis Chartering and Shipping Inc. ( Acropolis ) as a broker. Commissions paid to Acropolis for each of the years ended December 31, 2010, 2009 and 2008 were \$155, \$300 and \$1,746, respectively. The Company owns fifty percent of the common stock of Acropolis. During the years ended December 31, 2010, 2009 and 2008, the Company received dividends of \$966 and \$878, and \$1,928, respectively, which has been eliminated upon consolidation. Included in the trade accounts payable at December 31, 2010 and 2009 is an amount of \$121 and \$134, respectively, which is due to Acropolis Chartering and Shipping Inc.

**Management fees:** Pursuant to a management agreement dated November 16, 2007, Navios Holdings provides commercial and technical management services to Navios Partners' vessels for a daily fixed fee of \$4 per owned Panamax vessel and \$5 per owned Capesize vessel. This daily fee covers all of the vessels' operating expenses, including the cost of drydock and special surveys. The daily initial term of the agreement is five years commencing from November 16, 2007. Total management fees for the years ended December 31, 2010, 2009 and 2008 amounted to \$19,746, \$11,004 and \$9,275, respectively. Since November 2009, Navios Holdings will receive \$4.5 per owned Ultra Handymax vessel, \$4.4 per owned Panamax vessel and \$5.5 per owned Capesize vessel.

Pursuant to a management agreement dated May 28, 2010, as amended on September 10, 2010, Navios Holdings provides for five years from the closing of Navios Acquisition's initial vessel acquisition, commercial and technical management services to Navios Acquisition's vessels for a daily fee of \$6.0 per owned MR2 product tanker and chemical tanker vessel and \$7.0 per owned LR1 product tanker vessel and \$10.0 per owned VLCC vessel, for the first two years with the fixed daily fees adjusted for the remainder of the term based on then-current market fees. This daily fee covers all of the vessels' operating expenses, other than certain extraordinary fees and costs. During the remaining three years of the term of the Management Agreement, Navios Acquisition expects that it will reimburse Navios Holdings for all of the actual operating costs and expenses it incurs in connection with the management of its fleet. Actual operating costs and expenses will be determined in a manner consistent with how the initial \$6.0 and \$7.0

fixed fees were determined. Drydocking expenses will be fixed under this agreement for up to \$300.0 per vessel and will be reimbursed at cost for VLCC vessels. Total management fees for the years ended December 31, 2010, 2009 and 2008 amounted to \$9,752, \$0 and \$0, respectively, which has been eliminated upon consolidation.

**General & administrative expenses:** Pursuant to the administrative services agreement dated November 16, 2007, Navios Holdings provides administrative services to Navios Partners which include: bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, banking and financial services, advisory services, client and investor relations and other. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. Total general and administrative fees charged for the years ended December 31, 2010, 2009 and 2008 amounted to \$2,750, \$1,843 and \$1,490, respectively.

F-58

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**NAVIOS MARITIME HOLDINGS INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

On May 28, 2010, Navios Acquisition entered into an administrative services agreement, expiring May 28, 2015, with Navios Holdings, pursuant to which Navios Holdings provides office space and certain administrative management services to Navios Acquisition which include: bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, banking and financial services, advisory services, client and investor relations and other. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. Total general and administrative fees charged for the years ended December 31, 2010, 2009 and 2008 amounted to \$380, \$0 and \$0, respectively.

**Balance due from affiliate:** Due from affiliate at December 31, 2010 amounts to \$2,603 (2009: \$1,973) which includes the current amounts due from Navios Partners (2009:\$1,952). The balances mainly consist of management fees, administrative fees and other expenses.

**Omnibus agreements:** Navios Holdings entered into an omnibus agreement with Navios Partners (the Partners Omnibus Agreement ) in connection with the closing of Navios Partners IPO governing, among other things, when Navios Holdings and Navios Partners may compete against each other as well as rights of first offer on certain drybulk carriers. Pursuant to the Partners Omnibus Agreement, Navios Partners generally agreed not to acquire or own Panamax or Capesize drybulk carriers under time charters of three or more years without the consent of an independent committee of Navios Partners. In addition, Navios Holdings agreed to offer to Navios Partners the opportunity to purchase vessels from Navios Holdings when such vessels are fixed under time charters of three or more years. The Partners Omnibus Agreement was amended in June 2009 to release Navios Holdings for two years from restrictions on acquiring Capesize and Panamax vessels from third parties.

Navios Acquisition entered into an omnibus agreement (the Acquisition Omnibus Agreement ) with Navios Holdings and Navios Partners in connection with the closing of Navios Acquisition's initial vessel acquisition, among the other things, Navios Holdings and Navios Partners agreed not to acquire, charter-in or own liquid shipment vessels, except for container vessels and vessels that are primarily employed in operations in South America without the consent of an independent committee of Navios Acquisition. In addition, Navios Acquisition, under the Acquisition Omnibus Agreement, agreed to cause its subsidiaries not to acquire, own, operate or charter drybulk carriers under specific exceptions. Under the Acquisition Omnibus Agreement, Navios Acquisition and its subsidiaries grant to Navios Holdings and Navios Partners, a right of first offer on any proposed sale, transfer or other disposition of any of its drybulk carriers and related charters owned or acquired by Navios Acquisition. Likewise, Navios Holdings and Navios Partners agreed to grant a similar right of first offer to Navios Acquisition for any liquid shipment vessels it might own. These rights of first offer will not apply to a (a) sale, transfer or other disposition of vessels between any affiliated subsidiaries, or pursuant to the terms of any charter or other agreement with a counterparty, or (b) merger with or into, or sale of substantially all of the assets to, an unaffiliated third party.

**Sale of Navios Hope:** On July 1, 2008, the Navios Hope was sold to Navios Partners in accordance with the terms of the omnibus agreement. The sale price consisted of \$35,000 in cash and \$44,936 in common units (3,131,415 common units) of Navios Partners. The investment in the 3,131,415 common units is classified as Investments in available for sale securities . The gain from the sale of Navios Hope was \$51,508 of which \$24,940 was recognized at the time of sale in the statements of income under Gain on sale of assets . The remaining \$26,568 which represents profit to the extent of Navios Holdings' ownership interest in Navios Partners had been deferred under Other long-term liabilities and deferred income and amortized over the remaining life of the vessel or until it is sold. Following Navios Partners' public equity offerings of: (a) 3,500,000 common units in May 2009; (b) 2,800,000 common units in September 2009 and the completion of the exercise of the overallotment option previously granted to the underwriters in connection with this offering in October 2009; and (c) 4,000,000 common units in November 2009, Navios Holdings' interest in Navios Partners decreased to 44.6% in May 2009, to 42.3% in September 2009, to 41.8% in October 2009 after the exercise of the over-allotment option and further to 37.0% in November 2009. As a result of this decrease, \$3,464, \$1,098 and \$2,574, respectively, of the deferred gain has been recognized in the statements of income under Equity in net earnings of affiliated companies . Following the Navios Partners' public equity offering of

3,500,000 common units in February 2010, the 4,500,000 common units public offering in May 2010, the public offering of 5,500,000 common units in October 2010 and the completion of the exercise of the overallotment option previously granted to the underwriters, Navios Holdings' interest in Navios Partners decreased to 33.2%, then to 31.3% and to 27.5%, recognizing an additional \$1,751, \$862 and \$1,621, respectively, of the deferred gain in the statements of income under Equity in net earnings of affiliated companies. As of December 31, 2010, the unamortized portion of the gain was \$11,758.

**Navios Bonavis:** On June 9, 2009, Navios Holdings relieved Navios Partners from its obligation to purchase the Capesize vessel Navios Bonavis for \$130,000 and with the delivery of the Navios Bonavis to Navios Holdings, Navios Partners was granted a 12-month option to purchase the vessel for \$125,000. In return, Navios Partners issued to Navios Holdings 1,000,000 subordinated Series A units. Navios Holdings recognized in its results a non-cash compensation income amounting to \$6,082. The 1,000,000 subordinated Series A units are included in Investments in affiliates (See Note 9).

F-59

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**NAVIOS MARITIME HOLDINGS INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

**Sale of rights of Navios Sagittarius:** On June 10, 2009, Navios Holdings sold to Navios Partners the rights to the Navios Sagittarius, a 2006 Japanese-built Panamax vessel with a capacity of 75,756 dwt, for a cash consideration of \$34,600. The book value of the vessel was \$4,308, resulting in a gain from her sale of \$30,292, of which, \$16,782 had been recognized at the time of sale in the statements of income under Gain on sale of assets and the remaining \$13,510 representing profit of Navios Holdings 44.6% interest in Navios Partners has been deferred under Other long term liabilities and deferred income and is being recognized to income based on the remaining term of the vessel's contract rights or until the vessel's rights are sold. Following Navios Partners' public equity offering of 2,800,000 common units in September 2009, Navios Holdings' interest in Navios Partners decreased to 42.3% and to 41.8% in October 2009 after the exercise of the overallotment option and \$659 of the deferred gain has been recognized in the statements of income in 2009 under Equity in net earnings of affiliated companies.

Following the Navios Partners' public equity offering of 4,000,000 common units in November 2009, the public offering of 3,500,000 common units in February 2010, the public offering of 4,500,000 common units in May 2010, the public offering of 5,500,000 common units in October 2010 and the completion of the exercise of the overallotment option previously granted to the underwriters, Navios Holdings' interest in Navios Partners decreased to 37%, then to 33.2%, to 31.3% and then to 27.5% recognizing an additional \$1,528, \$1,064, \$520 and \$963, respectively, of the deferred gain which has been recognized in the statements of income under Equity in net earnings of affiliated companies. As of December 31, 2010, the unamortized portion of the gain was \$6,923.

**Sale of Navios Apollon:** On October 29, 2009, Navios Holdings sold the Navios Apollon to Navios Partners. The sale price of \$32,000 was received entirely in cash. The book value of the vessel was \$25,131, resulting in gain from her sale of \$6,869, of which, \$3,995 had been recognized at the time of sale in the statements of income under Gain on sale of assets and the remaining \$2,874 representing profit of Navios Holdings 41.8% interest in Navios Partners has been deferred under Other long term liabilities and deferred income and is being amortized over the remaining life of the vessel or until it is sold. Following the Navios Partners' public equity offering of 4,000,000 common units in November 2009, the public offering of 3,500,000 common units in February 2010, the public offering of 4,500,000 common units in May 2010, the public offering of 5,500,000 common units in October 2010 and the completion of the exercise of the overallotment option previously granted to the underwriters, Navios Holdings' interest in Navios Partners decreased to 37%, then to 33.2%, to 31.3% and then to 27.5% recognizing an additional \$318, \$218, \$91 and \$108, respectively, of the deferred gain which has been recognized in the statements of income under Equity in net earnings of affiliated companies. As of December 31, 2010, the unamortized portion of the gain was \$555.

**Sale of Navios Hyperion:** On January 8, 2010, Navios Holdings sold the Navios Hyperion, a 2004-built Panamax vessel to Navios Partners for \$63,000 in cash. The book value of the vessel was \$25,168, resulting in gain from the sale of \$37,832, of which, \$23,836 had been recognized at the time of sale in the statements of income under Gain on sale of assets and the remaining \$13,996 representing profit of Navios Holdings 37.0% interest in Navios Partners has been deferred under Other long term liabilities and deferred income and is being amortized over the vessel's remaining useful life or until it is sold. Following the Navios Partners' public equity offering of 3,500,000 common units in February 2010, the 4,500,000 common units public offering in May 2010, the public offering of 5,500,000 common units in October 2010 and the completion of the exercise of the overallotment option previously granted to the underwriters, Navios Holdings' interest in Navios Partners decreased to 33.2%, then to 31.3% and to 27.5%, recognizing an additional \$1,414, \$671 and \$1,161, respectively, of the deferred gain has been recognized in the statements of income under Equity in net earnings of affiliated companies. As of December 31, 2010, the unamortized portion of the gain was \$8,048.

**Sale of Navios Aurora II:** On March 18, 2010, Navios Holdings sold the Navios Aurora II, a 2009 South Korean-built Capesize vessel with a capacity of 169,031 dwt, to Navios Partners for \$110,000. Out of the \$110,000 purchase price, \$90,000 was paid in cash and the remaining amount was paid through the receipt of 1,174,219 common units of Navios Partners. The investment in the 1,174,219 common units is classified as Investments in

available for sale securities . The book value of the vessel was \$109,508, resulting in gain from her sale of \$818, of which \$547 had been recognized at the time of sale in the statements of income under Gain on sale of assets and the remaining \$271 representing profit of Navios Holdings 33.2% interest in Navios Partners has been deferred under Other long term liabilities and deferred income and is being amortized over its remaining useful life or until it is sold. The deferred gain has been fully amortized during the second quarter of 2010.

**Sale of Navios Pollux:** On May 21, 2010, Navios Holdings sold the Navios Pollux, a 2009 South Korean-built Capesize vessel with a capacity of 180,727 dwt, to Navios Partners for \$110,000. The book value of the vessel was \$107,452, resulting in gain from the sale of \$2,548, of which \$1,751 had been recognized at the time of sale in the statements of income under Gain on sale of assets and the remaining \$797 representing profit of Navios Holdings 31.3% interest in Navios Partners has been deferred under Other long term liabilities and deferred income and is being amortized over its remaining useful life or until it is sold. As of December 31, 2010, the deferred gain has been fully amortized.

F-60

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**NAVIOS MARITIME HOLDINGS INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

**Sale of Navios Fulvia:** On November 15, 2010, Navios Holdings sold the Navios Fulvia, a 2010 South Korean-built Capesize vessel with a capacity of 179,263 dwt, to Navios Partners for \$98,184. The sale price consisted of \$89,900 in cash and \$8,284 in common units (436,231 common units) of Navios Partners. The investment in the 436,231 common units is classified as Investments in available for sale securities. The book value of the vessel was \$67,211, resulting in gain from the sale of \$30,973, of which \$22,093 had been recognized at the time of sale in the statements of income under Gain on sale of assets and the remaining \$8,880 representing profit of Navios Holdings 28.7% interest in Navios Partners has been deferred under Other long term liabilities and deferred income and is being amortized over the vessel's remaining useful life or until it is sold. As of December 31, 2010, the unamortized portion of the gain was \$8,562.

**Sale of Navios Melodia:** On November 15, 2010, Navios Holdings sold the Navios Melodia, a 2010 South Korean-built Capesize vessel with a capacity of 179,132 dwt, to Navios Partners for \$78,787. The sale price consisted of \$72,100 in cash and \$6,687 in common units (352,139 common units) of Navios Partners. The investment in the 352,139 common units is classified as Investments in available for sale securities. The book value of the vessel was \$68,757, resulting in gain from the sale of \$10,030, of which \$7,154 had been recognized at the time of sale in the statements of income under Gain on sale of assets and the remaining \$2,876 representing profit of Navios Holdings 28.7% interest in Navios Partners has been deferred under Other long term liabilities and deferred income and is being amortized over its remaining useful life or until it is sold. As of December 31, 2010, the unamortized portion of the gain was \$2,753.

The deferred gain recognized in equity in earnings in connection with the public offerings of Navios Partners common units relates to gains that initially arose from the sale of vessels by Navios Holdings to Navios Partners. Upon the sale of vessels to Navios Partners, Navios Holdings recognizes the gain immediately in earnings only to the extent of the interest in Navios Partners owned by third parties and defers recognition of the gain to the extent of its own ownership interest in Navios Partners (the deferred gain). Subsequently, the deferred gain is amortized to income over the remaining useful life of the vessel. The recognition of the deferred gain is accelerated in the event that (i) the vessel is subsequently sold or otherwise disposed of by Navios Partners or (ii) the Company's ownership interest in Navios Partners is reduced. In connection with above mentioned Navios Partners' public offerings, a pro rata portion of the deferred gain was released to income upon dilution of the Company's ownership interest in Navios Partners.

**Purchase of shares in Navios Acquisition:** Navios Holdings has purchased 6,337,551 shares of Navios Acquisition's common stock for \$63,230 in open market purchases. Moreover, on May 28, 2010, certain shareholders of Navios Acquisition redeemed 10,021,399 shares upon de-SPAC-ing. As of May 28, 2010, following these transactions, Navios Holdings owned 12,372,551 shares, or 57.3%, of the outstanding common stock of Navios Acquisition. At that date, Navios Holdings acquired control over Navios Acquisition, consequently concluded a business combination had occurred and consolidated the results of Navios Acquisition from that date onwards. As a result of gaining control, Navios Holdings recognized the effect of \$17,742, which represents the fair value of the shares that exceed the carrying value of the Company's ownership of 12,372,551 shares of Navios Acquisition's common stock, in the statements of income under Gain on change in control. On November 19, 2010, following Navios Acquisition public offering of 6,500,000 shares of common stock at \$5.50 per share, Navios Holdings' interest in Navios Acquisition decreased to 53.7%.

**Acquisition of Eleven Product Tanker and Two Chemical Tanker Vessels:** On April 8, 2010, pursuant to the terms and conditions of the Acquisition Agreement by and between Navios Acquisition and Navios Holdings, Navios Acquisition agreed to acquire 13 vessels (11 product tankers and two chemical tankers) plus options to purchase two additional product tankers, for an aggregate purchase price of \$457,659 (see Note 3).

**Navios Acquisition Warrant Exercise Program:** On September 2, 2010, Navios Acquisition announced the successful completion of its warrant program (the Warrant Exercise Program). Under the Warrant Exercise Program, holders of publicly traded warrants (Public Warrants) had the opportunity to exercise the Public Warrants on enhanced terms through August 27, 2010. Navios Holdings exercised in cash 13,635,000 private warrants and paid \$77,037.



Navios Holdings currently holds no other warrants of Navios Acquisition.

**NOTE 17: PREFERRED AND COMMON STOCK**

**Navios Holdings**

On February 14, 2008, the Board of Directors approved a share repurchase program for up to \$50,000 of Navios Holdings common stock. Share repurchases were made pursuant to a program adopted under Rule 10b5-1 under the Securities Exchange Act, as amended (the Exchange Act ). On October 20, 2008, Navios Holdings concluded such program with 6,959,290 shares repurchased, for a total consideration of \$50,000.

F-61

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**NAVIOS MARITIME HOLDINGS INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

In November 2008, the Board of Directors approved a share repurchase program for up to \$25,000 of Navios Holdings common stock. Share repurchases are made pursuant to a program adopted under Rule 10b5-1 under the Exchange Act. The program does not require any minimum purchase or any specific number or amount of shares and may be suspended or reinstated at any time in Navios Holdings discretion and without notice. Repurchases are subject to restrictions under the terms of the Company's credit facilities and indenture. There were no shares repurchased during December 31, 2010 and for the year ended December 31, 2009, 331,900 shares were repurchased under this program, for a total consideration of \$717.

During the year ended December 31, 2008, Navios Holdings issued 1,351,368 shares of common stock, following the exercise of warrants generating proceeds of \$6,756.

On December 9, 2008, the remaining 6,451,337 non exercised warrants were expired and cancelled in accordance with their terms.

*Issuances to Employees and Exercise of Options*

On January 2, 2008 and January 23, 2008, Navios Holdings issued to its employees 10,000 and 3,534, restricted shares of common stock, respectively.

On January 23, 2008, the Company issued 25,310 restricted stock units to its employees. At the time each underlying unit vests, the Company will issue shares of common stock to these employees. The restricted stock units do not have any voting or dividend rights until issuance of the underlying shares of common stock.

On December 16, 2008, pursuant to the stock plan approved by the Board of Directors Navios Holdings issued to its employees 250,672 shares of restricted common stock, 24,500 restricted stock units and 571,266 stock options.

On February 5, 2009, pursuant to the stock plan approved by the Board of Directors, Navios Holdings issued 55,675 shares of restricted common stock to its employees.

On December 17, 2009, pursuant to the stock option plan approved by the Board of Directors, Navios Holdings issued to its employees 308,174 shares of restricted common stock, 20,300 restricted stock and 405,365 stock options.

On June 2, 2010, July 1, 2010 and September 9, 2010, 86,328, 15,000 and 29,249 shares, respectively, were issued following the exercise of the options exercised for cash at an exercise price of \$3.18 per share.

On December 16, 2010, pursuant to the stock plan approved by the Board of Directors Navios Holdings issued to its employees 537,310 shares of restricted common stock, 30,500 restricted stock units and 954,842 stock options.

*Vested, Surrendered and Forfeited*

Through December 31, 2008, 1,083 shares of restricted common stock were forfeited upon termination of employment and 3,266 restricted shares were surrendered.

On November 20 2009, and December 16, 2009, 2,090 and 4,037 restricted shares, respectively, were surrendered.

During 2009, 24,908 restricted stock units, issued to the Company's employees in 2008, have vested.

During 2009, 22,457 shares of restricted common stock were forfeited upon termination of employment.

During 2010, 30,333 restricted stock units, issued to the Company's employees in 2009 and 2008, have vested.

During 2010, 3,550 restricted shares of common stock were forfeited upon termination of employment and 5,103 were surrendered.

*Issuances for Construction or Purchase of Vessels*

On September 17, 2009 and on June 23, 2009, Navios Holdings issued 2,829 shares of Preferred Stock (fair value \$12,905) and 1,870 shares of Preferred Stock (fair value \$7,177), respectively, at \$10.0 nominal value per share to partially finance the construction of three Capesize vessels.

On November 25, 2009, Navios Holdings issued 1,702 shares of Preferred Stock (fair value \$8,537) at \$10.0 nominal value per share to partially finance the acquisition of the Navios Aurora II.

**NAVIOS MARITIME HOLDINGS INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

On December 17, 2009, Navios Holdings issued 357,142 shares of common stock upon conversion of 500 shares of Preferred Stock issued on September 18, 2009 to partially finance the acquisition of the Navios Celestial.

On December 23, 2009, on January 20, 2010 and on January 27, 2010, Navios Holdings issued 1,800 shares of Preferred Stock (fair value \$9,162), issued 1,780 shares of Preferred Stock (fair value \$10,550) and 300 shares of Preferred Stock (fair value \$1,651) at \$10.0 nominal value per share to partially finance the acquisition of the Navios Stellar, Navios Antares and the construction of the Navios Azimuth, respectively. The Navios Antares was delivered to Navios Holdings on January 1, 2010.

On July 31, 2010 and on August 31, 2010, Navios Holdings issued 2,500 shares of Preferred Stock (fair value \$12,421) and 1,870 shares of Preferred Stock (fair value \$9,093) at \$10.0 nominal value per share to partially finance the acquisition of the Navios Melodia and Navios Fulvia, respectively. The Navios Melodia and Navios Fulvia were delivered to Navios Holdings on September 20, 2010 and October 1, 2010, respectively.

On October 29, 2010 and November 17, 2010, Navios Holdings issued 2,500 shares of Preferred Stock (fair value \$13,120) and 980 shares of Preferred Stock (fair value \$4,710), respectively, at \$10.0 nominal value per share to partially finance the construction of the Navios Buena Ventura and the Navios Luz.

On December 3, 2010 and December 17, 2010, Navios Holdings issued 980 shares of Preferred Stock (fair value \$4,705) and 2,500 shares of Preferred Stock (fair value \$11,402), respectively, at \$10.0 nominal value per share to partially finance the construction of the Navios Etoile and the Navios Bonheur.

All above mentioned issued shares of 2% Mandatorily Convertible Preferred Stock ( Preferred Stock ) were recorded at fair market value on issuance. The fair market value was determined using a binomial valuation model. The model used takes into account the credit spread of the Company, the volatility of its stock, as well as the price of its stock at the issuance date. Each preferred share has a par value of \$0.0001. Each holder of Preferred Stock is entitled to receive an annual dividend equal to 2% on the nominal value of the Preferred Stock, payable quarterly, until such time as the Preferred Stock converts into common stock. Five years after the issuance date all Preferred Stock shall automatically convert into shares of common stock at a conversion price equal to \$10.00 per preferred share. At any time following the third anniversary from their issuance date, if the closing price of the common stock has been at least \$20.00 per share, for 10 consecutive business days, the remaining balance of the then-outstanding preferred shares shall automatically convert at a conversion price equal to \$14.00 per share of common stock. The holders of Preferred Stock are entitled, at their option, at any time following their issuance date and prior to their final conversion date, to convert all or any such then-outstanding preferred shares into common stock at a conversion price equal to \$14.00 per preferred share.

Following the issuances and cancellations of the shares, described above, Navios Holdings had as of December 31, 2010 and 2009, 101,563,766 and 100,874,199 shares of common stock, respectively and 8,479 and 8,201 Preferred Stock outstanding, respectively.

*Buyback of \$131,320 2% Preferred Stock*

On December 27, 2010, Navios repurchased \$131,320 (or 13,132 shares) of certain 2% Preferred Stock previously issued in connection with the acquisition of Capesize vessels for a cash consideration of \$49,245, reflecting a 62.5% discount to the face amount (or nominal value).

**Navios Acquisition**

*Preferred Stock*

Navios Acquisition is authorized to issue 1,000,000 shares of \$0.0001 par value preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the Board of Directors.

**NAVIOS MARITIME HOLDINGS INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

On September 17, 2010, Navios Acquisition issued 3,000 shares of Series A Convertible Preferred Stock (fair value of \$5,619) to an independent third party as a consideration for certain consulting and advisory fees. Navios Acquisition valued these shares on and accounted for these shares as issued and outstanding from September 17, 2010 since all services had been provided. The \$5,619 has been recorded in the accompanying financial statements as general and administrative expenses. Under the terms of the consulting agreement, the preferred stock will be distributed in tranches of 300 shares every six months commencing on June 30, 2011 and ending on December 15, 2015. Accordingly, the shares of Series A Preferred Stock and the shares of common stock underlying them, will only be eligible for transfer upon distribution to the holder. The preferred stock has no voting rights, is only convertible into shares of common stock and does not participate in dividends until such time as the shares are converted into common stock. The holder of the preferred stock also has the right to convert their shares to common stock subject to certain terms and conditions at any time after distribution at a conversion price of \$35.00 per share of common stock. Any shares of preferred stock remaining outstanding on December 31, 2015 shall automatically convert into shares of common stock at a conversion price of \$25.00 per share of common stock. The fair market value on September 17, 2010 was determined using a binomial valuation model. The model used takes into account the credit spread of the Company, the volatility of its stock, as well as the price of its stock at the issuance date.

On October 29, 2010 Navios Acquisition issued 540 shares of Series B Convertible Preferred Stock (fair value \$1,649) to the seller of the two newbuild LR1 product tankers the Company recently acquired. The preferred stock contains a 2% per annum dividend payable quarterly starting on January 1, 2011 and upon declaration by Navios Acquisition's Board commences payment on March 31, 2011. The Series B Convertible Preferred Stock, plus any accrued but unpaid dividends, will mandatorily convert into shares of common stock as follows: 30% of the outstanding amount will convert on June 30, 2015 and the remaining outstanding amounts will convert on June 30, 2020 at a price per share of common stock not less than \$25.00. The holder of the preferred stock shall have the right to convert the shares of preferred stock into common stock prior to the scheduled maturity dates at a price of \$35.00 per share of common stock. The preferred stock does not have any voting rights. The fair value on October 29, 2010 was determined using a binomial valuation model. The model used takes into account the credit spread of Navios Acquisition, the volatility of its stock, as well as the price of its stock at the issuance date.

As of December 31, 2010 and 2009, 3,540 and 0 shares of preferred stock were issued and outstanding respectively.

Fees incurred in connection with the issuance of the above preferred shares amounted to \$1,805.

*Common Stock*

On November 19, 2010, Navios Acquisition completed the public offering of 6,500,000 shares of common stock at \$5.50 per share and raised gross proceeds of \$35,750. The net proceeds of this offering, including the underwriting discount of \$1,787 and excluding offering costs of \$561 were approximately \$33,963. Following this transaction, as of December 31, 2010, Navios Holdings owned 26,007,551 shares or 53.7% of the outstanding common stock of Navios Acquisition.

*Warrant Exercise Program*

On September 2, 2010, Navios Acquisition completed the Warrant Exercise Program. Under the Warrant Exercise Program, holders of Public Warrants had the opportunity to exercise the Public Warrants on enhanced Terms through August 27, 2010.

The Warrant Exercise Program was coupled with a consent solicitation accelerating the ability of Navios Holdings and its officers and directors to exercise certain private warrants on the same terms available to the Public Warrants during the Warrant Exercise Program.

As a result of the above:

19,246,056 Public Warrants (76.13% of the Public Warrants then outstanding) were exercised on a cashless basis at an exchange rate of 4.25 Public Warrants for one share of common stock;

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\$78,342 of gross cash proceeds were raised from the exercise of 15,950 of the Public Warrants by payment of \$5.65 cash exercise price, and 13,850,000 private warrants owned by Navios Holdings and Angeliki Frangou, Navios Acquisition's Chairman and Chief Executive Officer; Total expenses associated with the Warrant Exercise Program were \$3,364;

a portion of the private warrants exercised were held by officers and directors of Navios Acquisition, 15,000 and 75,000 were exercised on a cash basis and cashless basis, respectively; and

18,412,053 new shares of common stock were issued.

F-64

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

As a result of the Warrant Exercise Program and subsequent warrant exercises of the privately held warrants, as of September 2, 2010, Navios Acquisition had outstanding 6,037,994 Public Warrants.

**NOTE 18: INTEREST EXPENSE AND FINANCE COST, NET**

Interest expense and finance cost, net consist of the following:

	<b>For the Year Ended December 31, 2010</b>	<b>For the Year Ended December 31, 2009</b>	<b>For the Year Ended December 31, 2008</b>
Interest expense	\$ 91,527	\$ 56,616	\$ 46,574
Amortization of finance charges	6,065	4,279	2,084
Other	8,430	2,723	470
<b>Total interest expense and finance cost, net</b>	<b>\$ 106,022</b>	<b>\$ 63,618</b>	<b>\$ 49,128</b>

**NOTE 19: DISPOSAL OF ASSETS**

The Company disposed of the following assets in 2010:

**Navios Hyperion**

Cash consideration received	\$ 63,000	
Book value of vessel Navios Hyperion sold to Navios Partners	(25,168)	
Total gain	37,832	
Deferred gain (see Note 16)	(13,996)	
Gain recognized on sale of Navios Hyperion		\$ 23,836

**Navios Aurora II**

Cash consideration received	90,000	
Shares consideration received	20,326	
Book value of vessel Navios Aurora II sold to Navios Partners	(109,508)	
Total gain	818	
Deferred gain (see Note 16)	(271)	
Gain recognized on sale of Navios Aurora II		\$ 547

**Navios Pollux**

Cash consideration received	\$ 110,000	
Book value of vessel Navios Pollux sold to Navios Partners	(107,452)	
Total gain	2,548	
Deferred gain (see Note 16)	(797)	

Gain recognized on sale of Navios Pollux \$ 1,751

**Navios Melodia**

Cash consideration received \$ 72,100

Shares consideration received 6,687

Book value of vessel Navios Melodia sold to Navios Partners (68,757)

Total gain 10,030

Deferred gain (see Note 16) (2,876)

Gain recognized on sale of Navios Melodia \$ 7,154

F-65

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

**Navios Fulvia**

Cash consideration received	\$ 89,900	
Shares consideration received	8,284	
Book value of vessel Navios Fulvia sold to Navios Partners	(67,211)	
Total gain	30,973	
Deferred gain (see Note 16)	(8,880)	
Gain recognized on sale of Navios Fulvia		\$ 22,093

**Vanessa**

Cash consideration received	18,250	
Book value of finance lease of vessel Vanessa	(18,250)	
		\$
<b>Gain from sale of other assets</b>		<b>\$ 51</b>

**Total gain on sale of assets** **\$ 55,432**

The net proceeds from transfer of assets and liabilities of Navios Holdings to Navios Acquisition in exchange of a cash consideration, were \$40,832 and were released from Navios Acquisitions trust account. The Company disposed of the following assets in 2009:

**Navios Apollon**

Cash consideration received	\$ 32,000	
Book value of vessel Apollon sold to Navios Partners	(25,131)	
Total gain	6,869	
Deferred gain (see Note 16)	(2,874)	
Gain recognized on sale of Navios Apollon		\$ 3,995

**Navios Sagittarius**

Cash consideration received	34,600	
Book value of purchase option of Navios Sagittarius sold to Navios Partners	(2,885)	
Book value of favorable lease term of Navios Sagittarius sold to Navios Partners	(1,423)	
Total gain	30,292	
Deferred gain (see Note 16)	(13,510)	



Gain recognized on sale of rights of Navios Sagittarius to Navios Partners	\$ 16,782
<b>Gain from sale of other assets</b>	<b>\$ 8</b>
<b>Total gain on sale of assets</b>	<b>\$ 20,785</b>

F-66

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

The Company disposed the following assets in 2008:

**Navios Hope**

Cash consideration received	\$ 35,000	
Shares consideration received	44,936	
Book value of vessel Navios Hope sold to Navios Partners	(28,428)	
Total gain	51,508	
Deferred gain (see Note 16)	(26,568)	
Gain recognized on sale of Navios Hope		\$ 24,940

**Obeliks**

Cash consideration received	35,090	
Book value of vessel Obeliks sold	(34,915)	
Gain recognized on sale of Obeliks		\$ 175

**Partial sale of subsidiary**

Sale price	\$ 78,000	
Book value of CNSA contributed to Navios Logistics	(70,150)	
Excess of fair value sale (including noncontrolling interests)	7,850	
Gain on sale of partial subsidiary		\$ 2,702
<b>Total gain on sale of assets/partial sale of subsidiary</b>		<b>\$ 27,817</b>

**NOTE 20: SEGMENT INFORMATION**

The Company has three reportable segments from which it derives its revenues: Drybulk Vessel Operations, Tanker Vessel Operations and Logistics Business. The reportable segments reflect the internal organization of the Company and are strategic businesses that offer different products and services. Starting in 2008, following the acquisition of Horamar and the formation of Navios Logistics, the Company renamed its Port Terminal Segment as its Logistics Business segment to include the activities of Horamar, which provides similar products and services in the region that Navios Holdings existing port facility currently, operates. The Drybulk Vessel Operations business consists of transportation and handling of bulk cargoes through ownership, operation, and trading of vessels, freight, and FFAs. The Logistics Business consists of operating ports and transfer station terminals, handling of vessels, barges and push boats as well as upriver transport facilities in the Hidrovia region. Following the formation of Navios Acquisition in 2010, the Company included an additional reportable segment, the Tanker Vessel Operations business, which consists of transportation and handling of liquid cargoes through ownership, operation, and trading of tanker vessels.

The Company measures segment performance based on net income. Inter-segment sales and transfers are not significant and have been eliminated and are not included in the following tables. Summarized financial information concerning each of the Company's reportable segments is as follows:



**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

	<b>Drybulk Vessel</b>	<b>Logistics Business</b>	<b>Tanker Vessel</b>	<b>Total</b>
	<b>Operations for the Year Ended</b>	<b>for the Year Ended</b>	<b>Operations for the Year Ended</b>	<b>for the Year Ended</b>
	<b>December 31, 2010</b>	<b>December 31, 2010</b>	<b>December 31, 2010</b>	<b>December 31, 2010</b>
Revenue	\$ 458,377	\$ 187,973	\$ 33,568	\$ 679,918
Gain on derivatives	4,064			4,064
Interest income	2,568	297	777	3,642
Interest income from investments in finance leases	877			877
Interest expense and finance cost, net	(85,720)	(4,526)	(15,776)	(106,022)
Depreciation and amortization	(69,458)	(22,215)	(10,120)	(101,793)
Equity in net earnings of affiliated companies	40,585			40,585
Net income/(loss) attributable to Navios Holdings common stockholders	151,241	5,600	(11,084)	145,757
Total assets	2,141,770	548,382	986,615	3,676,767
Goodwill	56,239	104,096	14,722	175,057
Capital expenditures	(387,310)	(15,885)	(179,582)	(582,777)
Investment in affiliates	18,695			18,695
Cash and cash equivalents	106,846	39,204	61,360	207,410
Restricted cash (including current and non current portion)	19,214	564	33,799	53,577
Long term debt (including current and non current portion)	\$1,239,070	\$ 127,422	\$ 709,418	\$2,075,910

	<b>Drybulk Vessel</b>	<b>Logistics Business</b>	<b>Tanker Vessel</b>	<b>Total</b>
	<b>Operations for the Year Ended</b>	<b>for the Year Ended</b>	<b>Operations for the Year Ended</b>	<b>for the Year Ended</b>
	<b>December 31, 2009</b>	<b>December 31, 2009</b>	<b>December 31, 2009</b>	<b>December 31, 2009</b>
Revenue	\$ 459,786	\$ 138,890	\$	\$ 598,676
Gain on derivatives	375			375
Interest income	1,688	11		1,699
Interest income from investments in finance leases	1,330			1,330

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Interest expense and finance cost, net	(59,371)	(4,247)	(63,618)
Depreciation and amortization	(52,281)	(21,604)	(73,885)
Equity in net earnings of affiliated companies	29,222		29,222
Net income attributable to Navios Holdings common stockholders	62,584	5,350	67,934
Total assets	2,430,710	504,472	2,935,182
Goodwill	56,239	91,677	147,916
Capital expenditures	(751,659)	(26,799)	(778,458)
Investment in affiliates	13,042		13,042
Cash and cash equivalents	147,006	26,927	173,933
Restricted cash (including current and non current portion)	105,484	1,674	107,158
Long term debt (including current and non current portion)	\$ 1,502,313	\$ 120,393	\$ 1,622,706
	F-68		

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

	<b>Drybulk Vessel</b>	<b>Logistics Business</b>	<b>Tanker Vessel</b>	<b>Total</b>
	<b>Operations for the</b>	<b>Business for the</b>	<b>Operations for the</b>	<b>for the</b>
	<b>Year Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>
	<b>December 31, 2008</b>	<b>December 31, 2008</b>	<b>31, 2008</b>	<b>December 31, 2008</b>
Revenue	\$ 1,138,284	\$ 107,778	\$	\$ 1,246,062
Gain on derivatives	8,092			8,092
Interest income	7,252	501		7,753
Interest income from investments in finance leases	2,185			2,185
Interest expense and finance cost, net	(44,707)	(4,421)		(49,128)
Depreciation and amortization	(38,499)	(18,563)		(57,062)
Equity in net earnings of affiliated companies	17,431			17,431
Net income attributable to Navios Holdings common stockholders	115,100	3,427		118,527
Total assets	1,783,132	472,246		2,255,378
Goodwill	56,239	91,393		147,632
Capital expenditures	(318,287)	(99,212)		(417,499)
Investment in affiliates	5,605			5,605
Cash and cash equivalents	122,108	11,516		133,624
Restricted cash (including current and non current portion)	16,808	1,050		17,858
Long term debt (including current and non current portion)	\$ 806,387	\$ 81,328	\$	\$ 887,715

The following table sets out operating revenue by geographic region for the Company's reportable segments. Drybulk Vessel Operation, Tanker Vessel Operation and Logistics Business revenue is allocated on the basis of the geographic region in which the customer is located. Drybulk vessels and tanker vessels operate worldwide. Logistics business operates different types of tanker vessels, pushboats, and wet and dry barges for delivering a wide range of products between ports in the Paraná, Paraguay and Uruguay River systems in South America (commonly known as the Hidrovia or the waterway).

Revenues from specific geographic region which contribute over 10% of total revenue are disclosed separately.

**Revenue by Geographic Region**

	<b>Year ended December 31, 2010</b>	<b>Year ended December 31, 2009</b>	<b>Year ended December 31, 2008</b>
North America	\$ 22,856	\$ 34,366	\$ 84,543
Europe	119,286	77,976	400,867

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Asia	335,039	322,346	600,286
South America	193,830	145,831	107,778
Other	8,907	18,157	52,588
Total	<b>\$ 679,918</b>	<b>\$ 598,676</b>	<b>\$ 1,246,062</b>

The following describes long-lived assets by country for the Company's reportable segments. Vessels operate on a worldwide basis and are not restricted to specific locations. Accordingly, it is not possible to allocate the assets of these operations to specific countries. The total net book value of long-lived assets for drybulk vessels amounted to \$1,421,301 and \$1,309,744 at December 31, 2010 and 2009, respectively, and for tanker vessels amounted to \$529,659 and \$0 at December 31, 2010 and 2009, respectively. For Logistics Business, all long-lived assets are located in South America. The total net book value of long-lived assets for the Logistics business amounted to \$236,200 and \$209,653 at December 31, 2010 and 2009, respectively.

F-69

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

**NOTE 21: EARNINGS PER COMMON SHARE**

Earnings per share are calculated by dividing net income by the average number of shares of Navios Holdings outstanding during the period. Fully diluted earnings per share assumes the 6,759,586 weighted average number of warrants outstanding for the year ended December 31, 2008, were exercised at the warrant price of \$5.00 generating proceeds of \$33,797 and the proceeds were used to buy back shares of common stock at the average market price during the period. The remaining 6,451,337 warrants that were not exercised expired on December 9, 2008.

	<b>Year ended December 31, 2010</b>	<b>Year ended December 31, 2009</b>	<b>Year ended December 31, 2008</b>
<b>Numerator:</b>			
Net income attributable to Navios Holdings common stockholders	\$ 145,757	\$ 67,934	\$ 118,527
Less:			
Dividend on Preferred Stock	(2,450)	(909)	
Interest on convertible debt and amortization of convertible bond discount	1,121	1,107	
 Income available to common shareholders	 \$ 144,428	 \$ 68,132	 \$ 118,527
 <b>Denominator:</b>			
Denominator for basic net income per share attributable to Navios Holdings stockholders weighted average shares	100,518,880	99,924,587	104,343,083
Dilutive potential common shares weighted average Restricted stock, restricted stock units and stock options	735,316	533,075	178,691
Convertible preferred stock and convertible debt	14,928,160	4,736,997	
 Warrants outstanding weighted average Proceeds on exercises of warrants	 \$	 \$	 \$ 6,759,586 \$ 33,797,930
Number of shares to be repurchased			3,936,612
 Dilutive effect of securities warrants	 15,663,476	 5,270,072	 3,001,665
 Denominator for diluted net income per share attributable to Navios Holdings stockholders adjusted weighted shares and assumed conversions	 116,182,356	 105,194,659	 107,344,748
 Basic net income per share attributable to Navios Holdings stockholders	 \$ 1.43	 \$ 0.68	 \$ 1.14
 Diluted net income per share attributable to Navios Holdings stockholders	 \$ 1.24	 \$ 0.65	 \$ 1.10





**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

**NOTE 22: INCOME TAXES**

Marshall Islands, Greece, Malta, Liberia, Panama and Malta, do not impose a tax on international shipping income. Under the laws of Marshall Islands, Greece, Liberia and Panama the countries of the companies' incorporation and vessels' registration, the companies are subject to registration and tonnage taxes which have been included in vessel operating expenses in the accompanying consolidated statements of income.

Certain of the Company's subsidiaries are registered as Law 89 companies in Greece. These Law 89 companies are exempt from Greek income tax on their income derived from certain activities related to shipping. Since all the Law 89 companies conduct only business activities that qualify for the exemption of Greek income tax, no provision has been made for Greek income tax with respect to income derived by these Law 89 companies from their business operations in Greece.

Pursuant to Section 883 of the Internal Revenue Code of the United States (the Code), U.S. source income from the international operation of ships is generally exempt from U.S. income tax if the company operating the ships meets certain incorporation and ownership requirements. Among other things, in order to qualify for this exemption, the company operating the ships must be incorporated in a country which grants an equivalent exemption from income taxes to U.S. corporations. All the Company's ship-operating subsidiaries satisfy these initial criteria. In addition, these companies must be more than 50% owned by individuals who are residents, as defined, in the countries of incorporation or another foreign country that grants an equivalent exemption to U.S. corporations. Subject to proposed regulations becoming finalized in their current form, management of the Company believes by virtue of a special rule applicable to situations where the ship operating companies are beneficially owned by a publicly traded company like the Company, the second criterion can also be satisfied based on the trading volume and ownership of the Company's shares, but no assurance can be given that this will remain so in the future.

In Belgium profit from ocean shipping is taxable based on the tonnage of the sea-going vessels from which the profit is obtained (tonnage tax) or taxation is based on the regular income tax rate of 33.99% applying the special optional system of depreciations of new or second hand vessels. From 2008 onwards, the Company qualifies for the first method of taxation. Following the acquisition by a Belgian tax payer, sea-going vessels and shares in such new vessels receive tax allowances as follows:

for the financial year of putting into service: maximum depreciation 20% straight line;

for each of the two following financial years: maximum depreciation of 15% straight line;

then per financial year up to the complete writing off: maximum depreciation of 10% straight line.

In 2007, the Company's Belgian subsidiary, Kleimar, has applied for changing its method of taxation, to tonnage tax. The Company was granted the ruling of the local authorities, which, is effective for the fiscal year starting January 1, 2008.

In 2008, Kleimar received the official decision from the Belgian tax authorities that assuming it met certain quantitative thresholds, it had been declared eligible for the tonnage tax regime (instead of an income tax regime) with an effective date January 1, 2008. Accordingly, all of Kleimar's existing deferred tax balances that were affected by this decision were released in 2008 with a corresponding impact reflected in the income statement amounting to \$57,249.

The tax expense reflected in the Company's consolidated financial statements for the year ended December 31, 2010 and 2009 is attributable to its subsidiaries in South America, which are subject to the Argentinean, Brazilian and Paraguayan income tax regime.

CNSA is located in a tax free zone and is not liable to income or other tax. Navios Logistics' operations in Uruguay are exempted from income taxes.

Income tax liabilities of the Argentinean companies for the current and prior periods are measured at the amount expected to be paid to the taxation authorities, using a tax rate of 35% on the taxable net income. Tax rates and tax

laws used to assess the income tax liability are those that are effective on the close of the fiscal period. Additionally, at the end the fiscal year, Argentinean companies in Argentina have to calculate an assets tax ( Impuesto a la Ganancia Minima Presunta or Alternative Minimum Tax). This tax is supplementary to income tax and is calculated by applying the effective tax rate of 1% over the gross value of the corporate assets (based on tax law criteria). The subsidiaries tax liabilities will be the higher of income tax or Alternative Minimum Tax. However, if the Alternative Minimum Tax exceeds income tax during any fiscal year, such excess may be computed as a prepayment of any income tax excess over the Alternative Minimum Tax that may arise in the next ten fiscal years.

F-71

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

Under the tax laws of Argentina, the subsidiaries of the Company in that country are subject to taxes levied on gross revenues. Rates differ depending on the jurisdiction where revenues are deemed earned for tax purposes. Average rates were approximately 4.3% for the year ended December 31, 2010 (3.5% for 2009).

There are two possible options to determine the income tax liability of Paraguayan companies. Under the first option income tax liabilities for the current and prior periods are measured by applying the tax rate of 10% on the fiscal profit and loss. 50% of revenues derived from international freights are considered Paraguayan sourced (and therefore taxed) if carried between Paraguay and Argentina, Bolivia, Brazil or Uruguay. Alternatively, only 30% of revenues derived from international freights are considered Paraguayan sourced. Companies whose operations are considered international freights can choose to pay income taxes on their revenues at an effective tax rate of 1% on such revenues, without considering any other kind of adjustments. Fiscal losses, if any, are neither deducted nor carried forward.

The Company's deferred taxes as of December 31, 2010 and 2009, relate primarily to deferred tax liabilities on acquired intangible assets recognized in connection with the Horamar acquisition.

As of January 1, 2007, the Company adopted the provisions of FASB for Accounting for Uncertainty in Income Taxes. This guidance requires application of a more likely than not threshold to the recognition and derecognition of uncertain tax positions. This guidance permits the Company to recognize the amount of tax benefit that has a greater than 50 percent likelihood of being ultimately realized upon settlement. It further requires that a change in judgment related to the expected ultimate resolution of uncertain tax positions be recognized in earnings in the quarter of such change. Kleimar's open tax years are 2006 and 2007. Argentinean companies have open tax years ranging from 2005 and onwards and Paraguayan and Brazilian companies have open tax years ranging from 2006 and onwards. In relation to these open tax years, the Company believes that there are no material uncertain tax positions.

**NOTE 23: NONCONTROLLING INTEREST**

Following the acquisition of Horamar in January 2008, Navios Holdings owned 65.5% (excluding 504 shares still kept in escrow as of December 31, 2009, pending the achievement of final EBITDA target) of the outstanding common stock of Navios Logistics. On March 20, 2009, August 19, 2009, and December 30, 2009, the agreement pursuant to which Navios Logistics acquired CNSA and Horamar was amended to postpone until June 30, 2010 the date for determining whether the EBITDA target was achieved. On June 17, 2010, \$2,500 in cash and the 504 shares remaining in escrow were released from escrow upon the achievement of the EBITDA target threshold. Following the release of the remaining shares that were held in escrow, Navios Holdings owned 63.8% of Navios Logistics.

The table below reflects the movement in noncontrolling interest for the years ended December 31, 2010 and 2009:

<b>Noncontrolling interest December 31, 2007</b>	<b>\$</b>
Acquisition of Horamar	96,186
Noncontrolling interest in subsidiaries of Horamar	31,050
Profit for the year	1,723
 <b>Noncontrolling interest December 31, 2008</b>	 <b>\$ 128,959</b>
Contribution from noncontrolling shareholders	2,801
Acquisition of Hidronave S.A.	480
Profit for the year	3,030
 <b>Noncontrolling interest December 31, 2009</b>	 <b>\$ 135,270</b>
Consolidation of Navios Acquisition	65,157
Navios Acquisition consultancy fees	5,619
	50,530

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Navios Acquisition equity issuance and warrant exercise (net of \$3,364 of program related expenses) including reallocation adjustments	
Navios Acquisition equity consideration for VLCC acquisition (Note 3)	10,744
Navios Acquisition dividends paid	(1,120)
Navios Logistics reallocation of non-controlling interest	(19,501)
Navios Logistics equity issuance	1,350
Navios Logistics release of escrow shares (Note 3)	10,869
Navios Logistics dividends to noncontrolling shareholders	(470)
Loss for the year	(488)
<b>Noncontrolling interest December 31, 2010</b>	<b>\$ 257,960</b>

F-72

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

**NOTE 24: INVESTMENT IN AVAILABLE FOR SALE SECURITIES**

As part of the consideration received from the sale of Navios Hope to Navios Partners in July 2008, the Company received 3,131,415 common units of Navios Partners.

On March 18, 2010, Navios Holdings sold the Navios Aurora II to Navios Partners for \$110,000. Out of the \$110,000 purchase price, \$90,000 was paid in cash and the remaining amount was paid through the receipt of 1,174,219 common units of Navios Partners.

On November 15, 2010, Navios Holdings sold the Navios Melodia and the Navios Fulvia for a total of \$177,000, out of which \$162,000 was paid in cash and the remaining with 788,370 common units in Navios Partners.

All above common units that the Company received from the sale of the four vessels to Navios Partners were accounted for under guidance for available-for-sale securities (the AFS Securities). Accordingly, unrealized gains and losses on these securities are reflected directly in equity unless an unrealized loss is considered other-than-temporary, in which case it is transferred to the statements of income. The Company has no other types of available for sale securities.

As of December 31, 2010 and 2009 the carrying amounts of the AFS Securities were \$99,078 and \$46,314, respectively, and the unrealized holding gains/(losses) related to these AFS Securities included in Accumulated Other Comprehensive Income/ (Loss) were \$32,624, \$15,156 and \$(22,578), respectively, as of December 31, 2010, 2009 and 2008. During 2010, 2009, and 2008, the Company recognized in earnings realized losses amounting to \$0, \$13,778 and \$0, respectively.

**NOTE 25: OTHER FINANCIAL INFORMATION**

The Company's 9.5% senior notes are fully and unconditionally guaranteed on a joint and several basis by all of the Company's subsidiaries with the exception of Navios Logistics, Navios Acquisition and CNSA for the periods prior to the formation of Navios Logistics and designated as unrestricted subsidiaries or those not required by the indenture (collectively the non-guarantor subsidiaries). Provided below are the condensed income statements and cash flow statements for the years ended December 31, 2010, 2009 and 2008 and balance sheets as of December 31, 2010 and 2009 of Navios Holdings, the guarantor subsidiaries and the non-guarantor subsidiaries. All subsidiaries, except for the non-guarantor subsidiaries, are 100% owned. These condensed consolidating statements have been prepared in accordance with U.S. GAAP, except that all subsidiaries have been accounted for on an equity basis.

F-73

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**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

	<b>Navios Maritime Holdings Inc.</b>	<b>Other Guarantor Subsidiaries</b>	<b>Non Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Total</b>
<b>Income Statement for the year ended December 31, 2010</b>					
Revenue	\$	\$ 458,377	\$ 221,541	\$	\$ 679,918
Time charter, voyage and logistic business expenses		(202,904)	(133,654)		(336,558)
Direct vessel expenses		(37,357)	(9,752)		(47,109)
General and administrative expenses	(15,661)	(21,272)	(21,671)		(58,604)
Depreciation and amortization	(2,811)	(66,647)	(32,335)		(101,793)
Provision for losses on accounts receivable		(4,008)	(652)		(4,660)
Interest income from finance leases		877			877
Interest income	961	2,243	438		3,642
Interest expense and finance cost, net	(71,001)	(14,719)	(20,302)		(106,022)
Gain/ (loss) on derivatives	5,888	(1,824)			4,064
Gain on sale of assets		55,379	53		55,432
Gain on change in control	17,742				17,742
Other income	3,891	5,028	553		9,472
Other expense		(3,240)	(8,063)		(11,303)
<b>(Loss)/income before equity in net earnings of affiliated companies</b>	<b>(60,991)</b>	<b>169,933</b>	<b>(3,844)</b>		<b>105,098</b>
Income/(loss) from subsidiaries	184,222	3,573		(187,795)	
Equity in net earnings of affiliated companies	22,526	18,059			40,585
<b>Income/(loss) before taxes</b>	<b>145,757</b>	<b>191,565</b>	<b>(3,844)</b>	<b>(187,795)</b>	<b>145,683</b>
Income taxes		(350)	(64)		(414)
<b>Net income/(loss)</b>	<b>145,757</b>	<b>191,215</b>	<b>(3,908)</b>	<b>(187,795)</b>	<b>145,269</b>
Less: Net loss attributable to the noncontrolling interest			488		488
<b>Net income/(loss) attributable to Navios Holdings common stockholders</b>	<b>\$ 145,757</b>	<b>\$ 191,215</b>	<b>\$ (3,420)</b>	<b>\$ (187,795)</b>	<b>\$ 145,757</b>

**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

	<b>Navios Maritime Holdings Inc. Issuer</b>	<b>Other Guarantor Subsidiaries</b>	<b>Non Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Total</b>
<b>Income Statement for the year ended December 31, 2009</b>					
Revenue	\$	\$ 459,786	\$ 138,890	\$	\$ 598,676
Time charter, voyage and logistic business expenses		(259,798)	(94,040)		(353,838)
Direct vessel expenses		(31,454)			(31,454)
General and administrative expenses	(16,149)	(18,632)	(9,116)		(43,897)
Depreciation and amortization	(2,810)	(49,471)	(21,604)		(73,885)
Provision for losses on accounts receivable		(886)	(1,351)		(2,237)
Interest income from investments in finance leases		1,330			1,330
Interest income	184	1,504	11		1,699
Interest expenses and finance cost, net	(53,067)	(6,304)	(4,247)		(63,618)
Gain/ (loss) on derivatives	5,863	(5,488)			375
Gain on sale of assets		20,785			20,785
Other income	6,083	(281)	947		6,749
Other expense	(13,831)	(1,856)	(4,821)		(20,508)
<b>(Loss)/income before equity in net earnings of affiliated companies</b>	<b>(73,727)</b>	<b>109,235</b>	<b>4,669</b>		<b>40,177</b>
Income from subsidiaries	125,883	3,502		(129,385)	
Equity in net earnings of affiliated companies	15,778	13,444			29,222
<b>Income before taxes</b>	<b>67,934</b>	<b>126,181</b>	<b>4,669</b>	<b>(129,385)</b>	<b>69,399</b>
Income tax (expense)/benefit		(298)	1,863		1,565
<b>Net income</b>	<b>67,934</b>	<b>125,883</b>	<b>6,532</b>	<b>(129,385)</b>	<b>70,964</b>
Less: Net income attributable to the noncontrolling interest			(3,030)		(3,030)
<b>Net income attributable to Navios Holdings common stockholders</b>	<b>\$ 67,934</b>	<b>\$ 125,883</b>	<b>\$ 3,502</b>	<b>\$ (129,385)</b>	<b>\$ 67,934</b>



**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

	<b>Navios Maritime Holdings Inc.</b>	<b>Other Guarantor Subsidiaries</b>	<b>Non Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Total</b>
<b>Income Statement for the year ended December 31, 2008</b>					
Revenue	\$	\$ 1,138,284	\$ 107,778	\$	\$ 1,246,062
Time charter, voyage and logistic business expenses		(995,971)	(70,268)		(1,066,239)
Direct vessel expenses		(26,621)			(26,621)
General and administrative expenses	(8,851)	(20,151)	(8,045)		(37,047)
Depreciation and amortization	(2,818)	(35,682)	(18,562)		(57,062)
Provision for losses on accounts receivable		(2,668)			(2,668)
Interest income from finance leases		2,185			2,185
Interest income	4,073	3,178	502		7,753
Interest expense and finance cost, net	(23,335)	(21,372)	(4,421)		(49,128)
Gain/(loss) on derivatives	(5,282)	13,374			8,092
Gain on sale of assets/partial sale of subsidiary		27,817			27,817
Other income			948		948
Other expense	64	(4,470)	(2,980)		(7,386)
<b>(Loss)/income before equity in net earnings of affiliated companies</b>	<b>(36,149)</b>	<b>77,903</b>	<b>4,952</b>		<b>46,706</b>
Income from subsidiaries	140,061			(140,061)	
Equity in net earnings of affiliated companies	14,615	2,816			17,431
<b>Income before taxes</b>	<b>118,527</b>	<b>80,719</b>	<b>4,952</b>	<b>(140,061)</b>	<b>64,137</b>
Income tax benefit/(expense)		57,094	(981)		56,113
<b>Net income</b>	<b>118,527</b>	<b>137,813</b>	<b>3,971</b>	<b>(140,061)</b>	<b>120,250</b>
Less: Net income attributable to the noncontrolling interest			(1,723)		(1,723)
<b>Net income attributable to Navios Holdings common stockholders</b>	<b>\$ 118,527</b>	<b>\$ 137,813</b>	<b>\$ 2,248</b>	<b>\$ (140,061)</b>	<b>\$ 118,527</b>

**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

<b>Balance Sheet as of December 31, 2010</b>	<b>Navios Maritime Holdings Inc. Issuer</b>	<b>Other Guarantor Subsidiaries</b>	<b>Non Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Total</b>
<b>Current assets</b>					
Cash and cash equivalent	\$ 6,323	\$ 100,523	\$ 100,564	\$	\$ 207,410
Restricted cash	15,726	3,488	15,576		34,790
Accounts receivable, net		48,807	21,581		70,388
Intercompany receivables	173,796	7,534		(181,330)	
Short term derivative assets		1,420			1,420
Due from affiliate companies		2,603			2,603
Prepaid expenses and other current assets	164	19,285	13,905		33,354
<b>Total current assets</b>	<b>196,009</b>	<b>183,660</b>	<b>151,626</b>	<b>(181,330)</b>	<b>349,965</b>
Deposit for vessel acquisitions		80,834	296,690		377,524
Vessels, port terminal and other fixed assets, net		1,423,885	825,792		2,249,677
Loan receivable from Navios Acquisition	12,391		(12,391)		
Restricted cash			18,787		18,787
Long term derivative assets		149			149
Investments in subsidiaries	1,405,723	197,193		(1,602,916)	
Investment in available for sale securities	99,078				99,078
Investment in affiliates	18,301	394			18,695
Deferred financing costs, net	13,321	5,547	18,887		37,755
Deferred dry dock and special survey costs, net		9,966	2,041		12,007
Other long term assets		4,933	5,437		10,370
Goodwill and other intangibles	100,812	155,838	246,110		502,760
<b>Total non-current assets</b>	<b>1,649,626</b>	<b>1,878,739</b>	<b>1,401,353</b>	<b>(1,602,916)</b>	<b>3,326,802</b>
<b>Total assets</b>	<b>1,845,635</b>	<b>2,062,399</b>	<b>1,552,979</b>	<b>(1,784,246)</b>	<b>3,676,767</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Accounts payable		23,450	26,046		49,496
Accrued expenses	7,465	36,122	18,830		62,417
Deferred income and cash received in advance		14,917	2,765		17,682
Dividends payable	6,094		1,120		7,214
Intercompany Payables		173,796	7,534	(181,330)	
Short term derivative liability		245			245
Capital lease obligations			1,252		1,252
Current portion of long term debt	7,929	40,111	15,257		63,297

<b>Total current liabilities</b>	<b>21,488</b>	<b>288,641</b>	<b>72,804</b>	<b>(181,330)</b>	<b>201,603</b>
Long term debt, net of current portion	764,564	426,467	821,582		2,012,613
Capital lease obligations, net of current portion			31,009		31,009
Other long term liabilities		30,983	5,037		36,020
Unfavorable lease terms		51,264	5,611		56,875
Deferred tax liability			21,104		21,104
<b>Total non-current liabilities</b>	<b>764,564</b>	<b>508,714</b>	<b>884,343</b>		<b>2,157,621</b>
<b>Total liabilities</b>	<b>786,052</b>	<b>797,355</b>	<b>957,147</b>	<b>(181,330)</b>	<b>2,359,224</b>
Noncontrolling interest			257,960		257,960
<b>Total Navios Holdings stockholders equity</b>	<b>1,059,583</b>	<b>1,265,044</b>	<b>337,872</b>	<b>(1,602,916)</b>	<b>1,059,583</b>
<b>Total liabilities and stockholders equity</b>	<b>\$ 1,845,635</b>	<b>\$ 2,062,399</b>	<b>\$ 1,552,979</b>	<b>\$ (1,784,246)</b>	<b>\$ 3,676,767</b>

F-77

**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

<b>Balance Sheet as of December 31, 2009</b>	<b>Navios Maritime Holdings Inc. Issuer</b>	<b>Other Guarantor Subsidiaries</b>	<b>Non Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Total</b>
<b>Current assets</b>					
Cash and cash equivalent	\$ 115,535	\$ 31,471	\$ 26,927	\$	\$ 173,933
Restricted cash	102,216	3,268	1,674		107,158
Accounts receivable, net	82	62,844	15,578		78,504
Intercompany receivables	413,067	94		(413,161)	
Short term derivative assets		38,382			38,382
Due from affiliate companies		1,973			1,973
Prepaid expenses and other current assets	301	13,831	13,598		27,730
<b>Total current assets</b>	<b>631,201</b>	<b>151,863</b>	<b>57,777</b>	<b>(413,161)</b>	<b>427,680</b>
Deposit for vessel acquisitions		344,515			344,515
Vessels, port terminal and other fixed assets, net		1,311,891	265,850		1,577,741
Long term derivative asset	8,181				8,181
Investments in subsidiaries	1,049,231	191,560		(1,240,791)	
Investment in available for sale securities	46,314				46,314
Investment in affiliates	12,347	695			13,042
Investment in leased assets		18,431			18,431
Deferred financing costs, net	19,870	4,945	870		25,685
Deferred dry dock and special survey costs, net		4,280	1,673		5,953
Other long term assets		9,713	9,440		19,153
Goodwill and other intangibles	103,622	145,622	199,243		448,487
<b>Total non-current assets</b>	<b>1,239,565</b>	<b>2,031,652</b>	<b>477,076</b>	<b>(1,240,791)</b>	<b>2,507,502</b>
<b>Total assets</b>	<b>1,870,766</b>	<b>2,183,515</b>	<b>534,853</b>	<b>(1,653,952)</b>	<b>2,935,182</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Accounts payable		44,036	17,954		61,990
Accrued expenses and other current liabilities	9,257	31,253	7,520		48,030
Deferred income and cash received in advance		9,529			9,529
Dividends payable	6,052				6,052
Intercompany payables		413,067	94	(413,161)	
Short term derivative liability		10,675			10,675
Current portion of long term debt	6,466	47,509	5,829		59,804

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<b>Total current liabilities</b>	<b>21,775</b>	<b>556,069</b>	<b>31,397</b>	<b>(413,161)</b>	<b>196,080</b>
Long term debt, net of current portion	923,511	524,827	114,564		1,562,902
Other long term liabilities		27,270	6,200		33,470
Unfavorable lease terms		59,203			59,203
Deferred tax liability			22,777		22,777
<b>Total non-current liabilities</b>	<b>923,511</b>	<b>611,300</b>	<b>143,541</b>		<b>1,678,352</b>
<b>Total liabilities</b>	<b>945,286</b>	<b>1,167,369</b>	<b>174,938</b>	<b>(413,161)</b>	<b>1,874,432</b>
Noncontrolling interest			135,270		135,270
<b>Total Navios Holdings stockholders equity</b>	<b>925,480</b>	<b>1,016,146</b>	<b>224,645</b>	<b>(1,240,791)</b>	<b>925,480</b>
<b>Total Liabilities and Equity</b>	<b>\$ 1,870,766</b>	<b>\$ 2,183,515</b>	<b>\$ 534,853</b>	<b>\$ (1,653,952)</b>	<b>\$ 2,935,182</b>

F-78

**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

	<b>Navios Maritime Holdings Inc. Issuer</b>	<b>Other Guarantor Subsidiaries</b>	<b>Non Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Total</b>
<b>Cash flow statement for the year ended December 31, 2010</b>					
<b>Net cash provided by/(used in) operating activities</b>	<b>\$ 176,345</b>	<b>\$ (51,448)</b>	<b>\$ 57,593</b>	<b>\$</b>	<b>\$ 182,490</b>
<b>Cash flows from investing activities</b>					
Acquisition of subsidiaries, net of cash acquired	(63,230)		(35,683)		(98,913)
Receipts from finance lease		180			180
Proceeds from sale of assets		484,082			484,082
Decrease in restricted cash	65,324		2,335		67,659
Acquisition of vessels		(132,876)	(89,897)		(222,773)
Deposits for vessel acquisitions		(253,558)	(89,685)		(343,243)
Purchase of property and equipment		(876)	(15,885)		(16,761)
<b>Net cash provided by/(used in) investing activities</b>	<b>2,094</b>	<b>96,952</b>	<b>(228,815)</b>		<b>(129,769)</b>
<b>Cash flows from financing activities</b>					
Issuance of common stock	415				415
Repurchase of preferred stock	(49,030)				(49,030)
Preferred shares issuance costs			(1,805)		(1,805)
Dividends/Contributions to/from noncontrolling shareholders			(470)		(470)
Proceeds from long term loans	30,901	257,216	178,517		466,634
Proceeds from ship mortgage notes			400,000		400,000
Repayment of long term debt and payment of principal	(156,925)	(229,987)	(417,485)		(804,397)
Debt issuance costs	(453)	(977)	(22,028)		(23,458)
Proceeds from warrant exercise	(77,038)		74,978		(2,060)
Proceeds from equity offering, net of fees			33,402		33,402
Repurchase of convertible bond	(29,100)				(29,100)
Decrease/(Increase) in restricted cash	20,616	(2,704)	(250)		17,662
Dividends paid	(27,037)				(27,037)
<b>Net cash (used in)/provided by financing activities</b>	<b>(287,651)</b>	<b>23,548</b>	<b>244,859</b>		<b>(19,244)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(109,212)</b>	<b>69,052</b>	<b>73,637</b>		<b>33,477</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>115,535</b>	<b>31,471</b>	<b>26,927</b>		<b>173,933</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 6,323</b>	<b>\$ 100,523</b>	<b>\$ 100,564</b>	<b>\$</b>	<b>\$ 207,410</b>



**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

	<b>Navios Maritime Holdings Inc. Issuer</b>	<b>Other Guarantor Subsidiaries</b>	<b>Non Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Total</b>
<b>Cash flow statement for the year ended December 31, 2009</b>					
<b>Net cash provided by operating activities</b>	<b>\$ 69,834</b>	<b>\$ 122,164</b>	<b>\$ 24,453</b>	<b>\$</b>	<b>\$ 216,451</b>
<b>Cash flows from investing activities</b>					
Acquisition of subsidiary, net of cash acquired			(369)		(369)
Receipts from finance lease		567			567
Proceeds from sale of assets		66,600			66,600
Increase in restricted cash	(90,878)				(90,878)
Acquisition of vessels		(512,760)			(512,760)
Deposits on vessel acquisitions		(238,810)			(238,810)
Purchase of property and equipment		(89)	(26,799)		(26,888)
<b>Net cash used in investing activities</b>	<b>(90,878)</b>	<b>(684,492)</b>	<b>(27,168)</b>		<b>(802,538)</b>
<b>Cash flows from financing activities</b>					
Contributions from noncontrolling shareholders			563		563
Proceeds from long term loans	110,000	488,801	22,469		621,270
Proceeds from senior notes, net of discount	394,412				394,412
Repayment of long term debt and payment of principal	(326,896)	(2,884)	(4,172)		(333,952)
Debt issuance costs	(12,774)	(4,589)	(734)		(18,097)
Acquisition of treasury stock	(717)				(717)
Increase in restricted cash	(9,500)				(9,500)
Dividends paid	(27,583)				(27,583)
<b>Net cash provided by financing activities</b>	<b>126,942</b>	<b>481,328</b>	<b>18,126</b>		<b>626,396</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>105,898</b>	<b>(81,000)</b>	<b>15,411</b>		<b>40,309</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>9,637</b>	<b>112,471</b>	<b>11,516</b>		<b>133,624</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 115,535</b>	<b>\$ 31,471</b>	<b>\$ 26,927</b>	<b>\$</b>	<b>\$ 173,933</b>



**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
(Expressed in thousands of U.S. dollars except share data)

	<b>Navios Maritime Holdings Inc. Issuer</b>	<b>Other Guarantor Subsidiaries</b>	<b>Non Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Total</b>
<b>Cash flow statement for the year ended December 31, 2008</b>					
<b>Net cash (used in)/provided by operating activities</b>	<b>\$ (277,609)</b>	<b>\$ 221,002</b>	<b>\$ 28,219</b>	<b>\$</b>	<b>\$ (28,388)</b>
<b>Cash flows from investing activities</b>					
Acquisition of subsidiaries, net of cash acquired		(113,161)	5,592		(107,569)
Deposits in escrow in connection with acquisition of subsidiary		(2,500)			(2,500)
Receipts from finance lease		4,843			4,843
Proceeds from sale of assets		70,088			70,088
Acquisition of vessels		(118,814)			(118,814)
Deposits for vessel acquisitions		(197,853)			(197,853)
Purchase of property and equipment		(1,621)	(99,211)		(100,832)
<b>Net cash used in investing activities</b>		<b>(359,018)</b>	<b>(93,619)</b>		<b>(452,637)</b>
<b>Cash flows from financing activities</b>					
Issuance of common stock	6,749				6,749
Proceeds from long term borrowing, net of finance fees	192,667	52,040	70,120		314,827
Repayment of long term debt and payment of principal	(42,793)	(9,770)			(52,563)
Debt issuance costs	(939)	(817)	(554)		(2,310)
Acquisition of treasury stock	(51,033)				(51,033)
Dividends paid	(28,588)				(28,588)
<b>Net cash provided by financing activities</b>	<b>76,063</b>	<b>41,453</b>	<b>69,566</b>		<b>187,082</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(201,546)</b>	<b>(96,563)</b>	<b>4,166</b>		<b>(293,943)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>211,183</b>	<b>209,034</b>	<b>7,350</b>		<b>427,567</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 9,637</b>	<b>\$ 112,471</b>	<b>\$ 11,516</b>	<b>\$</b>	<b>\$ 133,624</b>

**NAVIOS MARITIME HOLDINGS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

**NOTE 26: SUBSEQUENT EVENTS**

- (a) On January 27, 2011, Navios Acquisition took delivery of the Nave Polaris, a 25,145 dwt chemical tanker, from a South Korean shipyard into its owned fleet. The vessel is chartered out for six months at a net rate of \$10 per day for the first three months and at a net rate of \$11 per day for the remaining three months.
- (b) On January 28, 2011, Navios Holdings took delivery of the Navios Altamira, a 179,165 dwt 2010-built Capesize Vessel, from a South Korean shipyard for a purchase price of approximately \$54,000, of which \$14,000 was paid in cash and the remaining was funded through loan (see note 7). The vessel is chartered-out for 12 years at a net rate of \$25 per day.
- (c) On January 28, 2011, Navios Holdings completed the sale of \$350,000 of 8 1/8% Senior Notes due 2019 (the 2019 Notes ). The 2019 Notes are guaranteed by all of the subsidiaries that provide a guarantee of Navios Holdings existing 8 7/8% first priority ship mortgage notes due 2017.

The net proceeds from the sale of the 8 1/8% Notes were used to redeem any and all of Navios Holdings outstanding 9 1/2% Senior Notes due 2014 ( 2014 Notes ) and pay related transaction fees and expenses and for general corporate purposes. The offer to redeem the 8 1/8% Notes ( Tender offer ) expired on February 11, 2011 with \$25,000 in aggregate principal amount of 2014 Notes outstanding.

Navios Holdings redeemed for cash, on February 28, 2011, all 2014 Notes that remained outstanding after completion of the Tender Offer, at a redemption price of \$1.05 per \$1.0 principal amount of 2014 Notes, plus accrued and unpaid interest to, but not including that redemption date.

- (d) On February 7, 2011, the Board of Directors of Navios Acquisition declared a quarterly cash dividend in respect of the fourth quarter of 2010 of \$0.05 per common share payable on April 5, 2011 to stockholders of record as of March 16, 2011.
- (e) On February 14, 2011, Navios Holdings took delivery of the Navios Azimuth, a 179,169 dwt 2011-built Capesize vessel from a South Korean shipyard for a purchase price of approximately \$54,151, of which \$12,500 was paid in cash, \$40,000 was financed through a loan and the remaining was funded through the issuance of 300 shares of preferred stock which have a nominal value of \$3,000 and a fair value of \$1,651 (see Note 7). The vessel is chartered-out for 12 years at a net rate of \$27 per day.
- (f) On February 14, 2011, Navios Holdings received an amount of \$6,126 as a dividend distribution from its affiliate Navios Partners.
- (g) On February 18, 2011, the Board of Directors of Navios Holdings resolved that a dividend of \$0.06 per share of common stock will be paid on April 12, 2011 to stockholders of record on March 22, 2011.
- (h) In November 2010, Navios Holdings agreed to exercise its option to purchase the Navios Astra for \$20,972. The Navios Astra was delivered to Navios Holdings on February 21, 2011. As of December 31, 2010, Navios Holdings had paid a 10% deposit of purchase price for the acquisition of the Navios Astra amounting to \$2,097 and the remaining amount of \$18,800 was paid upon vessel s delivery.
- (i) Navios Holdings exchanged 7,676,000 shares of Navios Acquisition s common stock it held for non-voting preferred stock of Navios Acquisition pursuant to an Exchange Agreement entered into on March 30, 2011,

between Navios Acquisition and Navios Holdings. Following this exchange, Navios Holdings' interest in Navios Acquisition decreased to 45%.

F-82

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**NAVIOS MARITIME HOLDINGS INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in thousands of U.S. dollars except share data)

- (j) On March 29, 2011, Navios Logistics agreed with Marfin Popular Bank to amend its current loan agreement with its subsidiary, Nauticler S.A., to provide for a \$40,000 revolving credit facility. The proposed amended facility is expected to provide for the existing margin of 300 basis points and would be secured by mortgages on four tanker vessels or alternative security over other assets acceptable to the bank. The proposed amended facility will require compliance with customary covenants. The obligation of the bank under the proposed amended facility is subject to prepayment of the existing facility and is subject to customary conditions, such as the receipt of satisfactory appraisals, insurance, opinions and the negotiation, execution and delivery of mutually satisfactory loan documentation.
- (k) On March 31, 2011, Navios Holdings announced that its majority owned subsidiary, Navios Logistics intends to offer through a private placement, subject to market and other conditions, approximately \$185,000 of senior notes due 2019 (the Notes ). The Notes will be offered and sold in the United States only to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the Securities Act ), and in offshore transactions to non-United States persons in reliance on Regulation S under the Securities Act. Navios Holdings is not acting as either an obligor or guarantor of the Notes in the offering.

The Notes will be the senior unsecured obligations of Navios Logistics and will rank equal in right of payment to all of Navios Logistics existing and future senior unsecured indebtedness, and will rank senior in right of payment to all of Navios Logistics existing and future subordinated indebtedness. On the issue date of the Notes, Navios Logistics direct and indirect subsidiaries, other than certain identified subsidiaries, are expected to guarantee the Notes on an unsecured senior basis.

F-83